



LET'S WORK TOGETHER FOR A
**BETTER
ENVIRONMENT**

REPORT FOR THE HALF YEAR ENDED JUNE 30, 2020

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Corporate Information

Board of Directors

Mr. Waqar Ahmed Malik - Chairman
Lt Gen Tariq Khan, HI (M) (Retd)
Mr. Sarfaraz Ahmed Rehman
Dr. Nadeem Inayat
Mr. Rehan Laiq
Mr. Manzoor Ahmed - NIT Nominee
Mr. Mushtaq Malik
Ms. Zoya Mohsin Nathani
Raja Muhammad Abbas
Mr. Mohammad Aftab Manzoor

Mr. Abid Sattar - President & Chief Executive

Board Audit Committee

Mr. Mohammad Aftab Manzoor - Chairman
Dr. Nadeem Inayat
Mr. Rehan Laiq
Mr. Manzoor Ahmed

Shariah Board

Mufti Muhammad Zahid - Chairman
Mufti Ismatullah - Member
Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member

Auditors

M/s KPMGTaseer Hadi & Co
Chartered Accountants

Legal Advisors

M/s RIAA, Barker Gillette
Advocates & Corporate Counselors

Company Secretary

Syed Ali Safdar Naqvi - FCA

Registered Office

AWT Plaza, The Mall, P. O. Box No. 1084
Rawalpindi - 46000, Pakistan.
Tel: (92 51) 8092624
UAN: (92 51) 111 000 787
Fax: (92 51) 2857448
Email: ir@askaribank.com.pk

Registrar & Share Transfer Office

CDC Share Registrar Services Limited (CSCSRSL)
Mezzanine Floor, South Tower, LSE Plaza
19-Khayaban-e-Aiwan-e-Iqbal, Lahore
Tel: Customer Support Services (Toll Free)
0800-CDCPL(23275)
Tel: (9242) 36362061-66
Fax: (92 42) 36300072
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com




Entity Rating

Long Term: AA+
Short Term: A1+
By PACRA

Website

www.askaribank.com

Social Media

 /askaribankpk
 /askari_bank
 /askaribankpakistan

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the half year ended June 30, 2020. The financial results are summarized as under:

	Rupees in million	
	June 30, 2020	June 30, 2019
Net mark-up and non fund income	18,770	14,245
Administrative and other expenses	(9,990)	(8,821)
Profit before provision and taxation	8,780	5,424
Provisions against loans and investments	(645)	(239)
Profit before taxation	8,135	5,185
Taxation	(3,181)	(2,063)
Profit after taxation	4,954	3,122
Basic earning per share - Rupees	3.93	2.48

The Profit after tax for the six months ended June 30, 2020 amounted to Rs.4.95 billion, increase of 59 percent compared to Rs.3.12 billion for the corresponding period last year. Profit before provisions and taxation increased by 62 percent to Rs.8.78 billion from Rs. 5.42 billion last year. The earnings per share are reported at Rs.3.93 compared to Rs.2.48 for the corresponding period last year.

During the six months, aggregate revenues increased by 32 percent to Rs.18.77 billion from Rs.14.25 for the corresponding period last year. Net mark-up income increased by 33 percent; higher average earning assets, active reprofiling of fixed income securities in the setting of successive cuts in interest rates, immediate decline in deposit rates and lag in repricing lending rates contributed to this increase. Non-mark-up income increased by 28 percent with strong contribution from gain on sale of securities. Fee, commission and brokerage income declined mainly due to low transaction volumes and activity. Operating expenses increased by 13.6 percent mainly due to 12 percent increase in compensation expenses, increased cost of regulatory compliances and overall impact of inflation and rupee devaluation. The cost to income ratio stood at 53.2 percent for the half year in review.

Customer deposits increased by 8 percent and are reported at Rs.734 billion at June 30, 2020. During the quarter, CASA ratio improved from 82 percent to 86 percent. Gross advances increased to Rs.434 billion at the period end, an increase of 9 percent while non-performing loans to gross advances ratio improved by 61 bps to 6.4 percent.

The Bank has further strengthened its credit review procedures in order to identify borrowers who might be susceptible to higher risk arising out of Covid-19. Additionally, a time bound general provision amounting to Rs.368 million has been created considering the stress in the economic environment. At June 30, 2020, the Bank is carrying aggregate general provision amounting to Rs.738 million in respect of potential loan losses which are not specifically identified. Coverage ratio improved to 92.4 percent at half year end.

The Bank's entity rating assigned by Pakistan Credit Rating Agency Limited (PACRA) stands at AA+ reflecting sustainability of the Bank's relative positioning and continuous improvement in capital adequacy driven by AKBL's strong Sponsors and brand, continued growth trajectory, improvement in net spreads and increase in earning assets. The short-term rating was maintained at 'A1+'.

The Bank continues to implement measures to minimize exposure and impact of Covid-19 through effective customer communication on social distancing and precautions, on regulatory changes, apprising them on the suite of digital offerings and ensuring all service levels adapt to changing preferences and customer experience is maintained with care and concern. Also, the safety and health of our people remained a top priority and headcount presence at our offices and branches was scaled down and employees worked remotely while complying with the highest standards of information security.

The Bank's active participation in SBP Rozgar Scheme, a refinance scheme introduced by the SBP to support continuity of employment under Covid-19, was recognized and the Bank was ranked amongst the top performing five banks.

The spread of pandemic has slowed down due to effective policies of restricted movements, smart and complete lockdowns and public awareness. However, the economy continues to face uncertainty due to challenges posed by the pandemic on several fronts and business confidence remains subdued. There are prospects of gradual improvement with the easing of lockdown, and the resumption of activities in certain sectors will revive the supply side. The inflation outlook is encouraging; though not without risks due to recent increase in oil prices. Credit off-take is likely to remain restricted as supply chains will take time to adjust to economic impacts. Askari Bank will remain focused on maintaining a stable liquidity profile, protecting the capital and to safeguard Bank's assets and earning potential.

On behalf of the Board, we would like to place on record our gratitude to our valued customers for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to recognize the hard work and dedication of our staff that has enabled successful delivery of these results, particularly those working in front lines to ensure uninterrupted delivery of service across the country in these difficult times.

-sd-

President & Chief Executive

Rawalpindi
August 13, 2020

-sd-

Chairman, Board of Directors

ہمارے ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والی ششماہی کے لئے غیر آڈٹ شدہ اور غیر منظم عبوری مالی گوشوارے پیش کر دیے ہیں۔ مالی نتائج کا خلاصہ درج ذیل ہے۔

(روپے ملین میں)		
30 جون 2019	30 جون 2020	
14,245	18,770	خالص مارک اپ اور نان فنڈ آمدن
(8,821)	(9,990)	انتظامی اور دیگر اخراجات
5,424	8,780	پرویشن و ٹیکس سے قبل منافع
(239)	(645)	قرضوں اور سرمایہ کاری کے مقابل پرویشن
5,185	8,135	قبل از ٹیکس منافع
(2,063)	(3,181)	ٹیکس
3,122	4,954	بعد از ٹیکس منافع
2.48	3.93	بنیادی فی حصص آمدن روپے

30 جون، 2020 کو ختم ہونے والی ششماہی کے دوران بعد از ٹیکس منافع 4.95 ارب روپے رہا، جو گزشتہ سال کی اسی مدت کے دوران 3.12 ارب روپے کے مقابلے میں 59 فیصد اضافہ کا حامل رہا۔ گزشتہ سال کے دوران 5.42 ارب روپے کے مقابلے میں خسار اخراجات اور ٹیکسوں سے قبل منافع 62 فیصد اضافے کے ساتھ 8.78 ارب روپے رہا۔ گزشتہ سال کی اسی مدت کے دوران 2.48 روپے کے مقابلے میں فی حصص منافع 3.93 روپے ہوا۔

چھ ماہ کے دوران، مجموعی ریونیو 32 فیصد اضافہ کے ساتھ 18.77 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 14.25 ارب روپے تھا۔ نیٹ مارک اپ آمدنی میں 33 فیصد اضافہ ہوا، زیادہ منافع بخش اثاثہ جات، شرح منافع میں کامیاب کنوینٹوں کے تناظر میں فکسڈ آمدنی کی حامل سیکورٹیز کی فعال ری پروفاٹنگ، ڈیپازٹ رٹس میں فوری کمی اور قرض دہندگی کے رٹس کی دوبارہ دست قدر پیمائی کی وجہ سے یہ اضافہ ممکن ہوا۔ مارک اپ کے علاوہ آمدنی میں 28 فیصد اضافہ کی وجہ سے سیکورٹیز کی فروخت سے حاصل ہونے والی آمدنی کا زیادہ حصہ تھا۔ فیس، کمیشن اور بروکر جیج آمدن میں کمی کی بڑی وجہ ٹرانزیکشن کے حجم اور سرگرمی میں کمی کا رجحان تھا۔ جاری اخراجات میں 13.6 فیصد اضافہ ہوا جس کی وجہ معاوضوں کے اخراجات میں 12 فیصد اضافہ، ضابطوں کی تکمیل کے زیادہ اخراجات اور مجموعی طور پر مہنگائی اور روپے کی قدر میں کمی ہے۔ لاگت اور آمدنی کا تناسب پہلی ششماہی کے دوران 53.2 فی صد کی سطح پر رہا۔

کھاتہ داروں کی جانب سے جمع کرائی گئی رقم میں 8 فی صد اضافہ ہوا اور 30 جون، 2020 کو 734 ارب روپے رپورٹ کیے گئے۔ اس سہ ماہی کے دوران CASA کی شرح بہتر ہو کر 82 سے 86 فیصد ہو گئی۔ اس مدت کے اختتام پر مجموعی ایڈوانسز بڑھ کر 434 ارب روپے ہو گئے جو کہ 9 فیصد اضافہ ہے جبکہ غیر فعال قرضہ جات کے مجموعی ایڈوانسز کی شرح 61 bps سے بہتر ہو کر 6.4 فیصد ہو گئی۔

بینک نے کریڈٹ کی جانچ پڑتال کے اپنے طریقہ کار کو مزید مستحکم بنایا ہے تاکہ کورونا کی وبائی صورتحال میں زیادہ خطرے سے دوچار قرض خواہوں کی نشاندہی کی جاسکے۔ اس کے علاوہ مشکل معاشی حالات کے پیش نظر 368 ملین روپے کے محدود مدتی جزل پرویشن کا بندوبست بھی کیا گیا ہے۔ 30 جون 2020 کو بینک نے 738.7 ملین روپے کی مجموعی جزل پرویشن رکھی ہوئی ہے جو کہ مخصوص طور پر شناخت شدہ قرضوں کے علاوہ ممکنہ طور پر قرضوں کے نقصانات کیلئے ہے۔ مالی سال کے پہلے 6 ماہ کے اختتام پر کوریج کی شرح بہتر ہو کر 92.4 فی صد ہو گئی ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے بینک کی اینٹیٹی ریٹنگ AA+ (ڈبل اے پلس) تفویض کی گئی ہے جو کہ بینک کی پوزیشننگ اور کسٹمیل ایڈیکسی میں مسلسل بہتری اور اے کے بی ایل (AKBL) میں مضبوط سپانسرز اور برانڈ سے ماخوذ ہے، مسلسل نمو کے رجحان، وسعت میں بہتری اور اثاثوں کی آمدنی میں پائیداری کو ظاہر کرتی ہے۔ بینک کی مختصر مدت کی ریٹنگ 'A1+' برقرار رہی۔

بینک کورونا کی وباء اور اس کے اثرات میں کمی کے لئے مسلسل اقدامات کر رہا ہے جس میں کسٹمر کو سماجی فاصلے کا خیال رکھنے، احتیاطی تدابیر اپنانے، ضابطوں میں تبدیلی کے بارے میں آگاہی اور انہیں ڈیجیٹل بینکاری کی ترغیب دینے کے اقدامات شامل ہیں۔ ہر طرح کی خدمات کو بدلتے ہوئے حالات کے مطابق اور صارفین کے تجربات میں احتیاط کے پہلو کو یقینی بنایا گیا ہے۔ اس کے علاوہ ہم نے اپنے لوگوں کے تحفظ اور سلامتی کو اولین ترجیح بنانے کے لئے تمام دفاتر اور براچرز میں لوگوں کی تعداد میں کمی کی اور ملازمین انفارمیشن سیکورٹی کے اعلیٰ معیار کو برقرار رکھتے ہوئے گھروں سے اپنے فرائض منصبی کی انجام دہی میں لگن رہے۔

بینک نے اسٹیٹ بینک آف پاکستان کی روزگار سکیم میں فعال حصہ لیا، جو کہ کوویڈ-19 کی وباء کے پیش نظر ملازمتوں کے تحفظ کے لئے اسٹیٹ بینک آف پاکستان نے متعارف کرائی، اور عسکری بینک کا شمار اس سکیم میں بہترین کارکردگی دکھانے والے پانچ بڑے بینکوں میں کیا جاتا ہے۔

موثر اقدامات محدود نقل و حرکت، سمارٹ اور مکمل لاک ڈاؤن اور عوام کی آگاہی کی وجہ سے کورونا کی وباء میں پھیلاؤ دست روڈ کا شکار ہے۔ تاہم، کئی محاذوں پر کورونا کے اثرات کی وجہ سے معیشت ابھی تک غیر یقینی کی صورتحال سے دوچار ہے جس کی وجہ سے کاروباری ماحول شدید متزلزل رہا۔ یہ امید کی جارہی ہے کہ لاک ڈاؤن میں نرمی ہونے کے ساتھ ساتھ کاروباری صورتحال میں بھی بتدریج بہتری آتی جائے گی اور مخصوص شعبوں کی سرگرمیاں دوبارہ شروع ہونے سے پلائی کا شعبہ بحال ہو جائے گا۔ حالیہ دنوں میں تیل کی قیمتوں میں اضافے کے باوجود افراط زر کی شرح حوصلہ افزاء رہی۔ کریڈٹ آف ٹیک محدود رہنے کا امکان ہے کیونکہ پلائی چین کو معاشی اثرات کو ایڈجسٹ کرنے میں ابھی وقت لگے گا۔ عسکری بینک مستحکم لیکویڈٹی پر وفا کس کو برقرار رکھنے، سرمائے کا تحفظ اور بینک کے اثاثہ جات کی حفاظت کرنے اور زیادہ کمائی پر توجہ مرکوز رکھتے ہوئے ہے۔

بورڈ کی جانب سے، ہم عسکری برانڈ کی سرپرستی کرنے پر معزز صارفین کا شکریہ ادا کرتے ہیں، ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم اپنے عملے کی محنت اور لگن کو بھی تسلیم کرتے ہیں جن کی انتھک محنت سے یہ کامیابی اور نتائج حاصل ہوئے ہیں، خاص طور پر وہ ملازمین جو مشکل وقت میں بھی ملک بھر میں بلا تعطل خدمات کی فراہمی کو یقینی بناتے رہے ہیں۔

دستخط
چیرمین، بورڈ آف ڈائریکٹرز

دستخط
صدر اور چیف ایگزیکٹو
راولپنڈی
13 اگست، 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Askari Bank Limited ("the Bank")

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Bank as at 30 June 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The financial statements of the Bank for the year ended 31 December 2019 and interim financial statements for the period ended 30 June 2019, were audited / reviewed by another auditor whose reports dated 28 February 2020 and 22 August 2019 respectively, expressed an unmodified opinion and conclusion thereon.

