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**BETTER
ENVIRONMENT**

REPORT FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 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. Imran Moid
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. Imran Moid
Mr. Manzoor Ahmed

Shariah Board

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

Auditors

M/s KPMG Taseer 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) 111000787
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: (9242) 36300072
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com
Long Term: AA+
Short Term: A1+
By PACRA

Entity Rating

Website

www.askaribank.com

Social Media

 /askaribankpk
 /askari_bank
 /askaribankpakistan

DIRECTORS' REVIEW REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the unconsolidated condensed interim financial statements of Askari Bank Limited for the quarter and nine months ended September 30, 2020. The financial results are summarized as under:

	(Rupees in million)	
	September 30, 2020	September 30, 2019
Net mark-up and non fund income	29,655	21,260
Administrative and other expenses	(14,920)	(13,316)
Profit before provision and taxation	14,735	7,944
Provisions against loans and investments	(1,321)	(731)
Profit before taxation	13,414	7,213
Taxation	(5,257)	(2,834)
Profit after taxation	8,157	4,379
Basic earning per share - Rupees	6.47	3.48

Askari Bank posted profit after tax of Rs.8.16 billion for the nine months ended September 30, 2020, a growth of 86 percent over the corresponding period last year. Profit before taxation also increased by 86 percent, to Rs.13.41 billion. Earnings per share were recorded at Rs.6.47 compared to Rs.3.48 for the same period last year.

The Bank's aggregate net revenues were recorded at Rs.29.7 billion for the nine months ended September 30, 2020, registering a notable 39 percent growth. Net markup income increased to Rs.22.5 billion, a 39 percent increase enabled by effective and timely asset and liability management decisions amidst sharp decline in interest rates and 18 percent increase in average earning assets. Non markup income increased by 42 percent with strong contribution from capital gains realized due to favorable movements in money and stock markets; Rs.1.92 billion realized from treasury securities and Rs.0.40 billion realized from equity investments – net of reversals of Rs.1.65 billion on disposal of impaired securities due to recovery in PSX during the period. Fee based income reduced by 5 percent due to low volume of retail and branch transactions caused by the pandemic, however the reduction was partly offset by increase in trade and guarantee fees. Non markup expenses increased by 12 percent while cost to income ratio improved from 62.6 percent to 50.3 percent for the period in review.

A net provision of Rs.1.32 billion has been recorded against advances and investments. In addition to general provision of Rs.368 million, that has been recognized given the pandemic related challenges in the economic environment, subjective provision has also been created for customers showing credit weakening. The Bank has also recognized provision of Rs.0.45 billion on the portfolio of equity investments.

Customer deposits increased by 13 percent and are reported at Rs.764 billion at September 30, 2020. During the current nine months, CASA ratio improved from 82 to 86 percent while the current accounts grew by 19 percent reflecting Bank's strategic focus for deposit mobilization. Also, deposit strategies will be aligned to ensure compliance of 'treasury single account' initiative. Gross advances increased to Rs.411 billion at the period end, an increase of 3 percent while non-performing loans to gross advances is recorded at 7 percent.

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 quarter under review saw improvement in business confidence and economic outlook with the decline in Covid-19 cases, easing of lockdowns and stimulus packages timely initiated by the SBP and Government. Recent growth in large scale manufacturing, cement dispatches, petroleum sales and electricity consumption reflect encouraging pick-up in economic activity, though recovery remains uneven particularly in services and hospitality sectors. The trend of oil prices continues to support current account deficit, along with gradual recovery in exports and strong flow of remittances have helped restore country's foreign exchange reserves. The forecast for inflation has risen slightly, primarily due to recent supply side shocks to food prices. The relief and refinance schemes have eased asset quality concerns for now, however a sustained across-the-board economic recovery is important to ensure that asset quality pressures for banks remain under control in the medium and long term. Credit off-take is likely to remain restricted as supply chains will take time to adjust to economic impacts.

Askari Bank will continue 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. The 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 express our sincere appreciation to the Sharia Board for their guidance and to our staff for their hard work and dedication.

-sd-

Abid Sattar
President & Chief Executive

-sd-

Waqar Ahmed Malik
Chairman, Board of Directors

Rawalpindi
October 22, 2020

ڈائریکٹرز کی جائزہ رپورٹ برائے ممبران

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2020 کو ختم ہونے والی نو ماہی مدت کے لئے غیر مدغم شدہ مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے ہم پرمسرت ہیں۔ مالی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)		
30 ستمبر 2019	30 ستمبر 2020	
21,260	29,655	خالص مارک اپ اور نان فنڈ آمدن
(13,316)	(14,920)	انتظامی اور دیگر اخراجات
7,944	14,735	پرویشن ٹیکس سے قبل منافع
(731)	(1,321)	قرضوں اور سرمایہ کاری کے مقابل پرویشن
7,213	13,414	قبل از ٹیکس منافع
(2,834)	(5,257)	ٹیکس
4,379	8,157	بعد از ٹیکس منافع
3.48	6.47	بنیادی فی حصص آمدن روپے

عسکری بینک نے 30 ستمبر، 2020 کو ختم ہونے والی نو ماہی مدت میں 8.16 ارب روپے بعد از ٹیکس منافع کمایا، جس میں گزشتہ سال اسی دورانیہ کی مدت کے مقابلے میں 86 فیصد اضافہ دیکھنے میں آیا۔ قبل از ٹیکس منافع 86 فیصد اضافے کے ساتھ 13.41 ارب روپے رہا۔ رواں دورانیہ کی مدت کیلئے آمدن فی حصص گزشتہ سال کے اسی دوانیہ کی مدت کے 3.48 روپے کے مقابلے میں 6.47 روپے رہی۔

30 ستمبر، 2020 کو ختم ہونے والی نو ماہی مدت میں بینک کا مجموعی خالص ریونیو 39 فیصد کے قابل ذکر اضافے کے ساتھ 29.7 ارب روپے ریکارڈ کیا گیا۔ خالص مارک اپ آمدن 39 فیصد اضافے کے ساتھ 22.5 ارب روپے رہی، جو شرح سود میں تیزی سے کمی کے باوجود اثاثہ جات اور واجبات کے مؤثر اور بروقت انتظام کے فیصلوں اور اوسط آمدن والے اثاثہ جات میں 18 فیصد اضافے کی بدولت ہے۔ نان مارک اپ آمدن میں 42 فیصد اضافہ دیکھنے میں آیا جو رقوم اور سٹاک مارکیٹ میں سازگار تیزی؛ ٹریڈری سیکورٹیز سے حاصل شدہ 1.92 ارب روپے اور ایکویٹی سرمایہ کاریوں سے حاصل شدہ 0.40 ارب روپے کی بدولت ممکن ہوا، جو پاکستان سٹاک ایکسچینج کی بحالی کی وجہ سے نقصان زدہ سیکورٹیز کے ڈسپوزل پر 1.65 ارب روپے کی ریورسل کا مجموعہ ہے۔ کورونا کی وباء کی وجہ سے فیس پر مبنی آمدن میں 5 فیصد کمی کی بڑی وجہ ریٹیل اور برانچ ٹرانزیکشنز کے حجم میں کمی کا رجحان تھا، تاہم ٹریڈ اور گرانٹی فیس میں اضافے نے جزوی طور پر اس کمی کو پورا کر دیا۔ زیر جائزہ مدت کے دوران نان مارک اپ اخراجات میں 12 فیصد اضافہ ہوا جبکہ لاگت اور آمدن کے مابین تناسب 62.6 فیصد سے بہتر ہو کر 50.3 فیصد دیکھا گیا۔

ایڈوانسز اور انویسٹمنٹس کے عوض 1.32 ارب روپے کی خالص پروویشن ریکارڈ کی گئی۔ اقتصادی ماحول میں وبائی صورتحال کے چیلنجز سے نمٹنے کیلئے 368 ملین روپے کی عمومی پروویشن کے علاوہ کمزور کریڈٹ کے حامل صارفین کیلئے بھی پروویشن تشکیل کی گئی۔ بینک نے ایکویٹی انویسٹمنٹ کے پورٹ فولیو کیلئے 0.45 ارب روپے کی پروویشن مختص کی۔

30 ستمبر، 2020 کو کھاتہ داروں کی جانب سے جمع کرائی گئی رقم 13 فیصد اضافے کے ساتھ 764 ارب روپے تھیں۔ رواں نو ماہی مدت کے دوران CASA کی شرح بہتر ہو کر 82 سے 86 فیصد ہو گئی جبکہ کرنٹ اکاؤنٹ میں 19 فیصد تک اضافہ ہوا، جو بینک کی جانب سے رقم کو متحرک انداز میں منظم کرنے کی حکمت عملی کا عکاس ہے۔ نیز ”ٹریڈی سنگل اکاؤنٹ“ کی تعمیل کے اقدام کو یقینی بنانے کیلئے ڈپازٹ کی حکمت عملیوں کو مرتب کیا جائے گا۔ زیر جائزہ مدت کے اختتام پر مجموعی ایڈوانسز 3 فیصد اضافے کے ساتھ بڑھ کر 411 ارب روپے ہو گئے جبکہ غیر فعال قرضہ جات کے مجموعی ایڈوانسز میں 7 فیصد اضافہ ریکارڈ کیا گیا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے مقرر کردہ بینک کی اینٹی ریٹنگ ”AA+“ برقرار رکھی گئی۔ ریٹنگ بینک کی تقابلی پوزیشن اور کیپٹیل ایڈیکوئیٹی میں مسلسل بہتری کی عکاس ہے جو عسکری بینک کے مضبوط سپانسرز اور برانڈ، شرح نمو میں مسلسل اضافے، خالص سپریڈز میں بہتری اور اثاثہ جات سے آمدن میں اضافے کی وجہ سے حاصل ہوئی۔ بینک کی مختصر معیاد کی ریٹنگ ’A1+‘ برقرار رکھی گئی۔

زیر جائزہ سہ ماہی مدت کے دوران Covid-19 کے کیسز میں کمی، لاک ڈاؤن میں نرمی اور حکومت اور اسٹیٹ بینک آف پاکستان کی جانب سے بروقت شروع کئے گئے متاثر کن چیکبکس کی وجہ سے کاروباری اعتماد اور اقتصادی ماحول میں بہتری دیکھنے میں آئی۔ بڑے پیمانے پر مینوفیکچرنگ، سیمنٹ کی ترسیلات، پٹرولیم سٹاک اور بجلی کی کھپت میں اضافہ معاشی سرگرمیوں میں حوصلہ افزائی کی عکاسی کرتے ہیں، اگرچہ خدمات اور مہمان نوازی کے شعبے میں بحالی زیادہ موافق نہیں ہے۔ تیل کی قیمتوں کا رجحان کرنٹ اکاؤنٹ میں خسارے میں معاون ہے اور اس کے ساتھ برآمدات میں بتدریج بحالی اور ترسیلات زر میں بہتری کی وجہ سے ملکی زرمبادلہ کے ذخائر کی بحالی میں مدد حاصل ہوتی رہے۔ مہنگائی میں اضافہ ہونے کی وجہ سے عام طور پر اشیاء خورد و نوش کی سپلائی میں کمی واقع ہوئی ہے۔ ریلیف اور ریری فناس کی سکیموں نے اثاثوں کے معیار کے خدشات کو اب تک کم کر دیا ہے، تاہم معاشرے کے تمام طبقات کیلئے معاشی بحالی بہت ضروری ہے تاکہ یقینی بنایا جاسکے کہ بینکوں کیلئے اثاثہ جات کے معیار کے دباؤ کو درمیانی اور طویل مدتی طور پر کنٹرول کیا جاسکے۔ کریڈٹ آف ٹیک محدود رہنے کا امکان ہے کیونکہ سپلائی چین کو معاشی اثرات کے مطابق ترتیب دینے میں ابھی وقت لگے گا۔

عسکری بینک Covid-19 کی وباء اور اس کے اثرات میں کمی کے لئے مسلسل اقدامات کر رہا ہے جس میں کسٹمرز کو سماجی فاصلے کا خیال رکھنے، احتیاطی تدابیر اپنانے، مضابطوں میں تبدیلی کے بارے میں آگہی 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۔ مستحکم لیکویڈیٹی پروفائل کو برقرار رکھنے، سرمائے کا تحفظ، بینک کے اثاثہ جات محفوظ کرنے اور زیادہ آمدن کے امکانات بینک کی توجہ کا محور ہیں۔

بورڈ کی جانب سے، ہم عسکری برانڈ کی سرپرستی کرنے پر اپنے گراں قدر صارفین کے بے حد مشکور ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم شریعہ بورڈ کی جانب سے رہنمائی فراہم کرنے پر ان کے بے حد مشکور ہیں اور اپنے عملے کی انتھک محنت اور لگن کے بھی معترف ہیں، جو ہمارے لیے ان کامیاب نتائج کا باعث بنی۔

