






REPORT FOR THE QUARTER AND NINE MONTHS

ENDED SEPTEMBER 30, 2021

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Corporate Information

Board of Directors	<p>Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman * Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Mr. Mohammad Aftab Manzoor Ms. Zoya Mohsin Nathani Raja Muhammad Abbas Mr. Mushtaq Malik</p> <p>Mr. Atif R. Bokhari - President & Chief Executive</p> <p>*Appointed to fill the casual vacancy upon the resignation of Lt Gen Tariq Khan, HI (M) (Retd), subject to approval of State Bank of Pakistan</p>
Board Audit Committee	<p>Mr. Mohammad Aftab Manzoor - Chairman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas</p>
Shariah Board	<p>Mufti Muhammad Zahid - Chairman Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member Mufti Zakir Hassan Naumani - Member Dr. Lutfullah Saqib - Member</p>
Auditors	<p>M/s KPMG Taseer Hadi & Co Chartered Accountants</p>
Legal Advisors	<p>M/s RIAA, Barker Gillette - Advocates & Corporate Counselors</p>
Company Secretary	<p>Syed Ali Safdar Naqvi, FCA</p>
Registered Office	<p>AWT Plaza, The Mall, P. O. Box No.1084 Rawalpindi- 46000, Pakistan. Tel:(9251) 8092624 UAN:(9251) 111000787 Fax:(9251) 2857448 Email:ir@askaribank.com.pk</p>
Registrar & Share Transfer Office	<p>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</p>
Entity Rating	<p>Long Term: AA+ Short Term: A1+ By PACRA</p>
Website	<p>www.askaribank.com</p>
Social Media	<p> /askaribankpk  /askari_bank  /askaribankpakistan</p>

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the third quarter and nine months ended September 30, 2021.

Economic Review:

Pakistan's economy gained further momentum and is set to achieve higher GDP growth during the current fiscal. The recovery has been relatively broad-based and mainly enabled by LSM with the early resumption of industrial activity, and Services that contributes ~60 percent of the GDP. Industrial activity was also supported by packages announced for the automobile and construction sectors.

CPI was recorded at 8.6 percent during Jul-Sep'21 compared to 8.8 percent for the same period of last fiscal. While year-on-year inflation has declined since June'21, rising demand pressures together with higher international commodity prices and expected energy tariff hikes will reflect in inflation readings during the coming months. The SBP increased policy rate by 25 bps, to 7.25 percent on September 20, 2021, after keeping it unchanged for preceding fifteen months. In the policy statement, MPC observed accommodative financial conditions have provided significant support for the growth and recovery since Jul'20. MPC further expects monetary policy to remain accommodative in the near term, with possible further gradual tapering of stimulus to achieve mildly positive real interest rates over time.

Current account posted a deficit of US\$ 2.3 billion reflecting growing imports for energy, vaccines, food, and metals. Exports grew by 35 percent for the same period to US\$ 4.6 billion while remittance grew by 10 percent year on year; sustaining above US\$ 2.0 billion mark for the 15th consecutive month in Aug'21. The 39-month IMF-Extended Fund Facility (EFF) is likely to resume during current fiscal year. Key areas to support long-term growth are expected to include domestic revenue mobilization, reduction of power sector arrears and subsidy reforms.

Looking ahead, a greater emphasis is needed to ensure appropriate policy mix to protect the longevity of growth, keeping inflation expectations anchored, and check on the growth of current account deficit. Gradually rising exports, continued momentum on RDA, strong remittances, are expected to provide vital support along with IMF-EFF. The changing geo political situation in the region, in the light of Afghanistan situation particularly since August 15, poses a downside risk for the economic outlook along with the rising trends of international commodity prices.

Financial Performance:

The financial results of Askari Bank for the nine months ended September 30, 2021 are summarized as under:

	(Rupees in million)	
	Sept 30, 2021	Sept 30, 2020
Net mark-up and non fund income	31,206	29,655
Administrative and other expenses	(15,984)	(14,920)
Operating profit	15,222	14,735
Provisions and write offs - net	(4,058)	(1,321)
Profit before taxation	11,164	13,414
Taxation	(4,370)	(5,257)
Profit after taxation	6,794	8,157
Basic earning per share - Rupees	5.39	6.47

The operating profit for the nine months ended September 30, 2021 amounted to Rs 15.2 billion, a year-on-year increase of 3 percent. Profit after taxation declined by 17 percent and is reported at Rs 6.8 billion mainly due to a sharp rise in provisions against non-performing loans; the Bank prudently recorded subjective provisioning for certain stressed accounts during the current period. The earnings per share at Rs 5.39 for the current period compares with Rs 6.47 last year.

During the current period, aggregate net revenues increased by 5.2 percent to Rs 31.2 billion. Net mark-up income increased by 9 percent mainly due to volumetric growth as the interest rates remained relatively stable during the current period as compared to a sharp decline recorded during the corresponding period last year. Aggregate non-mark-up income declined by 7 percent mainly due to lower gain on sale of securities. However, other non-fund incomes; fee commissions, foreign exchange and other income increased by 21 percent offsetting the decline in gain on sale of securities. Administrative and other operating expenses for the current period increased by 7 percent over the corresponding period last year. The Bank crossed the milestone of one trillion deposit during the period in review. Customer deposits are reported at Rs 1.01 trillion, a growth of 27 percent during the current nine months. The current and saving accounts constitute 83 percent of the total deposit as at September 30, 2021. Gross advances grew by 13.8 percent, from Rs 422 billion at year end 2020 to Rs 480 billion at September 30, 2021. Non-performing loans and aggregate provision there against, increased by 14 and 15 percent, respectively. Provision coverage ratio improved to 94.2 percent at the period end.

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by strengths in terms of market penetration, customer confidence, sustainable funding sources and avenues for generating mark-up and non-mark-up based income stream. The short-term rating was maintained at 'A1+' (A One Plus).

Askari Bank will continue to drive sustainable business growth through deeper relationships, customer acquisition and relevant innovations. Enhanced customer experience remains our key priority enabled by continuous process improvements, automation and digitization. The Bank plans to grow its market share in low cost deposit, trade business, consumer products, SME and commercial segments. The Bank will remain focused on maintaining a stable liquidity profile, protecting capital and safeguarding Bank's assets and earning potential. Alongside, our focus remains on enhancing governance framework and key pillars of compliance, risk management and people development, to maintain solid foundation, sustainable growth and building long-term shareholder value.

Acknowledgment:

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 appreciation for the hard work and dedication of our staff, especially in customer facing business units, who ensured uninterrupted delivery of service in these difficult times.

-sd-
Atif R. Bokhari
President & Chief Executive

-sd-
Waqar Ahmed Malik
Chairman, Board of Directors

Rawalpindi
October 21, 2021

ڈائریکٹرز کی جائزہ رپورٹ

عزیز حصص داران،

ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی نو ماہی مدت کے لیے غیر آڈٹ شدہ مختصر عبوری غیر مدغم شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

معاشی جائزہ:

پاکستان کی معیشت میں مزید بہتری آئی ہے اور رواں مالی سال کے دوران جی ڈی پی شرح نمو میں اضافہ متوقع ہے۔ بحالی نسبتاً وسیع بنیاد پر ہوئی اور جی ڈی پی کا 60 فیصد حصہ ایل ایس ایم کا ہے جو بنیادی طور پر صنعتی سرگرمیوں اور خدمات کی جلد بحالی میں معاون ثابت ہوا۔ صنعتی سرگرمیوں کو آٹوموبائل اور تعمیراتی شعبوں کے لیے اعلان کردہ پیکیجیز کی وجہ سے معاونت ملی۔

جولائی تا ستمبر 2021 کی مدت کے دوران سی پی آئی 8.6 فیصد رہا جو گزشتہ مالی سال میں اسی دورانیہ میں 8.8 فیصد تھا۔ اگرچہ جون 2021 کے بعد گزشتہ سال اسی مدت کے مقابلے میں افراط زر میں کمی آئی ہے مگر بڑھتی ہوئی طلب کے دباؤ اور اس کے ساتھ ساتھ بین الاقوامی کموڈٹی کی قیمتوں اور توانائی کے متوقع اضافی ٹیرف آئندہ مہینوں کے دوران افراط زر میں منعکس ہونگے۔ مانیٹری پالیسی جس میں پچھلے پندرہ ماہ سے کوئی تبدیلی نہیں کی گئی تھی اسٹیٹ بینک نے 25 بی پی ایس کا اضافہ کر کے 7.25 فیصد کر دی۔ پالیسی کے بیان میں ایم پی سی نے مشاہدہ کیا کہ موزوں مالی صورتحال نے جولائی 2020 کے بعد سے ترقی اور ریکوری میں نمایاں طور پر معاونت فراہم کی ہے۔ مزید یہ کہ ایم پی سی نے توقع ظاہر کی کہ مالیاتی پالیسی مستقبل قریب میں سازگار رہے گی اور وقت کے ساتھ ساتھ قدرے نرم مثبت ریتل انٹرسٹ ریٹس حاصل کرنے کے لیے حوصلہ افزائی کے ساتھ بتدریج کمی آئے گی۔

کرنٹ اکاؤنٹ میں 2.3 ارب امریکی ڈالر کا خسارہ دیکھنے میں آیا جو توانائی، ویکسین، خوراک اور دھاتوں کی بڑھتی ہوئی درآمدات کی عکاسی کرتا ہے۔ اس مدت کے دوران برآمدات 35 فیصد بڑھ کر 4.6 بلین امریکی ڈالر ہو گئیں جبکہ ترسیلات زر میں سالانہ 10 فیصد اضافہ ہوا جو کہ اگست 2021 میں مسلسل 15 ویں مہینے کے لیے 2.0 ارب امریکی ڈالر سے اوپر برقرار ہے۔ رواں مالی سال کے دوران 39 ماہ کے آئی ایم ایف کی جانب سے توسیعی فنڈ کی سہولت (EFF) کا دوبارہ آغاز ہونے کا امکان ہے۔ طویل مدتی ترقی میں معاون کلیدی شعبوں میں ملکی آمدنی کو متحرک کرنے، پاور سیکٹر کے بقایا جات میں کمی اور سبسڈی اصلاحات کی توقعات شامل ہیں۔

دیرپا ترقی کے تحفظ، افراط زر کی توقعات میں ٹھہراؤ اور کرنٹ اکاؤنٹ خسارے کی نمو کو چیک کرنے کے لیے مناسب پالیسی کو یقینی بنانے کے لیے اب مزید زور دینے کی ضرورت ہے۔ بتدریج بڑھتی ہوئی برآمدات، آرڈی اے کے جاری تسلسل، مضبوط ترسیلات زر کے ساتھ آئی ایم ایف کے ای ایف ایف کی بدولت اہم معاونت متوقع ہے۔ بالخصوص 15 اگست کے بعد افغانستان میں جاری صورتحال کے تناظر میں خطے میں بدلتی ہوئی سیاسی صورتحال، اور بین الاقوامی کموڈٹی کی قیمتوں کے بڑھتے ہوئے رجحانات معیشت کیلئے منفی خطرات کا پیش خیمہ ہیں۔

مالیاتی کارکردگی:

عسکری بینک کے 30 ستمبر 2021 کو ختم ہونے والی نو ماہی مدت کے مالی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)		
30 ستمبر 2020	30 ستمبر 2021	
29,655	31,206	خالص مارک اپ اور نان فنڈ آمدن
(14,920)	(15,984)	انتظامی اور دیگر اخراجات
14,735	15,222	آپریٹنگ منافع
(1,321)	(4,058)	خالص پروویژن اور رائٹ آف
13,414	11,164	قبل از ٹیکس منافع
(5,257)	(4,370)	ٹیکس
8,157	6,794	بعد از ٹیکس منافع
6.47	5.39	بنیادی فی حصص آمدن روپے

30 ستمبر 2021 کو ختم ہونے والی نو ماہی مدت کا آپریٹنگ منافع 15.2 ارب روپے رہا جس میں گزشتہ سال کی نسبت 3 فیصد اضافہ دیکھنے میں آیا۔ بعد از ٹیکس منافع 17 فیصد کمی کے ساتھ 6.8 ارب روپے رہا، جس کی بنیادی وجہ نان پرفارمنگ قرضہ جات کے عوض پروویژن میں تیزی سے اضافہ ہے کیونکہ بینک نے محتاط رہتے ہوئے زیر جائزہ مدت کے دوران بعض زیر دباؤ قرضہ جات کے عوض مشروط پروویژن فراہم کی۔ رواں دورانیہ کی مدت کیلئے آمدن فی حصص گزشتہ سال کے اسی دورانیہ کی مدت کے 6.47 روپے کے مقابلے میں 5.39 روپے رہی۔