The figures for the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2020 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Mohammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
27 August 2020

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2020

		(Un-audited)	(Audited)
		June 30,	December 31,
		2020	2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	64,741,270	63,039,290
Balances with other banks	7	5,411,047	7,886,702
Lendings to financial institutions	8	-	20,405,972
Investments	9	404,481,548	305,435,633
Advances	10	407,871,204	372,913,863
Fixed assets	11	20,005,637	19,696,568
Intangible assets	12	1,013,257	808,994
Assets held for sale		80,720	80,720
Deferred tax assets	13	-	2,489,752
Other assets	14	43,270,330	40,450,512
		<u>946,875,013</u>	<u>833,208,006</u>
LIABILITIES			
Bills payable	15	18,777,680	15,768,947
Borrowings	16	89,250,786	51,187,681
Deposits and other accounts	17	734,087,652	679,299,486
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	15,991,200	9,992,000
Deferred tax liabilities	13	329,334	-
Other liabilities	19	37,676,363	34,704,048
		<u>896,113,015</u>	<u>790,952,162</u>
NET ASSETS		<u><u>50,761,998</u></u>	<u><u>42,255,844</u></u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		24,587,457	19,366,260
Surplus on revaluation of assets - net of tax	20	9,585,177	4,300,426
Unappropriated profit		3,986,762	5,986,556
		<u>50,761,998</u>	<u>42,255,844</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the half year ended June 30, 2020

	Note	For the quarter ended		For the half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	20,805,290	15,944,842	42,457,549	30,206,700
Mark-up / return / interest expensed	24	12,230,171	10,807,280	28,041,249	19,350,386
Net mark-up / interest income		8,575,119	5,137,562	14,416,300	10,856,314
Non mark-up / interest income					
Fee and commission income	25	651,736	968,677	1,508,826	1,813,091
Dividend income		57,786	89,061	122,347	146,286
Foreign exchange income		806,683	845,001	1,184,196	1,242,423
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	826,208	3,031	1,391,749	37,310
Other income	27	64,864	100,497	146,539	149,766
Total non-markup / interest income		2,407,277	2,006,267	4,353,657	3,388,876
Total income		10,982,396	7,143,829	18,769,957	14,245,190
Non mark-up / interest expenses					
Operating expenses	28	5,183,910	4,482,923	9,951,824	8,757,364
Workers' Welfare Fund		(18,398)	15,534	26,602	31,042
Other charges	29	11,633	10,699	11,854	32,908
Total non-markup / interest expenses		5,177,145	4,509,156	9,990,280	8,821,314
Profit before provisions		5,805,251	2,634,673	8,779,677	5,423,876
Provisions and write offs - net	30	714,242	586,759	644,312	238,736
Extraordinary / unusual items		-	-	-	-
Profit before taxation		5,091,009	2,047,914	8,135,365	5,185,140
Taxation	31	1,995,882	754,966	3,181,613	2,063,027
Profit after taxation		3,095,127	1,292,948	4,953,752	3,122,113
		Rupees		Rupees	
Basic and diluted earnings per share	32	2.46	1.03	3.93	2.48

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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President & Chief Executive

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Chief Financial Officer

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended June 30, 2020

	For the quarter ended		For the half year ended	
	June 30, 2020 (Rupees in '000)	June 30, 2019 (Rupees in '000)	June 30, 2020 (Rupees in '000)	June 30, 2019 (Rupees in '000)
Profit after taxation for the period	3,095,127	1,292,948	4,953,752	3,122,113
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	21,048	149,421	134,281	79,601
Movement in surplus / (deficit) on revaluation of investments - net of tax	3,165,744	(733,466)	5,317,246	(293,044)
	3,186,792	(584,045)	5,451,527	(213,443)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	(9,750)	240,683	(9,750)	240,683
Movement in surplus / (deficit) on revaluation of non-banking assets	(25,495)	(23,157)	(32,495)	(23,157)
Total comprehensive income	<u>6,246,674</u>	<u>926,429</u>	<u>10,363,034</u>	<u>3,126,196</u>

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

-sd-
President & Chief Executive

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Chief Financial Officer

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2020

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
					(Rupees in '000)	Investments	Fixed / Non banking assets		
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,304,202	(4,097,523)	5,746,720	3,713,929	33,508,907
Total comprehensive income for the half year ended June 30, 2019	-	-	-	-	-	-	-	3,122,113	3,122,113
Net profit for the half year ended June 30, 2019	-	79,601	-	-	-	(293,044)	(23,157)	240,683	4,083
Other comprehensive income related to equity	-	79,601	-	-	-	(293,044)	(23,157)	3,362,796	3,126,196
Transfer to Statutory reserve	-	-	-	624,423	-	-	-	(624,423)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	23,157	23,157
Transfer to General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at June 30, 2019	12,602,602	388,762	234,669	9,319,570	8,757,871	(4,390,567)	5,723,563	2,761,530	35,398,000
Total comprehensive income for the six months ended December 31, 2019	-	-	-	-	-	-	-	3,894,909	3,894,909
Net profit for the six months ended December 31, 2019	-	(113,593)	-	-	-	2,856,276	111,154	44,628	2,896,465
Other comprehensive income related to equity	-	(113,593)	-	-	-	2,856,276	111,154	3,939,537	6,793,374
Transfer to Statutory reserve	-	-	-	778,981	-	-	-	(778,981)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	64,470	64,470
Balance as at December 31, 2019	12,602,602	275,169	234,669	10,098,551	8,757,871	(1,534,291)	5,834,717	5,986,556	42,255,844
Total comprehensive income for half year ended June 30, 2020	-	-	-	-	-	-	-	4,953,752	4,953,752
Net profit for the half year ended June 30, 2020	-	134,281	-	-	-	5,317,246	(32,495)	(9,750)	5,409,282
Other comprehensive income related to equity	-	134,281	-	-	-	5,317,246	(32,495)	4,944,002	10,363,034
Transfer to Statutory reserve	-	-	-	990,750	-	-	-	(990,750)	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	-	33,510	33,510
Transfer to General reserve	-	-	-	-	4,096,166	-	-	(4,096,166)	-
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)
Final dividend 2019: Re. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)
Balance as at June 30, 2020	12,602,602	409,450	234,669	11,089,301	12,854,037	3,782,955	5,802,222	3,986,762	50,761,998

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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President & Chief Executive

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Chief Financial Officer

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2020

	For the half year ended	
	June 30, 2020	June 30, 2019
Note	(Rupees in '000)	
Cash flow from operating activities		
Profit before taxation	8,135,365	5,185,140
Less: dividend income	(122,347)	(146,286)
	8,013,018	5,038,854
Adjustments:		
Depreciation	561,443	511,326
Depreciation on right of use assets	698,610	709,595
Amortization	112,427	101,395
Mark-up expense on lease liability against right of use assets	440,565	483,276
Termination of lease contracts under IFRS - 16 Leases	(2,287)	(49,422)
Charge for defined benefit plan	171,760	149,139
Provisions and write offs - net	684,741	290,070
Unrealised gain on held for trading securities	(1,002)	-
(Gain) / loss on sale of fixed assets	(3,709)	13,795
	2,662,548	2,209,174
	10,675,566	7,248,028
(Increase) / decrease in operating assets		
Lendings to financial institutions	14,075,190	-
Held for trading securities	(98,785)	(64,924)
Advances	(34,839,907)	(27,061,289)
Other assets (excluding advance taxation)	(3,934,726)	(5,321,392)
	(24,798,228)	(32,447,605)
Increase / (decrease) in operating liabilities		
Bills payable	3,008,733	(701,746)
Borrowings from financial institutions	38,063,105	7,745,048
Deposits	54,788,166	64,913,799
Other liabilities (excluding current taxation)	1,209,022	1,503,312
	97,069,026	73,460,413
Net cash flow generated from operations	82,946,364	48,260,836
Income tax paid	(2,434,129)	(2,228,132)
Net cash flow generated from operating activities	80,512,235	46,032,704
Cash flow from investing activities		
Net investments in available for sale securities	(81,786,409)	27,473,601
Net investments in held to maturity securities	(8,656,151)	(48,845,134)
Dividend received	108,761	101,107
Investments in operating fixed assets	(518,551)	(313,708)
Investments in intangible assets	(316,458)	(176,642)
Proceeds from sale of fixed assets	6,921	7,545
Effect of translation of net investment in foreign branch	134,281	79,601
Net cash used in investing activities	(91,027,606)	(21,673,630)
Cash flow from financing activities		
Receipts / (payments) of subordinated debts - net	5,999,200	(800)
Payments against lease liabilities	(719,407)	(584,955)
Dividend paid	(1,868,885)	(1,244,477)
Net cash generated from / (used in) financing activities	3,410,908	(1,830,232)
(Decrease) / Increase in cash and cash equivalents	(7,104,463)	22,528,842
Cash and cash equivalents at beginning of the period	77,256,780	53,281,057
Cash and cash equivalents at end of the period	70,152,317	75,809,899

The annexed notes 1 to 38 form an integral part of these unconsolidated condensed interim financial statements.

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President & Chief Executive

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Chief Financial Officer

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares (December 2019: 71.91 percent shares) of the Bank as on June 30, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 535 branches (December 2019: 535 branches); 534 in Pakistan and Azad Jammu and Kashmir (including 94 (December 2019: 94) Islamic Banking branches and 48 (December 2019: 50) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:

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

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

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

- 2.2 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2019.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2019.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

- a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

	Effective date (annual periods beginning on or after)
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17 Insurance Contracts	January 1, 2022

- b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank:

	Effective date (periods ending on or after)
IFRS 9 Financial Instruments	January 1, 2021
IFRS 17 Insurance Contracts	January 1, 2022

The management does not anticipate early adoption of above standards and amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of unconsolidated financial statements of the Bank for the year ended December 31, 2019 except for additional consideration relating to COVID-19 as discussed in note 5.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

The coronavirus pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SBP has responded to the crisis by taking measures to maintain banking system soundness and to sustain economic activity.

Below are major aspects of COVID-19 on the Bank's risk management policies.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

5.1 Assets quality and credit risk

The risk management function of the Bank is regularly conducting assessments to identify borrowers operating in various economic sectors which are most likely to get adversely affected. The Bank has further strengthened its credit review procedures in the light of COVID-19 and is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak. Due to deferral / restructuring & rescheduling relief allowed by SBP, the management has responded by creating a time bound general provision of 0.5% amounting to Rs 367,800 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. The provision is in addition and incremental to the 0.10% general provision on all performing loans. At June 30, 2020 the Bank is carrying a general provision amounting to Rs. 738,179 thousand in respect of potential loan losses which are not specifically identified.

IFRS 9 is applicable to the overseas branch of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Bank has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall the Covid 19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in ECL estimates. The Bank is assessing the situation as it develops and is in the process of accounting for the same in its ECL estimates.

5.2 Liquidity risk management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 Equity risk management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs 5,380,700 thousand as at June 30, 2020. During the period, the Pakistan Stock Exchange index has fallen by 15.50%, triggering an impairment of Rs 492,246 thousand. The Bank has recorded an impairment of Rs 181,765 thousand in the condensed interim unconsolidated financial statements of the current period, and has deferred the recognition of the remaining impairment of Rs 310,481 thousand which will be recognised on a quarterly basis till December 31, 2020, as allowed by the SBP.

5.4 Capital adequacy ratio

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational

5.5 Suspension of dividend

The SBP has advised to suspend distribution of profits by way of declaring dividends in any manner for the quarter ended 31 March 2020 and half year ended 30 June 2020.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
<i>In hand:</i>		
Local currency	14,768,110	11,990,404
Foreign currencies	3,266,427	2,441,156
	<u>18,034,537</u>	<u>14,431,560</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	31,973,409	34,638,383
Foreign currency current accounts	4,378,310	3,107,745
Foreign currency deposit account	7,363,564	8,684,787
	<u>43,715,283</u>	<u>46,430,915</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	2,980,217	1,899,188
Prize bonds	11,233	277,627
	<u>64,741,270</u>	<u>63,039,290</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	314,350	469,619
In deposit accounts	56	476
	<u>314,406</u>	<u>470,095</u>
<i>Outside Pakistan</i>		
In current accounts	2,059,196	753,774
In deposit accounts	3,037,451	6,662,839
	<u>5,096,647</u>	<u>7,416,613</u>
Provision under IFRS 9 related to WBB	(6)	(6)
	<u>5,411,047</u>	<u>7,886,702</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	-	6,330,782
Repurchase agreement lendings (reverse repo)	-	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>148,606</u>	<u>20,554,578</u>
Provision held against lending to financial institutions	(148,606)	(148,606)
Lendings to financial institutions - net of provision	<u>-</u>	<u>20,405,972</u>
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Classified lending	Classified lending
	Provision held	Provision held
	(Rupees in '000)	
8.1 Category of classification		
Domestic		
Loss	<u>148,606</u>	<u>148,606</u>
	<u>148,606</u>	<u>148,606</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

9. INVESTMENTS

June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							

9.1 Investments by type:
Held for trading securities

Shares	140,376	-	1,002	141,378	41,591	-	(1,503)	40,088
	140,376	-	1,002	141,378	41,591	-	(1,503)	40,088

Available for sale securities

Federal Government Securities	293,417,213	(34,947)	5,980,801	299,363,067	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	5,869,570	(1,331,471)	(316,951)	4,221,148	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds	1,205,036	(120,147)	9,505	1,094,394	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(9,522)	46,366	64,158	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	11,681,876	(1,478,906)	83,630	10,286,600	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	508,368	(5,304)	16,580	519,644	159,646	(1,881)	7,202	164,967
	312,709,377	(2,980,297)	5,819,931	315,549,011	230,922,968	(3,291,898)	(2,360,448)	225,270,622

Held to maturity securities

Federal Government Securities	85,396,670	(125,299)	-	85,271,371	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,537,397	(17,609)	-	3,519,788	3,247,847	(19,106)	-	3,228,741
	89,044,067	(252,908)	-	88,791,159	80,387,916	(262,993)	-	80,124,923

Total investments	401,893,820	(3,233,205)	5,820,933	404,481,548	311,352,475	(3,554,891)	(2,361,951)	305,435,633
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9.1.1 Investments given as collateral

The market value of investments given as collateral is as follows:

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
Market Treasury Bills	42,944,737	12,480,754
Euro Bonds	7,003,004	5,527,143
Bahrain International Bonds	524,948	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	1,259,842	445,961
Turkish Sukuks	1,013,748	956,958
Ijarah Sukuks	8,046,775	5,586,569
Shares	168,573	203,388
	<u>60,961,627</u>	<u>25,367,621</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

	(Un-audited) June 30, 2020 (Rupees in '000)	(Audited) December 31, 2019
9.2 Provision for diminution in value of investments		
9.2.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	15,341	19,368
Charge / (reversals)		
Charge for the period / year	181,766	976,751
(Reversal) / provision under IFRS 9 related to WBB	(24,425)	6,197
Reversals for the period / year	(10,354)	(51,586)
Net charge for the period / year	146,987	931,362
Reversal on disposals	(484,014)	(660,041)
Closing balance	<u>3,233,205</u>	<u>3,554,891</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Category of classification	Non performing investments	Provision	Non performing investments	Provision
				(Rupees in '000)
Domestic				
Loss	1,588,906	1,588,906	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	183,159	-	192,244
	<u>1,588,906</u>	<u>1,772,065</u>	<u>1,599,262</u>	<u>1,791,506</u>

- 9.3 The market value of securities classified as held to maturity as at June 30, 2020 is Rs. 97,481,140 thousand (December 31, 2019: Rs. 83,778,547 thousand).