دستخط

وقار احمد ملک

چیئرمین، بورڈ آف ڈائریکٹرز

دستخط

عابد ستار

صدر چیف ایگزیکٹو

راولپنڈی

22 اکتوبر، 2020

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2020

		(Un-audited)	(Audited)
		September 30,	December 31,
		2020	2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	62,866,881	63,039,290
Balances with other banks	7	7,085,646	7,886,702
Lendings to financial institutions	8	3,041,418	20,405,972
Investments	9	451,405,560	305,435,633
Advances	10	385,504,054	372,913,863
Fixed assets	11	19,817,787	19,696,568
Intangible assets	12	1,038,463	808,994
Assets held for sale		-	80,720
Deferred tax assets	13	1,208,672	2,489,752
Other assets	14	37,842,487	40,450,512
		969,810,968	833,208,006
LIABILITIES			
Bills payable	15	15,446,380	15,768,947
Borrowings	16	90,025,915	51,187,681
Deposits and other accounts	17	764,231,845	679,299,486
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	9,992,000
Deferred tax liabilities	13	-	-
Other liabilities	19	37,178,523	34,704,048
		918,882,663	790,952,162
NET ASSETS			
		50,928,305	42,255,844
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		25,199,863	19,366,260
Surplus on revaluation of assets - net of tax	20	6,586,115	4,300,426
Unappropriated profit		6,539,725	5,986,556
		50,928,305	42,255,844

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

ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2020

	Note	For the quarter ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2020	2019	2020	2019
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	17,569,408	20,530,105	60,026,957	50,736,805
Mark-up / return / interest expensed	24	9,499,251	15,159,487	37,540,500	34,509,873
Net mark-up / interest income		8,070,157	5,370,618	22,486,457	16,226,932
Non mark-up / interest income					
Fee and commission income	25	995,159	812,872	2,503,985	2,625,963
Dividend income		80,603	59,125	202,950	205,411
Foreign exchange income		666,621	623,288	1,850,817	1,865,711
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	997,243	66,525	2,388,992	103,835
Other income	27	75,242	82,486	221,781	232,252
Total non-markup / interest income		2,814,868	1,644,296	7,168,525	5,033,172
Total income		10,885,025	7,014,914	29,654,982	21,260,104
Non mark-up / interest expenses					
Operating expenses	28	4,892,231	4,390,513	14,844,055	13,147,877
Workers' Welfare Fund		6,840	37,197	33,442	68,239
Other charges	29	31,050	66,858	42,904	99,766
Total non-markup / interest expenses		4,930,121	4,494,568	14,920,401	13,315,882
Profit before provisions		5,954,904	2,520,346	14,734,581	7,944,222
Provisions and write offs - net	30	676,485	492,383	1,320,797	731,119
Extraordinary / unusual items		-	-	-	-
Profit before taxation		5,278,419	2,027,963	13,413,784	7,213,103
Taxation	31	2,075,248	770,611	5,256,861	2,833,638
Profit after taxation		3,203,171	1,257,352	8,156,923	4,379,465
		Rupees		Rupees	
Basic and diluted earnings per share	32	2.54	1.00	6.47	3.48

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 Statement of Comprehensive Income (Un-audited)

For the quarter and nine months ended September 30, 2020

	For the quarter ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	3,203,171	1,257,352	8,156,923	4,379,465
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	(28,229)	(99,889)	106,052	(20,288)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,008,635)	1,323,883	2,308,611	1,030,839
	(3,036,864)	1,223,994	2,414,663	1,010,551
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
Movement in surplus / (deficit) on revaluation of non-banking assets	9,573	-	(22,922)	(23,157)
Total comprehensive income	<u>175,880</u>	<u>2,481,346</u>	<u>10,538,914</u>	<u>5,607,542</u>

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

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

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended September 30, 2020

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
	(Rupees in '000)								
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 nine months ended September 30, 2019									
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	-	-	4,379,465	4,379,465
Other comprehensive income related to equity	-	(20,288)	-	-	-	1,030,839	(23,157)	240,683	1,228,077
	-	(20,288)	-	-	-	1,030,839	(23,157)	4,620,148	5,607,542
Transfer to Statutory reserve	-	-	-	875,893	-	-	-	(875,893)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1,332)	(1,332)
Transfer to General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
Transaction with owners, recorded directly in equity									
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at September 30, 2019	12,602,602	288,873	234,669	9,571,040	8,757,871	(3,066,684)	5,723,563	3,742,923	37,854,857
Total comprehensive income for the quarter ended December 31, 2019									
Net profit for the quarter ended December 31, 2019	-	-	-	-	-	-	-	2,637,557	2,637,557
Other comprehensive income related to equity	-	(13,704)	-	-	-	1,532,393	111,154	44,628	1,674,471
	-	(13,704)	-	-	-	1,532,393	111,154	2,682,185	4,312,028
Transfer to Statutory reserve	-	-	-	527,511	-	-	-	(527,511)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	88,959	88,959
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 the nine months ended September 30, 2020									
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	-	-	8,156,923	8,156,923
Other comprehensive income related to equity	-	106,052	-	-	-	2,308,611	(22,922)	(9,750)	2,381,991
	-	106,052	-	-	-	2,308,611	(22,922)	8,147,173	10,538,914
Transfer to Statutory reserve	-	-	-	1,631,385	-	-	-	(1,631,385)	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	-	23,937	23,937
Transfer to General reserve	-	-	-	-	4,096,166	-	-	(4,096,166)	-
Transaction with owners, recorded directly in equity									
Final dividend 2019: Re. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)
Balance as at September 30, 2020	12,602,602	381,221	234,669	11,729,936	12,854,037	774,320	5,811,795	6,539,725	50,928,305

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 Cash Flow Statement (Un-audited)
For the nine months ended September 30, 2020

Note	For the nine months ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	
	13,413,784	7,213,103
	(202,950)	(205,411)
	<u>13,210,834</u>	<u>7,007,692</u>
30	835,547	774,812
	1,090,497	1,107,092
	169,369	154,047
	684,653	747,445
	(2,373)	(49,422)
	256,030	229,427
	1,378,527	803,732
	(11,896)	394
	(4,793)	6,280
	<u>4,395,561</u>	<u>3,773,807</u>
	<u>17,606,395</u>	<u>10,781,499</u>
	11,133,772	-
	(524,922)	(54,763)
	(12,789,322)	(29,920,932)
	(150,172)	(3,869,020)
(2,330,644)	(33,844,715)	
(322,567)	(4,858,156)	
38,838,234	34,706,809	
84,932,359	74,250,678	
(26,466)	454,742	
<u>123,421,560</u>	<u>104,554,073</u>	
<u>138,697,310</u>	<u>81,490,857</u>	
(3,470,065)	(3,335,011)	
<u>135,227,245</u>	<u>78,155,846</u>	
(133,226,575)	41,199,736	
(7,360,789)	(109,607,408)	
(50,830)	-	
194,661	186,399	
(754,835)	(525,607)	
(398,647)	(221,991)	
12,943	20,749	
106,052	(20,288)	
(141,478,020)	(68,968,410)	
2,008,000	(1,600)	
(1,090,994)	(1,111,096)	
(1,870,484)	(1,247,702)	
(953,478)	(2,360,398)	
(7,204,253)	6,827,038	
<u>77,256,780</u>	<u>53,281,057</u>	
<u>70,052,527</u>	<u>60,108,095</u>	

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

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

For the nine months ended September 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 September 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 95 (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 nine months ended September 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.

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 nine months ended September 30, 2020

5.1 Assets quality and credit risk

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 September 30, 2020 the Bank is carrying a general provision amounting to Rs. 716,219 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.

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 confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 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 risks.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
		Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS			
<i>In hand:</i>			
Local currency		15,839,453	11,990,404
Foreign currencies		3,078,716	2,441,156
		<u>18,918,169</u>	<u>14,431,560</u>
<i>With the State Bank of Pakistan in:</i>			
Local currency current accounts		31,130,764	34,638,383
Foreign currency current accounts		3,869,351	3,107,745
Foreign currency deposit account		7,285,936	8,684,787
		<u>42,286,051</u>	<u>46,430,915</u>
<i>With National Bank of Pakistan in:</i>			
Local currency current accounts		1,647,737	1,899,188
Prize bonds		14,924	277,627
		<u>62,866,881</u>	<u>63,039,290</u>
7. BALANCES WITH OTHER BANKS			
<i>In Pakistan</i>			
In current accounts		535,253	469,619
In deposit accounts		87	476
		<u>535,340</u>	<u>470,095</u>
<i>Outside Pakistan</i>			
In current accounts		1,929,802	753,774
In deposit accounts		4,620,530	6,662,839
		<u>6,550,332</u>	<u>7,416,613</u>
Provision under IFRS 9 related to WBB		(26)	(6)
		<u>7,085,646</u>	<u>7,886,702</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings		100,000	6,330,782
Repurchase agreement lendings (reverse repo)		2,941,418	14,075,190
Purchase under resale arrangement of equity securities		148,606	148,606
		<u>3,190,024</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>3,041,418</u>	<u>20,405,972</u>
		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		Classified lending	Classified lending
		Provision held	Provision held
8.1 Category of classification		(Rupees in '000)	
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 nine months ended September 30, 2020

9. INVESTMENTS
9.1 Investments by type:
Held for trading securities

	September 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)							
Shares	566,513	-	(18,839)	547,674	41,591	-	(1,503)	40,088
	566,513	-	(18,839)	547,674	41,591	-	(1,503)	40,088

Available for sale securities

Federal Government Securities	346,495,929	(35,672)	734,048	347,194,305	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	4,597,019	(438,739)	145,730	4,304,010	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds	1,105,036	(153,008)	135,486	1,087,514	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(2,214)	39,059	64,159	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	11,423,482	(1,470,513)	120,089	10,073,058	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	500,763	(5,531)	16,849	512,081	159,646	(1,881)	7,202	164,967
	364,149,543	(2,105,677)	1,191,261	363,235,127	230,922,968	(3,291,898)	(2,360,448)	225,270,622

Held to maturity securities

Federal Government Securities	84,144,429	(128,672)	-	84,015,757	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,494,276	(18,825)	-	3,475,451	3,247,847	(19,106)	-	3,228,741
	87,748,705	(257,497)	-	87,491,208	80,387,916	(262,993)	-	80,124,923

Subsidiaries

Askari Securities Limited	165,619	(34,068)	-	131,551	-	-	-	-
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Total investments	452,630,380	(2,397,242)	1,172,422	451,405,560	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) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Market Treasury Bills	22,679,383	12,480,754
Pakistan Investment Bonds	18,566,600	-
Euro Bonds	7,054,269	5,527,143
Bahrain International Bonds	172,537	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	780,954	445,961
Turkish Sukuks	986,557	956,958
Ijarah Sukuks	6,877,088	5,586,569
Shares	216,402	203,388
	57,333,790	25,367,621

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
9.2 Provision for diminution in value of investments		
9.2.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	13,184	19,368
Charge / (reversals)		
Charge for the period / year	481,766	976,751
(Reversal) / provision under IFRS 9 related to WBB	(16,727)	6,197
Reversals for the period / year	(18,748)	(51,586)
Net charge for the period / year	446,291	931,362
Reversal on disposals	(1,651,192)	(660,041)
Transfer of provision against asset held for sale	34,068	-
Closing balance	<u>2,397,242</u>	<u>3,554,891</u>

9.2.2 Particulars of provision against debt securities

	September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Category of classification	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
	(Rupees in '000)			
Domestic				
Loss	1,580,513	1,580,513	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	188,700	-	192,244
	<u>1,580,513</u>	<u>1,769,213</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 September 30, 2020 is Rs. 94,210,458 thousand (December 31, 2019: Rs. 83,778,547 thousand).