رواں مدت کے دوران مجموعی خالص آمدنی 5.2 فیصد اضافے کے ساتھ 31.2 ارب روپے رہی۔ خالص مارک اپ آمدنی میں 9 فیصد اضافہ دیکھنے میں آیا جس کی بنیادی وجہ حجم کی نشوونما میں اضافہ ہے کیونکہ رواں ششماہی مدت کے دوران شرح سود مستحکم رہی جبکہ گزشتہ سال کی اسی دورانیہ کی مدت میں اس میں کمی دیکھنے میں آئی تھی۔ مجموعی نان مارک اپ آمدنی میں 7 فیصد زوال پزیری واقع ہوئی جس کی بنیادی وجہ سیکیورٹیز کی فروخت پر حاصل ہونے والے محصولات میں کمی ہے۔ تاہم، دیگر نان فنڈ آمدنی؛ فیس کمیشنز، فارن ایکسچینج اور دیگر آمدنی میں 21 فیصد اضافہ ہوا جس کی وجہ سے سیکیورٹیز کی فروخت پر حاصل ہونے والے محصولات میں کمی کی تلافی ممکن ہوئی۔ انتظامی اور دیگر آپریٹنگ اخراجات میں گزشتہ سال اسی مدت کے مقابلے میں 7 فیصد اضافہ دیکھنے میں آیا۔ زیر جائزہ مدت میں بینک کے ڈیپازٹس نے ایک ٹریلین کی حد کو عبور کیا۔ 9 ماہی زیر جائزہ مدت کے دوران صارفین کی جانب سے جمع کرائی گئی رقم 27 فیصد اضافے کے ساتھ 1.01 ٹریلین روپے تھیں۔ 30 ستمبر 2021 کو کرنٹ اور سیونگ اکاؤنٹس کل ڈپازٹ کے 83 فیصد حصے پر مشتمل ہیں۔ مجموعی ایڈوانسز میں 13.8 فیصد اضافہ ہوا، جو سال 2020 کے اختتام پر 422 روپے تھے اور 30 ستمبر 2021 کو 480 ارب روپے ہو گئے۔ غیر فعال قرضہ جات اور ان کے عوض مجموعی پروویژن میں بالترتیب 14 فیصد اور 15 فیصد اضافہ دیکھنے میں آیا۔ زیر جائزہ مدت کے اختتام پر بہتری کے بعد پروویژن کوریج 94.2 فیصد رہی۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے مقررہ کردہ بینک کی طویل مدتی ایٹینیٹی ریٹنگ "AA+" پر برقرار رکھی گئی، جو کہ "مستحکم" ہونے کی علامت ہے۔ اہم ریٹنگ میں بینک کے مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی کے عناصر کا فرما ہیں اور اس کے علاوہ مارکیٹ میں رسائی، کسٹمر کا اعتماد، پائیدار فنڈنگ کے ذرائع اور مارک اپ اور نان مارک اپ پر مبنی آمدنی کے ذرائع کا عمل دخل ہے۔ بینک کی مختصر معیاد کی ریٹنگ 'A1+' (A ون پلس) برقرار رکھی گئی۔

عسکری بینک گہرے تعلقات، کسٹمر کے حصول اور متعلقہ جدت کے ذریعے پائیدار کاروباری ترقی کا سفر جاری رکھے گا۔ آٹومیشن اور ڈیجیٹائزیشن کے ذریعے بہتر کسٹمر تجربہ ہماری ترجیحات کا جزو لازم ہے۔ بینک کم قیمت ڈپازٹ، ٹریڈ بزنس، کنزیومر پروڈکٹس، ایس ایم ای اور کمرشل شعبوں میں اپنا مارکیٹ شیئر بڑھانے کا عزم رکھتا ہے۔ مستحکم لیکویڈیٹی پروفائل کو برقرار رکھنا، سرمائے اور بینک کے اثاثوں کا تحفظ اور آمدنی کے امکانات بینک کی توجہ کا محور و مرکز رہیں گے۔ علاوہ ازیں، پائیدار ترقی اور طویل مدتی شیئر ہولڈر ویلیو کو برقرار رکھنے کیلئے ہماری توجہ گورننس فریم ورک میں بہتری اور کمپلائنس، رسک مینجمنٹ اور پیپل ڈویلپمنٹ کے اہم ستونوں کی پائیداری پر مرکوز رہے گی۔

اعترافات

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 اپنے عملے کی انتھک محنت اور لگن کے بھی معترف ہیں جنہوں نے اس مشکل وقت میں کاروباری حلقوں کے صارفین کو بلا تعطل خدمات کی فراہمی کو یقینی بنایا۔

وقار احمد ملک

چیرمین، بورڈ آف ڈائریکٹرز

عاطف ریاض بخاری

صدر و چیف ایگزیکٹو

راولپنڈی

21 اکتوبر 2021

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2021

		(Un-audited)	(Audited)
		September 30,	December 31,
		2021	2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	74,955,505	73,651,718
Balances with other banks	7	7,726,825	7,954,288
Lendings to financial institutions	8	25,473,790	-
Investments	9	573,251,848	449,687,240
Advances	10	449,555,527	395,373,840
Fixed assets	11	20,111,242	21,213,709
Intangible assets	12	1,201,555	1,143,146
Deferred tax assets	13	2,932,647	1,623,001
Other assets	14	41,525,511	41,870,120
		<u>1,196,734,450</u>	<u>992,517,062</u>
LIABILITIES			
Bills payable	15	11,129,165	12,629,996
Borrowings	16	74,970,562	84,163,669
Deposits and other accounts	17	1,006,021,238	791,186,883
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities	13	-	-
Other liabilities	19	36,771,891	37,990,164
		<u>1,140,892,856</u>	<u>937,970,712</u>
NET ASSETS		<u><u>55,841,594</u></u>	<u><u>54,546,350</u></u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		32,082,490	25,632,015
Surplus on revaluation of assets - net of tax	20	5,379,308	7,637,784
Unappropriated profit		5,777,194	8,673,949
		<u><u>55,841,594</u></u>	<u><u>54,546,350</u></u>
CONTINGENCIES AND COMMITMENTS	21		

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

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President & CE

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Director

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Chairman

ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2021

	Note	For the quarter ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	20,391,026	18,012,584	55,821,832	61,256,155
Mark-up / return / interest expensed	24	11,645,115	9,942,427	31,293,292	38,769,698
Net mark-up / interest income		8,745,911	8,070,157	24,528,540	22,486,457
Non mark-up / interest income					
Fee and commission income	25	1,104,110	995,159	3,126,965	2,503,985
Dividend income		132,407	80,603	325,886	202,950
Foreign exchange income		675,708	666,621	2,115,168	1,850,817
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	23,747	997,243	814,286	2,388,992
Other income	27	86,329	75,242	295,393	221,781
Total non-markup / interest income		2,022,301	2,814,868	6,677,698	7,168,525
Total income		10,768,212	10,885,025	31,206,238	29,654,982
Non mark-up / interest expenses					
Operating expenses	28	5,054,965	4,892,231	15,944,885	14,844,055
Workers' Welfare Fund		12,763	6,840	32,920	33,442
Other charges	29	425	31,050	6,036	42,904
Total non-markup / interest expenses		5,068,153	4,930,121	15,983,841	14,920,401
Profit before provisions		5,700,059	5,954,904	15,222,397	14,734,581
Provisions and write offs - net	30	1,278,503	676,485	4,058,524	1,320,797
Extraordinary / unusual items		-	-	-	-
Profit before taxation		4,421,556	5,278,419	11,163,873	13,413,784
Taxation	31	1,738,690	2,075,248	4,369,611	5,256,861
Profit after taxation		2,682,866	3,203,171	6,794,262	8,156,923
		Rupees		Rupees	
Basic and diluted earnings per share	32	2.13	2.54	5.39	6.47

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

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ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2021

	For the quarter ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	2,682,866	3,203,171	6,794,262	8,156,923
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	221,059	(28,229)	198,455	106,052
Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,301,349)	(3,008,635)	(1,914,015)	2,308,611
	(1,080,290)	(3,036,864)	(1,715,560)	2,414,663
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	-	-	28,813	(9,750)
Movement in surplus / (deficit) on revaluation of non-banking assets	2,129	-	(31,490)	-
	2,129	-	(2,677)	(9,750)
Total comprehensive income	<u>1,604,705</u>	<u>166,307</u>	<u>5,076,025</u>	<u>10,561,836</u>

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

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President & CE

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ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	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, 2020	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	-	(9,750)	2,404,913
	-	106,052	-	-	-	2,308,611	-	8,147,173	10,561,836
Transfer to Statutory reserve	-	-	-	1,631,385	-	-	-	(1,631,385)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(22,922)	23,937	1,015
Transfer to General reserve	-	-	-	-	4,096,166	-	-	(4,096,166)	-
Transaction with owners, recorded directly in equity									
Final dividend 2019: Rs. 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
Total comprehensive income for the quarter ended December 31, 2020									
Net profit for the quarter ended December 31, 2020	-	-	-	-	-	-	-	2,643,452	2,643,452
Other comprehensive income related to equity	-	(96,538)	-	-	-	(723,688)	1,829,237	(35,176)	973,835
	-	(96,538)	-	-	-	(723,688)	1,829,237	2,608,276	3,617,287
Transfer to Statutory reserve	-	-	-	528,690	-	-	-	(528,690)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(53,880)	54,638	758
Balance as at December 31, 2020	12,602,602	284,683	234,669	12,258,626	12,854,037	50,632	7,587,152	8,673,949	54,546,350
Total comprehensive income for the nine months ended September 30, 2021									
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	-	6,794,262	6,794,262
Other comprehensive income related to equity	-	198,455	-	-	-	(1,914,015)	(31,490)	28,813	(1,718,237)
	-	198,455	-	-	-	(1,914,015)	(31,490)	6,823,075	5,076,025
Transfer to Statutory reserve	-	-	-	1,358,852	-	-	-	(1,358,852)	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	(312,971)	312,971	-
Transfer to General reserve	-	-	-	-	4,893,168	-	-	(4,893,168)	-
Transaction with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
Balance as at September 30, 2021	12,602,602	483,138	234,669	13,617,478	17,747,205	(1,863,383)	7,242,691	5,777,194	55,841,594

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

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President & CE

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Director

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ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended September 30, 2021

	For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	
Note		
Cash flow from operating activities		
Profit before taxation	11,163,873	13,413,784
Less: dividend income	(325,886)	(202,950)
	10,837,987	13,210,834
Adjustments:		
Depreciation	738,906	835,547
Depreciation on right of use assets	1,072,385	1,090,497
Amortization	144,075	169,369
Mark-up expense on lease liability against right of use assets	676,160	684,653
Termination of lease contracts under IFRS - 16 Leases	(2,649)	(2,373)
Charge for defined benefit plan	218,571	256,030
Provisions and write offs - net	4,138,650	1,378,527
Unrealised gain on held for trading securities	-	(11,896)
Gain on sale of fixed assets	(5,579)	(4,793)
	6,980,519	4,395,561
	17,818,506	17,606,395
(Increase) / decrease in operating assets		
Lendings to financial institutions	(25,473,790)	11,133,772
Held for trading securities	-	(524,922)
Advances	(58,252,554)	(12,789,322)
Other assets (excluding advance taxation)	465,314	(150,172)
	(83,261,030)	(2,330,644)
Increase / (decrease) in operating liabilities		
Bills payable	(1,500,831)	(322,567)
Borrowings from financial institutions	(9,193,107)	38,838,234
Deposits	214,834,355	84,932,359
Other liabilities (excluding current taxation)	(463,004)	(26,466)
	203,677,413	123,421,560
Net cash flow generated from operations	138,234,889	138,697,311
Income tax paid	(4,994,160)	(3,470,065)
Net cash flow generated from operating activities	133,240,729	135,227,246
Cash flow from investing activities		
Net investments in available for sale securities	(99,150,578)	(133,226,575)
Net investments in held to maturity securities	(27,580,783)	(7,360,789)
Net investments in subsidiary	-	(50,830)
Dividend received	282,540	194,661
Investments in operating fixed assets	(671,934)	(754,835)
Investments in intangible assets	(201,691)	(398,647)
Proceeds from sale of fixed assets	12,408	12,943
Effect of translation of net investment in foreign branch	198,455	106,052
Net cash used in investing activities	(127,111,583)	(141,478,020)
Cash flow from financing activities		
Receipts / (payments) of subordinated debts - net	-	2,008,000
Payments against lease liabilities	(1,320,264)	(1,090,994)
Dividend paid	(3,732,564)	(1,870,484)
Net cash used in financing activities	(5,052,828)	(953,478)
Increase / (decrease) in cash and cash equivalents	1,076,318	(7,204,252)
Cash and cash equivalents at beginning of the period	81,606,012	77,256,780
Cash and cash equivalents at end of the period	82,682,330	70,052,528

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

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President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

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 2020: 71.91 percent shares) of the Bank as on September 30, 2021. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (December 2020: 535 branches); 536 in Pakistan and Azad Jammu and Kashmir (including 95 (December 2020: 95) Islamic Banking branches and 49 (December 2020: 49) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

- 2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of Askari Bank Limited. The consolidated condensed interim financial statements of the Group are being issued separately.
- 2.1.2 The unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.
- 2.1.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

- 2.2.1 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 Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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.