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

10. ADVANCES

Loans, cash credits, running finances, etc.
Islamic financing and related assets
Bills discounted and purchased
Advances - gross
Provision against advances
- Specific
- General

Advances - net of provision

Performing		Non Performing		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
(Rupees in '000)					
325,889,096	307,069,106	26,013,279	28,257,191	351,902,375	333,326,297
59,649,094	45,596,566	1,862,439	1,816,376	61,511,533	47,412,942
20,215,037	17,749,166	60,406	-	20,275,443	17,809,572
405,753,227	370,414,838	27,936,124	28,133,973	433,689,351	398,548,811
-	-	(24,238,354)	(24,408,056)	(24,238,354)	(24,408,056)
(1,579,793)	(1,226,892)	-	-	(1,579,793)	(1,226,892)
(1,579,793)	(1,226,892)	(24,238,354)	(24,408,056)	(25,818,147)	(25,634,948)
404,173,434	369,187,946	3,697,770	3,725,917	407,871,204	372,913,863
				(Un-audited)	(Audited)
				June 30, 2020	December 31, 2019
				(Rupees in '000)	
				407,515,089	368,646,263
				26,174,262	29,902,548
				433,689,351	398,548,811

10.1 Particulars of advances (Gross)

In local currency
In foreign currencies

10.2 Advances include Rs. 27,936,124 thousand (December 31, 2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Category of classification

Domestic

Other Assets Especially Mentioned - note 10.2.1

Substandard

Doubtful

Loss

June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Non Performing loans	Provision	Non Performing loans	Provision
(Rupees in '000)			
1,701,886	459	2,125,144	68
1,207,338	151,044	477,321	50,418
489,400	81,084	661,347	209,962
24,537,500	24,005,767	24,870,161	24,147,608
27,936,124	24,238,354	28,133,973	24,408,056

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

10.3 Particulars of provision against advances

June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
(Rupees in '000)							
24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
-	19,222	-	19,222	-	22,252	-	22,252
681,572	406,094	28,255	1,115,921	1,467,527	22,525	108,884	1,598,936
-	(52,574)	-	(52,574)	-	48,525	-	48,525
(476,568)	(225)	(47,871)	(524,664)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
205,004	353,295	(19,816)	538,683	(180,484)	63,464	102,521	(14,499)
Amounts written off	(374,706)	-	(374,706)	(402,506)	-	-	(402,506)
Amounts charged off- agriculture financing	-	-	-	(122,123)	-	-	(122,123)
Closing balance	24,238,354	956,662	25,818,147	24,408,056	584,145	642,747	25,634,948

10.3.1 General provision also includes Rs 367,800 thousand (December 31, 2019: Nil) as discussed in Note 5.

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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
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10.3.1 The net Forced Sales Value (FSV) benefit already availed has been reduced by Rs. 71,514 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 71,514 thousand (June 30, 2019: Rs. 26,811 thousand) and Rs. 46,484 thousand (June 30, 2019: 17,427) respectively. Further, at June 30, 2019, cumulative net of tax benefit availed for FSV was Rs. 481,000 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Bank has availed the relaxation of Rs. 101,394 thousand (December 31, 2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	184,733	126,731
Property and equipment	12,150,946	12,252,877
Right of use assets	7,669,958	7,316,960
	<u>20,005,637</u>	<u>19,696,568</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) Period ended June 30, 2020	Period ended June 30, 2019
11.2 Additions to fixed assets	(Rupees in '000)	

The following additions have been made to fixed assets during the period:

Capital work-in-progress 58,002 20,866

Property and equipment

Building on leasehold	-	18,032
Renovation of premises	98,673	62,483
Furniture, fixtures and office equipment	160,671	48,719
Carpets	11,812	4,221
Machine and equipments	92,447	107,668
Computer equipments	80,783	77,326
Vehicles	16,163	6,543
	460,549	324,992
Right of use assets	856,268	467,106
Total	<u>1,374,819</u>	<u>812,964</u>

11.3 Disposal of fixed assets

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

Renovation of premises	2	11,125
Furniture, fixtures and office equipment	1,992	3,950
Carpets	627	345
Machine and equipments	556	5,920
Computer equipments	35	-
Total	<u>3,212</u>	<u>21,340</u>

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	774,910	682,889
Less: Provision against intangibles	(9,866)	(9,866)
	765,044	673,023
Capital work in progress	248,213	135,971
	<u>1,013,257</u>	<u>808,994</u>

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For the half year ended June 30, 2020

		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
		(Rupees in '000)	
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		164,930	57,283
Directly purchased		151,528	119,359
Total		<u>316,458</u>	<u>176,642</u>
		(Un-audited)	(Audited)
		June 30, 2020	December 31, 2019
		(Rupees in '000)	
13. DEFERRED TAX LIABILITIES / (ASSETS)			
Deductible temporary differences on			
- Post retirement employee benefits		(16,204)	(9,971)
- Surplus / (deficit) on revaluation of investments		2,036,976	(826,157)
- Impact under IFRS 9 related to WBB		(121,871)	(121,871)
- Provision against advances, off balance sheet		(1,568,007)	(1,568,007)
		330,894	(2,526,006)
Taxable temporary differences on			
- Accelerated tax depreciation		(1,560)	36,254
		<u>329,334</u>	<u>(2,489,752)</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		18,591,352	16,320,068
Income / mark-up accrued in foreign currencies		634,508	558,708
Advances, deposits, advance rent and other prepayments		535,691	666,068
Advance taxation (payments less provisions)		5,768,637	6,552,849
Non banking assets acquired in satisfaction of claims		2,287,205	2,555,343
Mark to market gain on forward foreign exchange contracts - net		897,282	396,433
Suspense account		234,961	50,741
Stationary and stamps in hand		132,893	92,639
Dividend receivable		15,490	1,904
Acceptances		11,160,465	10,498,594
Receivable from defined benefit plan		-	71,364
Others		1,034,886	704,061
		<u>41,293,370</u>	<u>38,468,772</u>
Provision held against other assets - note 14.1		(210,374)	(238,089)
Other assets - net of provision		<u>41,082,996</u>	<u>38,230,683</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,187,334	2,219,829
Other assets - total		<u>43,270,330</u>	<u>40,450,512</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		139,068	139,068
Non-banking assets acquired in satisfaction of claims		-	15,952
Suspense account		34,408	34,408
Stationery and stamps in hand		14,321	14,321
Others		22,577	34,340
		<u>210,374</u>	<u>238,089</u>

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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
14.1.1 Movement in provision held against other assets	(Rupees in '000)	
Opening balance	238,089	257,811
Charge for the period / year	578	14,593
Provision under IFRS 9 related to foreign branch	-	(447)
Reversals for the period / year	(305)	(26,759)
Net charge / (reversal) for the period / year	273	(12,613)
Amounts written off / adjustments	(27,988)	(7,109)
Closing balance	<u>210,374</u>	<u>238,089</u>

15. BILLS PAYABLE

In Pakistan	<u>18,777,680</u>	<u>15,768,947</u>
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16. BORROWINGS
Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	16,198,325	13,656,666
Long term financing facility	6,960,946	5,622,997
Financing facility for storage of agricultural produce	88,146	2,500
Renewable energy financing facility	417,078	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	2,102	1,618
Refinance from SBP - refinance scheme for payment of wages and salaries	1,226,085	-
	<u>24,892,682</u>	<u>19,713,307</u>

Repurchase agreement borrowings

State Bank of Pakistan	32,126,758	7,666,640
Financial institutions	17,416,322	14,248,475
	<u>49,543,080</u>	<u>21,915,115</u>

Refinance from Pakistan Mortgage Refinance Company

Bai Muajjal payable - note 16.1	1,955,720	1,972,026
	<u>6,014,129</u>	<u>-</u>

Total secured	<u>82,405,611</u>	<u>43,600,448</u>
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Unsecured

Call borrowings	5,892,961	6,162,763
Overdrawn nostro accounts	952,214	1,424,470
	<u>6,845,175</u>	<u>7,587,233</u>
Total unsecured	<u>89,250,786</u>	<u>51,187,681</u>

- 16.1 This represents Bai Muajjal payable to M/s Meezan Bank Limited secured against pledge of government securities and have maturities upto 23 October, 2020 and carries mark-up at the rate of 12.65% per annum.

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					

Customers

Current deposits	193,902,186	24,974,408	218,876,594	174,842,702	19,411,555	194,254,257
Savings deposits	368,255,017	42,718,267	410,973,284	326,751,449	34,103,203	360,854,652
Fixed deposits	94,757,819	7,308,358	102,066,177	112,600,623	6,664,632	119,265,255
	<u>656,915,022</u>	<u>75,001,033</u>	<u>731,916,055</u>	<u>614,194,774</u>	<u>60,179,390</u>	<u>674,374,164</u>

Financial institutions

Current deposits	538,597	14,818	553,415	547,712	41,087	588,799
Savings deposits	1,208,182	-	1,208,182	1,584,523	-	1,584,523
Fixed deposits	410,000	-	410,000	2,752,000	-	2,752,000
	<u>2,156,779</u>	<u>14,818</u>	<u>2,171,597</u>	<u>4,884,235</u>	<u>41,087</u>	<u>4,925,322</u>
	<u>659,071,801</u>	<u>75,015,851</u>	<u>734,087,652</u>	<u>619,079,009</u>	<u>60,220,477</u>	<u>679,299,486</u>

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18. SUBORDINATED DEBTS

Term Finance Certificates - V

Term Finance Certificates - VI (ADT-1)

Term Finance Certificates - VII

	(Un-audited)	(Audited)
	June 30,	December 31,
	2020	2019
	(Rupees in '000)	
	3,991,200	3,992,000
	6,000,000	6,000,000
	6,000,000	-
	<u>15,991,200</u>	<u>9,992,000</u>

18.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows

	Term Finance Certificates - V	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	3,991,200	6,000,000	6,000,000
Issue amount	Rupees 4,000 million	Rupees 6,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018	March 17, 2020
Maturity date	September 29, 2024	Perpetual	March 16, 2030
Rating	AA-	AA-	AA
Security	Unsecured	Unsecured	Unsecured
Listing	Unlisted	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly	Payable quarterly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual	109-120th month: 100%
Profit rate	Base Rate plus 1.20%	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a shortfall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular.	The instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject.

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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	5,317,683	5,488,211
Mark-up / return / interest payable in foreign currencies	204,680	229,291
Unearned commission and income on bills discounted	1,311,626	923,438
Accrued expenses	1,662,455	1,724,514
Advance payments	376,606	444,390
Acceptances	11,160,465	10,498,594
Dividends payable	159,951	138,446
Branch adjustment account	1,864,571	498,814
Payable to defined benefit plan	116,381	-
Security deposit against lease / Ijarah financing	4,063,288	4,247,512
Withholding taxes payable	201,800	252,129
Federal excise duty payable	51,077	56,894
Workers' Welfare Fund	198,719	172,117
Switch fee payable	935,195	666,416
Provision against off-balance sheet obligations - note 19.1	100,000	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	8,092,806	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	1,859,060	1,204,112
	<u>37,676,363</u>	<u>34,704,048</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Exchange adjustment	47	-
Charge for the period / year	-	1,154
Reversal for the period / year	(1,201)	(517)
Net (reversal) / charge for the period / year	(1,201)	637
Amounts written off	-	(7,508)
Closing balance	<u>100,000</u>	<u>101,154</u>
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	5,819,931	(2,360,448)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,187,334	2,219,829
	11,622,153	3,474,269
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Available for sale securities	(2,036,976)	826,157
	<u>9,585,177</u>	<u>4,300,426</u>

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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
21 CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 21.1	207,095,161	188,434,387
- Commitments - note 21.2	404,284,280	314,542,303
- Other contingent liabilities - note 21.3	728,127	721,349
	<u>612,107,568</u>	<u>503,698,039</u>
21.1 Guarantees		
Financial guarantees	4,858,633	5,908,830
Performance guarantees	132,023,147	124,661,353
Other guarantees	70,213,381	57,864,204
	<u>207,095,161</u>	<u>188,434,387</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	161,003,911	162,130,911
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	184,697,633	94,380,989
- forward government securities transactions - note 21.2.2	-	14,500,000
- future purchase / sale of shares - note 21.2.3	38,606	-
- forward lending - note 21.2.4	58,322,805	43,352,110
Commitments for acquisition of:		
- fixed assets	63,336	65,963
- intangible assets	157,989	112,330
	<u>404,284,280</u>	<u>314,542,303</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	105,965,658	50,072,221
Sale	78,731,975	44,308,768
	<u>184,697,633</u>	<u>94,380,989</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	14,500,000
21.2.3 Commitments in respect of future purchase / sale of share		
Purchase	26,640	-
Sale	11,966	-
	<u>38,606</u>	<u>-</u>
21.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	49,612,924	36,096,228
Undrawn commitments - note 21.2.4.1	8,709,881	7,255,882
	<u>58,322,805</u>	<u>43,352,110</u>
21.2.4.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) June 30, 2020	(Audited) December 31, 2019
21.3 Other contingent liabilities	(Rupees in '000)	
21.3.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank	728,127	721,349

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

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22. DERIVATIVE INSTRUMENTS

The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

	(Un-audited)	
	Period ended June 30, 2020	Period ended June 30, 2019
23. MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	23,139,754	18,741,402
Investments	18,817,617	10,138,990
Lendings to financial institutions	202,123	97,174
Balances with banks	80,742	68,623
Securities purchased under resale agreements (reverse repo)	217,313	1,160,511
	<u>42,457,549</u>	<u>30,206,700</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	24,021,920	17,112,352
Borrowings	2,557,041	1,170,906
Subordinated debts	1,021,723	583,852
Interest expense on lease liability against right of use assets	440,565	483,276
	<u>28,041,249</u>	<u>19,350,386</u>

25. FEE AND COMMISSION INCOME

Branch banking customer fees	259,531	265,633
Consumer finance related fees	50,423	55,825
Card related fees (debit and credit cards)	365,717	426,156
Credit related fees	93,791	64,205
Investment banking fees	63,493	91,411
Commission on trade	301,901	325,628
Commission on guarantees	274,283	269,944
Commission on remittances including home remittances	27,403	194,981
Commission on bancassurance	36,426	75,915
Others	35,858	43,393
	<u>1,508,826</u>	<u>1,813,091</u>

26. GAIN / (LOSS) ON SECURITIES

Realised - note 26.1	1,390,747	39,913
Unrealised - note 9.1	1,002	(2,603)
	<u>1,391,749</u>	<u>37,310</u>

26.1 Realised gain on:

Federal Government Securities	1,274,193	32,108
Shares	113,900	7,717
Non Government Debt Securities	202	88
Mutual Funds	2,452	-
	<u>1,390,747</u>	<u>39,913</u>

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		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
27. OTHER INCOME		(Rupees in '000)	
Rent of property		2	1,262
Gain / (loss) on sale of fixed assets		3,709	(13,795)
Rent of lockers		21,828	20,354
Gain on sale of non banking assets		5	2,452
Recovery of expenses from customers		112,816	90,071
Government Grant - foreign branch		5,892	-
Termination of lease contracts		2,287	49,422
		<u>146,539</u>	<u>149,766</u>
28. OPERATING EXPENSES			
Total compensation expenses		5,526,071	4,917,365
Property expense			
Rent and taxes		170,018	169,840
Insurance		52,766	72,502
Utilities cost		285,950	249,993
Security (including guards)		251,804	245,500
Repair and maintenance (including janitorial charges)		123,848	112,164
Depreciation on right of use assets		698,610	709,595
Depreciation		200,112	221,024
		1,783,108	1,780,618
Information technology expenses			
Software maintenance		178,635	144,350
Hardware maintenance		17,558	14,653
Depreciation		92,965	96,334
Amortisation		112,427	101,395
Network charges		87,652	87,070
		489,237	443,802
Other operating expenses			
Directors' fees, allowances		6,125	4,844
Fees and allowances to Shariah Board		2,908	2,908
Rent, taxes, insurance etc.		104,661	105,403
Legal and professional charges		47,901	48,833
Travelling, conveyance and entertainment		114,828	128,796
Brokerage and commission		47,474	38,611
NIFT clearing charges		40,364	30,026
Repair and maintenance		131,284	131,336
Communications		275,894	229,274
Stationery and printing		124,026	133,378
Marketing, advertisement and publicity		42,186	63,565
Donations		112,390	-
Auditors' remuneration		10,701	12,726
Depreciation		268,366	193,968
Security service charges		104,527	106,985
Training and development		18,310	9,267
Premium paid to Deposit Protection Corporation		231,569	207,662
Other expenditure		469,894	167,997
		<u>2,153,408</u>	<u>1,615,579</u>
		<u>9,951,824</u>	<u>8,757,364</u>

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29. This includes penalties imposed by the State Bank of Pakistan.