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 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)
September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
(Rupees in '000)					
309,126,526	307,069,106	25,963,608	26,257,191	335,090,134	333,326,297
54,572,437	45,596,566	2,728,398	1,816,376	57,300,835	47,412,942
18,886,758	17,749,166	60,406	60,406	18,947,164	17,809,572
382,585,721	370,414,838	28,752,412	28,133,973	411,338,133	398,548,811
-	-	(24,286,408)	(24,408,056)	(24,286,408)	(24,408,056)
(1,547,671)	(1,226,892)	-	-	(1,547,671)	(1,226,892)
(1,547,671)	(1,226,892)	(24,286,408)	(24,408,056)	(25,834,079)	(25,634,948)
381,038,050	369,187,946	4,466,004	3,725,917	385,504,054	372,913,863
(Un-audited) (Audited)					
September 30, 2020		December 31, 2019		(Rupees in '000)	
				388,974,675	368,646,263
				22,363,458	29,902,548
				411,338,133	398,548,811

10.1 Particulars of advances (Gross)

In local currency
In foreign currencies

10.2 Advances include Rs. 28,752,412 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

September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Non Performing loans	Provision	Non Performing loans	Provision
(Rupees in '000)			
1,557,761	26	2,125,144	68
2,056,941	333,712	477,321	50,418
860,094	359,547	661,347	209,962
24,277,616	23,593,123	24,870,161	24,147,608
28,752,412	24,286,408	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

	September 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	-	16,338	-	16,338	-	22,252	-	22,252
Charge for the period / year	1,404,740	406,084	44,830	1,855,654	1,467,527	22,525	108,884	1,598,936
Provision / (reversal) of provision under IFRS 9 related to WBB	(777,963)	(75,171)	-	(853,134)	-	48,525	-	48,525
Reversal for the period / year	(777,963)	(22,176)	(49,136)	(849,275)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
626,777	308,747	(4,306)	931,218	(180,484)	63,464	102,521	(14,499)	(402,506)
(748,425)	-	-	(748,425)	(122,123)	-	-	-	(122,123)
Amounts charged off- agriculture financing	-	-	-	-	-	-	-	-
Closing balance	24,286,408	909,230	638,441	25,834,079	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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For the nine months ended September 30, 2020

10.3.1 The net Forced Sales Value (FSV) benefit already availed has increased by Rs. 13,486 thousand, which has resulted in reduced charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 13,486 thousand (September 30, 2019: Rs. lower by 5,429 thousand) and Rs. 8,765 thousand (September 30, 2019: lower by Rs. 3,529 thousand) respectively. Further, at September 30, 2020, cumulative net of tax benefit availed for FSV was Rs. 536,250 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) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress - note 11.1	196,720	126,731
Property and equipment	12,037,921	12,252,877
Right of use assets	7,583,146	7,316,960
	<u>19,817,787</u>	<u>19,696,568</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) For the nine months ended September 30, 2020	September 30, 2019
	(Rupees in '000)	
11.2 Additions to fixed assets		

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

Capital work-in-progress	69,989	33,603
Property and equipment		
Building on leasehold	-	18,032
Renovation of premises	132,137	119,234
Furniture, fixtures and office equipment	224,163	63,459
Carpets	13,408	9,547
Machine and equipments	152,932	162,013
Computer equipments	139,460	146,805
Vehicles	22,746	24,549
	684,846	543,639
Right of use assets	883,914	1,056,278
Total	<u>1,638,749</u>	<u>1,633,520</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	3,335	11,248
Furniture, fixtures and office equipment	2,844	6,178
Carpets	887	543
Machine and equipments	921	9,060
Computer equipments	163	-
Total	<u>8,150</u>	<u>27,029</u>

12. INTANGIBLE ASSETS

Computer software	740,410	682,889
Less: Provision against intangibles	(9,866)	(9,866)
	730,544	673,023
Capital work in progress	307,919	135,971
	<u>1,038,463</u>	<u>808,994</u>

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For the nine months ended September 30, 2020

		(Un-audited)	
		For the nine months ended	
		September 30, 2020	September 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		231,258	89,120
Directly purchased		167,389	132,871
Total		<u>398,647</u>	<u>221,991</u>
		(Un-audited)	(Audited)
		September 30, 2020	December 31, 2019
		(Rupees in '000)	
13. DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Post retirement employee benefits		16,204	9,971
- Surplus / (deficit) on revaluation of investments		(416,941)	826,157
- Impact under IFRS 9 related to WBB		-	121,871
- Provision against advances, off balance sheet		1,568,007	1,568,007
		1,167,270	2,526,006
Taxable temporary differences on			
- Accelerated tax depreciation		41,402	(36,254)
		<u>1,208,672</u>	<u>2,489,752</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		15,129,622	16,320,068
Income / mark-up accrued in foreign currencies		841,907	558,708
Advances, deposits, advance rent and other prepayments		783,094	666,068
Advance taxation (payments less provisions)		4,689,482	6,552,849
Non banking assets acquired in satisfaction of claims		2,219,232	2,555,343
Mark to market gain on forward foreign exchange contracts - net		61,170	396,433
Suspense account		90,549	50,741
Stationary and stamps in hand		96,544	92,639
Dividend receivable		10,193	1,904
Acceptances		11,105,437	10,498,594
Receivable from defined benefit plan		-	71,364
Others		828,388	704,061
		<u>35,855,618</u>	<u>38,468,772</u>
Provision held against other assets - note 14.1		(210,038)	(238,089)
Other assets - net of provision		35,645,580	38,230,683
Surplus on revaluation of non-banking assets			
acquired in satisfaction of claims		2,196,907	2,219,829
Other assets - total		<u>37,842,487</u>	<u>40,450,512</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		139,005	139,068
Non-banking assets acquired in satisfaction of claims		-	15,952
Suspense account		34,408	34,408
Stationery and stamps in hand		2,285	14,321
Others		34,340	34,340
		<u>210,038</u>	<u>238,089</u>

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	(Un-audited) September 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	348	14,593
Reversal under IFRS 9 related to foreign branch	-	(447)
Reversals for the period / year	(411)	(26,759)
Net reversal for the period / year	(63)	(12,613)
Amounts written off / adjustments	(27,988)	(7,109)
Closing balance	210,038	238,089
15. BILLS PAYABLE		
In Pakistan	15,446,380	15,768,947
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	15,446,545	13,656,666
Long term financing facility	7,745,474	5,622,997
Financing facility for storage of agricultural produce	81,856	2,500
Renewable energy financing facility	565,064	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	1,835	1,618
Refinance from SBP - refinance scheme for payment of wages and salaries	5,900,416	-
	29,741,190	19,713,307
Repurchase agreement borrowings		
State Bank of Pakistan	18,500,000	7,666,640
Financial institutions	28,136,601	14,248,475
	46,636,601	21,915,115
Refinance from Pakistan Mortgage Refinance Company	1,942,236	1,972,026
Bai Muajjal payable - note 16.1	6,014,129	-
Total secured	84,334,156	43,600,448
Unsecured		
Call borrowings	3,091,319	6,162,763
Overdrawn nostro accounts	2,600,440	1,424,470
Total unsecured	5,691,759	7,587,233
	90,025,915	51,187,681

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.

	September 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)					
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	206,487,084	24,059,258	230,546,342	174,842,702	19,411,555	194,254,257
Savings deposits	381,828,715	44,625,459	426,454,174	326,751,449	34,103,203	360,854,652
Fixed deposits	96,718,412	7,223,390	103,941,802	112,600,623	6,664,632	119,265,255
	685,034,211	75,908,107	760,942,318	614,194,774	60,179,390	674,374,164
Financial institutions						
Current deposits	675,510	79,948	755,458	547,712	41,087	588,799
Savings deposits	1,724,069	-	1,724,069	1,584,523	-	1,584,523
Fixed deposits	810,000	-	810,000	2,752,000	-	2,752,000
	3,209,579	79,948	3,289,527	4,884,235	41,087	4,925,322
	688,243,790	75,988,055	764,231,845	619,079,009	60,220,477	679,299,486

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	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
18. SUBORDINATED DEBTS		
Term Finance Certificates - V	-	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	-
	<u>12,000,000</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 - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit rate	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 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 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	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 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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For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	4,759,037	5,488,211
Mark-up / return / interest payable in foreign currencies	129,641	229,291
Unearned commission and income on bills discounted	1,302,350	923,438
Accrued expenses	2,101,385	1,724,514
Advance payments	378,857	444,390
Acceptances	11,105,437	10,498,594
Dividends payable	158,352	138,446
Branch adjustment account	1,011,572	498,814
Payable to defined benefit plan	200,648	-
Security deposit against lease / Ijarah financing	4,113,196	4,247,512
Withholding taxes payable	212,773	252,129
Federal excise duty payable	64,389	56,894
Workers' Welfare Fund	205,559	172,117
Switch fee payable	1,006,959	666,416
Provision against off-balance sheet obligations - note 19.1	102,315	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	8,269,296	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	2,056,757	1,204,112
	<u>37,178,523</u>	<u>34,704,048</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Exchange adjustment	99	-
Charge for the period / year	1,062	1,154
Reversal for the period / year	-	(517)
Net (reversal) / charge for the period / year	1,062	637
Amounts written off	-	(7,508)
Closing balance	<u>102,315</u>	<u>101,154</u>
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	1,191,261	(2,360,448)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,196,907	2,219,829
	7,003,056	3,474,269
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Available for sale securities	(416,941)	826,157
	<u>6,586,115</u>	<u>4,300,426</u>

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For the nine months ended September 30, 2020

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
21	CONTINGENCIES AND COMMITMENTS		
		(Rupees in '000)	
	- Guarantees - note 21.1	217,561,391	188,434,387
	- Commitments - note 21.2	431,393,513	314,542,303
	- Other contingent liabilities - note 21.3	727,147	721,349
		<u>649,682,051</u>	<u>503,698,039</u>
21.1	Guarantees		
	Financial guarantees	5,862,706	5,908,830
	Performance guarantees	142,186,312	124,661,353
	Other guarantees	69,512,373	57,864,204
		<u>217,561,391</u>	<u>188,434,387</u>
21.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	151,830,467	162,130,911
	Commitments in respect of:		
	- forward foreign exchange contracts - note 21.2.1	215,350,249	94,380,989
	- forward government securities transactions - note 21.2.2	5,950,000	14,500,000
	- future purchase / sale of shares - note 21.2.3	274,333	-
	- forward lending - note 21.2.4	57,815,087	43,352,110
	Commitments for acquisition of:		
	- fixed assets	47,730	65,963
	- intangible assets	125,647	112,330
		<u>431,393,513</u>	<u>314,542,303</u>
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	122,735,857	50,072,221
	Sale	92,614,392	44,308,768
		<u>215,350,249</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	<u>5,950,000</u>	<u>14,500,000</u>
21.2.3	Commitments in respect of future purchase / sale of share		
	Sale	<u>274,333</u>	<u>-</u>
		<u>274,333</u>	<u>-</u>
21.2.4	Commitments in respect of forward lending		
	Forward repurchase agreement lending	49,659,956	36,096,228
	Undrawn commitments	8,155,131	7,255,882
		<u>57,815,087</u>	<u>43,352,110</u>
21.3	Other contingent liabilities		
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	<u>727,147</u>	<u>721,349</u>

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For the nine months ended September 30, 2020

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)	
		For the nine months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances	31,337,629	30,225,331	
Investments	28,032,465	19,014,729	
Lendings to financial institutions	214,146	178,153	
Balances with banks	81,081	106,809	
Securities purchased under resale agreements (reverse repo)	361,636	1,211,783	
	<u>60,026,957</u>	<u>50,736,805</u>	
24. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits	32,334,045	29,478,189	
Borrowings	3,157,999	3,355,805	
Subordinated debts	1,363,803	928,434	
Interest expense on lease liability against right of use assets	684,653	747,445	
	<u>37,540,500</u>	<u>34,509,873</u>	
25. FEE AND COMMISSION INCOME			
Branch banking customer fees	382,383	414,287	
Consumer finance related fees	74,664	78,383	
Card related fees (debit and credit cards)	597,968	637,285	
Credit related fees	151,814	102,492	
Investment banking fees	110,521	122,552	
Commission on trade	493,753	474,793	
Commission on guarantees	466,692	413,608	
Commission on remittances including home remittances	114,780	211,775	
Commission on bancassurance	54,357	111,089	
Others	57,053	59,699	
	<u>2,503,985</u>	<u>2,625,963</u>	
26. GAIN / (LOSS) ON SECURITIES			
Realised - note 26.1	2,377,096	104,229	
Unrealised - note 9.1	11,896	(394)	
	<u>2,388,992</u>	<u>103,835</u>	
26.1 Realised gain / (loss) on:			
Federal Government Securities	1,974,066	148,865	
Shares	402,958	(42,238)	
Non Government Debt Securities	202	88	
Mutual Funds	-	(2,486)	
NIT Units	(4,380)	-	
TFCs	4,250	-	
	<u>2,377,096</u>	<u>104,229</u>	

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		(Un-audited)	
		For the nine months ended	
		September 30, 2020	September 30, 2019
27.	OTHER INCOME	(Rupees in '000)	
	Rent of property	-	1,272
	Gain / (loss) on sale of fixed assets	4,793	(6,280)
	Rent of lockers	34,033	30,875
	Gain on sale of non banking assets	5	2,452
	Recovery of expenses from customers	174,159	154,511
	Government Grant - foreign branch	6,418	-
	Termination of lease contracts	2,373	49,422
		<u>221,781</u>	<u>232,252</u>
28.	OPERATING EXPENSES		
	Total compensation expenses	8,411,997	7,225,783
	Property expense		
	Rent and taxes	220,541	194,464
	Insurance	75,625	101,650
	Utilities cost	506,878	456,511
	Security (including guards)	392,349	364,859
	Repair and maintenance premises	188,485	174,661
	Depreciation on right of use assets	1,090,497	1,107,092
	Depreciation	292,686	329,331
		2,767,061	2,728,568
	Information technology expenses		
	Software maintenance	234,517	177,898
	Hardware maintenance	41,483	22,733
	Depreciation	139,391	154,475
	Amortisation	169,369	154,047
	Network charges	127,313	141,506
		712,073	650,659
	Other operating expenses		
	Directors' fees, allowances	14,375	7,438
	Fees and allowances to Shariah Board	4,366	4,378
	Rent, taxes, insurance etc.	153,452	159,721
	Legal and professional charges	63,264	75,676
	Travelling, conveyance and entertainment	173,775	198,162
	Brokerage and commission	73,870	53,067
	NIFT clearing charges	61,501	45,340
	Repair and maintenance	239,368	208,024
	Communications	398,004	374,679
	Stationery and printing	208,105	201,135
	Marketing, advertisement and publicity	88,039	88,135
	Donations	112,390	60,002
	Auditors' remuneration	13,874	16,310
	Depreciation	403,470	291,006
	Security service charges	178,245	163,016
	Training and development	20,947	17,979
	Premium paid to Deposit Protection Corporation	347,354	311,493
	Other expenditure	398,525	267,306
		2,952,924	2,542,867
		<u>14,844,055</u>	<u>13,147,877</u>

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

	(Un-audited)	
	For the nine months ended	
	September 30, 2020	September 30, 2019
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision for diminution in value of investments	446,291	1,109,602
Provision / (reversal) of provision against loans and advances	931,218	(283,633)
Reversal of provision against fixed assets	-	(11,586)
Provision / (reversal) of provision against other assets	(63)	(11,462)
Reversal of provision against off-balance sheet obligations	1,062	807
Reversal of provision against cash and bank balances	19	4
Recovery of written off / charged off bad debts	(57,730)	(72,613)
	<u>1,320,797</u>	<u>731,119</u>

31. TAXATION

Current	5,333,432	2,863,289
Prior years	-	77,915
Deferred	(76,571)	(107,566)
	<u>5,256,861</u>	<u>2,833,638</u>

32. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period - Rupees in '000	<u>8,156,923</u>	<u>4,379,465</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>6.47</u>	<u>3.48</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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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2020

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.