- 2.2.2 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 vide BPRD Circular Letter No. 24 of 2021 dated July 5, 2021 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.2.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.2.4 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, 2020 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 of the Bank for the financial year ended December 31, 2020.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

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, 2020.

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, 2021 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

As per the SBP's BPRD Circular Letter no.24 dated July 5, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. The impact of application of IFRS 9 in Pakistan on Bank's financial statements is being assessed and implementation guidelines are awaited.

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Bank's financial statements.

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 audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended December 31, 2020.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
6.	CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
	<i>In hand:</i>		
	Local currency	22,724,665	17,290,446
	Foreign currencies	5,466,391	4,030,731
		<u>28,191,056</u>	<u>21,321,177</u>
	<i>With the State Bank of Pakistan in:</i>		
	Local currency current accounts	30,452,322	37,199,449
	Foreign currency current accounts	4,786,200	4,513,312
	Foreign currency deposit account	9,103,338	7,501,569
		<u>44,341,860</u>	<u>49,214,330</u>
	<i>With National Bank of Pakistan in:</i>		
	Local currency current accounts	2,015,069	2,260,681
	Prize bonds	407,520	855,530
		<u>74,955,505</u>	<u>73,651,718</u>
7.	BALANCES WITH OTHER BANKS		
	<i>In Pakistan</i>		
	In current accounts	518,135	230,682
	In deposit accounts	-	151
		<u>518,135</u>	<u>230,833</u>
	<i>Outside Pakistan</i>		
	In current accounts	1,326,174	2,206,020
	In deposit accounts	5,882,531	5,517,441
		<u>7,208,705</u>	<u>7,723,461</u>
	Provision under IFRS 9 related to WBB	(15)	(6)
		<u>7,726,825</u>	<u>7,954,288</u>
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement Lendings (Reverse Repo)	25,473,790	-
	Purchase under resale arrangement of equity securities	148,607	148,607
		<u>25,622,397</u>	<u>148,607</u>
	Provision held against lending to financial institutions	(148,607)	(148,607)
	Lendings to financial institutions - net of provision	<u>25,473,790</u>	<u>-</u>
		September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		Classified lending	Classified lending
		Provision held	Provision held
8.1	Category of classification	(Rupees in '000)	
	Domestic		
	Loss	<u>148,607</u>	<u>148,607</u>
		<u>148,607</u>	<u>148,607</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

9. INVESTMENTS

September 30, 2021 (Un-audited)				December 31, 2020 (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:**Available for sale securities**

Federal Government Securities	432,959,338	(29,072)	(3,296,126)	429,634,140	335,378,424	(31,877)	(525,781)	334,820,766
Shares	4,921,220	(277,321)	(10,687)	4,633,212	4,696,428	(158,232)	249,169	4,787,365
Units of open end mutual funds	1,510,608	(140,558)	139,009	1,509,059	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares	27,314	(11,914)	225	15,625	27,314	(11,914)	46,545	61,945
Non Government Debt Securities	12,257,095	(1,386,785)	99,147	10,969,457	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities	513,626	(24,272)	13,706	503,060	482,547	(5,203)	18,534	495,878
	452,189,201	(1,869,922)	(3,054,726)	447,264,553	353,038,623	(1,770,488)	77,895	351,346,030

Held to maturity securities

Federal Government Securities	122,366,552	(143,966)	-	122,222,586	95,034,902	(116,957)	-	94,917,945
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,625,917	(26,827)	-	3,599,090	3,376,784	(85,070)	-	3,291,714
	126,102,469	(280,793)	-	125,821,676	98,521,686	(312,027)	-	98,209,659

Subsidiaries

Askari Securities Limited	165,619	-	-	165,619	165,619	(34,068)	-	131,551
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Total investments	578,457,289	(2,150,715)	(3,054,726)	573,251,848	451,725,928	(2,116,583)	77,895	449,687,240
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(Un-audited)	(Audited)
September 30, 2021	December 31, 2020

(Rupees in '000)

9.1.1 Investments given as collateral

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

Market Treasury Bills	-	13,715,612
Pakistan Investment Bonds	2,771,661	7,005,600
Euro Bonds	8,579,666	6,442,504
Bahrain International Bonds	-	501,081
Turkish Euro Bonds	590,851	-
Turkish Sukuks	-	973,391
Ijarah Sukuks	5,329,862	5,069,713
Shares	159,739	191,168
	17,431,779	33,899,069

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
9.2 Provision for diminution in value of investments		
9.2.1 Opening balance	2,116,583	3,554,891
Exchange adjustments	14,161	5,614
Charge / (reversals)		
Charge for the period / year	122,092	506,776
(Reversal) / provision under IFRS 9 related to WBB	(29,130)	41,248
Reversals for the period / year	(69,986)	(82,163)
Net charge for the period / year	22,976	465,861
Reversal on disposals	(3,005)	(1,943,851)
Transfer of provision against asset held for sale	-	34,068
Closing balance	<u>2,150,715</u>	<u>2,116,583</u>

9.2.2 Particulars of provision against debt securities

	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
				(Rupees in '000)

Category of classification**Domestic**

Loss	<u>1,496,785</u>	<u>1,496,785</u>	<u>1,532,704</u>	<u>1,532,704</u>
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9.2.3 In addition to the above, Bahrain Branch of the Bank holds general provision of Rs. 224,136 thousand (December 31, 2020: Rs 239,107 thousand) against investment in accordance with ECL requirements of IFRS 9.

9.3 The market value of securities classified as held to maturity as at September 30, 2021 is Rs. 129,046,342 thousand (December 31, 2020: Rs. 104,630,207 thousand).

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

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, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Rupees in '000)					
	359,127,229	310,114,350	29,427,537	25,666,137	388,554,766	335,780,487
	68,802,879	62,691,358	2,805,236	2,684,267	71,608,115	65,375,625
	19,731,564	20,603,372	177,999	60,406	19,909,563	20,663,778
	447,661,672	393,409,080	32,410,772	28,410,810	480,072,444	421,819,890
	-	-	(28,816,420)	(24,820,923)	(28,816,420)	(24,820,923)
	(1,700,497)	(1,625,127)	-	-	(1,700,497)	(1,625,127)
	(1,700,497)	(1,625,127)	(28,816,420)	(24,820,923)	(30,516,917)	(26,446,050)
	445,961,175	391,783,953	3,594,352	3,589,887	449,555,527	395,373,840

10.1 Particulars of advances (Gross)

In local currency

In foreign currencies

	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
	(Rupees in '000)	
	448,486,151	398,239,110
	31,586,293	23,580,780
	480,072,444	421,819,890

10.2 Advances include Rs. 32,410,772 thousand (December 31, 2020: Rs. 28,410,810 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, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing loans	Provision	Non Performing loans	Provision
	(Rupees in '000)			
	1,364,140	-	1,406,324	-
	1,140,344	268,744	480,927	63,119
	1,438,143	560,092	1,956,085	766,400
	28,468,145	27,987,584	24,567,474	23,991,404
	32,410,772	28,816,420	28,410,810	24,820,923

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

10.3 Particulars of provision against advances

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Specific	General (note 10.3.1)	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustment	-	11,087	-	11,087	-	9,287	-	9,287
Charge for the period / year	5,056,217	50,219	49,374	5,155,810	2,249,576	421,751	122,415	2,793,742
Reversal of provision under IFRS 9 related to WBB	-	(13,106)	-	(13,106)	-	(83,906)	-	(83,906)
Reversal for the period / year	(1,060,511)	(850)	(21,354)	(1,082,715)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
	3,995,706	36,263	28,020	4,059,989	1,239,522	315,669	73,279	1,628,470
Amounts written off	(209)	-	-	(209)	(748,426)	-	-	(748,426)
Amounts charged off- agriculture financing	-	-	-	-	(78,229)	-	-	(78,229)
Closing balance	28,816,420	956,451	744,046	30,516,917	24,820,923	909,101	716,026	26,446,050

10.3.1 General provision includes Rs 374,851 thousand (December 31, 2020: Rs 374,319 thousand) due to deferment / restructuring & rescheduling relief allowed by SBP.

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For the nine months ended September 30, 2021

10.3.2 The net Forced Sales Value (FSV) benefit already availed has decreased by Rs. 89,863 thousand, which has resulted in increase charge for specific provision for the period by the same amount. Had the FSV benefit not decreased, before and after tax profit for the year would have been higher by Rs. 89,863 thousand (September 30, 2020: lower by Rs. 13,486 thousand) and Rs. 54,816 thousand (September 30, 2020: lower by Rs. 8,765 thousand) respectively. Further, at September 30, 2021, cumulative net of tax benefit availed for FSV was Rs. 399,748 thousand (December 31, 2020: Rs. 454,565 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.

10.3.3 The Bank has availed the relaxation of Rs. Nil (December 31, 2020: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress - note 11.1	140,280	164,343
Property and equipment	13,529,722	13,647,546
Right of use assets	6,441,240	7,401,820
	<u>20,111,242</u>	<u>21,213,709</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) For the nine months ended September 30, 2021	September 30, 2020
	(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	45,936	69,989
Property and equipment		
Land - freehold	137,350	-
Buildings on freehold land	1,103	-
Renovation of premises	101,318	132,137
Furniture, fixtures and office equipment	109,846	224,163
Carpets	8,718	13,408
Machine and equipments	131,522	152,932
Computer equipments	122,341	139,460
Vehicles	13,800	22,746
	625,998	684,846
Right of use assets	130,061	883,914
Total	<u>801,995</u>	<u>1,638,749</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	579	3,335
Furniture, fixtures and office equipment	3,153	2,844
Carpets	763	887
Machine and equipments	2,184	921
Computer equipments	82	163
Vehicles	68	-
Total	<u>6,829</u>	<u>8,150</u>

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
12. INTANGIBLE ASSETS		
Computer software	769,348	777,695
Less: Provision against intangibles	(2,544)	(4,660)
	766,804	773,035
Capital work in progress	434,751	370,111
	<u>1,201,555</u>	<u>1,143,146</u>

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		For the nine months ended	
		September 30, 2021	September 30, 2020
		(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		148,546	231,258
Directly purchased		53,145	167,389
Total		<u>201,691</u>	<u>398,647</u>
		(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
		(Rupees in '000)	
13. DEFERRED TAX ASSETS			
Deductible temporary differences on			
- Post retirement employee benefits		15,740	34,162
- Accelerated tax depreciation		99,963	48,095
- Deficit on revaluation of investments		1,191,343	-
- Provision against advances, off balance sheet		1,658,150	1,568,007
		2,965,196	1,650,264
Taxable temporary differences on			
- Surplus on revaluation of non-banking assets		(32,549)	-
- Surplus on revaluation of investments		-	(27,263)
		(32,549)	(27,263)
		<u>2,932,647</u>	<u>1,623,001</u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		16,718,253	17,403,537
Income / mark-up accrued in foreign currencies		943,027	558,371
Advances, deposits, advance rent and other prepayments		431,384	440,767
Advance taxation (payments less provisions)		6,573,073	6,089,464
Non banking assets acquired in satisfaction of claims		1,904,308	2,426,242
Mark to market gain on forward foreign exchange contracts - net		867,345	-
Stationary and stamps in hand		76,772	99,829
Dividend receivable		50,711	7,365
Acceptances		11,050,415	11,829,891
Others		1,083,279	781,460
		39,698,567	39,636,926
Provision held against other assets - note 14.1		(209,831)	(209,778)
Other assets - net of provision		39,488,736	39,427,148
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,036,775	2,442,972
Other assets - total		<u>41,525,511</u>	<u>41,870,120</u>
14.1 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		4,838	4,838
Suspense account		34,520	34,520
Stationery and stamps in hand		2,285	2,285
Others		168,188	168,135
		<u>209,831</u>	<u>209,778</u>