(Un-audited)	
Period ended	Period ended
June 30,	June 30,
2020	2019

30. PROVISIONS AND WRITE OFFS - NET

(Rupees in '000)

Provision for diminution in value of investments	146,987	672,085
Provision / (reversal) of provision against loans and advances	538,683	(349,971)
Reversal of provision against fixed assets	-	(9,801)
Provision / (reversal) of provision against other assets	273	(22,243)
Reversal of provision against off-balance sheet obligations	(1,201)	-
Reversal of provision against cash and bank balances	(1)	-
Recovery of written off / charged off bad debts	(40,429)	(51,334)
	<u>644,312</u>	<u>238,736</u>

31. TAXATION

Current	3,218,341	2,058,151
Prior years	-	77,915
Deferred	(36,728)	(73,039)
	<u>3,181,613</u>	<u>2,063,027</u>

(Un-audited)	
Half year ended	Half year ended
June 30,	June 30,
2020	2019

32. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period - Rupees in '000	<u>4,953,752</u>	<u>3,122,113</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>3.93</u>	<u>2.48</u>

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

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33. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited unconsolidated financial statements

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4 to the unconsolidated financial statements for the year ended December 31, 2019.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

33.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

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The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

June 30, 2020 (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	-	299,363,067	-	299,363,067
Shares	4,062,526	-	300,000	4,362,526
Units of open end mutual funds	-	1,094,394	-	1,094,394
Fully paid preference shares	64,158	-	-	64,158
Non Government Debt Securities	-	2,158,329	8,128,271	10,286,600
Foreign securities	-	519,644	-	519,644
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	85,271,371	-	85,271,371
Foreign Securities	-	3,519,788	-	3,519,788
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	105,965,658	-	105,965,658
Forward sale of foreign exchange	-	78,731,975	-	78,731,975
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	49,612,924	49,612,924

December 31, 2019 (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	-	208,019,966	-	208,019,966
Shares	4,671,445	-	300,000	4,971,445
Units of open end mutual funds	-	1,272,261	-	1,272,261
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	2,862,993	7,957,133	10,820,126
Foreign securities	-	164,967	-	164,967
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	76,896,182	-	76,896,182
Foreign securities	-	3,228,741	-	3,228,741
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,072,221	-	50,072,221
Forward sale of foreign exchange	-	44,308,768	-	44,308,768
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	36,096,228	36,096,228

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

		(Un-audited)	(Audited)
		June 30, 2020	December 31, 2019
		(Rupees in '000)	
		Level 3	Level 3
33.2	Fair value of non-financial assets		
Fixed assets			
Property and equipment (freehold and leasehold land)		8,023,338	8,023,338
Other assets			
Non-banking assets acquired in satisfaction of claims		4,474,539	4,775,172

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34. SEGMENT INFORMATION
34.1 Segment details with respect to Business Activities

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

	For the half year ended June 30, 2020 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others
Profit and loss							
Net mark-up / return / profit	(17,487,785)	13,308,904	15,608,183	1,511,396	1,940,345	494,665	(959,409)
Inter segment revenue - net	23,594,393	(8,954,044)	(15,755,888)	(1,001,719)	-	-	2,117,258
Non mark-up / return / interest income	620,420	967,984	2,381,915	187,120	184,774	6,328	5,116
Total income	6,727,028	5,322,844	2,234,210	696,797	2,125,119	500,993	1,162,965
Segment direct expenses	5,090,962	385,645	151,044	378,369	1,045,711	57,545	2,881,005
Inter segment expense allocation	218,444	512,587	1,992	73,738	-	-	(806,761)
Total expenses	5,309,406	898,232	153,036	452,107	1,045,711	57,545	2,074,244
(Reversals) / Provisions	(41,630)	108,099	166,163	116,050	(7,613)	(78,202)	381,445
Profit / (loss) before tax	1,459,252	4,316,513	1,915,011	128,640	1,087,021	521,651	(1,292,724)
	June 30, 2020 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others
Statement of financial position							
Cash and bank balances	26,169,092	1,309,145	36,471,678	-	5,539,658	491,434	171,310
Investments	-	8,854,624	367,649,457	-	8,041,628	19,191,882	743,957
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing - net of provision	9,758,205	300,789,958	-	16,833,975	59,614,321	11,558,666	5,618,306
Advances - non-performing - net of provision	757,743	1,071,405	-	580,769	1,287,856	-	-
Others	1,600,994	18,062,302	7,459,105	754,243	6,712,295	323,065	29,457,940
Total Assets	38,286,034	330,087,434	411,580,240	18,168,987	81,195,758	31,565,047	35,991,513
Borrowings	1,264,303	22,130,332	42,543,862	1,955,720	4,198,047	16,206,308	952,215
Subordinated debts	-	-	-	27,285	-	-	15,991,200
Deposits and other accounts	543,734,957	124,512,155	-	27,285	65,076,311	658,233	78,711
Inter segment balances - net	(527,676,241)	167,718,350	367,983,909	15,104,537	11,763,542	(34,894,096)	-
Others	20,963,015	15,726,597	1,052,469	1,081,445	5,571,413	1,098,834	11,289,603
Total liabilities	38,286,034	330,087,434	411,580,240	18,168,987	74,845,771	29,726,917	(6,582,368)
Equity	-	-	-	-	6,349,987	1,838,130	42,573,881
Total Equity and liabilities	38,286,034	330,087,434	411,580,240	18,168,987	81,195,758	31,565,047	35,991,513
Contingencies and commitments	4,913,385	362,305,821	220,104,049	363,878	9,816,481	13,037,984	1,565,970
	For the half year ended June 30, 2019 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others
Profit and loss							
Net mark-up / return / profit	(10,989,484)	9,438,035	9,976,595	1,417,195	1,436,676	315,624	(738,327)
Inter segment revenue - net	19,255,816	(7,323,088)	(11,496,905)	(942,943)	-	-	507,120
Non mark-up / return / interest income	1,018,598	792,862	1,252,087	117,182	135,494	11,369	61,284
Total income	9,284,930	2,907,809	(268,223)	591,434	1,572,170	326,993	(169,923)
Segment direct expenses	4,947,787	184,107	100,277	366,125	971,922	44,354	1,862,563
Inter segment expense allocation	20,074	255,219	-	49,956	-	-	18,930
Total expenses	4,967,861	439,326	100,277	416,081	971,922	44,354	1,881,493
(Reversals) / Provisions	(310,234)	(198,525)	724,127	41,247	45,913	(36,264)	(27,528)
Profit / (loss) before tax	4,627,303	2,667,008	(1,092,627)	134,106	554,335	318,903	(2,023,888)
	December 31, 2019 (Audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others
Statement of financial position							
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	16,057,756
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	6,004,778
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	-
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,509,349
Advances - non-performing - net of provision	684,502	1,567,268	-	231,613	1,242,334	-	-
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,908	271,906	33,793,381
Total Assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	1,424,471
Subordinated debts	-	-	-	-	-	-	9,992,000
Deposits and other accounts	547,655,118	68,398,729	-	19,187	62,859,181	289,553	77,718
Inter segment balances - net	(521,324,078)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,159,196
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,004,509
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,657,894
Equity	-	-	-	-	5,282,646	1,265,828	35,707,370
Total Equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	1,528,686

35. RELATED PARTY TRANSACTIONS

Fajj Consortium comprising of Fajj Foundation, Fajj Fertilizer Company Limited and Fajj Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employee's funds. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actual valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment

Details of transactions with related parties and balances are as follow

As at June 30, 2020 (Un-audited)						As at December 31, 2019 (Audited)					
Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Companies with common directorship	Other related parties
Rupees in '000											
Investments											
Opening balance	-	-	-	719,311	300,000	-	-	-	-	49,133	-
Investment made during the period / year	-	-	-	318,244	-	-	-	-	-	364,176	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(433,019)	-	-	-	-	-	306,002	-
Closing balance	-	-	-	604,536	300,000	-	-	-	-	719,311	300,000
Provision for diminution in value of investments											
	-	-	-	181,489	-	-	-	-	-	109,138	-
Advances											
Opening balance	5,035,504	19,771	364,453	-	4,701,476	-	9,581,279	451	332,540	-	3,803,463
Addition during the period / adjustment	65,306,717	20,436	59,327	-	5,061,985	-	139,634,399	24,193	156,780	-	23,395,671
Repaid during the period / adjustment	(69,733,364)	(1,151)	(43,064)	-	(5,487,124)	-	(144,180,374)	(4,873)	(95,164)	-	(23,385,102)
Transfer in / (out) - net	-	(9)	35,150	-	(207,155)	-	-	-	(29,703)	-	888,444
Closing balance	638,457	38,087	415,876	-	4,068,182	-	5,036,504	19,771	384,453	-	4,107,476
Provision held against advances											
	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
Interest / mark-up receivable	35,287	300	79,400	-	102,057	-	106,869	261	71,401	-	128,318
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	-	-	58,420
Advance rent	209	-	-	-	-	-	982	-	-	-	-
Assets held for sale - net of provision	-	-	80,720	-	-	-	-	-	-	80,720	-
Provision against other assets											
	-	-	-	-	-	-	-	-	-	-	-
Borrowings											
Opening balance	-	-	-	-	1,972,026	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	(1,016,306)	-	-	-	-	-	(27,574)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	1,955,720	-	-	-	-	-	1,972,026
Subordinated debt											
Opening balance	-	-	-	-	24,950	-	-	-	-	-	24,960
Issued during the period	-	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	-	(5)	-	-	-	-	-	(10)
Transfer in / (out) - net	-	-	-	-	(24,945)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	24,950
Deposits and other accounts											
Opening balance	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176	9,809,885	24,892	159,716	28,930	5,187,631
Received during the period / adjustment	259,235,352	41,693	472,645	389,891	121,863,358	16,791,159	496,469,213	257,541	853,208	426,844	307,804,618
Withdrawn during the period / adjustment	(259,331,198)	(32,237)	(435,531)	(338,490)	(117,863,062)	(15,891,742)	(501,600,878)	(218,184)	(879,960)	(402,000)	(297,716,115)
Transfer in / (out) - net	-	(57,053)	4,464	-	(1,446,350)	-	-	-	(15,396)	-	12,693
Closing balance	4,002,376	16,642	159,149	104,569	17,678,783	5,716,603	4,878,222	64,239	117,662	53,174	15,124,817
Other Liabilities											
Interest / mark-up payable	32,457	-	2,510	-	86,130	35,285	30,293	113	2,750	-	54,079
Acceptances	-	-	-	-	-	-	-	-	-	-	58,420
Payable to staff retirement fund	-	-	-	-	-	118,318	-	-	-	-	-
Security deposits payable	-	-	287	-	228,933	-	-	-	287	-	210,172
Others	113,174	-	-	-	-	-	4,021	-	-	-	-
Contingencies and Commitments											
Contingencies and Commitments	285,884	-	-	40,000	421,850	-	124,565	-	-	40,000	2,239,471
Others											
Securities held as custodian	4,590,000	-	-	50,000	-	6,897,500	2,465,000	-	-	50,000	-

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	For the half year ended June 30, 2020 (Un-Audited)						For the half year ended June 30, 2019 (Un-Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties
Rupees in '000												
Income												
Mark-up / return / interest earned	135,793	1,508	10,394	-	274,981	-	90,418	23	8,631	-	268,034	-
Fee and commission received	77	-	-	-	2,358	-	41	-	-	14	8,462	-
Dividend income	-	-	-	-	4,118	-	-	-	-	-	227	-
Expense												
Mark-up / return / interest expensed	314,744	170	3,334	6	796,201	382,267	296,567	1,113	3,470	306	443,145	250,064
Contribution to employees funds	-	-	-	-	-	317,839	-	-	-	-	-	284,454
Remuneration and allowances paid	-	-	287,124	-	-	2,908	-	-	233,809	-	-	2,908
Post employment Benefits	-	-	16,287	-	-	-	-	-	13,757	-	-	-
Rent	5,814	-	-	-	-	-	11,397	496	-	-	-	-
Fee and commission paid	-	-	-	1,121	28	20,692	-	-	-	-	-	23,390
Director's fee paid	-	6,125	-	-	-	-	-	4,844	-	-	-	-
Dividend paid	1,359,423	4	113	-	-	11,745	906,282	104	75	-	-	7,830
Insurance premium	-	-	-	-	63,404	-	-	-	-	-	-	-
Donations	109,000	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	2,364	-	-	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Town

The term 'keymanagement personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

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36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>12,602,602</u>	<u>12,602,602</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	39,182,333	36,313,390
Eligible Additional Tier 1 (ADT 1) Capital	5,933,038	5,883,752
Total Eligible Tier 1 Capital	45,115,371	42,197,142
Eligible Tier 2 Capital	13,906,308	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	<u>59,021,679</u>	<u>48,970,200</u>
Risk Weighted Assets (RWAs):		
Credit Risk	304,624,330	304,482,207
Market Risk	36,886,664	15,988,883
Operational Risk	45,635,240	45,635,240
Total	<u>387,146,234</u>	<u>366,106,330</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>10.12%</u>	<u>9.92%</u>
Tier 1 Capital Adequacy Ratio	<u>11.65%</u>	<u>11.53%</u>
Total Capital Adequacy Ratio	<u>15.25%</u>	<u>13.38%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	45,115,371	42,197,142
Total Exposures	1,381,391,176	1,222,565,769
Leverage Ratio	<u>3.27%</u>	<u>3.45%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	320,012,239	239,545,379
Total Net Cash Outflow	195,089,277	152,412,055
Liquidity Coverage Ratio	<u>164.03%</u>	<u>157.17%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	739,452,149	679,039,953
Total Required Stable Funding	445,083,540	398,262,301
Net Stable Funding Ratio	<u>166.14%</u>	<u>170.50%</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

37. ISLAMIC BANKING BUSINESS

The Bank is operating 94 Islamic banking branches including 3 Sub branches at June 30, 2020 (December 31, 2019 : 94 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at June 30, 2020 (December 31, 2019 : Nil).