September 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	-	347,194,305	-	347,194,305
Shares	4,551,684	-	300,000	4,851,684
Units of open end mutual funds	-	1,087,514	-	1,087,514
Fully paid preference shares	64,159	-	-	64,159
Non Government Debt Securities	-	1,944,787	8,128,271	10,073,058
Foreign securities	-	512,081	-	512,081
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	84,015,757	-	84,015,757
Foreign Securities	-	3,475,451	-	3,475,451
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	122,735,857	-	122,735,857
Forward sale of foreign exchange	-	92,614,392	-	92,614,392
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	49,659,956	49,659,956

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)
	September 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	4,416,139	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 nine months ended September 30, 2020 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(22,346,029)	16,633,679	23,918,645	2,252,717	2,991,524	770,238	(1,734,316)
Inter segment revenue - net	32,331,032	(12,493,018)	(21,712,495)	(1,315,165)	-	-	3,189,646
Non mark-up / return / interest income	799,348	1,748,038	2,336,886	285,047	276,551	7,569	1,715,086
Total income	10,784,352	5,888,699	4,543,035	1,222,599	3,268,074	777,807	3,170,416
Segment direct expenses	8,143,194	584,841	232,407	686,576	1,595,917	85,667	3,457,243
Inter segment expense allocation	394,083	680,142	3,479	149,535	-	-	(1,092,683)
Total expenses	8,537,277	1,264,983	235,886	836,111	1,595,917	85,667	2,364,560
(Reversals) / Provisions	(112,245)	274,688	466,162	175,688	207,631	(90,817)	399,690
Profit / (loss) before tax	2,359,320	4,349,028	3,840,987	210,800	1,464,526	782,957	406,166
	September 30, 2020 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Statement of financial position							
Cash and bank balances	26,363,478	1,527,782	34,865,026	-	5,745,504	1,116,229	334,508
Investments	-	8,548,236	410,488,776	-	12,279,717	18,986,193	1,102,637
Lendings to financial institutions	-	-	2,941,418	-	-	-	100,000
Advances - performing - net of provision	10,879,430	281,047,438	-	17,640,933	54,538,927	10,147,808	6,783,344
Advances - non-performing - net of provision	771,279	1,262,504	-	501,379	1,931,012	-	-
Others	1,319,387	16,216,811	4,572,392	827,089	5,192,615	484,200	31,294,916
Total Assets	39,333,574	308,602,770	452,867,612	18,969,402	79,687,775	30,734,430	39,615,405
Borrowings	1,480,568	26,465,731	40,765,603	1,942,236	3,394,891	13,376,446	2,600,441
Subordinated debts	-	-	-	-	-	-	12,000,000
Deposits and other accounts	563,510,954	135,690,632	-	24,873	63,936,374	987,971	81,041
Inter segment balances - net	(536,394,352)	124,104,653	410,694,324	15,979,251	-	11,599,147	(25,983,023)
Others	10,736,404	22,341,754	1,407,686	1,023,042	5,629,115	2,606,754	8,880,149
Total liabilities	39,333,574	308,602,770	452,867,612	18,969,402	72,960,380	28,570,318	(2,421,392)
Equity	-	-	-	6,727,395	2,164,112	42,036,798	50,928,305
Total Equity and liabilities	39,333,574	308,602,770	452,867,612	18,969,402	79,687,775	30,734,430	39,615,405
Contingencies and commitments	5,758,897	363,447,058	259,024,552	406,186	7,695,850	11,911,451	1,438,057
	For the nine months ended September 30, 2019 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(19,824,415)	15,848,303	16,472,407	2,148,717	2,255,443	534,827	(1,208,350)
Inter segment revenue - net	32,846,667	(12,822,598)	(19,234,828)	(1,501,231)	-	-	711,990
Non mark-up / return / interest income	1,476,413	1,195,709	1,772,665	204,584	206,867	23,912	153,022
Total income	14,498,665	4,221,414	(989,756)	852,070	2,462,310	558,739	(343,338)
Segment direct expenses	7,418,134	288,975	157,679	569,598	1,493,084	69,645	2,761,896
Inter segment expense allocation	91,364	363,233	-	76,490	-	-	25,784
Total expenses	7,509,498	652,208	157,679	646,088	1,493,084	69,645	2,787,680
(Reversals) / Provisions	(311,382)	(165,606)	940,166	49,003	70,143	7,798	140,997
Profit / (loss) before tax	7,300,549	3,734,812	(2,087,601)	156,979	899,083	481,296	(3,272,015)
	December 31, 2019 (Audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
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	-	231,813	1,242,334	-	-
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	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	30,491,790	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

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 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 employees' 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 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 September 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	-	-	-	114,789	719,311	300,000	-	-	-	-	49,133	-
Investment made during the period / year	-	-	-	50,830	411,454	50,000	-	-	-	-	364,176	-
Investment redeemed / disposed off during the period / year	-	-	-	-	(112,355)	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	(433,019)	-	-	-	-	-	306,002	300,000
Closing balance	-	-	-	165,619	585,391	350,000	-	-	-	-	719,311	300,000
Provision for diminution in value of investments	-	-	-	34,068	57,502	-	-	-	-	-	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	105,401,106	60,001	89,573	-	8,003,573	-	139,634,599	24,193	156,780	-	23,395,671	-
Repaid during the period / adjustment	(108,112,806)	(40,695)	(63,523)	-	(8,172,603)	-	(144,180,374)	(4,873)	(95,164)	-	(23,386,102)	-
Transfer in / (out) - net	-	(9)	17,100	-	667,845	-	-	-	(29,703)	-	888,444	-
Closing balance	2,323,804	39,068	407,603	-	5,200,291	-	5,035,504	19,771	364,453	-	4,701,476	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up receivable	22,601	475	82,950	-	86,332	-	106,869	261	71,401	-	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	-	-	58,420	-
Advance rent	1,506	-	-	-	-	-	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	-	-	-	-	-	(1,029,790)	-	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	-	1,942,236	-	-	-	-	-	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	3,194,361
Received during the period / adjustment	433,821,725	48,382	1,009,043	685,457	188,334,623	20,814,153	496,469,213	257,541	853,208	426,844	307,604,618	37,960,371
Withdrawn during the period / adjustment	(432,349,150)	(41,284)	(880,251)	(642,842)	(185,334,598)	(20,402,170)	(501,600,876)	(218,194)	(879,966)	(402,600)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(57,053)	4,183	-	(1,446,350)	-	-	-	(15,396)	-	42,683	-
Closing balance	6,150,797	14,284	250,537	95,789	16,678,492	5,229,159	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Other Liabilities												
Interest / mark-up payable	29,222	-	552	-	83,438	35,656	30,293	113	2,750	-	54,079	79,885
Acceptances	-	-	-	-	-	-	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	-	200,648	-	-	-	-	-	-
Security deposits payable	-	-	287	-	259,979	-	-	-	287	-	210,172	-
Others	2,493	-	-	-	-	-	4,021	-	-	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	238,882	-	-	40,000	493,256	-	124,565	-	-	40,000	2,239,471	-
Others												
Securities held as custodian	4,590,000	-	-	-	-	6,990,500	2,465,000	-	-	50,000	-	6,632,750

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For the nine months ended September 30, 2020 (Un-Audited)						For the nine months ended September 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	174,986	2,964	15,172	-	393,736	-	216,458	-	13,583	-	422,866
Fee and commission income	102	-	-	-	2,877	61	-	-	-	54	11,580
Dividend income	-	-	-	-	4,118	8,207	-	-	-	-	454
Expense											
Mark-up / return / interest expensed	420,851	275	4,343	36	1,087,868	513,910	501,582	1,883	5,715	668	837,459
Contribution to employees funds	-	-	-	-	-	475,771	-	-	-	-	265,708
Remuneration and allowances	-	-	463,225	-	-	4,366	-	-	370,155	-	4,378
Rent	9,601	-	-	-	-	-	16,326	-	-	-	-
Communications	-	-	-	-	-	31,596	-	-	-	-	30,262
Brokerage and commission	-	-	-	2,500	145	-	-	-	-	-	-
Director's fee and allowances	-	14,375	-	-	-	-	-	7,438	-	-	-
Dividend paid	1,359,423	4	113	-	-	11,745	906,282	104	75	-	7,830
Insurance	-	-	-	-	63,404	-	-	-	-	-	-
Donations	109,000	-	-	-	-	-	50,000	-	-	-	10,000
Others	-	-	-	-	2,364	-	-	-	-	-	-

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

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) September 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	42,269,711	36,313,390
Eligible Additional Tier 1 (ADT 1) Capital	5,931,442	5,883,752
Total Eligible Tier 1 Capital	48,201,153	42,197,142
Eligible Tier 2 Capital	12,318,100	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	60,519,253	48,970,200
Risk Weighted Assets (RWAs):		
Credit Risk	308,744,085	304,482,207
Market Risk	27,139,981	15,988,883
Operational Risk	45,635,240	45,635,240
Total	381,519,306	366,106,330
Common Equity Tier 1 Capital Adequacy ratio	11.08%	9.92%
Tier 1 Capital Adequacy Ratio	12.63%	11.53%
Total Capital Adequacy Ratio	15.86%	13.38%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	48,201,153	42,197,142
Total Exposures	1,398,328,840	1,222,565,769
Leverage Ratio	3.45%	3.45%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	373,338,404	239,545,379
Total Net Cash Outflow	214,486,224	152,412,055
Liquidity Coverage Ratio	174.06%	157.17%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	775,717,613	679,039,953
Total Required Stable Funding	423,515,722	398,262,301
Net Stable Funding Ratio	183.16%	170.50%

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37. ISLAMIC BANKING BUSINESS

The bank is operating 95 Islamic banking branches including 3 Sub branches at September 30, 2020 (December 31, 2019 : 94 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at September 30, 2020 (December 31, 2019 : Nil).

		(Un-audited)	(Audited)
		September 30,	December 31,
		2020	2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,645,338	9,290,046
Balances with other banks		1,100,166	22,019
Due from financial Institutions	37.1	-	6,330,782
Investments	37.2	12,279,717	7,796,309
Islamic financing and related assets - net	37.3	56,469,941	46,802,128
Fixed assets		1,719,465	1,896,420
Intangible assets		-	-
Due from head office		-	-
Other assets		3,633,970	3,469,088
Total assets		79,848,597	75,606,792
LIABILITIES			
Bills payable		1,044,578	1,051,103
Due to financial institutions		3,394,891	2,187,925
Deposits and other accounts	37.4	63,936,374	62,859,181
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,745,362	4,225,937
		73,121,205	70,324,146
NET ASSETS		6,727,392	5,282,646
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(28,678)	(8,898)
Unappropriated profit / (loss)	37.5	2,156,070	691,544
		6,727,392	5,282,646
CONTINGENCIES AND COMMITMENTS		37.6	7,695,850
			8,055,344

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

	Note	(Un-audited)	
		For the nine months ended	
		September 30, 2020	September 30, 2019
Profit / return earned	37.7	5,636,723	5,056,282
Profit / return expensed	37.8	2,645,200	2,800,839
Net Profit / return		2,991,523	2,255,443
Other income			
Fee and Commission Income		130,482	139,521
Dividend Income		-	-
Foreign Exchange Income		99,115	31,833
Gain / (loss) on securities		1,706	-
Other Income		45,247	35,513
Total other income		276,550	206,867
Total Income		3,268,073	2,462,310
Other expenses			
Operating expenses		1,595,441	1,491,471
Workers' Welfare Fund		-	-
Other charges		475	1,613
Total other expenses		1,595,916	1,493,084
Profit before provisions		1,672,157	969,226
Provisions and write offs - net		207,631	70,143
Profit before taxation		1,464,526	899,083