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For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
14.1.1 Movement in provision held against other assets		
Opening balance	209,778	238,089
Charge for the period / year	552	314
Reversals for the period / year	(499)	(637)
Net charge / (reversal) for the period / year	53	(323)
Reversal on disposal	-	(15,952)
Amount written off / adjustments	-	(12,036)
Closing balance	<u>209,831</u>	<u>209,778</u>
15. BILLS PAYABLE		
In Pakistan	<u>11,129,165</u>	<u>12,629,996</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	16,758,809	16,903,776
Long term financing facility	9,416,690	8,499,073
Financing facility for storage of agricultural produce	60,028	76,399
Renewable energy financing facility	2,693,358	579,231
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	857	1,568
Payment of wages and salaries	9,224,345	12,583,566
Temporary economic relief	4,038,286	-
Modernisation of SME	11,375	-
Combating COVID - 19	248,769	-
	<u>42,452,517</u>	<u>38,643,613</u>
Repurchase agreement borrowings		
State Bank of Pakistan	-	7,000,000
Financial institutions	13,498,892	23,042,628
	<u>13,498,892</u>	<u>30,042,628</u>
Refinance from Pakistan Mortgage Refinance Company	2,288,466	1,923,886
Total secured	<u>58,239,875</u>	<u>70,610,127</u>
Unsecured		
Call borrowings	15,266,023	10,276,937
Financial institutions	938,617	3,276,605
Bai Muajjal Payable	499,804	-
Overdrawn nostro accounts	26,243	-
Total unsecured	<u>16,730,687</u>	<u>13,553,542</u>
	<u>74,970,562</u>	<u>84,163,669</u>

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					
Customers						
Current deposits	261,414,762	22,601,133	284,015,895	228,444,308	21,780,570	250,224,878
Savings deposits	489,187,918	57,018,736	546,206,654	388,092,120	48,085,995	436,178,115
Fixed deposits	147,404,339	16,456,487	163,860,826	90,069,109	7,058,608	97,127,717
	<u>898,007,019</u>	<u>96,076,356</u>	<u>994,083,375</u>	<u>706,605,537</u>	<u>76,925,173</u>	<u>783,530,710</u>
Financial institutions						
Current deposits	1,863,425	361,833	2,225,258	1,178,086	54,187	1,232,273
Savings deposits	1,816,676	-	1,816,676	1,253,900	-	1,253,900
Fixed deposits	7,895,929	-	7,895,929	5,170,000	-	5,170,000
	<u>11,576,030</u>	<u>361,833</u>	<u>11,937,863</u>	<u>7,601,986</u>	<u>54,187</u>	<u>7,656,173</u>
	<u>909,583,049</u>	<u>96,438,189</u>	<u>1,006,021,238</u>	<u>714,207,523</u>	<u>76,979,360</u>	<u>791,186,883</u>

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18. SUBORDINATED DEBTS

Term Finance Certificates - VI (ADT-1)
Term Finance Certificates - VII

(Un-audited)	(Audited)
September 30, 2021	December 31, 2020
(Rupees in '000)	
6,000,000	6,000,000
6,000,000	6,000,000
<u>12,000,000</u>	<u>12,000,000</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 3, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
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 to a cap of 245,042,630 shares.

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	(Un-audited) September 30, 2021	(Audited) December 31, 2020
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / Return / Interest payable in local currency	3,476,825	3,793,829
Mark-up / Return / Interest payable in foreign currencies	138,071	217,522
Unearned commission and income on bills discounted	1,663,069	1,726,572
Accrued expenses	3,824,831	2,955,844
Advance payments	376,283	349,092
Acceptances	11,050,415	11,829,891
Dividends payable	205,656	157,439
Mark to market loss on forward foreign exchange contracts - net	-	228,034
Branch adjustment account	391,161	753,774
Payable to defined benefit plan	171,336	310,314
Security deposit against lease / Ijarah financing	4,375,687	4,169,840
Levies and taxes payable	287,743	381,105
Workers' Welfare Fund	248,019	215,099
Switch fee payable	757,667	665,449
Provision against off-balance sheet obligations - note 19.1	158,413	100,356
Lease liability against ROU assets as per IFRS - 16 Leases	7,463,932	8,223,995
Islamic pool management reserve - note 19.2	37,498	-
Others	2,145,285	1,912,009
	<u>36,771,891</u>	<u>37,990,164</u>

19.1 Provision against off-balance sheet obligations

Opening balance	100,356	101,154
Exchange adjustment	317	49
Charge for the period / year	57,740	-
Reversal for the period / year	-	(847)
Charge / (reversal) for the period / year - net	57,740	(847)
Closing balance	<u>158,413</u>	<u>100,356</u>

19.2 This includes equity portion of profit equalisation reserve amounting to Rs 18,749 thousands (December 2020: Nil) which has been presented as reserve in note 37.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	(Rupees in '000)	

Surplus / (deficit) on revaluation of:

- Available for sale securities	(3,054,726)	77,895
- Fixed Assets	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	2,069,324	2,442,972
	4,220,514	7,665,047

Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:

- Non-banking assets acquired in satisfaction of claims	(32,549)	-
- Available for sale securities	1,191,343	(27,263)
	1,158,794	(27,263)
	<u>5,379,308</u>	<u>7,637,784</u>

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For the nine months ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
21	CONTINGENCIES AND COMMITMENTS		
	- Guarantees - note 21.1	263,497,341	220,222,941
	- Commitments - note 21.2	424,531,680	417,241,066
	- Other contingent liabilities - note 21.3	620,050	724,374
		<u>688,649,071</u>	<u>638,188,381</u>
21.1	Guarantees		
	Financial guarantees	6,772,302	9,952,617
	Performance guarantees	148,222,893	138,751,395
	Other guarantees	108,502,146	71,518,929
		<u>263,497,341</u>	<u>220,222,941</u>
21.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	197,641,047	159,457,683
	Commitments in respect of:		
	- forward foreign exchange contracts - note 21.2.1	160,237,476	209,279,794
	- forward non government securities transactions - note 21.2.2	3,639,700	4,625,000
	- forward lending - note 21.2.3	62,799,847	43,805,613
	Commitments for acquisition of:		
	- fixed assets	26,691	34,298
	- intangible assets	186,919	38,678
		<u>424,531,680</u>	<u>417,241,066</u>
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	98,199,398	118,889,979
	Sale	62,038,078	90,389,815
		<u>160,237,476</u>	<u>209,279,794</u>
	The above commitments have maturities falling within one year.		
21.2.2	Commitments in respect of forward non government securities transactions		
	Purchase	3,639,700	4,625,000
21.2.3	Commitments in respect of forward lending		
	Forward repurchase agreement lending	39,007,056	30,084,187
	Undrawn commitments	23,792,791	13,721,426
		<u>62,799,847</u>	<u>43,805,613</u>
21.2.3.1	These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
		(Un-audited) September 30, 2021	(Audited) December 31, 2020
21.3	Other contingent liabilities	(Rupees in '000)	
21.3.1	These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank	620,050	724,374

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22. DERIVATIVE INSTRUMENTS

The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs). These contracts are reported on their fair values at the date of statement of financial position.

		(Un-audited) For the nine months ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances	23,971,732	31,337,629	
Investments	31,517,996	29,261,663	
Lendings to financial institutions	67,212	214,146	
Balances with banks	7,356	81,081	
Securities purchased under resale agreements (reverse repo)	257,536	361,636	
	<u>55,821,832</u>	<u>61,256,155</u>	

24. MARK-UP / RETURN / INTEREST EXPENSED

On:			
Deposits	25,320,985	32,334,045	
Borrowings	2,658,557	3,157,999	
Subordinated debts	790,508	1,363,803	
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,847,082	1,229,198	
Interest expense on lease liability against right of use assets	676,160	684,653	
	<u>31,293,292</u>	<u>38,769,698</u>	

25. FEE AND COMMISSION INCOME

Branch banking customer fees	473,329	382,383	
Consumer finance related fees	83,092	74,664	
Card related fees (debit and credit cards)	627,174	597,968	
Credit related fees	193,715	151,814	
Investment banking fees	111,325	110,521	
Commission on trade	644,596	493,753	
Commission on guarantees	647,868	466,692	
Commission on remittances including home remittances	214,087	114,780	
Commission on bancassurance	79,055	54,357	
Others	52,724	57,053	
	<u>3,126,965</u>	<u>2,503,985</u>	

26. GAIN / (LOSS) ON SECURITIES

Realised - note 26.1	814,286	2,377,096	
Unrealised - held for trading	-	11,896	
	<u>814,286</u>	<u>2,388,992</u>	

26.1 Realised gain / (loss) on:

Federal Government Securities	652,294	1,974,066	
Shares	158,992	402,958	
Non Government Debt Securities	3,000	202	
NIT Units	-	(4,380)	
TFCs	-	4,250	
	<u>814,286</u>	<u>2,377,096</u>	

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For the nine months ended September 30, 2021

		(Un-audited) For the nine months ended	
		September 30, 2021	September 30, 2020
27. OTHER INCOME		(Rupees in '000)	
Gain on sale of fixed assets - net		5,579	4,793
Rent of lockers		38,500	34,033
Gain on sale of non banking assets		17,551	5
Recovery of expenses from customers		231,114	174,159
Government grant - foreign branch		-	6,418
Termination of lease contracts		2,649	2,373
		<u>295,393</u>	<u>221,781</u>
28. OPERATING EXPENSES			
Total compensation expenses - note 28.1		9,693,727	8,411,997
Property expense			
Rent and taxes		90,103	220,541
Insurance		68,659	75,625
Utilities cost		505,551	506,878
Security (including guards)		370,616	392,349
Repair and maintenance (including janitorial charges)		199,337	188,485
Depreciation on right of use assets		1,072,385	1,090,497
Depreciation		245,561	292,686
		2,552,212	2,767,061
Information technology expenses			
Software maintenance		320,125	234,517
Hardware maintenance		29,218	41,483
Depreciation		127,563	139,391
Amortisation		144,075	169,369
Network charges		141,678	127,313
		762,659	712,073
Other operating expenses			
Directors' fees, allowances		55,512	14,375
Fees and allowances to Shariah Board		5,205	4,366
Rates, taxes, insurance etc.		146,794	153,452
Legal and professional charges		122,336	54,264
Travelling, conveyance and entertainment		146,311	173,775
Brokerage and commission		88,215	73,870
NIFT clearing charges		53,635	61,501
Repair and maintenance		189,712	239,368
Communications		368,634	398,004
Stationery and printing		190,828	208,105
Marketing, advertisement and publicity		62,637	88,039
Donations		146,134	112,390
Auditors' remuneration		24,775	22,874
Depreciation		365,782	403,470
Security service charges		222,258	178,245
Training and development		4,096	20,947
Premium paid to Deposit Protection Corporation		431,235	347,354
Outsourced service cost		19,019	-
Other expenditure		293,169	398,525
		2,936,287	2,952,924
		<u>15,944,885</u>	<u>14,844,055</u>
28.1 Total compensation expenses			
Managerial remuneration		7,658,540	7,584,260
Charge for defined benefit / contribution plan		553,987	573,875
Other staff cost - note 28.1.1		1,481,200	253,862
		<u>9,693,727</u>	<u>8,411,997</u>

28.1.1 Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.

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

(Un-audited)	
For the nine months ended	
September 30, 2021	September 30, 2020

30. PROVISIONS AND WRITE OFFS - NET

(Rupees in '000)

Provision for diminution in value of investments	22,976	446,291
Provision against loans and advances	4,059,989	931,218
Reversal of provision against fixed assets	(2,116)	-
Provision / (reversal of provision) against other assets	53	(63)
Provision against off-balance sheet obligations	57,740	1,062
Provision against cash and bank balances	8	19
Recovery of written off / charged off bad debts	(80,126)	(57,730)
	<u>4,058,524</u>	<u>1,320,797</u>

31. TAXATION

Current	4,510,551	5,333,432
Deferred	(140,940)	(76,571)
	<u>4,369,611</u>	<u>5,256,861</u>

31.1 There are no changes to tax related contingencies from those disclosed in note 32.2 of the audited annual unconsolidated financial statements.

32. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period - Rupees in '000	<u>6,794,262</u>	<u>8,156,923</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>5.39</u>	<u>6.47</u>

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

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33. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. 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 Bank's accounting policy as stated in note 4 to the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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 PKRV rates.
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.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
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. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

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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, 2021 (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	-	429,634,140	-	429,634,140
Shares	4,283,212	-	-	4,283,212
Units of open end mutual funds	-	1,509,059	-	1,509,059
Fully paid preference shares	15,625	-	-	15,625
Non Government Debt Securities	-	10,969,457	-	10,969,457
Foreign securities	-	503,060	-	503,060
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	122,222,586	-	122,222,586
Foreign Securities	-	3,599,090	-	3,599,090
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	98,199,398	-	98,199,398
Forward sale of foreign exchange	-	62,038,078	-	62,038,078

December 31, 2020 (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	-	334,820,766	-	334,820,766
Shares	4,437,365	-	-	4,437,365
Units of open end mutual funds	-	1,436,420	-	1,436,420
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	9,743,656	-	9,743,656
Foreign securities	-	495,878	-	495,878
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	94,917,945	-	94,917,945
Foreign securities	-	3,291,714	-	3,291,714
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	118,889,979	-	118,889,979
Forward sale of foreign exchange	-	90,389,815	-	90,389,815

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) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
	Level 3	Level 3
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,689,980	9,552,630
Other assets		
Non-banking assets acquired in satisfaction of claims	3,941,083	4,869,214

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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, 2021 (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	(16,985,799)	11,002,696	25,772,615	1,929,625	2,886,283	1,035,778	24,528,540
Inter segment revenue - net	27,782,971	(8,349,466)	(21,413,681)	(994,192)	-	(64,387)	-
Non mark-up / return / interest income	1,068,553	2,128,940	2,730,840	343,672	311,552	8,389	6,677,698
Total income	11,865,725	4,782,170	7,089,774	1,279,105	3,197,835	979,780	31,206,238
Segment direct expenses	8,418,165	541,017	228,228	751,184	1,682,295	88,952	15,983,841
Inter segment expense allocation	553,027	695,948	6,112	123,577	-	(1,378,664)	-
Total expenses	8,971,192	1,236,965	234,340	874,761	1,682,295	88,952	15,983,841
(Reversals) / Provisions	270,803	3,232,264	122,092	83,599	374,612	(38,026)	4,058,524
Profit / (loss) before tax	2,623,730	312,941	6,733,342	320,745	1,140,928	(896,667)	11,163,873
September 30, 2021 (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	27,651,806	(55,391)	45,262,417	212,057	7,357,506	367,637	82,682,330
Investments	-	8,957,044	525,147,826	-	14,717,750	1,491,675	573,251,848
Lendings to financial institutions	-	-	25,473,790	-	-	-	25,473,790
Advances - performing - net of provision	12,221,448	324,300,827	-	19,944,160	68,703,443	6,943,982	445,907,137
Advances - non-performing - net of provision	610,933	1,331,732	-	281,598	1,424,127	-	3,648,390
Others	1,190,458	15,783,746	6,284,954	479,360	6,095,325	712,965	65,770,955
Total Assets	41,674,645	350,317,958	602,168,987	20,917,175	98,298,151	37,811,432	1,196,734,450
Borrowings	1,696,893	35,522,312	3,337,158	2,288,466	10,233,311	21,892,422	74,970,562
Subordinated debts	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	705,069,152	226,451,217	-	19,123	73,638,122	740,257	1,006,021,238
Inter segment balances - net	(677,629,122)	72,706,903	598,468,235	17,819,460	-	11,946,032	(23,311,508)
Others	12,537,722	15,637,526	363,594	790,126	6,241,225	3,232,721	47,901,056
Total liabilities	41,674,645	350,317,958	602,168,987	20,917,175	90,112,658	37,811,432	1,140,892,856
Equity	-	-	-	8,185,493	-	-	55,841,594
Total Equity and liabilities	41,674,645	350,317,958	602,168,987	20,917,175	98,298,151	37,811,432	1,196,734,450
Contingencies and commitments	7,101,731	466,635,902	182,498,133	617,573	15,863,883	14,649,631	688,649,071
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	22,486,457
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	7,168,525
Total income	10,784,352	5,888,699	4,543,035	1,222,599	3,268,074	777,807	29,654,982
Segment direct expenses	8,143,194	584,841	232,407	686,576	1,595,917	85,667	14,785,846
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	14,920,401
(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	13,413,783
December 31, 2020 (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	30,938,859	2,174,588	39,690,446	234,673	6,313,535	135,415	81,606,006
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	449,687,240
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing - net of provision	12,987,203	280,191,484	-	18,522,780	62,598,616	6,830,567	391,783,953
Advances - non-performing - net of provision	563,642	921,775	-	433,395	1,671,075	-	3,589,887
Others	1,806,853	15,698,490	7,491,899	528,352	5,754,115	280,853	65,849,976
Total Assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	992,517,062
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	84,163,669
Subordinated debts	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	564,770,077	160,149,553	-	21,935	65,305,888	858,355	791,186,883
Inter segment balances - net	(533,524,209)	97,723,672	434,611,006	16,809,062	-	11,188,408	(26,807,939)
Others	12,902,600	17,328,364	1,066,600	964,317	4,440,177	3,346,088	50,620,160
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	81,556,970	27,339,724	937,970,712
Equity	-	-	-	6,996,711	2,037,081	-	45,512,558
Total Equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	992,517,062
Contingencies and commitments	5,069,575	381,406,193	229,525,637	432,431	11,081,682	9,352,213	638,188,381

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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, 2021 (Un-audited)						As at December 31, 2020 (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	-	-	-	165,619	450,478	350,000	-	-	-	114,789	719,311	300,000
Investment made during the period / year	-	-	-	-	-	-	-	-	-	50,830	411,454	50,000
Investment redeemed / disposed off during the period / year	-	-	-	-	(18,449)	-	-	-	-	-	(247,268)	-
Transfer in / (out) - net	-	-	-	-	(92,688)	-	-	-	-	-	(433,019)	-
Closing balance	-	-	-	165,619	339,341	350,000	-	-	-	165,619	450,478	350,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	34,068	-	-
Advances												
Opening balance	2,805,786	28,671	423,764	-	4,766,042	-	5,035,504	19,771	364,453	-	4,701,476	-
Addition during the period / year	65,001,659	328	129,989	2,898	9,882,824	-	121,938,314	59,315	125,382	-	9,941,779	-
Repaid during the period / year	(64,270,612)	(28,998)	(97,865)	(2,898)	(9,278,536)	-	(124,168,032)	(50,406)	(93,715)	-	(10,545,058)	-
Transfer in / (out) - net	-	-	(49,448)	-	2,328,032	-	-	(9)	27,644	-	667,845	-
Closing balance	3,536,833	1	406,440	-	7,698,362	-	2,805,786	28,671	423,764	-	4,766,042	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up receivable	70,461	-	93,178	-	427,899	-	46,571	425	84,087	-	90,799	-
Advance rent	4,722	-	-	-	-	-	1,081	-	-	-	-	-
Dividend receivable	-	-	-	-	21,167	-	-	-	-	-	-	-
Securities given as Collateral	-	-	-	-	-	188,963	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings												
Opening balance	-	-	-	-	-	1,923,886	-	-	-	-	-	1,972,026
Borrowings during the period	-	-	-	-	-	500,000	-	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	-	(135,420)	-	-	-	-	-	(1,048,140)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	2,288,466	-	-	-	-	-	1,923,886
Subordinated debt												
Opening balance	-	-	-	-	-	-	-	-	-	-	24,950	-
Issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	-	-	-	-	-	-	-	(5)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(24,945)	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	8,018,104	19,379	186,617	201,796	12,205,848	4,811,281	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Received during the period / year	528,873,776	133,756	1,235,823	679,912	222,845,153	64,343,357	584,157,308	211,929	1,095,412	980,756	256,093,596	30,648,252
Withdrawn during the period / year	(503,654,072)	(125,805)	(1,164,468)	(666,653)	(221,806,886)	(63,456,600)	(580,817,426)	(199,751)	(1,016,580)	(832,134)	(257,566,215)	(30,654,147)
Transfer in / (out) - net	-	-	(3,565)	-	12,752	231,180	-	(57,038)	(9,777)	-	(1,446,350)	-
Closing balance	33,237,808	27,330	254,407	215,055	13,256,867	5,929,218	8,018,104	19,379	186,617	201,796	12,205,848	4,811,281
Other Liabilities												
Interest / mark-up payable	44,000	-	1,052	-	70,400	30,919	19,363	-	1,809	-	34,000	38,941
Payable to staff retirement fund	-	-	-	-	-	171,336	-	-	-	-	-	310,314
Security deposits payable	-	-	-	-	322,224	-	-	-	287	-	296,198	-
Others	-	-	6,518	-	-	-	4,986	-	4,588	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	1,081,812	-	-	40,000	5,772,217	-	1,313,613	-	-	40,000	3,951,782	-
Others												
Securities held as custodian	4,590,000	-	-	-	-	7,219,500	4,590,000	-	-	-	-	6,992,500

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For the nine months ended September 30, 2021 (Un-Audited)						For the nine months ended September 30, 2020 (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	145,153	533	12,085	96	398,984	-	174,986	2,964	15,172	-	393,736
Fee and commission received	20	-	-	79	36,372	-	102	-	-	-	2,877
Dividend income	-	-	-	-	36,952	11,066	-	-	-	-	4,118
Gain on sale of fixed assets	-	-	1,975	-	-	-	-	-	-	-	-
Expense											
Mark-up / return / interest expensed	876,154	221	4,959	95	374,076	432,346	420,851	275	4,343	36	1,087,868
Rent	1,314	-	-	-	-	-	9,601	-	-	-	-
Insurance premium	-	-	-	-	-	-	-	-	-	-	63,404
Charge to defined benefit plan	-	-	-	-	-	218,571	-	-	-	-	255,913
Contribution to defined contribution plan	-	-	-	-	-	236,456	-	-	-	-	219,858
Remuneration and allowances	-	-	547,956	-	-	5,205	-	-	463,225	-	4,366
Directors' Fee, Allowances	-	55,512	-	-	-	-	-	14,375	-	-	-
Communications	-	-	-	-	-	30,694	-	-	-	-	21,562
Brokerage and Commission	-	-	-	2,047	87	30,679	-	-	-	2,500	145
Donations	142,110	-	-	-	-	-	109,000	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	2,364
Dividend paid	2,718,846	9	225	-	-	42,350	1,359,423	4	113	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

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

During the nine months ended September 30, 2021, fixed assets having net book value of Rs 2,612 thousands were adjusted against the final settlement of Ex-President & CEO.

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(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	48,205,261	44,867,667
Eligible Additional Tier 1 (ADT 1) Capital	5,935,537	5,928,538
Total Eligible Tier 1 Capital	54,140,798	50,796,205
Eligible Tier 2 Capital	11,526,168	13,104,622
Total Eligible Capital (Tier 1 + Tier 2)	65,666,966	63,900,827
Risk Weighted Assets (RWAs):		
Credit Risk	369,700,405	324,807,165
Market Risk	37,617,046	31,566,562
Operational Risk	56,352,087	56,352,087
Total	463,669,538	412,725,814
Common Equity Tier 1 Capital Adequacy ratio	10.40%	10.87%
Tier 1 Capital Adequacy Ratio	11.68%	12.31%
Total Capital Adequacy Ratio	14.16%	15.48%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	54,140,798	50,796,205
Total Exposures	1,714,003,406	1,419,666,541
Leverage Ratio	3.16%	3.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	482,467,793	345,807,337
Total Net Cash Outflow	272,862,628	201,510,814
Liquidity Coverage Ratio	176.82%	171.61%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	997,555,387	812,357,633
Total Required Stable Funding	498,398,218	441,907,178
Net Stable Funding Ratio	200.15%	183.83%

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

37. ISLAMIC BANKING BUSINESS

The bank is operating 95 Islamic banking branches including 3 Sub branches at September 30, 2021 (December 31,2020 : 95 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at September 30, 2021 (December 31,2020 : Nil).

		(Un-audited)	(Audited)
		September 30,	December 31,
		2021	2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,977,475	5,161,165
Balances with other banks		380,031	1,152,370
Due from financial Institutions		-	-
Investments	37.1	14,717,750	12,216,340
Islamic financing and related assets - net	37.2	70,127,771	64,269,691
Fixed assets		1,551,656	1,756,603
Intangible assets		-	-
Due from head office		-	-
Other assets		4,543,872	5,562,647
Total assets		98,298,555	90,118,816
LIABILITIES			
Bills payable		1,291,406	1,477,496
Due to financial institutions		10,233,311	11,810,905
Deposits and other accounts	37.3	73,638,122	65,305,888
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,931,472	4,527,816
		90,094,311	83,122,105
NET ASSETS		8,204,244	6,996,711
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.4	18,749	-
Deficit on revaluation of assets		(10,016)	(57,670)
Unappropriated profit	37.5	3,595,511	2,454,381
		8,204,244	6,996,711
CONTINGENCIES AND COMMITMENTS		15,863,884	11,741,980

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2021 is as follows:

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
	Note		
Profit / return earned	37.8	4,676,982	5,636,723
Profit / return expensed	37.9	1,790,699	2,645,200
Net Profit / return		2,886,283	2,991,523
Other income			
Fee and Commission Income		177,337	130,482
Dividend Income		59	-
Foreign Exchange Income		69,903	99,115
Gain on securities		-	1,706
Other Income		64,253	45,247
Total other income		311,552	276,550
Total Income		3,197,835	3,268,073
Other expenses			
Operating expenses		1,682,155	1,595,441
Workers' Welfare Fund		-	-
Other charges		140	475
Total other expenses		1,682,295	1,595,916
Profit before provisions		1,515,540	1,672,157
Provisions and write offs - net		374,410	207,631
Profit before taxation		1,141,130	1,464,526