		(Un-audited)	(Audited)
		June 30, 2020	December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,388,662	9,290,046
Balances with other banks		1,150,996	22,019
Due from financial Institutions	37.1	-	6,330,782
Investments	37.2	8,041,628	7,796,309
Islamic financing and related assets - net	37.3	60,902,177	46,802,128
Fixed assets		1,770,511	1,896,420
Intangible assets		-	-
Due from head office		-	-
Other assets		4,941,784	3,469,088
Total assets		81,195,758	75,606,792
LIABILITIES			
Bills payable		1,448,129	1,051,103
Due to financial institutions		4,198,047	2,187,925
Deposits and other accounts	37.4	65,076,311	62,859,181
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,123,284	4,225,937
		74,845,771	70,324,146
NET ASSETS		<u>6,349,987</u>	<u>5,282,646</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(28,578)	(8,898)
Unappropriated profit / (loss)	37.5	1,778,565	691,544
		<u>6,349,987</u>	<u>5,282,646</u>
CONTINGENCIES AND COMMITMENTS		37.6	8,055,344

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

The profit and loss account of the Bank's Islamic banking branches for the period ended June 30, 2020 is as follows:

		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
	Note		
Profit / return earned	37.7	4,058,311	3,088,324
Profit / return expensed	37.8	2,117,966	1,651,648
Net Profit / return		<u>1,940,345</u>	<u>1,436,676</u>
Other income			
Fee and Commission Income		85,158	93,875
Dividend Income		-	-
Foreign Exchange Income		72,211	19,977
Gain / (loss) on securities		-	-
Other Income		27,405	21,642
Total other income		<u>184,774</u>	<u>135,494</u>
Total Income		<u>2,125,119</u>	<u>1,572,170</u>
Other expenses			
Operating expenses		1,045,294	970,369
Workers' Welfare Fund		-	-
Other charges		417	1,553
Total other expenses		<u>1,045,711</u>	<u>971,922</u>
Profit before provisions		<u>1,079,408</u>	<u>600,248</u>
Provisions and write offs - net		<u>(7,613)</u>	<u>45,913</u>
Profit before taxation		<u><u>1,087,021</u></u>	<u><u>554,335</u></u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
37.1 Due from financial institutions						
Unsecured	-	-	-	2,960,000	-	2,960,000
Bai Muajjal Receivable from other Financial Institutions	-	-	-	1,491,797	-	1,491,797
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,878,985	-	1,878,985
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,330,782</u>	<u>-</u>	<u>6,330,782</u>

	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
37.2 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	1,300,000	-	(29,190)	1,270,810	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	6,546,146	-	(29,190)	6,516,956	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities:								
- Listed	105,000	-	612	105,612	140,000	-	1,102	141,102
- Unlisted	2,029,056	(609,996)	-	1,419,060	2,035,213	(616,152)	-	1,419,061
	2,134,056	(609,996)	612	1,524,672	2,175,213	(616,152)	1,102	1,560,163
Total investments	<u>8,680,202</u>	<u>(609,996)</u>	<u>(28,578)</u>	<u>8,041,628</u>	<u>8,421,359</u>	<u>(616,152)</u>	<u>(8,898)</u>	<u>7,796,309</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
37.3 Islamic financing and related assets	(Rupees in '000)	
Ijarah	3,950,196	4,170,338
Murabaha - note 37.3.1	4,344,841	4,008,084
Musharaka	28,363,391	16,173,493
Diminishing musharaka	13,912,989	13,055,698
Salam	4,243,242	4,590,685
Istisna	2,691,737	2,793,995
Receivable against sale of istisna / salam inventory	416,060	250,000
Service ijarah	916,000	519,672
Other islamic modes (executive car finance - qarz-e-hasana)	107,271	73,025
Advances against islamic assets - note 37.3.2	366,987	387,767
Inventory related to islamic financing - note 37.3.3	2,198,819	1,390,185
Gross islamic financing and related assets	61,511,533	47,412,942
Less: provision against islamic financings		
- Specific	574,581	574,042
- General	34,775	36,772
	609,356	610,814
Islamic financing and related assets - net of provision	<u>60,902,177</u>	<u>46,802,128</u>

37.3.1 Includes advance against Murabaha of Rs.1,024,166 thousand (December 31, 2019: Rs.761,619 thousand)

37.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2020 (Un-audited)	<u>100,701</u>	<u>-</u>	<u>266,286</u>	<u>-</u>	<u>-</u>	<u>366,987</u>
December 31, 2019 (Audited)	<u>98,679</u>	<u>-</u>	<u>289,088</u>	<u>-</u>	<u>-</u>	<u>387,767</u>

37.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2020 (Un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496,996</u>	<u>701,823</u>	<u>2,198,819</u>
December 31, 2019 (Audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,082</u>	<u>1,259,103</u>	<u>1,390,185</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

(Un-audited)	(Audited)
June 30,	December 31,
2020	2019

(Rupees in '000)

37.4 Deposits and other accounts**Customers**

Current deposits - non remunerative	19,983,515	17,964,041
Current deposits - remunerative	913,847	833,812
Savings deposits	23,942,572	18,809,113
Term deposits	18,125,142	22,768,441
Others	1,520,702	456,818
	<u>64,485,778</u>	<u>60,832,225</u>

Financial Institutions

Current deposits - non remunerative	15,989	58,434
Savings deposits	424,544	333,522
Term deposits	150,000	1,635,000
	<u>590,533</u>	<u>2,026,956</u>
	<u><u>65,076,311</u></u>	<u><u>62,859,181</u></u>

37.5 Islamic banking business unappropriated profit / (loss)

Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period / year	<u>1,087,021</u>	<u>1,075,784</u>
Closing Balance	<u><u>1,778,565</u></u>	<u><u>691,544</u></u>

37.6 CONTINGENCIES AND COMMITMENTS

- Guarantees	4,942,173	4,272,245
- Commitments	4,874,308	3,783,099
- Other contingent liabilities	-	-
	<u><u>9,816,481</u></u>	<u><u>8,055,344</u></u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

(Un-audited)	
Period ended	Period ended
June 30,	June 30,
2020	2019
(Rupees in '000)	

**37.7 Profit / return earned on financing,
investments and placements**

Profit earned on:

Financing	3,331,597	2,603,082
Investments	491,203	400,585
Placements	158,987	7,497
Lendings	76,524	77,160
	<u>4,058,311</u>	<u>3,088,324</u>

37.8 Profit on deposits and other dues expensed

Deposits and other accounts	1,948,631	1,027,101
Due to financial institutions	79,685	452,665
Due to head office	5,585	79,719
Lease liability against right-of-use assets	84,065	92,163
	<u>2,117,966</u>	<u>1,651,648</u>

37.9 CHARITY FUND

Opening balance	52,137	23,209
Additions during the period		
- Received from customers on delayed payments	5,543	49,667
- Non shariah compliant income	-	123
- Profit on charity account	15	22
- Others	54	70
	5,612	49,882
Payments / utilization during the period		
- Education	-	(1,366)
- Community welfare	-	-
- Relief and disaster recovery	-	-
- Health	(10,000)	(16,991)
- Orphanage	-	(2,597)
	<u>(10,000)</u>	<u>(20,954)</u>
Closing balance	<u>47,749</u>	<u>52,137</u>

38. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 13, 2020.

-sd-	-sd-	-sd-	-sd-	-sd-
President & Chief Executive	Chief Financial Officer	Director	Director	Chairman

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2020

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position
As at June 30, 2020

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	64,741,270	63,039,290
Balances with other banks	7	5,411,047	7,886,702
Lendings to financial institutions	8	-	20,405,972
Investments	9	404,481,548	305,435,633
Advances	10	407,871,204	372,913,863
Fixed assets	11	20,005,637	19,696,568
Intangible assets	12	1,013,257	808,994
Deferred tax assets	13	-	2,489,752
Other assets	14	43,270,330	40,450,512
		946,794,293	833,127,286
Assets attributable to discontinued operations	15	343,635	315,741
		947,137,928	833,443,027
LIABILITIES			
Bills payable	16	18,777,680	15,768,947
Borrowings	17	89,250,786	51,187,681
Deposits and other accounts	18	733,983,076	679,246,312
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	15,991,200	9,992,000
Deferred tax liabilities	13	329,334	-
Other liabilities	20	37,676,363	34,704,048
		896,008,439	790,898,988
Liabilities associated with discontinued operations	15	206,589	141,856
		896,215,028	791,040,844
NET ASSETS		50,922,900	42,402,183
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		24,646,009	19,408,889
Surplus on revaluation of assets - net of tax			
Continued operations	21	9,585,177	4,300,426
Discontinued operations		35,971	39,467
Unappropriated profit		4,000,193	6,002,253
		50,869,952	42,353,637
Non-controlling interest		52,948	48,546
		50,922,900	42,402,183

CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the half year ended June 30, 2020

	Note	For the quarter ended		For the half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	24	20,805,290	15,944,842	42,457,549	30,206,700
Mark-up / return / interest expensed	25	12,230,170	10,807,280	28,041,243	19,350,386
Net mark-up / interest income		8,575,120	5,137,562	14,416,306	10,856,314
Non mark-up / interest income					
Fee and commission income	26	651,736	968,677	1,508,826	1,813,091
Dividend income		57,786	89,061	122,347	146,286
Foreign exchange income		806,683	845,001	1,184,196	1,242,423
Income / (loss) from derivatives		-	-	-	-
Gain on securities	27	826,208	3,031	1,391,749	37,310
Other income	28	64,864	100,497	146,539	149,766
Total non-markup / interest income		2,407,277	2,006,267	4,353,657	3,388,876
Total income		10,982,397	7,143,829	18,769,963	14,245,190
Non mark-up / interest expenses					
Operating expenses	29	5,183,910	4,482,923	9,950,703	8,757,364
Workers' Welfare Fund		(18,398)	15,534	26,602	31,042
Other charges	30	11,633	10,699	11,854	32,908
Total non-markup / interest expenses		5,177,145	4,509,156	9,989,159	8,821,314
Profit before provisions		5,805,252	2,634,673	8,780,804	5,423,876
Provisions and write offs - net	31	714,242	586,759	644,312	238,736
Extraordinary / unusual items		-	-	-	-
Profit before taxation		5,091,010	2,047,914	8,136,492	5,185,140
Taxation	32	1,995,882	754,966	3,181,613	2,063,027
Profit after taxation - continued operations		3,095,128	1,292,948	4,954,879	3,122,113
Profit after taxation - discontinued operations		10,824	114	16,932	9,730
		3,105,952	1,293,062	4,971,811	3,131,843
Attributable to:					
Equity holders of the Bank		3,103,138	1,293,032	4,967,409	3,129,313
Non-controlling interest		2,814	30	4,402	2,530
		3,105,952	1,293,062	4,971,811	3,131,843
		Rupees		Rupees	
Basic and diluted earnings per share	33	2.46	1.03	3.94	2.48

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

 -sd-
President & Chief Executive

 -sd-
Chief Financial Officer

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended June 30, 2020

	For the quarter ended		For the half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	3,105,952	1,293,062	4,971,811	3,131,843
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	21,048	149,421	134,281	79,601
Movement in surplus / (deficit) on revaluation of investments - net of tax		-		
Continued operations	3,165,744	(733,466)	5,317,246	(293,044)
Discontinued operations	2,039	(7,819)	(3,496)	32,863
	3,188,831	(591,864)	5,448,031	(180,580)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	(9,750)	240,683	(9,750)	240,683
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(25,495)	(23,157)	(32,495)	(23,157)
Total comprehensive income	6,259,538	918,724	10,377,597	3,168,789
Total comprehensive income attributable to:				
Equity holders of the Bank	6,256,194	920,727	10,374,104	3,157,715
Non-controlling interest	3,344	(2,003)	3,493	11,074
	6,259,538	918,724	10,377,597	3,168,789
Total comprehensive income arises from:				
Continued operations	6,246,675	926,429	10,364,161	3,126,196
Discontinued operations	12,863	(7,705)	13,436	42,593
	6,259,538	918,724	10,377,597	3,168,789

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

 -sd-
President & Chief Executive

 -sd-
Chief Financial Officer

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended June 30, 2020

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of Investments				Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
						Continued operations	Discontinued operations	Fixed / Non banking assets					
						(Rupees in '000)							
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,349,717	(4,097,523)	5,723	5,746,720	3,710,867	33,557,083	43,278	33,600,361	
Impact of IFRS 9 of discontinued operations	-	-	-	-	-	-	-	-	3,223	3,223	1,132	4,355	
Total comprehensive income for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	-	-	-	-	
Net profit for the half year ended June 30, 2019	-	-	-	-	-	-	-	-	3,129,313	3,129,313	2,530	3,131,843	
Other comprehensive income related to equity	-	79,601	-	-	-	(293,044)	32,863	(23,157)	240,683	36,946	-	36,946	
	-	79,601	-	-	-	(293,044)	32,863	(23,157)	3,369,996	3,166,259	2,530	3,168,789	
Transfer to Statutory reserve	-	-	-	625,863	-	-	-	-	(625,863)	-	-	-	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	23,157	23,157	-	23,157	
Transfer to General reserve	-	-	-	-	2,450,607	-	-	-	(2,450,607)	-	-	-	
Transaction with owners directly recorded in equity	-	-	-	-	-	-	-	-	-	-	-	-	
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)	
Balance as at June 30, 2019	12,602,602	388,762	234,669	9,321,010	8,800,324	(4,390,567)	38,586	5,723,563	2,770,513	35,489,462	46,940	35,536,402	
Impact of IFRS 9 of Wholesale Bank Branch	-	-	-	-	-	-	-	-	1,012	1,012	356	1,368	
Total comprehensive income for the six month ended December 31, 2019	-	-	-	-	-	-	-	-	3,899,443	3,899,443	1,284	3,900,727	
Net profit for the six months ended December 31, 2019	-	-	-	-	-	-	-	-	3,899,443	3,899,443	1,284	3,900,727	
Other comprehensive income related to equity	-	(113,593)	-	-	-	2,856,276	881	111,154	44,532	2,899,250	(34)	2,899,216	
	-	(113,593)	-	-	-	2,856,276	881	111,154	3,943,975	6,798,693	1,250	6,799,943	
Transfer to Statutory reserve	-	-	-	777,717	-	-	-	-	(777,717)	-	-	-	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	64,470	64,470	-	64,470	
Balance as at December 31, 2019	12,602,602	275,169	234,669	10,098,727	8,800,324	(1,534,291)	39,467	5,834,717	6,002,253	42,353,637	48,546	42,402,183	
Total comprehensive income for half year ended June 30, 2020	-	-	-	-	-	-	-	-	4,967,409	4,967,409	4,402	4,971,811	
Net profit for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	4,967,409	4,967,409	4,402	4,971,811	
Other comprehensive income related to equity	-	134,281	-	-	-	5,317,246	(3,496)	(32,495)	(9,750)	5,405,786	-	5,405,786	
	-	134,281	-	-	-	5,317,246	(3,496)	(32,495)	4,957,659	10,373,195	4,402	10,377,597	
Transfer to Statutory reserve	-	-	-	990,976	-	-	-	-	(990,976)	-	-	-	
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	33,510	33,510	-	33,510	
Transfer to General reserve	-	-	-	-	4,111,863	-	-	-	(4,111,863)	-	-	-	
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)	-	(1,890,390)	
Final dividend 2019: Re. 1.5 per share	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2020	12,602,602	409,450	234,669	11,089,703	12,912,187	3,782,955	35,971	5,802,222	4,000,193	50,869,952	52,948	50,922,900	

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2020

		For the half year ended	
		June 30, 2020	June 30, 2019
	Note	(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		8,136,492	5,185,140
Less: dividend income		(122,347)	(146,286)
		8,014,145	5,038,854
Adjustments:			
Depreciation		561,443	511,326
Depreciation on right of use assets		698,610	709,595
Amortization		112,427	101,395
Mark-up expense on lease liability against right of use assets		440,565	483,276
Termination of lease contracts under IFRS - 16 Leases		(2,287)	(49,422)
Charge for defined benfit plan		171,760	149,139
Provisions and write offs - net	31	684,741	290,070
Unrealised gain on held for trading securities		(1,002)	-
(Gain) / loss on sale of fixed assets		(3,709)	13,795
		2,662,548	2,209,174
		10,676,693	7,248,028
(Increase) / decrease in operating assets			
Lendings to financial institutions		14,075,190	-
Held for trading securities		(98,785)	(64,924)
Advances		(34,839,907)	(27,061,289)
Other assets (excluding advance taxation)		(3,934,726)	(5,321,392)
		(24,798,228)	(32,447,605)
Increase / (decrease) in operating liabilities			
Bills payable		3,008,733	(701,746)
Borrowings from financial institutions		38,063,105	7,745,048
Deposits		54,736,764	64,867,020
Other liabilities (excluding current taxation)		1,209,022	1,503,312
		97,017,624	73,413,634
Net cash flow generated from operations		82,896,089	48,214,057
Discontinued operations		33,855	56,295
Income tax paid		(2,434,129)	(2,228,132)
Net cash flow generated from operating activities		80,495,815	46,042,220
Cash flow from investing activities			
Net investments in available for sale securities		(81,786,409)	27,473,601
Net investments in held to maturity securities		(8,656,151)	(48,845,134)
Dividend received		108,761	101,107
Investments in fixed assets		(518,551)	(299,574)
Investments in intangible assets		(316,458)	(176,642)
Proceeds from sale of fixed assets		6,921	7,545
Effect of translation of net investment in foreign branch		134,281	79,601
Discontinued operations		16,420	(23,650)
Net cash used in investing activities		(91,011,186)	(21,683,146)
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		5,999,200	(800)
Payments against lease liabilities		(719,407)	(584,955)
Dividend paid		(1,868,885)	(1,244,477)
Net cash generated from / (used in) financing activities		3,410,908	(1,830,232)
(Decrease) / Increase in cash and cash equivalent:		(7,104,463)	22,528,842
Cash and cash equivalents at beginning of the period		77,256,780	53,281,057
Cash and cash equivalents at end of the period		70,152,317	75,809,899

The annexed notes 1 to 39 form an integral part of these consolidated condensed interim financial statements.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a partly owned subsidiary.
- 1.2 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 535 branches (December 2019: 535 branches); 534 in Pakistan and Azad Jammu and Kashmir (including 94 (December 2019: 94) Islamic Banking branches and 48 (December 2019: 50) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.
- 1.3 Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Bank holds 74% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:

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

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

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

- 2.2 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant 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 audited annual consolidated financial statements of the Group for the year ended December 31, 2019.