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

	September 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>

	September 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	5,538,190	-	(29,441)	5,508,749	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	10,784,336	-	(29,441)	10,754,895	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities:								
- Listed	105,000	-	763	105,763	140,000	-	1,102	141,102
- Unlisted	2,022,762	(603,703)	-	1,419,059	2,035,213	(616,152)	-	1,419,061
	2,127,762	(603,703)	763	1,524,822	2,175,213	(616,152)	1,102	1,560,163
Total investments	<u>12,912,098</u>	<u>(603,703)</u>	<u>(28,678)</u>	<u>12,279,717</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 nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
37.3 Islamic financing and related assets	(Rupees in '000)	
Ijarah	3,923,543	4,170,338
Murabaha - note 37.3.1	4,403,311	4,008,084
Musharaka	22,557,233	16,173,493
Diminishing musharaka	16,101,647	13,055,698
Salam	4,522,974	4,590,685
Istisna	2,280,945	2,793,995
Receivable against sale of istisna / salam inventory	408,800	250,000
Service ijarah	835,509	519,672
Other islamic modes (executive car finance - qarz-e-hasana)	97,277	73,025
Advances against islamic assets - note 37.3.2	752,986	387,767
Inventory related to islamic financing - note 37.3.3	1,416,610	1,390,185
Gross islamic financing and related assets	57,300,835	47,412,942
Less: provision against islamic financings		
- Specific	797,384	574,042
- General	33,510	36,772
	830,894	610,814
Islamic financing and related assets - net of provision	56,469,941	46,802,128

37.3.1 Includes advance against Murabaha of Rs.1,015,760 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)					
September 30, 2020 (Un-audited)	463,994	-	288,992	-	-	752,986
December 31, 2019 (Audited)	98,679	-	289,088	-	-	387,767

37.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2020 (Un-audited)	-	-	-	606,513	810,097	1,416,610
December 31, 2019 (Audited)	-	-	-	131,082	1,259,103	1,390,185

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
37.4 Deposits and other accounts		
<i>Customers</i>		
Current deposits - non remunerative	21,662,110	17,964,041
Current deposits - remunerative	877,301	833,812
Savings deposits	24,135,983	18,809,113
Term deposits	16,020,493	22,768,441
Others	633,871	456,818
	<u>63,329,758</u>	<u>60,832,225</u>
<i>Financial Institutions</i>		
Current deposits - non remunerative	13,290	58,434
Savings deposits	343,326	333,522
Term deposits	250,000	1,635,000
	606,616	2,026,956
	<u>63,936,374</u>	<u>62,859,181</u>
37.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period / year	1,464,526	1,075,784
Closing Balance	<u>2,156,070</u>	<u>691,544</u>
37.6 CONTINGENCIES AND COMMITMENTS		
- Guarantees	4,860,568	4,272,245
- Commitments	2,835,282	3,783,099
- Other contingent liabilities	-	-
	<u>7,695,850</u>	<u>8,055,344</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

		(Un-audited) nine months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
37.7 Profit / return earned on financing, investments and placements			
Profit earned on:			
Financing		4,630,379	4,273,056
Investments		762,092	644,700
Placements		167,728	11,725
Lendings		76,524	126,801
		<u>5,636,723</u>	<u>5,056,282</u>
37.8 Profit on deposits and other dues expensed			
Deposits and other accounts		2,405,771	1,998,043
Due to financial institutions		102,004	575,529
Due to head office		6,185	81,549
Lease liability against right-of-use assets		131,240	145,718
		<u>2,645,200</u>	<u>2,800,839</u>
		(Un-audited)	(Audited)
		September 30, 2020	December 31, 2019
		(Rupees in '000)	
37.9 CHARITY FUND			
Opening balance		52,137	23,209
Additions during the period			
- Received from customers on delayed payments		10,933	49,667
- Non shariah compliant income		-	123
- Profit on charity account		19	22
- Others		227	70
		11,179	49,882
Payments / utilization during the period			
- Education		(155)	(1,366)
- Community welfare		-	-
- Relief and disaster recovery		-	-
- Health		(24,870)	(16,991)
- Orphanage		-	(2,597)
		<u>(25,025)</u>	<u>(20,954)</u>
Closing balance		<u>38,291</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 October 22, 2020.

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

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2020

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2020

		(Un-audited)	(Audited)
		September 30,	December 31,
		2020	2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	62,866,881	63,039,290
Balances with other banks	7	7,264,678	7,988,406
Lendings to financial institutions	8	3,041,418	20,405,972
Investments	9	451,318,160	305,542,430
Advances	10	385,587,773	372,939,122
Fixed assets	11	19,834,776	19,711,719
Intangible assets	12	1,054,305	825,183
Deferred tax assets	13	1,202,485	2,482,766
Other assets	14	37,974,552	40,501,153
		<u>970,145,028</u>	<u>833,436,041</u>
LIABILITIES			
Bills payable	15	15,446,380	15,768,947
Borrowings	16	90,025,915	51,187,681
Deposits and other accounts	17	764,137,650	679,246,312
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	9,992,000
Deferred tax liabilities	13	-	-
Other liabilities	19	37,470,831	34,838,918
		<u>919,080,776</u>	<u>791,033,858</u>
NET ASSETS		<u>51,064,252</u>	<u>42,402,183</u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		25,268,038	19,408,889
Surplus on revaluation of assets - net of tax	20	6,625,582	4,339,893
Unappropriated profit		6,568,030	6,002,253
		<u>51,064,252</u>	<u>42,353,637</u>
Non-controlling interest		-	48,546
		<u>51,064,252</u>	<u>42,402,183</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 38 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 quarter and nine months ended September 30, 2020

	Note	For the quarter ended		For the nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	17,572,523	20,532,977	60,036,205	50,742,385
Mark-up / return / interest expensed	24	9,499,289	15,159,546	37,540,633	34,509,976
Net mark-up / interest income		8,073,234	5,373,431	22,495,572	16,232,409
Non mark-up / interest income					
Fee and commission income	25	1,052,294	818,991	2,602,860	2,645,654
Dividend income		80,603	59,125	202,950	206,815
Foreign exchange income		666,621	623,288	1,850,817	1,865,711
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	996,143	59,239	2,388,880	98,709
Other income	27	83,158	82,415	230,012	232,252
Total non-markup / interest income		2,878,819	1,643,058	7,275,519	5,049,141
Total income		10,952,053	7,016,489	29,771,091	21,281,550
Non mark-up / interest expenses					
Operating expenses	28	4,920,671	4,398,688	14,903,577	13,169,818
Workers' Welfare Fund		6,840	37,197	33,442	68,239
Other charges	29	31,050	66,858	42,904	99,766
Total non-markup / interest expenses		4,958,561	4,502,743	14,979,923	13,337,823
Profit before provisions		5,993,492	2,513,746	14,791,168	7,943,727
Provisions and write offs - net	30	676,485	492,383	1,320,797	731,119
Extraordinary / unusual items		-	-	-	-
Profit before taxation		5,317,007	2,021,363	13,470,371	7,212,608
Taxation	31	2,082,649	770,662	5,264,202	2,830,064
Profit after taxation		3,234,358	1,250,701	8,206,169	4,382,544
Attributable to:					
Equity holders of the Bank		3,228,096	1,252,430	8,195,505	4,381,743
Non-controlling interest		6,262	(1,729)	10,664	801
		3,234,358	1,250,701	8,206,169	4,382,544
		Rupees		Rupees	
Basic and diluted earnings per share	32	2.56	0.99	6.50	3.48

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

 -sd-
President & Chief Executive

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Chief Financial Officer

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months ended September 30, 2020

	For the quarter ended		For the nine months ended	
	September 30, 2020 (Rupees in '000)	September 30, 2019 (Rupees in '000)	September 30, 2020 (Rupees in '000)	September 30, 2019 (Rupees in '000)
Profit after taxation	3,234,358	1,250,701	8,206,169	4,382,544
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	(28,229)	(99,889)	106,052	(20,288)
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,005,139)	1,312,694	2,308,611	1,052,513
	(3,033,368)	1,212,805	2,414,663	1,032,225
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
Movement in surplus / (deficit) on revaluation of non-banking assets	9,573	-	(22,922)	(23,157)
Total comprehensive income	<u>210,563</u>	<u>2,463,506</u>	<u>10,588,160</u>	<u>5,632,295</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	203,392	2,468,144	10,577,496	5,625,859
Non-controlling interest	7,171	(4,638)	10,664	6,436
	<u>210,563</u>	<u>2,463,506</u>	<u>10,588,160</u>	<u>5,632,295</u>

The annexed notes 1 to 38 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 nine months ended September 30, 2020

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
						Investments	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	(4,091,800)	5,746,720	3,710,867	33,557,083	43,278	33,600,361
Impact of IFRS 9 of ASL	-	-	-	-	-	-	-	3,223	3,223	1,143	4,366
Total comprehensive income for the half year ended September 30, 2019											
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	-	-	4,381,743	4,381,743	801	4,382,544
Other comprehensive income related to equity	-	(20,288)	-	-	-	1,052,513	(23,157)	240,683	1,249,751	-	1,249,751
	-	(20,288)	-	-	-	1,052,513	(23,157)	4,622,426	5,631,494	801	5,632,295
Transfer to Statutory reserve	-	-	-	876,349	-	-	-	(876,349)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(1,332)	(1,332)	-	(1,332)
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 September 30, 2019	12,602,602	288,873	234,669	9,571,496	8,800,324	(3,039,287)	5,723,563	3,747,968	37,930,208	45,222	37,975,430
Impact of IFRS 9 of ASL	-	-	-	-	-	-	-	1,012	1,012	345	1,357
Total comprehensive income for the six month ended December 31, 2019											
Net profit for the quarter ended December 31, 2019	-	-	-	-	-	-	-	2,647,013	2,647,013	3,013	2,650,026
Other comprehensive income related to equity	-	(13,704)	-	-	-	1,544,463	111,154	44,532	1,686,445	(34)	1,686,411
	-	(13,704)	-	-	-	1,544,463	111,154	2,691,545	4,333,458	2,979	4,336,437
Transfer to Statutory reserve	-	-	-	527,231	-	-	-	(527,231)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	88,959	88,959	-	88,959
Balance as at December 31, 2019	12,602,602	275,169	234,669	10,098,727	8,800,324	(1,494,824)	5,834,717	6,002,253	42,353,637	48,546	42,402,183
Prior period error of subsidiary	-	-	-	-	-	-	-	(428)	(428)	(150)	(578)
Total comprehensive income for the nine months ended September 30, 2020											
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	-	-	8,195,505	8,195,505	10,664	8,206,169
Other comprehensive income related to equity	-	106,052	-	-	-	2,308,611	(22,922)	(9,750)	2,381,991	-	2,381,991
	-	106,052	-	-	-	2,308,611	(22,922)	8,185,755	10,577,496	10,664	10,588,160
Transfer to Statutory reserve	-	-	-	1,641,234	-	-	-	(1,641,234)	-	-	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	-	23,937	23,937	-	23,937
Transfer to General reserve	-	-	-	-	4,111,863	-	-	(4,111,863)	-	-	-
Transaction with owners, recorded directly in equity											
Final dividend 2019: Re. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)	-	(1,890,390)
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	-	-	-	-	(59,060)	(59,060)
Balance as at September 30, 2020	12,602,602	381,221	234,669	11,739,961	12,912,187	813,787	5,811,795	6,568,030	51,064,252	-	51,064,252

The annexed notes 1 to 38 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 nine months ended September 30, 2020

		For the nine months ended	
		September 30, 2020	September 30, 2019
Note		(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		13,470,371	7,212,608
Less: dividend income		(202,950)	(206,815)
		<u>13,267,421</u>	<u>7,005,793</u>
Adjustments:			
Depreciation		836,740	774,812
Depreciation on right of use assets		1,090,497	1,107,092
Amortization		169,749	154,047
Mark-up expense on lease liability against right of use assets		684,653	747,445
Termination of lease contracts under IFRS - 16 Leases		(2,373)	(49,422)
Charge for defined benefit plan		256,030	229,427
Provisions and write offs - net		1,378,527	803,732
Unrealised gain on held for trading securities		(11,896)	394
Gain on acquisition of non-controlling interest in ASL		(8,231)	-
(Gain) / loss on sale of fixed assets		(4,793)	6,280
		<u>4,388,903</u>	<u>3,773,807</u>
		<u>17,656,324</u>	<u>10,779,600</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		11,133,772	-
Held for trading securities		(509,433)	(90,739)
Advances		(12,847,782)	(29,929,207)
Other assets (excluding advance taxation)		(186,862)	(3,836,657)
		<u>(2,410,305)</u>	<u>(33,856,603)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(322,567)	(4,858,156)
Borrowings from financial institutions		38,838,234	34,706,809
Deposits		84,891,338	74,256,411
Other liabilities (excluding current taxation)		131,540	494,413
		<u>123,538,545</u>	<u>104,599,477</u>
Net cash flow generated from operations		<u>138,784,564</u>	<u>81,522,474</u>
Income tax paid		(3,472,064)	(3,335,011)
Net cash flow generated from operating activities		<u>135,312,500</u>	<u>78,187,463</u>
Cash flow from investing activities			
Net investments in available for sale securities		(133,226,575)	41,199,736
Net investments in held to maturity securities		(7,314,778)	(109,607,408)
Dividend received		194,661	187,763
Investments in fixed assets		(757,866)	(535,130)
Investments in intangible assets		(398,680)	(221,610)
Proceeds from sale of fixed assets		12,943	20,749
Effect of translation of net investment in foreign branch		106,052	(20,288)
Net cash used in investing activities		<u>(141,384,243)</u>	<u>(68,976,188)</u>
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		2,008,000	(1,600)
Payments against lease liabilities		(1,090,994)	(1,111,096)
Dividend paid		(1,870,484)	(1,247,702)
Net cash generated from / (used in) financing activities		<u>(953,478)</u>	<u>(2,360,398)</u>
(Decrease) / Increase in cash and cash equivalents		<u>(7,025,221)</u>	<u>6,850,877</u>
Cash and cash equivalents at beginning of the period		<u>77,256,780</u>	<u>53,281,057</u>
Cash and cash equivalents at end of the period		<u>70,231,559</u>	<u>60,131,934</u>

The annexed notes 1 to 38 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 nine months ended September 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 September 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 95 (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 100% 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 unconsolidated 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.
- 2.3 During the period the Bank acquired further 26% (5,980,000 Ordinary Shares) interest in ASL from Army Welfare Trust which increased the Bank's controlling interest from 74% to 100% making it a wholly owned subsidiary of the Bank. Subsequent to further acquisition, the Bank has reclassified the investment from discontinued operation to continuing operations and consolidated the financial results of subsidiary on line by line addition method. Accordingly, the comparatives have been represented in accordance with the requirement of IFRS 5 - Non Current Assets Held for Sale and Discontinued Operations.