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
37.1 Investments by segments:								
Federal Government Securities:								
- Ijarah Sukuks	7,059,920	-	(10,164)	7,049,756	5,538,804	-	(58,148)	5,480,656
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	12,306,066	-	(10,164)	12,295,902	10,784,950	-	(58,148)	10,726,802
Units of open end mutual funds	100,000	-	99	100,099	-	-	-	-
Non Government Debt Securities:								
- Listed	35,000	-	49	35,049	70,000	-	478	70,478
- Unlisted	2,846,663	(559,963)	-	2,286,700	1,979,023	(559,963)	-	1,419,060
	2,881,663	(559,963)	49	2,321,749	2,049,023	(559,963)	478	1,489,538
	<u>15,287,729</u>	<u>(559,963)</u>	<u>(10,016)</u>	<u>14,717,750</u>	<u>12,833,973</u>	<u>(559,963)</u>	<u>(57,670)</u>	<u>12,216,340</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
37.2 Islamic financing and related assets	(Rupees in '000)	
Ijarah	4,716,539	4,227,697
Murabaha - note 37.2.1	5,765,818	4,379,276
Musharaka	31,286,365	28,545,253
Diminishing musharaka	13,136,187	16,936,532
Salam	5,050,033	4,935,938
Istisna	3,343,267	2,744,352
Receivable against sale of istisna / salam inventory	876,722	150,000
Service ijarah	1,652,176	752,176
Other islamic modes (executive car finance - qarz-e-hasana)	106,829	93,424
Advances against islamic assets - note 37.2.2	3,334,062	1,488,133
Inventory related to islamic financing - note 37.2.3	2,340,117	1,122,844
Gross islamic financing and related assets	71,608,115	65,375,625
Less: provision against islamic financings		
- Specific	1,380,907	1,023,192
- General	99,437	82,742
	1,480,344	1,105,934
Islamic financing and related assets - net of provision	70,127,771	64,269,691

37.2.1 Includes advance against Murabaha of Rs.1,292,632 thousand (December 31, 2020: Rs.397,579 thousand)

37.2.2 Advance against islamic assets

These unconsolidated condensed interim financial statements were	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2021 (Un-audited)	1,159,134	-	2,174,928	-	-	3,334,062
December 31, 2020 (Audited)	578,819	-	909,314	-	-	1,488,133

37.2.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2021 (Un-audited)	-	-	-	874,105	1,466,012	2,340,117
December 31, 2020 (Audited)	-	-	-	50,073	1,072,771	1,122,844

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
37.3 Deposits and other accounts		
<i>Customers</i>		
Current deposits - non remunerative	27,867,475	23,312,633
Current deposits - remunerative	1,139,140	975,625
Savings deposits	23,359,286	23,619,062
Term deposits	12,885,695	12,058,779
Others	894,531	584,729
	<u>66,146,127</u>	<u>60,550,828</u>
<i>Financial Institutions</i>		
Current deposits - non remunerative	33,097	19,576
Savings deposits	342,969	335,484
Term deposits	7,115,929	4,400,000
	<u>7,491,995</u>	<u>4,755,060</u>
	<u>73,638,122</u>	<u>65,305,888</u>
37.4 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve amounting to Rs.18,749 (December 31, 2020: Nil) classified in other liabilities in note 19 has been presented as reserve.		
37.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	2,454,381	691,544
Add: Islamic banking profit for the period / year	<u>1,141,130</u>	<u>1,762,837</u>
Closing Balance	<u>3,595,511</u>	<u>2,454,381</u>
37.6 CONTINGENCIES AND COMMITMENTS		
- Guarantees	6,384,647	5,460,329
- Commitments	<u>9,479,237</u>	<u>6,281,651</u>
	<u>15,863,884</u>	<u>11,741,980</u>
37.7 CHARITY FUND		
Opening balance	20,529	52,137
Additions during the period		
- Received from customers on delayed payments	24,671	15,391
- Non Shariah Compliant Income	-	-
- Profit on charity account	7	21
- Others	261	233
	<u>24,939</u>	<u>15,645</u>
Payments / utilization during the period		
- Education	(587)	(1,055)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	(11,788)	(41,270)
- Orphanage	(2,581)	(4,928)
	<u>(14,956)</u>	<u>(47,253)</u>
Closing balance	<u>30,512</u>	<u>20,529</u>

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

(Un-audited) nine months ended	
September 30, 2021	September 30, 2020
(Rupees in '000)	

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

Profit earned on:

Financing	3,619,055	4,630,379
Investments	1,032,441	762,092
Placements	25,486	167,728
Lendings	-	76,524
	<u>4,676,982</u>	<u>5,636,723</u>

37.9 Profit on deposits and other dues expensed

Deposits and other accounts	1,389,435	2,405,771
Due to financial institutions	230,681	102,004
Due to head office	1,164	6,185
Profit Equalization Reserve	37,675	-
Lease liability against right-of-use assets	131,744	131,240
	<u>1,790,699</u>	<u>2,645,200</u>

38. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 21, 2021.

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CFO

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President & CE

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Director

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Director

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Chairman

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
September 30, 2021

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2021

		(Un-audited)	(Audited)
		September 30,	December 31,
		2021	2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	74,955,513	73,651,718
Balances with other banks	7	7,792,268	8,196,147
Lendings to financial institutions	8	25,473,790	-
Investments	9	573,133,127	449,611,987
Advances	10	449,652,719	395,416,055
Fixed assets	11	20,125,715	21,232,750
Intangible assets	12	1,209,784	1,158,857
Deferred tax assets	13	2,924,519	1,597,334
Other assets	14	41,717,483	42,021,813
		<u>1,196,984,918</u>	<u>992,886,661</u>
LIABILITIES			
Bills payable	15	11,129,165	12,629,996
Borrowings	16	74,970,562	84,163,669
Deposits and other accounts	17	1,005,806,365	790,982,287
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities	13	-	-
Other liabilities	19	37,088,912	38,429,433
		<u>1,140,995,004</u>	<u>938,205,385</u>
NET ASSETS		<u>55,989,914</u>	<u>54,681,276</u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		32,186,638	25,701,665
Surplus on revaluation of assets - net of tax	20	5,413,904	7,670,956
Unappropriated profit		5,786,770	8,706,053
		<u>55,989,914</u>	<u>54,681,276</u>

CONTINGENCIES AND COMMITMENTS

21

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

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President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

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

For the quarter and nine months ended September 30, 2021

	Note	For the quarter ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	20,394,695	18,015,693	55,834,678	61,265,403
Mark-up / return / interest expensed	24	11,645,107	9,942,459	31,293,525	38,769,831
Net mark-up / interest income		8,749,588	8,073,234	24,541,153	22,495,572
Non mark-up / interest income					
Fee and commission income	25	1,142,034	1,052,294	3,274,671	2,602,860
Dividend income		132,412	80,603	325,891	202,950
Foreign exchange income		675,708	666,621	2,115,168	1,850,817
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	23,747	996,143	814,286	2,388,880
Other income	27	86,329	83,158	295,404	230,012
Total non-markup / interest income		2,060,230	2,878,819	6,825,420	7,275,519
Total income		10,809,818	10,952,053	31,366,573	29,771,091
Non mark-up / interest expenses					
Operating expenses	28	5,088,220	4,920,671	16,038,766	14,903,577
Workers' Welfare Fund		12,763	6,840	32,920	33,442
Other charges	29	425	31,050	6,036	42,904
Total non-markup / interest expenses		5,101,408	4,958,561	16,077,722	14,979,923
Profit before provisions		5,708,410	5,993,492	15,288,851	14,791,168
Provisions and write offs - net	30	1,281,002	676,485	4,100,092	1,320,797
Extraordinary / unusual items		-	-	-	-
Profit before taxation		4,427,408	5,317,007	11,188,759	13,470,371
Taxation	31	1,740,096	2,082,649	4,382,527	5,264,202
Profit after taxation		2,687,312	3,234,358	6,806,232	8,206,169
Attributable to:					
Equity holders of the Bank		2,687,312	3,228,096	6,806,232	8,195,505
Non-controlling interest		-	6,262	-	10,664
		2,687,312	3,234,358	6,806,232	8,206,169
		Rupees		Rupees	
Basic and diluted earnings per share	32	2.13	2.56	5.40	6.50

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

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President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months ended September 30, 2021

	For the quarter ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	2,687,312	3,234,358	6,806,232	8,206,169
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	221,059	(28,229)	198,455	106,052
Movement in (deficit) / surplus on revaluation of investments - net of tax	(1,299,927)	(3,005,139)	(1,912,591)	2,308,611
	(1,078,868)	(3,033,368)	(1,714,136)	2,414,663
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	-	-	28,813	(9,750)
Movement in surplus / (deficit) on revaluation of non-banking assets	2,129	-	(31,490)	-
	2,129	-	(2,677)	(9,750)
Total comprehensive income	<u>1,610,573</u>	<u>200,990</u>	<u>5,089,419</u>	<u>10,611,082</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	1,659,114	193,819	5,089,419	10,600,418
Non-controlling interest	-	7,171	-	10,664
	<u>1,659,114</u>	<u>200,990</u>	<u>5,089,419</u>	<u>10,611,082</u>

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

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President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	Surplus / (deficit) on revaluation of										
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Investments	Fixed / Non banking assets	Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
	(Rupees in '000)										
Balance as at January 1, 2020	12,602,602	275,169	234,669	10,098,727	8,800,324	(1,508,638)	5,834,717	6,002,253	42,339,823	48,546	42,388,369
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	-	-	-	2,322,425	-	(9,750)	2,418,727	-	2,418,727
	-	106,052	-	-	-	2,322,425	-	8,185,755	10,614,232	10,664	10,624,896
Transfer to Statutory reserve	-	-	-	1,641,234	-	-	-	(1,641,234)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(22,922)	23,937	1,015	-	1,015
Transfer to General reserve	-	-	-	-	4,111,863	-	-	(4,111,863)	-	-	-
Transaction with owners directly recorded in equity											
Final dividend 2019: Rs. 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
Total comprehensive income for the quarter ended December 31, 2020											
Net profit for the quarter ended December 31, 2020	-	-	-	-	-	-	-	2,650,828	2,650,828	-	2,650,828
Other comprehensive income related to equity	-	(96,538)	-	-	-	(729,982)	1,829,236	(37,707)	965,009	-	965,009
	-	(96,538)	-	-	-	(729,982)	1,829,236	2,613,121	3,615,837	-	3,615,837
Transfer to Statutory reserve	-	-	-	530,165	-	-	-	(530,165)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(53,880)	55,067	1,187	-	1,187
Balance as at December 31, 2020	12,602,602	284,683	234,669	12,270,126	12,912,187	83,805	7,587,151	8,706,053	54,681,276	-	54,681,276
Total comprehensive income for the nine months ended September 30, 2021											
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	-	6,806,232	6,806,232	-	6,806,232
Other comprehensive income related to equity	-	198,455	-	-	-	(1,912,591)	(31,490)	28,813	(1,716,813)	-	(1,716,813)
	-	198,455	-	-	-	(1,912,591)	(31,490)	6,835,045	5,089,419	-	5,089,419
Transfer to Statutory reserve	-	-	-	1,361,246	-	-	-	(1,361,246)	-	-	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	(312,971)	312,971	-	-	-
Transfer to General reserve	-	-	-	-	4,925,272	-	-	(4,925,272)	-	-	-
Transaction with owners, recorded directly in equity											
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)	-	(3,780,781)
Balance as at September 30, 2021	12,602,602	483,138	234,669	13,631,372	17,837,459	(1,828,786)	7,242,690	5,786,770	55,989,914	-	55,989,914

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

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CFO

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President & CE

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Director

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Director

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Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months ended September 30, 2021

		For the nine months ended	
		September 30, 2021	September 30, 2020
		(Rupees in '000)	
Note			
	Cash flow from operating activities		
	Profit before taxation	11,188,759	13,470,371
	Less: dividend income	(325,891)	(202,950)
		10,862,868	13,267,421
	Adjustments:		
	Depreciation	740,865	836,740
	Depreciation on right of use assets	1,072,385	1,090,497
	Amortization	144,451	169,749
	Mark-up expense on lease liability against right of use assets	676,160	684,653
	Termination of lease contracts under IFRS - 16 Leases	(2,649)	(2,373)
	Charge for defined benefit plan	218,571	256,030
30	Provisions and write offs - net	4,180,218	1,378,527
	Unrealised gain on held for trading securities	-	(11,896)
	Gain on acquisition of non-controlling interest in ASL	-	(8,231)
	Gain on sale of fixed assets	(5,590)	(4,793)
		7,024,411	4,388,903
		17,887,279	17,656,324
	(Increase) / decrease in operating assets		
	Lendings to financial institutions	(25,473,790)	11,133,772
	Held for trading securities	193	(509,433)
	Advances	(58,307,531)	(12,847,782)
	Other assets (excluding advance taxation)	413,535	(186,862)
		(83,367,593)	(2,410,305)
	Increase / (decrease) in operating liabilities		
	Bills payable	(1,500,831)	(322,567)
	Borrowings from financial institutions	(9,193,107)	38,838,234
	Deposits	214,824,078	84,891,338
	Other liabilities (excluding current taxation)	(585,267)	131,540
		203,544,873	123,538,545
	Net cash flow generated from operations	138,064,559	138,784,564
	Income tax paid	(4,995,860)	(3,472,064)
	Net cash flow generated from operating activities	133,068,699	135,312,500
	Cash flow from investing activities		
	Net investments in available for sale securities	(99,150,578)	(133,226,575)
	Net investments in held to maturity securities	(27,580,783)	(7,314,778)
	Dividend received	282,545	194,661
	Investments in fixed assets	(677,139)	(757,866)
	Investments in intangible assets	(202,085)	(398,680)
	Proceeds from sale of fixed assets	13,630	12,943
	Effect of translation of net investment in foreign branch	198,455	106,052
	Net cash used in investing activities	(127,115,955)	(141,384,243)
	Cash flow from financing activities		
	Receipts / (payments) of subordinated debts - net	-	2,008,000
	Payments against lease liabilities	(1,320,264)	(1,090,994)
	Dividend paid	(3,732,564)	(1,870,484)
	Net cash used in financing activities	(5,052,828)	(953,478)
	Increase / (decrease) in cash and cash equivalents	899,916	(7,025,221)
	Cash and cash equivalents at beginning of the period	81,847,865	77,256,780
	Cash and cash equivalents at end of the period	82,747,781	70,231,559

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

-sd-

CFO

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President & CE

-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, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a wholly 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, 2021. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (December 2020: 537 branches); 536 in Pakistan and Azad Jammu and Kashmir (including 95 (December 2020: 95) Islamic Banking branches and 49 (December 2020: 49) 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 AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

- 2.1.1 The consolidated condensed interim financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand.
- 2.1.2 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

- 2.2.1 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 Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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.