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these consolidated condensed interim financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

- a) Following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17	Insurance Contracts	January 1, 2022

- b) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

		Effective date (periods ending on or after)
IFRS 9	Financial Instruments	January 1, 2021
IFRS 17	Insurance Contracts	January 1, 2022

The management does not anticipate early adoption of above standards and amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of consolidated financial statements of the Bank for the year ended December 31, 2019 except for additional consideration relating to COVID-19 as discussed in note 5.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

The coronavirus pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SBP has responded to the crisis by taking measures to maintain banking system soundness and to sustain economic activity.

Below are major aspects of COVID-19 on the Group's risk management policies.

5.1 Assets quality and credit risk

The risk management function of the Group is regularly conducting assessments to identify borrowers operating in various economic sectors which are most likely to get adversely affected. The Group has further strengthened its credit review procedures in the light of COVID-19 and is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak. Due to deferment / restructuring & rescheduling relief allowed by SBP, the management has responded by creating a time bound general provision of 0.5% amounting to Rs 367,800 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. The provision is in addition and incremental to the 0.10% general provision on all performing loans. At June 30, 2020 the Group is carrying a general provision amounting to Rs. 738,179 thousand in respect of potential loan losses which are not specifically identified.

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

IFRS 9 is applicable to the overseas branch of the Group and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Group has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall the Covid 19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in ECL estimates. The Group is assessing the situation as it develops and is in the process of accounting for the same in its ECL estimates.

5.2 Liquidity management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Group. The Group is continuously monitoring the liquidity position and the Group is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 Equity Risk Management

The carrying value of the Group's investment in listed equity securities classified as available-for-sale, amounts to Rs 5,380,700 thousand as at June 30, 2020. During the period, the Pakistan Stock Exchange index has fallen by 15.50%, triggering an impairment of Rs 492,246 thousand. The Group has recorded an impairment of Rs 181,765 thousand in the condensed interim consolidated financial statements of the current period, and has deferred the recognition of the remaining impairment of Rs 310,481 thousand which will be recognised on a quarterly basis till December 31, 2020, as allowed by the SBP.

5.4 Capital adequacy ratio

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Group also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

5.5 Suspension of dividend

The SBP has advised to suspend distribution of profits by way of declaring dividends in any manner for the quarter ended 31 March 2020 and half year ended 30 June 2020.

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
Rupees in '000		
6. CASH AND BALANCES WITH TREASURY BANKS		
<i>In hand:</i>		
Local currency	14,768,110	11,990,404
Foreign currencies	3,266,427	2,441,156
	<u>18,034,537</u>	<u>14,431,560</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	31,973,409	34,638,383
Foreign currency current accounts	4,378,310	3,107,745
Foreign currency deposit account	7,363,564	8,684,787
	<u>43,715,283</u>	<u>46,430,915</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	2,980,217	1,899,188
Prize Bonds	11,233	277,627
	<u>64,741,270</u>	<u>63,039,290</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	314,350	469,619
In deposit accounts	56	476
	<u>314,406</u>	<u>470,095</u>
<i>Outside Pakistan</i>		
In current accounts	2,059,196	753,774
In deposit accounts	3,037,451	6,662,839
	<u>5,096,647</u>	<u>7,416,613</u>
Provision under IFRS 9 related to WBB	(6)	(6)
	<u>5,411,047</u>	<u>7,886,702</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	-	6,330,782
Repurchase agreement lendings (reverse repo)	-	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	<u>148,606</u>	<u>20,554,578</u>
	(148,606)	(148,606)
Provision held against lending to financial institutions	-	20,405,972
Lendings to financial institutions - net of provision		
	<u>June 30, 2020 (Un-audited)</u>	<u>December 31, 2019 (Audited)</u>
	<u>Classified</u>	<u>Classified</u>
	<u>lending</u>	<u>lending</u>
	<u>Provision held</u>	<u>Provision held</u>
	(Rupees in '000)	
8.1 Category of classification		
Domestic		
Loss	<u>148,606</u>	<u>148,606</u>
	<u>148,606</u>	<u>148,606</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

9. INVESTMENTS

June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							

9.1 Investments by type:
Held for trading securities

Shares	140,376	-	1,002	141,378	41,591	-	(1,503)	40,088
	140,376	-	1,002	141,378	41,591	-	(1,503)	40,088

Available for sale securities

Federal Government Securities	293,417,213	(34,947)	5,980,801	299,363,067	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	5,869,570	(1,331,471)	(316,951)	4,221,148	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds	1,205,036	(120,147)	9,505	1,094,394	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(9,522)	46,366	64,158	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	11,681,876	(1,478,906)	83,630	10,286,600	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	508,368	(5,304)	16,580	519,644	159,646	(1,881)	7,202	164,967
	312,709,377	(2,980,297)	5,819,931	315,549,011	230,922,968	(3,291,898)	(2,360,448)	225,270,622

Held to maturity securities

Federal Government Securities	85,396,670	(125,299)	-	85,271,371	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,537,397	(17,609)	-	3,519,788	3,247,847	(19,106)	-	3,228,741
	89,044,067	(252,908)	-	88,791,159	80,387,916	(262,993)	-	80,124,923

Total investments	401,893,820	(3,233,205)	5,820,933	404,481,548	311,352,475	(3,554,891)	(2,361,951)	305,435,633
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(Un-audited)	(Audited)
June 30, 2020	December 31, 2019
(Rupees in '000)	

9.1.1 Investments given as collateral

The market value of investments given as collateral is as follows:

Market Treasury Bills	42,944,737	12,480,754
Euro Bonds	7,003,004	5,527,143
Bahrain International Bonds	524,948	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	1,259,842	445,961
Turkish Sukuks	1,013,748	956,958
Ijarah Sukuks	8,046,775	5,586,569
Shares	168,573	203,388
	60,961,627	25,367,621

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	15,341	19,368
Charge / (reversals)		
Charge for the period / year	181,766	976,751
Reversal of provision under IFRS 9 related to WBB	(24,425)	6,197
Reversals for the period / year	(10,354)	(51,586)
	146,987	931,362
Reversal on disposals	(484,014)	(660,041)
Closing balance	<u>3,233,205</u>	<u>3,554,891</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	1,588,906	1,588,906	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	183,159	-	192,244
	<u>1,588,906</u>	<u>1,772,065</u>	<u>1,599,262</u>	<u>1,791,506</u>

- 9.3 The market value of securities classified as held to maturity as at June 30, 2020 is Rs. 97,481,140 thousand (December 31, 2019: Rs. 83,778,547 thousand).

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	325,889,096	307,069,106	26,013,279	26,257,191	351,902,375	333,326,297
Islamic financing and related asset	59,649,094	45,596,566	1,862,439	1,816,376	61,511,533	47,412,942
Bills discounted and purchased	20,215,037	17,749,166	60,406	60,406	20,275,443	17,809,572
Advances - gross	405,753,227	370,414,838	27,936,124	28,133,973	433,689,351	398,548,811
Provision against advance:						
- Specific	-	-	(24,238,354)	(24,408,056)	(24,238,354)	(24,408,056)
- General	(1,579,793)	(1,226,892)	-	-	(1,579,793)	(1,226,892)
	(1,579,793)	(1,226,892)	(24,238,354)	(24,408,056)	(25,818,147)	(25,634,948)
Advances - net of provision	404,173,434	369,187,946	3,697,770	3,725,917	407,871,204	372,913,863
					(Un-audited)	(Audited)
					June 30, 2020	December 31, 2019
					(Rupees in '000)	
10.1 Particulars of advances (Gross)					407,515,089	368,646,263
In local currency					26,174,262	29,902,548
In foreign currencies					433,689,351	398,548,811

10.2 Advances include Rs. 27,936,124 thousand (December 31, 2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	(Rupees in '000)			
Domestic:				
Other Assets Especially Mentioned - note 10.2.1	1,701,886	459	2,125,144	68
Substandard	1,207,338	151,044	477,321	50,418
Doubtful	489,400	81,084	661,347	209,962
Loss	24,537,500	24,005,767	24,870,161	24,147,608
	27,936,124	24,238,354	28,133,973	24,408,056

10.2.1 This represents classification for Agricultural, Mortgage and Small Entities finance

10.3 Particulars of provision against advances	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Specific	General	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
Exchange adjustment	-	19,222	-	19,222	-	22,252	-	22,252
Charge for the period / year	681,572	406,094	28,255	1,115,921	1,467,527	22,525	108,884	1,596,936
Provision under IFRS 9 related to WBB	(52,574)	(52,574)	(47,871)	(152,919)	-	48,525	(6,363)	48,525
Reversal for the period / year	(476,568)	(225)	(47,871)	(524,664)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
	205,004	353,295	(19,616)	538,683	(180,484)	63,464	102,521	(14,499)
Amounts written off	(374,706)	-	-	(374,706)	(402,506)	-	-	(402,506)
Amounts charged off- agriculture financing	-	-	-	-	(122,123)	-	-	(122,123)
Closing balance	24,238,354	956,692	623,131	25,818,147	24,408,056	584,145	642,747	25,634,948

10.3.1 General provision also includes Rs 367,800 thousand (December 31, 2019: Nil) as discussed in Note

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

10.3.1 The net Forced Sales Value (FSV) benefit already availed has been reduced by Rs. 71,514 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 71,514 thousand (June 30, 2019: Rs. 26,811 thousand) and Rs. 46,484 thousand (June 30, 2019: 17,427) respectively. Further, at June 30, 2019, cumulative net of tax benefit availed for FSV was Rs. 481,000 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.3.2 The Bank has availed the relaxation of Rs. 101,394 thousand (December 31, 2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	184,733	126,731
Property and equipment	12,150,946	12,252,877
Right of use assets	7,669,958	7,316,960
	<u>20,005,637</u>	<u>19,696,568</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) Period ended June 30, 2020	Period ended June 30, 2019
11.2 Additions to fixed assets	(Rupees in '000)	

The following additions have been made to fixed assets during the period:

Capital work-in-progress	58,002	20,866
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Property and equipment

Building on leasehold	-	18,032
Renovation of premises	98,673	62,483
Furniture, fixtures and office equipment	160,671	48,719
Carpets	11,812	4,221
Machine and equipments	92,447	107,668
Computer equipments	80,783	77,326
Vehicles	16,163	6,543
	460,549	324,992
Right of use assets	856,268	467,106
Total	<u>1,374,819</u>	<u>812,964</u>

11.4 Disposal of fixed assets

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

Renovation of premises	2	11,125
Furniture, fixtures and office equipment	1,992	3,950
Carpets	627	345
Machine and equipments	556	5,920
Computer equipments	35	-
Total	<u>3,212</u>	<u>21,340</u>

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	774,910	682,889
Less: Provision against intangibles	(9,866)	(9,866)
	765,044	673,023
Capital work in progress	248,213	135,971
	<u>1,013,257</u>	<u>808,994</u>

ASKARI BANK LIMITED

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For the half year ended June 30, 2020

		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
		(Rupees in '000)	
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		164,930	57,283
Directly purchased		151,528	119,359
Total		<u>316,458</u>	<u>176,642</u>
		(Un-audited)	(Audited)
		June 30, 2020	December 31, 2019
		(Rupees in '000)	
13. DEFERRED TAX LIABILITIES / (ASSETS)			
Deductible temporary differences on			
- Post retirement employee benefits		(16,204)	(9,971)
- Surplus / (deficit) on revaluation of investments		2,036,976	(826,157)
- Impact under IFRS 9 related to WBB		(121,871)	(121,871)
- Provision against advances, off balance sheet		(1,568,007)	(1,568,007)
		330,894	(2,526,006)
Taxable temporary differences on			
- Accelerated tax depreciation		(1,560)	36,254
		<u>329,334</u>	<u>(2,489,752)</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		18,591,352	16,320,068
Income / mark-up accrued in foreign currencies		634,508	558,708
Advances, deposits, advance rent and other prepayments		535,691	666,068
Advance taxation (payments less provisions)		5,768,637	6,552,849
Non banking assets acquired in satisfaction of claims		2,287,205	2,555,343
Mark to market gain on forward foreign exchange contracts - net		897,282	396,433
Suspense account		234,961	50,741
Stationary and stamps in hand		132,893	92,639
Dividend receivable		15,490	1,904
Acceptances		11,160,465	10,498,594
Receivable from defined benefit plan		-	71,364
Others		1,034,886	704,061
		<u>41,293,370</u>	<u>38,468,772</u>
Provision held against other assets - note 14.1		(210,374)	(238,089)
Other assets - net of provision		41,082,996	38,230,683
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,187,334	2,219,829
Other assets - total		<u>43,270,330</u>	<u>40,450,512</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		139,068	139,068
Non-banking assets acquired in satisfaction of claims		-	15,952
Suspense account		34,408	34,408
Stationery and stamps in hand		14,321	14,321
Others		22,577	34,340
		<u>210,374</u>	<u>238,089</u>

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For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	238,089	257,811
Charge for the period / year	578	14,593
Provision under IFRS 9 related to WBB	-	(447)
Reversals for the period / year	(305)	(26,759)
Net charge / (reversal) for the period / year	273	(12,613)
Amounts written off / adjustments	(27,988)	(7,109)
Closing balance	<u>210,374</u>	<u>238,089</u>

15. DISCONTINUED OPERATIONS

- 15.1 An analysis of the assets and liabilities attributable to discontinued operations as at the date of Statement of Financial Position is as follows:

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
Rupees in '000		
15.1.1 Assets attributable to discontinued operations		
Cash and balances with treasury banks	-	-
Balances with other banks	67,975	101,704
Lendings to financial institutions	-	-
Investments	103,292	106,797
Advances	38,719	25,259
Fixed assets	15,926	15,151
Intangible assets	15,935	16,189
Deferred tax assets	-	-
Other assets	101,788	50,641
	<u>343,635</u>	<u>315,741</u>

Liabilities associated with discontinued operations

Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	-	-
Sub-ordinated debt	-	-
Deferred tax liabilities	6,286	6,986
Other liabilities	200,302	134,870
	<u>206,589</u>	<u>141,856</u>
	<u>137,047</u>	<u>173,885</u>

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For the half year ended June 30, 2020

	(Un-audited)	
	Period ended June 30, 2020	Period ended June 30, 2019
	Rupees in '000	
15.1.2 Financial Performance		
Mark-up / return / interest earned	6,133	2,708
Mark-up / return / interest expensed	101	44
Net mark-up / interest income	6,032	2,664
Non mark-up / interest income		
Fee and commission income	41,740	13,572
Dividend income	-	1,404
Foreign exchange income	-	-
Income / (loss) from derivatives	-	-
Gain on securities	988	2,160
Other income	315	71
Total non-markup / interest income	43,043	17,207
Total income	49,076	19,871
Non mark-up / interest expenses		
Operating expenses	32,203	13,766
Workers' welfare fund	-	-
Other charges	-	-
Total non-markup / interest expenses	32,203	13,766
Profit before provisions	16,872	6,105
Provisions and write offs - net	-	-
Extraordinary / unusual items	-	-
Profit before taxation	16,872	6,105
Taxation	60	3,625
Profit after taxation	16,932	9,730
15.1.3 Other Comprehensive Income		
Profit after taxation	16,932	9,730
Movement in deficit on revaluation of investments - net of tax	(3,496)	32,863
	13,436	42,593
15.1.4 Cash Flow Information		
Net cash flows from operating activities	33,855	56,295
Net cash flows from investing activities	16,420	(23,650)
Net cash flows from financing activities	-	-
	(Un-audited)	(Audited)
	June 30, 2020	December 31, 2019
16. BILLS PAYABLE		
In Pakistan	18,777,680	15,768,947

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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	16,198,325	13,656,666
Long term financing facility	6,960,946	5,622,997
Financing facility for storage of agricultural produce	88,146	2,500
Renewable energy financing facility	417,078	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	2,102	1,618
Refinance from SBP - refinance scheme for payment of wages and salaries	1,226,085	-
	24,892,682	19,713,307
Repurchase agreement borrowings		
State Bank of Pakistan	32,126,758	7,666,640
Financial institutions	17,416,322	14,248,475
	49,543,080	21,915,115
Refinance from Pakistan Mortgage Refinance Company	1,955,720	1,972,026
Bai Muajjal payable - note 17.1	6,014,129	-
Total secured	82,405,611	43,600,448
Unsecured		
Call borrowings	5,892,961	6,162,763
Overdrawn nostro accounts	952,214	1,424,470
Total unsecured	6,845,175	7,587,233
	89,250,786	51,187,681

- 17.1 This represents Bai Muajjal payable to M/s Meezan Bank Limited secured against pledge of government securities and have maturities upto 23 October, 2020 and carries mark-up at the rate of 12.65% per annum.