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 nine months ended September 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 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 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.

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

5.1 Assets quality and credit risk

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 September 30, 2020 the Group is carrying a general provision amounting to Rs. 716,219 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 nine months ended September 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.

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 confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 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.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

	(Un-audited)	(Audited)
	September 30, 2020	December 31, 2019
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
In hand:		
Local currency	15,839,453	11,990,404
Foreign currencies	3,078,716	2,441,156
	18,918,169	14,431,560
With the State Bank of Pakistan in:		
Local currency current accounts	31,130,764	34,638,383
Foreign currency current accounts	3,869,351	3,107,745
Foreign currency deposit account	7,285,936	8,684,787
	42,286,051	46,430,915
With National Bank of Pakistan in:		
Local currency current accounts	1,647,737	1,899,188
Prize Bonds	14,924	277,627
	62,866,881	63,039,290
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	668,931	549,174
In deposit accounts	45,441	22,625
	714,372	571,799
Outside Pakistan		
In current accounts	1,929,802	753,774
In deposit accounts	4,620,530	6,662,839
	6,550,332	7,416,613
Provision under IFRS 9 related to WBB	(26)	(6)
	7,264,678	7,988,406
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	100,000	6,330,782
Repurchase agreement lendings (reverse repo)	2,941,418	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	3,190,024	20,554,578
Provision held against lending to financial institutions	(148,606)	(148,606)
Lendings to financial institutions - net of provision	3,041,418	20,405,972
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Classified lending	Classified lending
	Provision held	Provision held
8.1 Category of classification	(Rupees in '000)	
Domestic		
Loss	148,606	148,606
	148,606	148,606

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

9. INVESTMENTS

September 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	566,513	-	(18,839)	547,674	57,080	-	(356)	56,723
Units of open end mutual funds	179	-	-	179	179	-	-	179
	566,692	-	(18,839)	547,853	57,259	-	(356)	56,902

Available for sale securities

Federal Government Securities	346,495,929	(35,672)	734,048	347,194,305	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	4,601,524	(438,739)	185,196	4,347,981	6,053,083	(1,607,285)	529,530	4,975,328
Units of open end mutual funds	1,105,036	(153,008)	135,486	1,087,514	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(2,214)	39,059	64,159	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	11,423,482	(1,470,513)	120,089	10,073,058	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	500,763	(5,531)	16,849	512,081	159,646	(1,881)	7,202	164,967
	364,154,048	(2,105,677)	1,230,727	363,279,098	230,927,473	(3,291,898)	(2,320,982)	225,314,593

Held to maturity securities

Federal Government Securities	84,144,429	(128,672)	-	84,015,757	77,076,080	(133,887)	-	76,942,193
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,494,276	(18,825)	-	3,475,451	3,247,847	(19,106)	-	3,228,741
	87,748,705	(257,497)	-	87,491,208	80,433,927	(262,993)	-	80,170,934

Total investments

	452,469,445	(2,363,174)	1,211,888	451,318,160	311,418,659	(3,554,891)	(2,321,338)	305,542,430
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(Un-audited) (Audited)
September 30, December 31,
2020 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	22,679,383	12,480,754
Pakistan Investment Bonds	18,566,600	-
Euro Bonds	7,054,269	5,527,143
Bahrain International Bonds	172,537	-
Srilankan Investment Bonds	-	166,848
Turkish Euro Bonds	780,954	445,961
Turkish Sukuks	986,557	956,958
Ijarah Sukuks	6,877,088	5,586,569
Shares	216,402	203,388
	57,333,790	25,367,621

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

	(Un-audited) September 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	13,184	19,368
Charge / (reversals)		
Charge for the period / year	481,766	976,751
Reversal of provision under IFRS 9 related to WBB	(16,727)	6,197
Reversals for the period / year	(18,748)	(51,586)
	446,291	931,362
Reversal on disposals	(1,651,192)	(660,041)
Closing balance	<u>2,363,174</u>	<u>3,554,891</u>

9.2.2 Particulars of provision against debt securities

	September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	1,580,513	1,580,513	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	-	188,700	-	192,244
	<u>1,580,513</u>	<u>1,769,213</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 September 30, 2020 is Rs. 94,210,458 thousand (December 31, 2019: Rs. 83,778,547 thousand).

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 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)
September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
(Rupees in '000)					
309,210,245	307,094,365	25,963,608	26,257,191	335,173,853	333,351,556
54,572,437	45,596,566	2,728,398	1,816,376	57,300,835	47,412,942
18,886,758	17,749,166	60,406	60,406	18,947,164	17,809,572
382,669,440	370,440,097	28,752,412	28,133,973	411,421,852	398,574,070
-	-	(24,286,408)	(24,408,056)	(24,286,408)	(24,408,056)
(1,547,671)	(1,226,892)	-	-	(1,547,671)	(1,226,892)
(1,547,671)	(1,226,892)	(24,286,408)	(24,408,056)	(25,834,079)	(25,634,948)
381,121,769	369,213,205	4,466,004	3,725,917	385,587,773	372,939,122

(Un-audited) (Audited)
September 30, 2020 December 31, 2019
(Rupees in '000)

In local currency

In foreign currencies

389,058,394 368,671,522
22,363,458 29,902,548
411,421,852 398,574,070

10.2 Advances include Rs. 28,752,412 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

September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)			
1,557,761	26	2,125,144	68
2,056,941	333,712	477,321	50,418
860,094	359,547	661,347	209,962
24,277,616	23,593,123	24,870,161	24,147,608
28,752,412	24,286,408	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

September 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	25,113,169	498,429	540,226	26,151,824
Exchange adjustment	-	16,338	-	-	22,252	-	22,252
Charge for the period / year	1,404,740	406,094	44,830	1,467,527	22,525	108,884	1,598,936
Provision under IFRS 9 related to WBB	-	(75,171)	-	-	48,525	-	48,525
Reversal for the period / year	(777,963)	(22,176)	(49,136)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
	626,777	308,747	(4,306)	(180,484)	63,464	102,521	(14,499)
Amounts written off	(748,425)	-	(748,425)	(402,506)	-	-	(402,506)
Amounts charged off- agriculture financing	-	-	-	(122,123)	-	-	(122,123)
Closing balance	24,286,408	909,230	638,441	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.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

10.3.1 The net Forced Sales Value (FSV) benefit already availed has increased by Rs. 13,486 thousand, which has resulted in reduced charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 13,486 thousand (September 30, 2019: lower by Rs. 5,429 thousand) and Rs. 8,765 thousand (September 30, 2019: lower by Rs. 3,529 thousand) respectively. Further, at September 30, 2020, cumulative net of tax benefit availed for FSV was Rs. 536,250 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) September 30, 2020	(Audited) December 31, 2019
11. FIXED ASSETS		
	(Rupees in '000)	
Capital work-in-progress - note 11.1	196,720	126,731
Property and equipment	12,054,910	12,268,028
Right of use assets	7,583,146	7,316,960
	<u>19,834,776</u>	<u>19,711,719</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) For the nine months ended September 30, 2020	September 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	69,989	33,603
Property and equipment		
Building on leasehold	-	18,032
Renovation of premises	132,137	119,234
Furniture, fixtures and office equipment	225,921	64,158
Carpets	13,408	9,547
Machine and equipments	152,932	162,013
Computer equipments	140,680	146,989
Vehicles	22,799	26,456
	687,877	546,428
Right of use assets	883,914	1,056,278
Total	<u>1,641,780</u>	<u>1,636,309</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	3,335	11,248
Furniture, fixtures and office equipment	2,844	6,178
Carpets	887	543
Machine and equipments	921	9,060
Computer equipments	163	-
Total	<u>8,150</u>	<u>27,029</u>

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
12. INTANGIBLE ASSETS		
	(Rupees in '000)	

Computer software	741,326	684,151
Pakistan Mercantile Exchange - Membership Card	2,500	2,500
Trading Right Entitlement Certificates	12,426	12,426
Less: Provision against intangibles	(9,866)	(9,866)
	746,386	689,212
Capital work in progress	307,919	135,971
	<u>1,054,305</u>	<u>825,183</u>

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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

		(Un-audited) For the nine months ended	
		September 30, 2020	September 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		231,291	50,902
Directly purchased		167,389	171,089
Total		<u>398,680</u>	<u>221,991</u>
		(Un-audited)	(Audited)
		September 30, 2020	December 31, 2019
		(Rupees in '000)	
13. DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Post retirement employee benefits		16,204	9,971
- Surplus / (deficit) on revaluation of investments		(416,941)	826,157
- Impact under IFRS 9 related to WBB		-	121,871
- Provision against advances, off balance sheet		1,568,007	1,568,007
		1,167,270	2,526,006
Taxable temporary differences on			
- Accelerated tax depreciation		35,215	(43,240)
		<u>1,202,485</u>	<u>2,482,766</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		15,129,622	16,320,068
Income / mark-up accrued in foreign currencies		841,907	558,708
Advances, deposits, advance rent and other prepayments		901,334	696,431
Advance taxation (payments less provisions)		4,703,308	6,572,817
Non banking assets acquired in satisfaction of claims		2,219,232	2,555,343
Mark to market gain on forward foreign exchange contracts - net		61,170	396,433
Suspense account		90,549	50,741
Stationary and stamps in hand		96,544	92,639
Dividend receivable		10,193	1,904
Acceptances		11,105,437	10,498,594
Receivable from defined benefit plan		-	71,364
Others		828,387	704,371
		<u>35,987,683</u>	<u>38,519,413</u>
Provision held against other assets - note 14.1		(210,038)	(238,089)
Other assets - net of provision		35,777,645	38,281,324
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,196,907	2,219,829
Other assets - total		<u>37,974,552</u>	<u>40,501,153</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		139,005	139,068
Non-banking assets acquired in satisfaction of claims		-	15,952
Suspense account		34,408	34,408
Stationery and stamps in hand		2,285	14,321
Others		34,340	34,340
		<u>210,038</u>	<u>238,089</u>

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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

	(Un-audited) September 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	348	14,593
Reversal under IFRS 9 related to WBB	-	(447)
Reversals for the period / year	(411)	(26,759)
Net reversal for the period / year	(63)	(12,613)
Amounts written off / adjustments	(27,988)	(7,109)
Closing balance	<u>210,038</u>	<u>238,089</u>
15. BILLS PAYABLE		
In Pakistan	<u>15,446,380</u>	<u>15,768,947</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	15,446,545	13,656,666
Long term financing facility	7,745,474	5,622,997
Financing facility for storage of agricultural produce	81,856	2,500
Renewable energy financing facility	565,064	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	1,835	1,618
Refinance from SBP - refinance scheme for payment of wages and salaries	5,900,416	-
	29,741,190	19,713,307
Repurchase agreement borrowings		
State Bank of Pakistan	18,500,000	7,666,640
Financial institutions	28,136,601	14,248,475
	46,636,601	21,915,115
Refinance from Pakistan Mortgage Refinance Company	1,942,236	1,972,026
Bai Muajjal payable - note 16.1	6,014,129	-
Total secured	<u>84,334,156</u>	<u>43,600,448</u>
Unsecured		
Call borrowings	3,091,319	6,162,763
Overdrawn nostro accounts	2,600,440	1,424,470
Total unsecured	<u>5,691,759</u>	<u>7,587,233</u>
	<u>90,025,915</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.	