- 2.2.2 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.2.3 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 vide BPRD Circular Letter No. 24 of 2021 dated July 5, 2021 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.
- 2.2.4 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, 2020 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, 2020.

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, 2020.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

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, 2021 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

As per the SBP's BPRD Circular Letter no.24 dated July 5, 2021, the applicability of IFRS9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. The impact of application of IFRS 9 in Pakistan on Group's financial statements is being assessed and implementation guidelines are awaited.

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Group's financial statements.

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, 2020.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	22,724,673	17,290,446
Foreign currencies	5,466,391	4,030,731
	28,191,064	21,321,177
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	30,452,322	37,199,449
Foreign currency current accounts	4,786,200	4,513,312
Foreign currency deposit account	9,103,338	7,501,569
	44,341,860	49,214,330
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	2,015,069	2,260,681
Prize Bonds	407,520	855,530
	74,955,513	73,651,718
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	569,486	469,080
In deposit accounts	14,092	3,612
	583,578	472,692
<i>Outside Pakistan</i>		
In current accounts	1,326,174	2,206,020
In deposit accounts	5,882,531	5,517,441
	7,208,705	7,723,461
Provision under IFRS 9 related to WBB	(15)	(6)
	7,792,268	8,196,147
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement Lendings (Reverse Repo)	25,473,790	-
Purchase under resale arrangement of equity securities	148,607	148,607
	25,622,397	148,607
Provision held against lending to financial institutions	(148,607)	(148,607)
Lendings to financial institutions - net of provision	25,473,790	-
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Classified lending	Classified lending
	Provision held	Provision held
8.1 <i>Category of classification</i>	(Rupees in '000)	
Domestic		
Loss	148,607	148,607
	148,607	148,607

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

9. INVESTMENTS

	September 30, 2021 (Un-audited)				December 31, 2020 (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:								
<i>Held for trading securities</i>								
Shares	-	-	-	-	-	-	-	-
Units of open end mutual funds	-	-	-	-	193	-	-	193
	-	-	-	-	193	-	-	193
<i>Available for sale securities</i>								
Federal Government Securities	432,959,338	(29,072)	(3,296,126)	429,634,140	335,378,424	(31,877)	(525,781)	334,820,766
Shares	4,960,686	(277,321)	(3,255)	4,680,110	4,710,140	(158,232)	291,562	4,843,470
Units of open end mutual funds	1,510,608	(140,558)	139,009	1,509,059	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares	27,314	(11,914)	225	15,625	27,314	(11,914)	46,545	61,945
Non Government Debt Securities	12,257,095	(1,386,785)	99,147	10,969,457	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities	513,626	(24,272)	13,706	503,060	482,547	(5,203)	18,534	495,878
	452,228,667	(1,869,922)	(3,047,294)	447,311,451	353,052,335	(1,770,488)	120,288	351,402,135
<i>Held to maturity securities</i>								
Federal Government Securities	122,366,552	(143,966)	-	122,222,586	95,034,902	(116,957)	-	94,917,945
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,625,917	(26,827)	-	3,599,090	3,376,784	(85,070)	-	3,291,714
	126,102,469	(280,793)	-	125,821,676	98,521,686	(312,027)	-	98,209,659
Total investments	578,331,136	(2,150,715)	(3,047,294)	573,133,127	451,574,214	(2,082,515)	120,288	449,611,987

	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
	(Rupees in '000)	

9.1.1 Investments given as collateral

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

Market Treasury Bills	-	13,715,612
Pakistan Investment Bonds	2,771,661	7,005,600
Euro Bonds	8,579,666	6,442,504
Bahrain International Bonds	-	501,081
Turkish Euro Bonds	590,851	-
Turkish Sukuks	-	973,391
Ijarah Sukuks	5,329,862	5,069,713
Shares	159,739	191,168
	17,431,779	33,899,069

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	2,082,515	3,554,891
Exchange adjustments	14,161	5,614
Charge / (reversals)		
Charge for the period / year	122,092	506,776
Reversal of provision under IFRS 9 related to WBB	(29,130)	41,248
Reversals for the period / year	(35,918)	(82,163)
	57,044	465,861
Reversal on disposals	(3,005)	(1,943,851)
Transfer of provision against asset held for sale	-	-
Closing balance	<u>2,150,715</u>	<u>2,082,515</u>

9.2.2 Particulars of provision against debt securities

	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	<u>1,496,785</u>	<u>1,496,785</u>	<u>1,532,704</u>	<u>1,532,704</u>

9.2.3 In addition to the above, Bahrain Branch of the Group holds general provision of Rs. 224,136 thousand (December 31, 2020: Rs 239,107 thousand) against investment in accordance with ECL requirements of IFRS 9.

9.3 The market value of securities classified as held to maturity as at September 30, 2021 is Rs. 129,046,342 thousand (December 31, 2020: Rs. 104,630,207 thousand).

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	359,224,421	310,156,565	29,427,537	25,666,137	388,651,958	335,822,702
Islamic financing and related assets	68,802,879	62,691,358	2,805,236	2,684,267	71,608,115	65,375,625
Bills discounted and purchased	19,731,564	20,603,372	177,999	60,406	19,909,563	20,663,778
Advances - gross	447,758,864	393,451,295	32,410,772	28,410,810	480,169,636	421,862,105
Provision against advances						
- Specific	-	-	(28,816,420)	(24,820,923)	(28,816,420)	(24,820,923)
- General	(1,700,497)	(1,625,127)	-	-	(1,700,497)	(1,625,127)
	(1,700,497)	(1,625,127)	(28,816,420)	(24,820,923)	(30,516,917)	(26,446,050)
Advances - net of provision	446,058,367	391,826,168	3,594,352	3,589,887	449,652,719	395,416,055
					(Un-audited)	(Audited)
					September 30, 2021	December 31, 2020
					(Rupees in '000)	
10.1 Particulars of advances (Gross)						
In local currency					448,583,343	398,281,325
In foreign currencies					31,586,293	23,580,780
					480,169,636	421,862,105

10.2 Advances include Rs. 30,706,296 thousand (December 31, 2020: Rs. 28,410,810 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	1,364,140	-	1,406,324	-
Substandard	1,140,344	268,744	480,927	63,119
Doubtful	1,438,143	560,092	1,956,085	766,400
Loss	28,468,145	27,987,584	24,567,474	23,991,404
	32,410,772	28,816,420	28,410,810	24,820,923

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

10.3 Particulars of provision against advances	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Specific	General	Consumer	Total	Specific	General	Consumer	Total
		(note 10.3.1)	financing-General				financing-General	
	(Rupees in '000)							
Opening balance	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustment	-	11,087	-	11,087	-	9,287	-	9,287
Charge for the period / year	5,056,217	50,219	49,374	5,155,810	2,249,576	421,751	122,415	2,793,742
Reversal of provision under IFRS 9 related to WBB	-	(13,106)	-	(13,106)	-	(83,906)	-	(83,906)
Reversal for the period / year	(1,060,511)	(850)	(21,354)	(1,082,715)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
	3,995,706	36,263	28,020	4,059,989	1,239,522	315,669	73,279	1,628,470
Amounts written off	(209)	-	-	(209)	(748,426)	-	-	(748,426)
Amounts charged off- agriculture financing	-	-	-	-	(78,229)	-	-	(78,229)
Closing balance	28,816,420	956,451	744,046	30,516,917	24,820,923	909,101	716,026	26,446,050

10.3.1 General provision includes Rs 374,851 thousand (December 31, 2020: Rs 374,319 thousand) due to deferment / restructuring & rescheduling relief allowed by SBP.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

10.3.2 The net Forced Sales Value (FSV) benefit already availed has decreased by Rs. 89,863 thousand, which has resulted in increase charge for specific provision for the period by the same amount. Had the FSV benefit not decreased, before and after tax profit for the year would have been higher by Rs. 89,863 thousand (September 30, 2020: lower by Rs. 13,486 thousand) and Rs. 54,816 thousand (September 30, 2020: lower by Rs. 8,765 thousand) respectively. Further, at September 30, 2021, cumulative net of tax benefit availed for FSV was Rs. 399,748 thousand (December 31, 2020: Rs. 454,565 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.

10.3.3 The Group has availed the relaxation of Rs. Nil (December 31, 2020: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	140,280	164,343
Property and equipment	13,544,195	13,666,587
Right of use assets	6,441,240	7,401,820
	<u>20,125,715</u>	<u>21,232,750</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited) For the nine months ended September 30, 2021	September 30, 2020
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	45,936	69,989
Property and equipment		
Land - freehold	137,350	-
Buildings on freehold land	1,103	132,137
Renovation of premises	101,318	225,921
Furniture, fixtures and office equipment	110,141	13,408
Carpets	8,718	152,932
Machine and equipments	131,785	140,680
Computer equipments	126,988	22,799
Vehicles	13,800	
	<u>631,203</u>	<u>687,877</u>
Right of use assets	130,061	883,914
Total	<u>807,200</u>	<u>1,641,780</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	579	3,335
Furniture, fixtures and office equipment	3,218	2,844
Carpets	763	887
Machine and equipments	2,207	921
Computer equipments	82	163
Vehicles	1,191	-
Total	<u>8,040</u>	<u>8,150</u>

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer software	770,151	778,480
Pakistan Mercantile Exchange - Membership Card	2,500	2,500
Trading Right Entitlement Certificates	12,426	12,426
Less: Provision against intangibles	(10,044)	(4,660)
	<u>775,033</u>	<u>788,746</u>
Capital work in progress	434,751	370,111
	<u>1,209,784</u>	<u>1,158,857</u>

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

		(Un-audited)	
		For the nine months ended	
		September 30, 2021	September 30, 2020
		(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	148,546	231,291
	Directly purchased	53,539	167,389
	Total	<u>202,085</u>	<u>398,680</u>
		(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS / (LIABILITIES)		
Deductible temporary differences on			
	- Post retirement employee benefits	17,170	34,162
	- Accelerated tax depreciation	99,626	24,663
	- Deficit on revaluation of investments	1,191,343	-
	- Provision against advances, off balance sheet	1,658,150	1,568,007
		2,966,289	1,626,832
Taxable temporary differences on			
	- Surplus on revaluation of non-banking assets	(32,549)	-
	- Surplus on revaluation of investments	(9,221)	(29,498)
		(41,770)	(29,498)
		<u>2,924,519</u>	<u>1,597,334</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	16,718,253	17,403,537
	Income / mark-up accrued in foreign currencies	943,027	558,371
	Advances, deposits, advance rent and other prepayments	576,321	580,679
	Advance taxation (payments less provisions)	6,573,350	6,101,241
	Non banking assets acquired in satisfaction of claims	1,904,308	2,426,242
	Mark to market gain on forward foreign exchange contracts - net	867,345	-
	Stationary and stamps in hand	76,772	99,829
	Dividend receivable	50,711	7,365
	Acceptances	11,050,415	11,829,891
	Others	1,130,037	781,464
		39,890,539	39,788,619
	Provision held against other assets - note 14.1	(209,831)	(209,778)
	Other assets - net of provision	39,680,708	39,578,841
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,036,775	2,442,972
	Other assets - total	<u>41,717,483</u>	<u>42,021,813</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Suspense account	34,520	34,520
	Stationery and stamps in hand	2,285	2,285
	Others	168,188	168,135
		<u>209,831</u>	<u>209,778</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

for the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
14.1.1 Movement in provision held against other assets		
Opening balance	209,778	238,089
Charge for the period / year	552	314
Reversals for the period / year	(499)	(637)
Net reversal for the period / year	53	(323)
Reversal on disposal	-	(15,952)
Amounts written off / adjustments	-	(12,036)
Closing balance	209,831	209,778
15. BILLS PAYABLE		
In Pakistan	11,129,165	12,629,996
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	16,758,809	16,903,776
Long term financing facility	9,416,690	8,499,073
Financing facility for storage of agricultural produce	60,028	76,399
Renewable energy financing facility	2,693,358	579,231
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	857	1,568
Payment of wages and salaries	9,224,345	12,583,566
Temporary economic relief	4,038,286	-
Modernisation of SME	11,375	-
Combating COVID - 19	248,769	-
	42,452,517	38,643,613
Repurchase agreement borrowings		
State Bank of Pakistan	-	7,000,000
Financial institutions	13,498,892	23,042,628
	13,498,892	30,042,628
Refinance from Pakistan Mortgage Refinance Company	2,288,466	1,923,886
Total secured	58,239,875	70,610,127
Unsecured		
Call borrowings	15,266,023	10,276,937
Financial institutions	938,617	3,276,605
Bai Muajjal Payable	499,804	-
Overdrawn nostro accounts	26,243	-
Total unsecured	16,730,687	13,553,542
	74,970,562	84,163,669

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18. SUBORDINATED DEBTS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

- 18.1 The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group 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	Listed
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 to a cap of 245,042,630 shares.