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
18. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	193,902,186	24,974,408	218,876,594	174,842,702	19,411,555	194,254,257
Savings deposits	368,255,017	42,718,267	410,973,284	326,751,449	34,103,203	360,854,652
Fixed deposits	94,757,819	7,308,358	102,066,177	112,600,623	6,664,632	119,265,255
	656,915,022	75,001,033	731,916,055	614,194,774	60,179,390	674,374,164
Financial institutions						
Current deposits	434,033	14,818	448,851	494,830	41,087	535,917
Savings deposits	1,208,170	-	1,208,170	1,584,231	-	1,584,231
Fixed deposits	410,000	-	410,000	2,752,000	-	2,752,000
	2,052,203	14,818	2,067,021	4,831,061	41,087	4,872,148
	658,967,225	75,015,851	733,983,076	619,025,835	60,220,477	679,246,312

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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

19. SUBORDINATED DEBTS

Term Finance Certificates - V

Term Finance Certificates - VI (ADT-1)

Term Finance Certificates - VII

	(Un-audited)	(Audited)
	June 30,	December 31,
	2020	2019
	(Rupees in '000)	
	3,991,200	3,992,000
	6,000,000	6,000,000
	6,000,000	-
	<u>15,991,200</u>	<u>9,992,000</u>

19.1 The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - V	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount Rupees in '000	3,991,200	6,000,000	6,000,000
Issue amount	Rupees 4,000 million	Rupees 6,000 million	Rupees 6,000 million
Issue date	September 30, 2014	July 03, 2018	March 17, 2020
Maturity date	September 29, 2024	Perpetual	March 16, 2030
Rating	AA-	AA-	AA
Security	Unsecured	Unsecured	Unsecured
Listing	Unlisted	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable six monthly	Payable quarterly
Redemption	6-108th month: 0.36% 109-120th month: 99.64%	Perpetual	109-120th month: 100%
Profit rate	Base Rate plus 1.20% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate plus 1.50% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate plus 1.20% Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Neither profit nor principal will be payable (even at maturity), if such payment will result in a shortfall in the Bank's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in Minimum Capital Requirement or Capital Adequacy Ratio.	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The instrument will be subject to Loss Absorbency under SBP's Basel III Circular.	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject.

ASKARI BANK LIMITED

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For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	5,317,683	5,488,211
Mark-up / return / interest payable in foreign currencies	204,680	229,291
Unearned commission and income on bills discounted	1,311,626	923,438
Accrued expenses	1,662,455	1,724,514
Advance payments	376,606	444,390
Acceptances	11,160,465	10,498,594
Dividends payable	159,951	138,446
Branch adjustment account	1,864,571	498,814
Payable to defined benefit plan	116,381	-
Security deposit against lease / Ijarah financing	4,063,288	4,247,512
Withholding taxes payable	201,800	252,129
Federal excise duty payable	51,077	56,894
Workers' Welfare Fund	198,719	172,117
Switch fee payable	935,195	666,416
Provision against off-balance sheet obligations - note 20.1	100,000	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	8,092,806	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	1,859,060	1,204,112
	<u>37,676,363</u>	<u>34,704,048</u>
20.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Exchange adjustment	47	-
Charge for the period / year	-	1,154
Reversal for the period / year	(1,201)	(517)
Net (reversal) / charge for the period / year	(1,201)	637
Amounts written off	-	(7,508)
Closing balance	<u>100,000</u>	<u>101,154</u>
21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	5,819,931	(2,360,448)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,187,334	2,219,829
	11,622,153	3,474,269
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Available for sale securities	(2,036,976)	826,157
	<u>9,585,177</u>	<u>4,300,426</u>

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	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
22 CONTINGENCIES AND COMMITMENTS		
- Guarantees - note 22.1	207,095,161	188,434,387
- Commitments - note 22.2	404,327,148	314,557,897
- Other contingent liabilities - note 22.3	728,127	721,349
	<u>612,150,436</u>	<u>503,713,633</u>
22.1 Guarantees		
Financial guarantees	4,858,633	5,908,830
Performance guarantees	132,023,147	124,661,353
Other guarantees	70,213,381	57,864,204
	<u>207,095,161</u>	<u>188,434,387</u>
22.2 Commitments		
Documentary credits and short-term trade-related transactions - letters of credit	161,003,911	162,130,911
Commitments in respect of:		
- forward foreign exchange contracts - note 22.2.1	184,697,632	94,380,989
- forward government securities transactions - note B2	-	14,500,000
- future purchase / sale of shares - note 22.2.3	38,606	-
- forward lending - note 22.2.4	58,322,805	43,352,110
Commitments for acquisition of:		
- fixed assets	63,336	65,963
- intangible assets	157,989	112,330
Commitments in respect of future contract transactions of equity securities	42,869	15,594
	<u>404,327,148</u>	<u>314,557,897</u>
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	105,965,658	50,072,221
Sale	78,731,975	44,308,768
	<u>184,697,633</u>	<u>94,380,989</u>
The above commitments have maturities falling within one year.		
22.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	14,500,000
22.2.3 Commitments in respect of future purchase / sale of share		
Purchase	26,640	-
Sale	11,966	-
	<u>38,606</u>	<u>-</u>
22.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	49,612,924	36,096,228
Undrawn commitments - note 22.2.4.1	8,709,881	7,255,882
	<u>58,322,805</u>	<u>43,352,110</u>
22.2.4.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
	(Un-audited) June 30, 2020	(Audited) December 31, 2019
22.3 Other contingent liabilities	(Rupees in '000)	
22.3.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	728,127	721,349

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23. DERIVATIVE INSTRUMENTS

The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

	(Un-audited)	
	Period ended June 30, 2020	Period ended June 30, 2019
24. MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	23,139,754	18,741,402
Investments	18,817,617	10,138,990
Lendings to financial institutions	202,123	97,174
Balances with banks	80,742	68,623
Securities purchased under resale agreements (reverse repo)	217,313	1,160,511
	<u>42,457,549</u>	<u>30,206,700</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	24,021,914	17,112,352
Borrowings	2,557,041	1,170,906
Subordinated debts	1,021,723	583,852
Interest expense on lease liability against right of use assets	440,565	483,276
	<u>28,041,243</u>	<u>19,350,386</u>

26. FEE AND COMMISSION INCOME

Branch banking customer fees	259,531	265,633
Consumer finance related fees	50,423	55,825
Card related fees (debit and credit cards)	365,717	426,156
Credit related fees	93,791	64,205
Investment banking fees	63,493	91,411
Commission on trade	301,901	325,628
Commission on guarantees	274,283	269,944
Commission on remittances including home remittances	27,403	194,981
Commission on bancassurance	36,426	75,915
Others	35,858	43,393
	<u>1,508,826</u>	<u>1,813,091</u>

27. GAIN / (LOSS) ON SECURITIES

Realised - note 27.1	1,390,747	39,913
Unrealised - note 9.1	1,002	(2,603)
	<u>1,391,749</u>	<u>37,310</u>

27.1 Realised gain on:

Federal Government Securities	1,274,193	32,108
Shares	113,900	7,717
Non Government Debt Securities	202	88
Mutual Funds	2,452	-
	<u>1,390,747</u>	<u>39,913</u>

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		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
28.	OTHER INCOME	(Rupees in '000)	
	Rent of property	2	1,262
	Gain / (loss) on sale of fixed assets	3,709	(13,795)
	Rent of lockers	21,828	20,354
	Gain on sale of non banking assets	5	2,452
	Recovery of expenses from customers	112,816	90,071
	Government Grant - foreign branch	5,892	-
	Termination of lease contracts	2,287	49,422
		<u>146,539</u>	<u>149,766</u>
29.	OPERATING EXPENSES		
	Total compensation expenses	5,526,071	4,917,365
	Property expense		
	Rent and taxes	170,018	169,840
	Insurance	52,766	72,502
	Utilities cost	285,950	249,993
	Security (including guards)	251,804	245,500
	Repair & maintenance (including janitorial charges)	123,848	112,164
	Depreciation on right of use assets	698,610	709,595
	Depreciation	200,112	221,024
		1,783,108	1,780,618
	Information technology expenses		
	Software maintenance	178,635	144,350
	Hardware maintenance	17,558	14,653
	Depreciation	92,965	96,334
	Amortisation	112,427	101,395
	Network charges	87,652	87,070
		489,237	443,802
	Other operating expenses		
	Directors' fees, allowances	6,125	4,844
	Fees and allowances to Shariah Board	2,908	2,908
	Rent, taxes, insurance etc.	104,661	105,403
	Legal and professional charges	47,901	48,833
	Travelling, conveyance and entertainment	114,828	128,796
	Brokerage and commission	46,353	38,611
	NIFT clearing charges	40,364	30,026
	Repair and maintenance	131,284	131,336
	Communications	275,894	229,274
	Stationery and printing	124,026	133,378
	Marketing, advertisement and publicity	42,186	63,565
	Donations	112,390	-
	Auditors' remuneration	10,701	12,726
	Depreciation	268,366	193,968
	Security service charges	104,527	106,985
	Training and development	18,310	9,267
	Premium paid to Deposit Protection Corporation	231,569	207,662
	Other expenditure	469,894	167,997
		2,152,287	1,615,579
		<u>9,950,703</u>	<u>8,757,364</u>

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For the half year ended June 30, 2020

30. This includes penalties imposed by the State Bank of Pakistan.

		(Un-audited)	
		Period ended	Period ended
		June 30,	June 30,
		2020	2019
31. PROVISIONS AND WRITE OFFS - NET		(Rupees in '000)	
Provision for diminution in value of investments	146,987	672,085	
Provision / (reversal) of provision against loans and advances	538,683	(349,971)	
Reversal of provision against fixed assets	-	(9,801)	
Provision / (reversal) of provision against other assets	273	(22,243)	
Reversal of provision against off-balance sheet obligations	(1,201)	-	
Reversal of provision against cash and bank balances	(1)	-	
Recovery of written off / charged off bad debts	(40,429)	(51,334)	
	<u>644,312</u>	<u>238,736</u>	
32. TAXATION			
Current	3,218,341	2,058,151	
Prior years	-	77,915	
Deferred	(36,728)	(73,039)	
	<u>3,181,613</u>	<u>2,063,027</u>	
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period - Rupees in '000	<u>4,967,409</u>	<u>3,129,313</u>	
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>	
Basic earnings per share - Rupees	<u>3.94</u>	<u>2.48</u>	

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
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34. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4 to the consolidated financial statements for the year ended December 31, 2019.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

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

34.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.

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

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets.

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The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

June 30, 2020 (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	-	299,363,067	-	299,363,067
Shares	4,062,526	-	300,000	4,362,526
Units of open end mutual funds	-	1,094,394	-	1,094,394
Fully paid preference shares	64,158	-	-	64,158
Non Government Debt Securities	-	2,158,329	8,128,271	10,286,600
Foreign securities	-	519,644	-	519,644
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	85,271,371	-	85,271,371
Foreign Securities	-	3,519,788	-	3,519,788
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	105,965,658	-	105,965,658
Forward sale of foreign exchange	-	78,731,975	-	78,731,975
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	49,612,924	49,612,924

December 31, 2019 (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	-	208,019,966	-	208,019,966
Shares	4,671,445	-	300,000	4,971,445
Units of open end mutual funds	-	1,272,261	-	1,272,261
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	2,862,993	7,957,133	10,820,126
Foreign securities	-	164,967	-	164,967
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	76,896,182	-	76,896,182
Foreign securities	-	3,228,741	-	3,228,741
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	50,072,221	-	50,072,221
Forward sale of foreign exchange	-	44,308,768	-	44,308,768
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	36,096,228	36,096,228

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place. There were no transfers between levels 1 and 2 during the year.