	September 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)					
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	206,487,084	24,059,258	230,546,342	174,842,702	19,411,555	194,254,257
Savings deposits	381,828,715	44,625,459	426,454,174	326,751,449	34,103,203	360,854,652
Fixed deposits	96,718,412	7,223,390	103,941,802	112,600,623	6,664,632	119,265,255
	685,034,211	75,908,107	760,942,318	614,194,774	60,179,390	674,374,164
Financial institutions						
Current deposits	581,419	79,948	661,367	494,830	41,087	535,917
Savings deposits	1,723,964	-	1,723,964	1,584,231	-	1,584,231
Fixed deposits	810,000	-	810,000	2,752,000	-	2,752,000
	3,115,384	79,948	3,195,332	4,831,061	41,087	4,872,148
	<u>688,149,595</u>	<u>75,988,055</u>	<u>764,137,650</u>	<u>619,025,835</u>	<u>60,220,477</u>	<u>679,246,312</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
18. SUBORDINATED DEBTS		
Term Finance Certificates - V	-	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	-
	<u>12,000,000</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 - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Unlisted
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit rate	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 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	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 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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For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	4,759,037	5,488,211
Mark-up / return / interest payable in foreign currencies	129,641	229,291
Unearned commission and income on bills discounted	1,302,350	923,438
Accrued expenses	2,101,642	1,725,580
Advance payments	378,857	444,390
Acceptances	11,105,437	10,498,594
Dividends payable	158,352	138,446
Branch adjustment account	1,011,572	498,814
Payable to defined benefit plan	203,335	3,255
Security deposit against lease / Ijarah financing	4,113,196	4,247,512
Withholding taxes payable	212,773	252,129
Federal excise duty payable	64,389	56,894
Workers' Welfare Fund	205,559	172,117
Switch fee payable	1,006,959	666,416
Provision against off-balance sheet obligations - note 19.1	102,315	101,154
Lease liability against ROU assets as per IFRS - 16 Leases	8,269,296	7,358,016
Advance against Term Finance Certificate - VII	-	700,000
Others	2,346,121	1,334,662
	<u>37,470,831</u>	<u>34,838,918</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	101,154	108,025
Exchange adjustment	99	-
Charge for the period / year	1,062	1,154
Reversal for the period / year	-	(517)
Net (reversal) / charge for the period / year	1,062	637
Amounts written off	-	(7,508)
Closing balance	<u>102,315</u>	<u>101,154</u>
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	1,230,728	(2,320,981)
- Fixed Assets	3,614,888	3,614,888
- Non-banking assets acquired in satisfaction of claims	2,196,907	2,219,829
	7,042,523	3,513,736
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Available for sale securities	(416,941)	826,157
	<u>6,625,582</u>	<u>4,339,893</u>

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		(Un-audited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
21	CONTINGENCIES AND COMMITMENTS		
	- Guarantees - note 21.1	217,561,391	188,434,387
	- Commitments - note 21.2	431,418,349	314,557,897
	- Other contingent liabilities - note 21.3	727,147	721,349
		<u>649,706,887</u>	<u>503,713,633</u>
21.1	Guarantees		
	Financial guarantees	5,862,706	5,908,830
	Performance guarantees	142,186,312	124,661,353
	Other guarantees	69,512,373	57,864,204
		<u>217,561,391</u>	<u>188,434,387</u>
21.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	151,830,467	162,130,911
	Commitments in respect of:		
	- forward foreign exchange contracts - note 21.2.1	215,350,249	94,380,989
	- forward government securities transactions - note 21.2.2	5,950,000	14,500,000
	- future purchase / sale of shares - note 21.2.3	274,333	-
	- forward lending - note 21.2.4	57,815,087	43,352,110
	Commitments for acquisition of:		
	- fixed assets	47,730	65,963
	- intangible assets	125,647	112,330
	Commitments in respect of future contract transactions of equity securities	24,836	15,594
		<u>431,418,349</u>	<u>314,557,897</u>
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	122,735,857	50,072,221
	Sale	92,614,392	44,308,768
		<u>215,350,249</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	<u>5,950,000</u>	<u>14,500,000</u>
21.2.3	Commitments in respect of future purchase / sale of share		
	Sale	274,333	-
		<u>274,333</u>	<u>-</u>
21.2.4	Commitments in respect of forward lending		
	Forward repurchase agreement lending	49,659,956	36,096,228
	Undrawn commitments	8,155,131	7,255,882
		<u>57,815,087</u>	<u>43,352,110</u>
21.3	Other contingent liabilities		
21.3.1	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.	727,147	721,349
		<u>727,147</u>	<u>721,349</u>

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

22. 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)	
		For the nine months ended	
		September 30,	September 30,
		2020	2019
		(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		31,341,627	30,225,971
Investments		28,036,454	19,017,326
Lendings to financial institutions		214,146	178,153
Balances with banks		82,342	109,151
Securities purchased under resale agreements (reverse repo)		361,636	1,211,783
		<u>60,036,205</u>	<u>50,742,385</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		32,334,009	29,478,189
Borrowings		3,158,168	3,355,908
Subordinated debts		1,363,803	928,434
Interest expense on lease liability against right of use assets		684,653	747,445
		<u>37,540,633</u>	<u>34,509,976</u>
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		382,383	414,287
Consumer finance related fees		74,664	78,383
Card related fees (debit and credit cards)		597,968	637,285
Credit related fees		151,814	102,492
Investment banking fees		110,521	122,552
Commission on trade		493,753	474,793
Commission on guarantees		466,692	413,608
Commission on remittances including home remittances		114,780	211,775
Commission on bancassurance		54,357	111,089
Others		155,928	79,390
		<u>2,602,860</u>	<u>2,645,654</u>
26. GAIN / (LOSS) ON SECURITIES			
Realised - note 26.1		2,376,984	99,082
Unrealised - note 9.1		11,896	(373)
		<u>2,388,880</u>	<u>98,709</u>
26.1 Realised gain / (loss) on:			
Federal Government Securities		1,974,066	148,865
Shares		402,846	(47,385)
Non Government Debt Securities		202	88
Mutual Funds		-	(2,486)
NIT Units		(4,380)	-
TFCs		4,250	-
		<u>2,376,984</u>	<u>99,082</u>

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		(Un-audited)	
		For the nine months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
27. OTHER INCOME			
Rent of property	-	1,272	
Gain / (loss) on sale of fixed assets	4,793	(6,280)	
Rent of lockers	34,033	30,875	
Gain on sale of non banking assets	5	2,452	
Recovery of expenses from customers	174,159	154,511	
Government Grant - foreign branch	6,418	-	
Termination of lease contracts	2,373	49,422	
Gain on acquisition of non controlling interest in subsidiary	8,231	-	
	<u>230,012</u>	<u>232,252</u>	
28. OPERATING EXPENSES			
Total compensation expenses		8,452,117	7,239,163
Property expense			
Rent and taxes	220,541	194,464	
Insurance	75,641	101,700	
Utilities cost	508,232	457,114	
Security (including guards)	392,349	364,859	
Repair and maintenance premises	190,331	175,719	
Depreciation on right of use assets	1,090,497	1,107,092	
Depreciation	292,686	329,331	
	<u>2,770,277</u>	<u>2,730,279</u>	
Information technology expenses			
Software maintenance	234,517	177,898	
Hardware maintenance	41,483	22,733	
Depreciation	139,391	154,475	
Amortisation	169,749	154,427	
Network charges	127,313	141,506	
	<u>712,453</u>	<u>651,039</u>	
Other operating expenses			
Directors' fees, allowances	14,375	7,438	
Fees and allowances to Shariah Board	4,366	4,378	
Rent, taxes, insurance etc.	156,542	161,220	
Legal and professional charges	64,348	75,676	
Travelling, conveyance and entertainment	174,738	198,604	
Brokerage and commission	71,370	53,867	
NIFT clearing charges	61,501	45,340	
Repair and maintenance	239,368	208,024	
Communications	400,848	376,538	
Stationery and printing	208,886	201,224	
Marketing, advertisement and publicity	88,039	88,135	
Donations	112,390	60,002	
Auditors' remuneration	13,874	16,310	
Depreciation	404,663	291,876	
Security service charges	178,245	163,016	
Training and development	20,947	17,979	
Premium paid to Deposit Protection Corporation	347,354	311,493	
Other expenditure	406,875	268,218	
	<u>2,968,730</u>	<u>2,549,337</u>	
	<u>14,903,577</u>	<u>13,169,818</u>	

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

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2020	2019
		(Rupees in '000)	
30. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	446,291	1,109,602	
Provision / (reversal) of provision against loans and advances	931,218	(283,633)	
Reversal of provision against fixed assets	-	(11,586)	
Provision / (reversal) of provision against other assets	(63)	(11,462)	
Reversal of provision against off-balance sheet obligations	1,062	807	
Reversal of provision against cash and bank balances	19	4	
Recovery of written off / charged off bad debts	(57,730)	(72,613)	
	<u>1,320,797</u>	<u>731,119</u>	
31. TAXATION			
Current	5,341,572	2,864,201	
Prior years	-	73,745	
Deferred	(77,370)	(107,881)	
	<u>5,264,202</u>	<u>2,830,064</u>	
32. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period - Rupees in '000	<u>8,195,505</u>	<u>4,381,743</u>	
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>	
Basic and diluted earnings per share - Rupees	<u>6.50</u>	<u>3.48</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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For the nine months ended September 30, 2020

33. 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:

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.

September 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	-	347,194,305	-	347,194,305
Shares	4,595,655	-	300,000	4,895,655
Units of open end mutual funds	-	1,087,514	-	1,087,514
Fully paid preference shares	64,159	-	-	64,159
Non Government Debt Securities	-	1,944,787	8,128,271	10,073,058
Foreign securities	-	512,081	-	512,081
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	84,015,757	-	84,015,757
Foreign Securities	-	3,475,451	-	3,475,451
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	122,735,857	-	122,735,857
Forward sale of foreign exchange	-	92,614,392	-	92,614,392
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	49,659,956	49,659,956

	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.

	(Un-audited)	(Audited)
	September 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	4,416,139	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 nine months ended September 30, 2020 (Un-audited)							
Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
(Rupees in '000)							
Profit and loss							
Net mark-up / return / profit	(22,346,029)	16,633,679	23,918,645	2,252,717	2,991,524	770,238	22,495,572
Inter segment revenue - net	32,331,032	(12,493,018)	(21,712,495)	(1,315,165)	-	-	0
Non mark-up / return / interest income	799,348	1,748,038	2,336,886	285,047	276,551	7,569	7,275,519
Total income	10,784,352	5,888,699	4,543,035	1,222,599	3,268,074	777,807	29,771,091
Segment direct expenses	8,143,194	584,841	232,407	686,576	1,595,917	85,667	14,845,368
Inter segment expense allocation	394,083	680,142	3,479	149,535	-	(1,092,683)	134,555
Total expenses	8,537,277	1,264,983	235,886	836,111	1,595,917	85,667	14,979,923
(Reversals) / Provisions	(112,245)	274,688	466,162	175,688	207,631	(90,817)	1,320,797
Profit / (loss) before tax	2,359,320	4,349,028	3,840,987	210,800	1,464,526	782,957	13,470,370

September 30, 2020 (Un-audited)							
Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
(Rupees in '000)							
Statement of financial position							
Cash and bank balances	26,363,478	1,527,782	34,865,026	-	5,745,504	1,116,229	70,131,559
Investments	-	8,548,236	410,488,776	-	12,279,717	18,986,193	451,318,160
Lendings to financial institutions	-	-	2,941,418	-	-	100,000	3,041,418
Advances - performing - net of provision	10,879,430	281,047,438	-	17,640,933	54,538,927	10,147,808	381,121,599
Advances - non-performing - net of provision	771,279	1,262,504	-	501,379	1,931,012	-	4,466,174
Others	1,319,387	16,216,811	4,572,392	827,089	5,192,615	484,200	60,066,118
Total Assets	39,333,574	308,602,770	452,867,612	18,969,402	79,687,775	30,734,430	970,145,028
Borrowings	1,480,568	26,465,731	40,765,603	1,942,236	3,394,891	13,376,446	90,025,915
Subordinated debts	-	-	-	-	-	-	12,000,000
Deposits and other accounts	563,416,759	135,690,632	-	24,873	63,936,374	987,971	764,137,650
Net inter segment balances - net	(536,300,157)	124,104,653	410,694,324	15,979,251	-	11,599,147	0
Others	10,736,404	22,341,754	1,407,686	1,023,042	5,629,115	2,606,754	52,917,211
Total liabilities	39,333,574	308,602,770	452,867,612	18,969,402	72,960,380	28,570,318	919,080,776
Equity	-	-	-	-	6,727,395	2,164,112	51,064,252
Total Equity and liabilities	39,333,574	308,602,770	452,867,612	18,969,402	79,687,775	30,734,430	970,145,027
Contingencies and commitments	5,758,897	363,447,058	259,024,552	406,186	7,695,850	11,911,451	649,706,887