34.2 Fair value of non-financial assets	(Un-audited)	(Audited)
	June 30, 2020	December 31, 2019
	(Rupees in '000)	
Fixed assets		
Property and equipment (freehold and leasehold land)	8,023,338	8,023,338
Other assets		
Non-banking assets acquired in satisfaction of claims	4,474,539	4,775,172

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35. SEGMENT INFORMATION
35.1 Segment details with respect to Business Activities

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

For the half year ended June 30, 2020 (Un-audited)							
Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others	Total
Profit and loss							
Net mark-up / return / profit	(17,487,785)	13,308,904	15,608,183	1,511,396	1,940,345	494,665	(959,403)
Inter segment revenue - net	23,594,393	(8,954,044)	(15,755,888)	(1,001,719)	-	-	2,117,258
Non mark-up / return / interest income	620,420	967,984	2,381,915	187,120	184,774	6,328	5,116
Total income	6,727,028	5,322,844	2,234,210	696,797	2,125,119	500,993	1,162,971
Segment direct expenses	5,090,962	385,645	151,044	378,369	1,045,711	57,545	2,881,005
Inter segment expense allocation	218,444	512,587	1,992	73,738	-	-	(807,882)
Total expenses	5,309,406	898,232	153,036	452,107	1,045,711	57,545	2,073,123
(Reversals) / Provisions	(41,630)	108,099	166,163	116,050	(7,613)	(78,202)	381,445
Profit / (loss)before tax	1,459,252	4,316,513	1,915,011	128,640	1,087,021	521,651	8,136,492
Statement of financial position							
Cash and bank balances	26,169,092	1,309,145	36,471,678	-	5,539,658	491,434	171,310
Investments	-	8,854,624	367,649,457	-	8,041,628	19,191,882	743,957
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing - net of provision	9,758,205	300,789,958	-	16,833,975	59,614,321	11,558,666	5,618,306
Advances - non-performing - net of provision	757,743	1,071,405	-	580,769	1,287,856	-	3,697,773
Others	1,600,994	18,062,302	7,459,105	754,243	6,712,295	323,065	29,377,220
Assets attributable to discontinued operations	38,286,034	330,087,434	411,580,240	18,168,987	81,195,758	31,565,047	35,910,793
Total Assets	38,286,034	330,087,434	411,580,240	18,168,987	81,195,758	31,565,047	36,254,428
Borrowings	1,264,303	22,130,332	42,543,862	1,955,720	4,198,047	16,206,308	952,215
Subordinated debts	-	-	-	-	-	-	15,991,200
Deposits and other accounts	543,630,381	124,512,155	-	27,285	65,076,311	658,233	78,711
Net inter segment balances - net	(527,571,665)	167,718,350	367,983,909	15,104,537	-	11,763,542	(34,998,672)
Others	20,963,015	15,726,597	1,052,469	1,081,445	5,571,413	1,098,834	11,289,603
Liabilities associated with discontinued operations	38,286,034	330,087,434	411,580,240	18,168,987	74,845,771	29,726,917	(6,886,944)
Total liabilities	38,286,034	330,087,434	411,580,240	18,168,987	74,845,771	29,726,917	896,215,028
Equity	-	-	-	-	-	-	206,589
Total Equity and liabilities	38,286,034	330,087,434	411,580,240	18,168,987	81,195,758	31,565,047	36,254,428
Contingencies and commitments	4,913,385	362,305,821	220,104,049	363,878	9,816,481	13,037,984	1,608,838
For the half year ended June 30, 2019 (Un-audited)							
Branch banking	Corporate banking	Treasury	Consumer banking (Rupees in '000)	Islamic banking	Foreign operations	Head Office / others	Total
Profit and loss							
Net mark-up / return / profit	(10,989,484)	9,438,035	9,976,595	1,417,195	1,436,676	315,624	(738,327)
Inter segment revenue - net	19,255,816	(7,323,088)	(11,496,905)	(942,943)	-	-	507,120
Non mark-up / return / interest income	1,018,598	792,862	1,252,087	117,182	135,494	11,369	61,284
Total income	9,284,930	2,907,809	(268,223)	591,434	1,572,170	326,993	(169,923)
Segment direct expenses	4,947,787	184,107	100,277	366,125	971,922	44,354	1,862,563
Inter segment expense allocation	20,074	255,219	-	49,956	-	-	18,930
Total expenses	4,967,861	439,326	100,277	416,081	971,922	44,354	1,881,493
(Reversals) / Provisions	(310,234)	(198,525)	724,127	41,247	45,913	(36,264)	(27,528)
Profit / (loss)before tax	4,627,303	2,667,008	(1,092,627)	134,106	554,335	318,903	5,185,140
Statement of financial position							
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	16,057,756
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	6,004,778
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	20,405,972
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,509,349
Advances - non-performing - net of provision	684,502	1,567,268	-	231,813	1,242,334	-	3,725,917
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	271,906	33,712,661
Assets attributable to discontinued operations	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,284,544
Total Assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,600,285
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	62,600,285
Subordinated debts	-	-	-	-	-	-	9,992,000
Deposits and other accounts	547,601,944	68,398,729	-	19,187	62,859,181	289,553	77,718
Net inter segment balances - net	(521,270,904)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,106,022
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,004,509
Liabilities associated with discontinued operations	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,604,720
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	62,600,285
Equity	-	-	-	-	5,282,646	1,265,828	141,856
Total Equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,600,285
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	503,713,633

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances are as follows

	As at June 30, 2020 (Un-audited)					As at December 31, 2019 (Audited)					
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Companies with common directorship	Other related parties
	Rupees in '000										
Investments											
Opening balance	-	-	-	719,311	300,000	-	-	-	-	49,133	-
Investment made during the period / year	-	-	-	318,244	-	-	-	-	-	364,176	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(433,019)	-	-	-	-	-	306,002	-
Closing balance	-	-	-	604,536	300,000	-	-	-	-	719,311	300,000
Provision for diminution in value of Investments	-	-	-	181,460	-	-	-	-	-	100,158	-
Advances											
Opening balance	5,035,504	19,771	364,453	4,701,476	-	9,581,279	451	332,540	-	3,803,463	-
Addition during the period / adjustment	65,306,717	20,436	59,327	5,061,985	-	139,634,599	24,193	156,780	-	23,395,671	-
Repaid during the period / adjustment	(69,733,764)	(1,101)	(43,054)	(5,487,124)	-	(144,180,374)	(4,873)	(95,164)	-	(23,386,102)	-
Transfer in / (out) - net	-	(9)	35,150	(207,155)	-	-	-	(29,703)	-	888,444	-
Closing balance	608,457	39,097	415,876	4,069,182	-	5,035,504	19,771	364,453	-	4,701,476	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
Interest / mark-up receivable	35,287	300	79,400	102,057	-	106,869	261	71,401	-	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	-	58,420	-
Advance rent	209	-	-	-	-	982	-	-	-	-	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	80,720	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-
Borrowings											
Opening balance	-	-	-	-	1,972,026	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	(1,016,306)	-	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	1,955,720	-	-	-	-	-	1,972,026
Subordinated debt											
Opening balance	-	-	-	24,950	-	-	-	-	-	24,960	-
Issued during the period	-	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	(5)	-	-	-	-	-	(10)	-
Transfer in / (out) - net	-	-	-	(24,945)	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	24,950	-
Deposits and other accounts											
Opening balance	4,678,222	64,239	117,562	15,124,817	4,817,176	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361
Received during the period / adjustment	259,235,352	41,693	472,645	121,863,358	16,791,159	496,469,213	257,541	853,208	426,844	307,604,618	37,960,371
Withdrawn during the period / adjustment	(259,331,196)	(32,237)	(435,531)	(117,863,062)	(15,891,742)	(501,600,876)	(216,194)	(879,966)	(402,600)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(57,053)	4,464	(1,446,350)	-	-	-	(15,396)	-	42,683	-
Closing balance	4,582,376	16,542	139,140	17,618,763	5,716,593	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Other Liabilities											
Interest / mark-up payable	32,457	-	2,510	86,130	35,285	30,293	113	2,750	-	54,079	79,885
Acceptances	-	-	-	-	-	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	118,318	-	-	-	-	-	-
Security deposits payable	-	-	287	228,933	-	-	-	287	-	210,172	-
Others	113,174	-	-	-	-	4,021	-	-	-	-	-
Contingencies and Commitments											
Contingencies and Commitments	285,884	-	-	421,850	-	124,565	-	-	40,000	2,239,471	-
Others											
Securities held as custodian	4,590,000	-	-	-	6,897,500	2,465,000	-	-	50,000	-	6,632,750

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	For the half year ended June 30, 2020 (Un-Audited)					For the half year ended June 30, 2019 (Un-Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
Rupees in '000										
Income										
Mark-up / return / interest earned	135,793	1,508	10,394	274,981	-	90,418	23	8,631	268,034	-
Fee and commission received	77	-	-	2,358	-	41	-	-	8,462	-
Dividend income	-	-	-	4,118	-	-	-	-	227	-
Expense										
Mark-up / return / interest expensed	314,744	170	3,334	796,201	382,267	296,567	1,113	3,470	443,145	250,064
Contribution to employees funds	-	-	-	-	317,839	-	-	-	-	284,454
Remuneration and allowances paid	-	-	287,124	-	2,908	-	-	233,809	-	2,908
Post employment Benefits	-	-	16,287	-	-	-	-	13,757	-	-
Rent	5,814	-	-	-	-	11,397	496	-	-	-
Fee and commission paid	-	-	-	28	20,692	-	-	-	-	23,390
Director's fee paid	-	6,125	-	-	-	-	4,844	-	-	-
Dividend paid	1,359,423	4	113	-	11,745	906,282	104	75	-	7,830
Insurance premium	-	-	-	63,404	-	-	-	-	-	-
Donations	109,000	-	-	-	-	-	-	-	-	-
Others	-	-	-	2,364	-	-	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tow

The term 'keymanagement personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

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37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>12,602,602</u>	<u>12,602,602</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	39,254,315	36,371,717
Eligible Additional Tier 1 (ADT 1) Capital	5,933,038	5,883,752
Total Eligible Tier 1 Capital	45,187,354	42,255,469
Eligible Tier 2 Capital	13,934,357	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	<u>59,121,711</u>	<u>49,028,527</u>
Risk Weighted Assets (RWAs):		
Credit Risk	304,930,114	304,732,822
Market Risk	36,886,664	15,988,883
Operational Risk	45,640,429	45,640,429
Total	<u>387,457,207</u>	<u>366,362,134</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>10.13%</u>	<u>9.93%</u>
Tier 1 Capital Adequacy Ratio	<u>11.66%</u>	<u>11.53%</u>
Total Capital Adequacy Ratio	<u>15.26%</u>	<u>13.38%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	45,187,354	42,255,469
Total Exposures	1,381,696,960	1,222,816,384
Leverage Ratio	<u>3.27%</u>	<u>3.46%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	320,012,239	239,545,379
Total Net Cash Outflow	195,089,277	152,412,055
Liquidity Coverage Ratio	<u>164.03%</u>	<u>157.17%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	739,452,149	679,039,953
Total Required Stable Funding	445,083,540	398,262,301
Net Stable Funding Ratio	<u>166.14%</u>	<u>170.50%</u>

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38. ISLAMIC BANKING BUSINESS

The Group is operating 94 Islamic banking branches including 3 Sub branches at June 30, 2020 (December 31, 2019 : 94 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at June 30, 2020 (December 31, 2019 : Nil).

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,388,662	9,290,046
Balances with other banks		1,150,996	22,019
Due from financial Institutions	38.1	-	6,330,782
Investments	38.2	8,041,628	7,796,309
Islamic financing and related assets - net	38.3	60,902,177	46,802,128
Fixed assets		1,770,511	1,896,420
Intangible assets		-	-
Due from head office		-	-
Other assets		4,941,784	3,469,088
Total assets		81,195,758	75,606,792
LIABILITIES			
Bills payable		1,448,129	1,051,103
Due to financial institutions		4,198,047	2,187,925
Deposits and other accounts	38.4	65,076,311	62,859,181
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,123,284	4,225,937
		74,845,771	70,324,146
NET ASSETS		6,349,987	5,282,646
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(28,578)	(8,898)
Unappropriated profit/ (loss)	38.5	1,778,565	691,544
		6,349,987	5,282,646
CONTINGENCIES AND COMMITMENTS	38.6	9,816,481	8,055,344

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The profit and loss account of the Group's Islamic banking branches for the period ended June 30, 2020 is as follows:

	Note	(Un-audited)	
		Period ended June 30, 2020 (Rupees in '000)	Period ended June 30, 2019
Profit / return earned	38.7	4,058,311	3,088,324
Profit / return expensed	38.8	2,117,966	1,651,648
Net Profit / return		1,940,345	1,436,676
Other income			
Fee and Commission Income		85,158	93,875
Dividend Income		-	-
Foreign Exchange Income		72,211	19,977
Gain / (loss) on securities		-	-
Other Income		27,405	21,642
Total other income		184,774	135,494
Total Income		2,125,119	1,572,170
Other expenses			
Operating expenses		1,045,294	970,369
Workers' Welfare Fund		-	-
Other charges		417	1,553
Total other expenses		1,045,711	971,922
Profit before provisions		1,079,408	600,248
Provisions and write offs - net		(7,613)	45,913
Profit before taxation		1,087,021	554,335

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

38.1 Due from financial institutions	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Unsecured	-	-	-	2,960,000	-	2,960,000
Bai Muajjal Receivable from other Financial Institutions	-	-	-	1,491,797	-	1,491,797
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,878,985	-	1,878,985
	-	-	-	6,330,782	-	6,330,782

38.2 Investments by segments:	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	1,300,000	-	(29,190)	1,270,810	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	6,546,146	-	(29,190)	6,516,956	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities:								
- Listed	105,000	-	612	105,612	140,000	-	1,102	141,102
- Unlisted	2,029,056	(609,996)	-	1,419,060	2,035,213	(616,152)	-	1,419,061
	2,134,056	(609,996)	612	1,524,672	2,175,213	(616,152)	1,102	1,560,163
Total investments	8,680,202	(609,996)	(28,578)	8,041,628	8,421,359	(616,152)	(6,898)	7,796,309

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
38.3 Islamic financing and related assets		
Ijarah	3,950,196	4,170,338
Murabaha - note 38.3.1	4,344,841	4,008,084
Musharaka	28,363,391	16,173,493
Diminishing musharaka	13,912,989	13,055,698
Salam	4,243,242	4,590,685
Istisna	2,691,737	2,793,995
Receivable against sale of istisna / salam inventory	416,060	250,000
Service ijarah	916,000	519,672
Other islamic modes (executive car finance - qarz-e-hasana)	107,271	73,025
Advances against islamic assets - note 38.3.2	366,987	387,767
Inventory related to islamic financing - note 38.3.3	2,198,819	1,390,185
Gross islamic financing and related assets	61,511,533	47,412,942
Less: provision against islamic financings		
- Specific	574,581	574,042
- General	34,775	36,772
	609,356	610,814
Islamic financing and related assets - net of provision	<u>60,902,177</u>	<u>46,802,128</u>

38.3.1 Includes advance against Murabaha of Rs.1,024,166 thousand (December 31, 2019: Rs.761,619 thousand)

38.3.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
(Rupees in '000)						
June 30, 2020 (Un-audited)	<u>100,701</u>	<u>-</u>	<u>266,286</u>	<u>-</u>	<u>-</u>	<u>366,987</u>
December 31, 2019 (Audited)	<u>98,679</u>	<u>-</u>	<u>289,088</u>	<u>-</u>	<u>-</u>	<u>387,767</u>

38.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
(Rupees in '000)						
June 30, 2020 (Un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496,996</u>	<u>701,823</u>	<u>2,198,819</u>
December 31, 2020 (Audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,082</u>	<u>1,259,103</u>	<u>1,390,185</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
38.4 Deposits and other accounts		
Customers		
Current deposits - non remunerative	19,983,515	17,964,041
Current deposits - remunerative	913,847	833,812
Savings deposits	23,942,572	18,809,113
Term deposits	18,125,142	22,768,441
Others	1,520,702	456,818
	64,485,778	60,832,225
Financial Institutions		
Current deposits - non remunerative	15,989	58,434
Savings deposits	424,544	333,522
Term deposits	150,000	1,635,000
	590,533	2,026,956
	<u>65,076,311</u>	<u>62,859,181</u>
38.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period	1,087,021	1,075,784
Closing Balance	<u>1,778,565</u>	<u>691,544</u>
38.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	4,942,173	4,272,245
-Commitments	4,874,308	3,783,099
-Other contingent liabilities	-	-
	<u>9,816,481</u>	<u>8,055,344</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2020

		(Un-audited)	
		Period ended June 30, 2020	Period ended June 30, 2019
		(Rupees in '000)	
38.7 Profit / return earned on financing, investments and placements			
Profit earned on:			
Financing		3,331,597	2,603,082
Investments		491,203	400,585
Placements		158,987	7,497
Lendings		76,524	77,160
		<u>4,058,311</u>	<u>3,088,324</u>
38.8 Profit on deposits and other dues expensed			
Deposits and other accounts		1,948,631	1,027,101
Due to financial institutions		79,685	452,665
Due to head office		5,585	79,719
Lease liability against right-of-use assets		84,065	92,163
		<u>2,117,966</u>	<u>1,651,648</u>
38.9 CHARITY FUND			
Opening balance		52,137	23,209
Additions during the period			
- Received from customers on delayed payments		5,543	49,667
- Non shariah compliant income		-	123
- Profit on charity account		15	22
- Others		54	70
		5,612	49,882
Payments / utilization during the period			
- Education		-	(1,366)
- Community welfare		-	-
- Relief and disaster recovery		-	-
- Health		(10,000)	(16,991)
- Orphanage		-	(2,597)
		<u>(10,000)</u>	<u>(20,954)</u>
Closing balance		<u>47,749</u>	<u>52,137</u>

39. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 13, 2020.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman



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