For the nine months ended September 30, 2019 (Un-audited)							
Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
(Rupees in '000)							
Profit and loss							
Net mark-up / return / profit	(19,824,415)	15,848,303	16,472,407	2,148,717	2,255,443	534,827	16,232,409
Inter segment revenue - net	32,846,667	(12,822,598)	(19,234,828)	(1,501,231)	-	711,990	-
Non mark-up / return / interest income	1,476,413	1,195,709	1,772,665	204,584	206,867	23,912	5,049,141
Total income	14,498,665	4,221,414	(989,756)	852,070	2,462,310	558,739	21,281,550
Segment direct expenses	7,418,134	288,975	157,679	569,598	1,493,084	69,645	12,780,952
Inter segment expense allocation	91,364	363,233	-	76,490	-	25,784	556,871
Total expenses	7,509,498	652,208	157,679	646,088	1,493,084	69,645	13,337,823
(Reversals) / Provisions	(311,382)	(165,606)	940,166	49,003	70,143	7,798	731,119
Profit / (loss) before tax	7,300,549	3,734,812	(2,087,601)	156,979	899,083	481,296	7,212,608

December 31, 2019 (Audited)							
Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
(Rupees in '000)							
Statement of financial position							
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	71,027,696
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	305,542,430
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	369,213,205
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	63,520,821
Total Assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	833,436,041
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	51,187,681
Subordinated debts	-	-	-	-	-	-	9,992,000
Deposits and other accounts	547,601,944	68,398,729	-	19,187	62,859,181	289,553	679,246,312
Net inter segment balances - net	(521,270,904)	196,917,169	288,295,379	15,597,961	-	14,354,373	-
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	50,607,865
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	791,033,858
Equity	-	-	-	-	5,282,646	1,265,828	35,853,709
Total Equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	833,436,041
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	503,713,633

ASKARI BANK LIMITED

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For the nine months ended September 30, 2020

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 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 employees' 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 actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their

Details of transactions with related parties and balances are as follows:

	As at September 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	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	-	-	-	411,454	50,000	-	-	-	364,176	-
Investment redeemed / disposed off during the period / year	-	-	-	(112,355)	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(433,019)	-	-	-	-	306,002	300,000
Closing balance	-	-	-	585,391	350,000	-	-	-	719,311	300,000
Provision for diminution in value of investments	-	-	-	57,502	-	-	-	-	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	105,401,106	60,001	89,573	8,003,573	-	139,634,599	24,193	156,780	23,395,671	-
Repaid during the period / adjustment	(108,112,806)	(40,695)	(63,523)	(8,172,603)	-	(144,180,374)	(4,873)	(95,164)	(23,386,102)	-
Transfer in / (out) - net	-	(9)	17,100	667,845	-	-	-	(29,703)	888,444	-
Closing balance	2,323,804	39,068	407,603	5,200,291	-	5,035,504	19,771	364,453	4,701,476	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up receivable	22,601	475	82,950	86,332	-	106,869	261	71,401	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	58,420	-
Advance rent	1,506	-	-	-	-	982	-	-	-	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,972,026	-	-	-	-	-
Borrowings during the period	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	(1,029,790)	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	1,942,236	-	-	-	-	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	5,187,631	3,194,361
Received during the period / adjustment	433,821,725	48,382	1,009,043	188,334,623	20,814,153	496,469,213	257,541	853,208	307,604,618	37,960,371
Withdrawn during the period / adjustment	(432,349,150)	(41,284)	(880,251)	(185,334,598)	(20,402,170)	(501,600,876)	(218,194)	(879,966)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(57,053)	4,183	(1,446,350)	-	-	-	(15,396)	42,683	-
Closing balance	6,150,797	14,284	250,537	16,678,492	5,229,159	4,678,222	64,239	117,562	5,187,631	4,817,176
Other Liabilities										
Interest / mark-up payable	29,222	-	552	83,438	35,656	30,293	113	2,750	54,079	79,885
Acceptances	-	-	-	-	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	200,648	-	-	-	-	-
Security deposits payable	-	-	287	259,979	-	-	-	287	210,172	-
Others	2,493	-	-	-	-	4,021	-	-	-	-
Contingencies and Commitments										
Contingencies and Commitments	238,882	-	-	493,256	-	124,565	-	-	2,239,471	-
Others										
Securities held as custodian	4,590,000	-	-	-	6,990,500	2,465,000	-	-	-	6,632,750

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

	For the nine months ended September 30, 2020 (Un-Audited)					For the nine months ended September 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	174,986	2,964	15,172	393,736	-	216,458	-	13,583	422,866	-
Fee and commission income	102	-	-	2,877	-	61	-	-	11,580	-
Dividend income	-	-	-	4,118	8,207	-	-	-	454	-
Expense										
Mark-up / return / interest expensed	420,851	275	4,343	1,087,868	513,910	501,582	1,883	5,715	837,459	433,364
Contribution to employees funds	-	-	-	-	478,139	-	-	-	-	265,708
Remuneration and allowances	-	-	463,225	-	4,366	-	-	370,155	-	4,378
Rent	9,601	-	-	-	-	16,326	-	-	-	-
Communications	-	-	-	-	31,596	-	-	-	-	30,262
Brokerage and commission	-	-	-	145	-	-	-	-	-	-
Director's fee and allowances	-	14,375	-	-	-	-	7,438	-	-	-
Dividend paid	1,359,423	4	113	-	11,745	906,282	104	75	-	7,830
Insurance	-	-	-	63,420	-	-	-	-	-	-
Donations	109,000	-	-	-	-	50,000	-	-	-	10,000
Others	-	-	-	2,364	-	-	-	-	-	-

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

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

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	42,366,191	36,371,717
Eligible Additional Tier 1 (ADT 1) Capital	5,931,442	5,883,752
Total Eligible Tier 1 Capital	48,297,633	42,255,469
Eligible Tier 2 Capital	12,357,567	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	60,655,200	49,028,527
Risk Weighted Assets (RWAs):		
Credit Risk	309,058,610	304,732,822
Market Risk	27,139,981	15,988,883
Operational Risk	45,640,429	45,640,429
Total	381,839,020	366,362,134
Common Equity Tier 1 Capital Adequacy ratio	11.10%	9.93%
Tier 1 Capital Adequacy Ratio	12.65%	11.53%
Total Capital Adequacy Ratio	15.89%	13.38%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	48,297,633	42,255,469
Total Exposures	1,398,687,736	1,222,816,384
Leverage Ratio	3.45%	3.46%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	373,338,404	239,545,379
Total Net Cash Outflow	214,486,224	152,412,055
Liquidity Coverage Ratio	174.06%	157.17%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	775,717,613	679,039,953
Total Required Stable Funding	423,515,722	398,262,301
Net Stable Funding Ratio	183.16%	170.50%

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

37. ISLAMIC BANKING BUSINESS

The Group is operating 95 Islamic banking branches including 3 Sub branches at September 30, 2020 (December 31, 2019 : 94 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at September 30, 2020 (December 31, 2019 : Nil).

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,645,338	9,290,046
Balances with other banks		1,100,166	22,019
Due from financial Institutions	37.1	-	6,330,782
Investments	37.2	12,279,717	7,796,309
Islamic financing and related assets - net	37.3	56,469,941	46,802,128
Fixed assets		1,719,465	1,896,420
Intangible assets		-	-
Due from head office		-	-
Other assets		3,633,970	3,469,088
Total assets		79,848,597	75,606,792
LIABILITIES			
Bills payable		1,044,578	1,051,103
Due to financial institutions		3,394,891	2,187,925
Deposits and other accounts	37.4	63,936,374	62,859,181
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,745,362	4,225,937
		73,121,205	70,324,146
NET ASSETS		6,727,392	5,282,646
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves		-	-
Deficit on revaluation of assets		(28,678)	(8,898)
Unappropriated profit/ (loss)	37.5	2,156,070	691,544
		6,727,392	5,282,646
CONTINGENCIES AND COMMITMENTS	37.6	7,695,850	8,055,344

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

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

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2020	2019
		(Rupees in '000)	
Note			
	Profit / return earned	5,636,723	5,056,282
	Profit / return expensed	2,645,200	2,800,839
	Net Profit / return	2,991,523	2,255,443
	Other income		
	Fee and Commission Income	130,482	139,521
	Dividend Income	-	-
	Foreign Exchange Income	99,115	31,833
	Gain / (loss) on securities	1,706	-
	Other Income	45,247	35,513
	Total other income	276,550	206,867
	Total Income	3,268,073	2,462,310
	Other expenses		
	Operating expenses	1,595,441	1,491,471
	Workers' Welfare Fund	-	-
	Other charges	475	1,613
	Total other expenses	1,595,916	1,493,084
	Profit before provisions	1,672,157	969,226
	Provisions and write offs - net	207,631	70,143
	Profit before taxation	1,464,526	899,083

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2020

	September 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>

	September 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	5,538,190	-	(29,441)	5,508,749	1,000,000	-	(10,000)	990,000
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	10,784,336	-	(29,441)	10,754,895	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities:								
- Listed	105,000	-	763	105,763	140,000	-	1,102	141,102
- Unlisted	2,022,762	(603,703)	-	1,419,059	2,035,213	(616,152)	-	1,419,061
	2,127,762	(603,703)	763	1,524,822	2,175,213	(616,152)	1,102	1,560,163
Total investments	<u>12,912,098</u>	<u>(603,703)</u>	<u>(28,678)</u>	<u>12,279,717</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 Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
37.3 Islamic financing and related assets		
Ijarah	3,923,543	4,170,338
Murabaha - note 37.3.1	4,403,311	4,008,084
Musharaka	22,557,233	16,173,493
Diminishing musharaka	16,101,647	13,055,698
Salam	4,522,974	4,590,685
Istisna	2,280,945	2,793,995
Receivable against sale of istisna / salam inventory	408,800	250,000
Service ijarah	835,509	519,672
Other islamic modes (executive car finance - qarz-e-hasana)	97,277	73,025
Advances against islamic assets - note 37.3.2	752,986	387,767
Inventory related to islamic financing - note 37.3.3	1,416,610	1,390,185
Gross islamic financing and related assets	57,300,835	47,412,942
Less: provision against islamic financings		
- Specific	797,384	574,042
- General	33,510	36,772
	830,894	610,814
Islamic financing and related assets - net of provision	56,469,941	46,802,128

37.3.1 Includes advance against Murabaha of Rs.1,015,760 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)					
September 30, 2020 (Un-audited)	463,994	-	288,992	-	-	752,986
December 31, 2019 (Audited)	98,679	-	289,088	-	-	387,767

37.3.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2020 (Un-audited)	-	-	-	606,513	810,097	1,416,610
December 31, 2020 (Audited)	-	-	-	131,082	1,259,103	1,390,185

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

	<u>(Un-audited)</u> September 30, 2020	<u>(Audited)</u> December 31, 2019
	(Rupees in '000)	
37.4 Deposits and other accounts		
<i>Customers</i>		
Current deposits - non remunerative	21,662,110	17,964,041
Current deposits - remunerative	877,301	833,812
Savings deposits	24,135,983	18,809,113
Term deposits	16,020,493	22,768,441
Others	633,871	456,818
	<u>63,329,758</u>	<u>60,832,225</u>
<i>Financial Institutions</i>		
Current deposits - non remunerative	13,290	58,434
Savings deposits	343,326	333,522
Term deposits	250,000	1,635,000
	<u>606,616</u>	<u>2,026,956</u>
	<u>63,936,374</u>	<u>62,859,181</u>
37.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	691,544	(384,240)
Add: Islamic banking profit for the period	1,464,526	1,075,784
Closing Balance	<u>2,156,070</u>	<u>691,544</u>
37.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	4,860,568	4,272,245
-Commitments	2,835,282	3,783,099
-Other contingent liabilities	-	-
	<u>7,695,850</u>	<u>8,055,344</u>

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2020

		(Un-audited) nine months ended	
		September 30, 2020	September 30, 2019
		(Rupees in '000)	
37.7 Profit / return earned on financing, investments and placements			
Profit earned on:			
Financing		4,630,379	4,273,056
Investments		762,092	644,700
Placements		167,728	11,725
Lendings		76,524	126,801
		<u>5,636,723</u>	<u>5,056,282</u>
37.8 Profit on deposits and other dues expensed			
Deposits and other accounts		2,405,771	1,998,043
Due to financial institutions		102,004	575,529
Due to head office		6,185	81,549
Lease liability against right-of-use assets		131,240	145,718
		<u>2,645,200</u>	<u>2,800,839</u>
		(Un-audited)	(Audited)
		September 30, 2020	December 31, 2019
		(Rupees in '000)	
37.9 CHARITY FUND			
Opening balance		52,137	23,209
Additions during the period			
- Received from customers on delayed payments		10,933	49,667
- Non shariah compliant income		-	123
- Profit on charity account		19	22
- Others		227	70
		11,179	49,882
Payments / utilization during the period			
- Education		(155)	(1,366)
- Community welfare		-	-
- Relief and disaster recovery		-	-
- Health		(24,870)	(16,991)
- Orphanage		-	(2,597)
		<u>(25,025)</u>	<u>(20,954)</u>
Closing balance		<u>38,291</u>	<u>52,137</u>

38. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 22, 2020.

-sd-
President & Chief Executive

-sd-
Chief Financial Officer

-sd-
Director

-sd-
Director

-sd-
Chairman



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