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	(Un-audited) September 30, 2021	(Audited) December 31, 2020
(Rupees in '000)		
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,476,825	3,793,829
Mark-up / return / interest payable in foreign currencies	138,071	217,522
Unearned commission and income on bills discounted	1,663,069	1,726,572
Accrued expenses	3,825,261	2,956,761
Advance payments	376,283	349,092
Acceptances	11,050,415	11,829,891
Dividends payable	205,656	157,439
Mark to market loss on forward foreign exchange contracts - net	-	228,034
Branch adjustment account	391,161	753,774
Payable to defined benefit plan	173,255	313,295
Security deposit against lease / Ijarah financing	4,375,687	4,169,840
Levies and taxes payable	287,743	381,105
Workers' Welfare Fund	248,019	215,099
Switch fee payable	757,667	665,449
Provision against off-balance sheet obligations - note 19.1	158,413	100,356
Lease liability against ROU assets as per IFRS - 16 Leases	7,463,932	8,223,995
Islamic pool Management reserve - note 19.2	37,498	-
Others	2,459,957	2,347,380
	<u>37,088,912</u>	<u>38,429,433</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	100,356	101,154
Exchange adjustment	317	49
Charge for the period / year	57,740	-
Reversal for the period / year	-	(847)
Charge / (reversal) for the period / year - net	57,740	(847)
Closing balance	<u>158,413</u>	<u>100,356</u>
19.2	This includes equity portion of profit equalisation reserve amounting to Rs 18,749 thousands (December 2020: Nil) which has been presented as reserve in note 37.	
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(3,010,909)	120,288
- Fixed Assets	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	2,069,324	2,442,971
	4,264,331	7,707,439
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Non-banking assets acquired in satisfaction of claims	(32,549)	-
- Available for sale securities	1,182,122	(36,483)
	1,149,573	(36,483)
	<u>5,413,904</u>	<u>7,670,956</u>

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For the nine months ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
21	CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
	- Guarantees - note 21.1	263,497,341	220,222,941
	- Commitments - note 21.2	424,632,746	417,427,042
	- Other contingent liabilities - note 21.3	620,050	724,374
		<u>688,750,137</u>	<u>638,374,357</u>
21.1	Guarantees		
	Financial guarantees	6,772,302	9,952,617
	Performance guarantees	148,222,893	138,751,395
	Other guarantees	108,502,146	71,518,929
		<u>263,497,341</u>	<u>220,222,941</u>
21.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	197,641,047	159,457,683
	Commitments in respect of:		
	- forward foreign exchange contracts - note 21.2.1	160,237,476	209,279,794
	- forward non government securities transactions - note 21.2.2	3,639,700	4,625,000
	- forward lending - note 21.2.3	62,799,847	43,805,613
	Commitments for acquisition of:		
	- fixed assets	26,691	34,298
	- intangible assets	186,919	38,678
	Commitments in respect of future contract transactions of equity securities	101,066	185,976
		<u>424,632,746</u>	<u>417,427,042</u>
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	98,199,398	118,889,979
	Sale	62,038,078	90,389,815
		<u>160,237,476</u>	<u>209,279,794</u>
	The above commitments have maturities falling within one year.		
21.2.2	Commitments in respect of forward non government securities transactions		
	Purchase	<u>3,639,700</u>	<u>4,625,000</u>
21.2.3	Commitments in respect of forward lending		
	Forward repurchase agreement lending	39,007,056	30,084,187
	Undrawn commitments	23,792,791	13,721,426
		<u>62,799,847</u>	<u>43,805,613</u>
21.2.3.1	These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.		
		(Un-audited) September 30, 2021	(Audited) December 31, 2020
21.3	Other contingent liabilities	(Rupees in '000)	
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.	620,050	724,374

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

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22. DERIVATIVE INSTRUMENTS

The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs). These contracts are reported on their fair values at the date of statement of financial position.

	(Un-audited)	
	For the nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	

23. MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances	23,983,843	31,341,627
Investments	31,518,826	29,265,652
Lendings to financial institutions	67,212	214,146
Balances with banks	7,261	82,342
Securities purchased under resale agreements (reverse repo)	257,536	361,636
	<u>55,834,678</u>	<u>61,265,403</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

On:

Deposits	25,320,890	32,334,009
Borrowings	2,658,885	3,158,168
Subordinated debts	790,508	1,363,803
Cost of foreign currency swaps against foreign currency deposits	1,847,082	1,229,198
Interest expense on lease liability against right of use assets	676,160	684,653
	<u>31,293,525</u>	<u>38,769,831</u>

25. FEE AND COMMISSION INCOME

Branch banking customer fees	473,329	382,383
Consumer finance related fees	83,092	74,664
Card related fees (debit and credit cards)	627,174	597,968
Credit related fees	193,715	151,814
Investment banking fees	111,325	110,521
Commission on trade	644,596	493,753
Commission on guarantees	647,868	466,692
Commission on remittances including home remittances	214,087	114,780
Commission on bancassurance	79,055	54,357
Others	200,430	155,928
	<u>3,274,671</u>	<u>2,602,860</u>

26. GAIN / (LOSS) ON SECURITIES

Realised - note 26.1	814,286	2,376,984
Unrealised - held for trading	-	11,896
	<u>814,286</u>	<u>2,388,880</u>

26.1 Realised gain / (loss) on:

Federal Government Securities	652,294	1,974,066
Shares	158,992	402,846
Non Government Debt Securities	3,000	202
NIT Units	-	(4,380)
TFCs	-	4,250
	<u>814,286</u>	<u>2,376,984</u>

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For the nine months ended September 30, 2021

		(Un-audited)	
		For the nine months ended	
		September 30, 2021	September 30, 2020
27.	OTHER INCOME	(Rupees in '000)	
	Gain on sale of fixed assets	5,590	4,793
	Rent of lockers	38,500	34,033
	Gain on sale of non banking assets	17,551	5
	Recovery of expenses from customers	231,114	174,159
	Government Grant - foreign branch	-	6,418
	Termination of lease contracts	2,649	2,373
	Gain on acquisition of non controlling interest in subsidiary	-	8,231
		<u>295,404</u>	<u>230,012</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	9,763,366	8,452,117
	Property expense		
	Rent and taxes	93,543	220,541
	Insurance	68,659	75,641
	Utilities cost	506,999	508,232
	Security (including guards)	370,616	392,349
	Repair and maintenance premises	199,337	190,331
	Depreciation on right of use assets	1,072,385	1,090,497
	Depreciation	245,561	292,686
		<u>2,557,100</u>	<u>2,770,277</u>
	Information technology expenses		
	Software maintenance	320,125	234,517
	Hardware maintenance	29,218	41,483
	Depreciation	127,563	139,391
	Amortisation	144,451	169,749
	Network charges	141,678	127,313
		<u>763,035</u>	<u>712,453</u>
	Other operating expenses		
	Directors' fees, allowances	55,512	14,375
	Fees and allowances to Shariah Board	5,205	4,366
	Rent, taxes, insurance etc.	146,828	156,542
	Legal and professional charges	123,525	55,348
	Travelling, conveyance and entertainment	148,199	174,738
	Brokerage and commission	86,109	71,370
	NIFT clearing charges	53,635	61,501
	Repair and maintenance	190,557	239,368
	Communications	371,517	400,848
	Stationery and printing	191,891	208,886
	Marketing, advertisement and publicity	62,637	88,039
	Donations	146,134	112,390
	Auditors' remuneration	24,775	22,874
	Depreciation	367,741	404,663
	Security service charges	222,258	178,245
	Training and development	4,096	20,947
	Premium paid to Deposit Protection Corporation	431,235	347,354
	Outsourced service cost	19,019	-
	Other expenditure	304,392	406,875
		<u>2,955,265</u>	<u>2,968,730</u>
		<u>16,038,766</u>	<u>14,903,577</u>
28.1	Total compensation expenses		
	Managerial remuneration	7,726,567	7,623,237
	Charge for defined benefit / contribution plan	555,599	575,018
	Other staff cost - note 28.1.1	1,481,200	253,862
		<u>9,763,366</u>	<u>8,452,117</u>
28.1.1	Other staff cost includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.		

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

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
30. PROVISIONS AND WRITE OFFS - NET		(Rupees in '000)	
Provision for diminution in value of investments	57,044	446,291	
Provision against loans and advances	4,059,989	931,218	
Provision against fixed assets	5,384	-	
Provision / (reversal of provision) against other assets	53	(63)	
Provision against off-balance sheet obligations	57,740	1,062	
Provision against cash and bank balances	8	19	
Recovery of written off / charged off bad debts	(80,126)	(57,730)	
	<u>4,100,092</u>	<u>1,320,797</u>	
31. TAXATION			
Current	4,523,751	5,341,572	
Deferred	(141,224)	(77,370)	
	<u>4,382,527</u>	<u>5,264,202</u>	
32. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the period - Rupees in '000	6,806,232	8,195,505	
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>5.40</u>	<u>6.50</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, 2021

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. 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 audited annual consolidated financial statements for the year ended December 31, 2020.

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 PKRV rates.
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.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
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. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

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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, 2021 (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	-	429,634,140	-	429,634,140
Shares	4,330,110	-	-	4,330,110
Units of open end mutual funds	-	1,509,059	-	1,509,059
Fully paid preference shares	15,625	-	-	15,625
Non Government Debt Securities	-	10,969,457	-	10,969,457
Foreign securities	-	503,060	-	503,060
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	122,222,586	-	122,222,586
Foreign Securities	-	3,599,090	-	3,599,090
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	98,199,398	-	98,199,398
Forward sale of foreign exchange	-	62,038,078	-	62,038,078

	December 31, 2020 (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	-	334,820,766	-	334,820,766
Shares	4,493,470	-	-	4,493,470
Units of open end mutual funds	-	1,436,420	-	1,436,420
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	9,743,656	-	9,743,656
Foreign securities	-	496,932	-	496,932
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	94,942,447	-	94,942,447
Foreign securities	-	3,299,267	-	3,299,267
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	118,889,979	-	118,889,979
Forward sale of foreign exchange	-	90,389,815	-	90,389,815

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 period.

		(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
		(Rupees in '000)	
		Level 3	Level 3
33.2 Fair value of non-financial assets			
Fixed assets			
Property and equipment (freehold and leasehold land)		9,689,980	9,552,630
Other assets			
Non-banking assets acquired in satisfaction of claims		3,941,083	4,869,214

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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, 2021 (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	(16,985,799)	11,002,696	25,772,615	1,929,625	2,886,283	1,035,778	24,541,153
Inter segment revenue - net	27,782,971	(8,349,466)	(21,413,681)	(994,192)	-	(64,387)	-
Non mark-up / return / interest income	1,068,553	2,128,940	2,730,840	343,672	311,552	8,389	6,825,420
Total income	11,865,725	4,782,170	7,089,774	1,279,105	3,197,835	979,780	31,366,573
Segment direct expenses	8,418,165	541,017	228,228	751,184	1,682,295	88,952	16,077,722
Inter segment expense allocation	553,027	695,948	6,112	123,577	-	(1,378,664)	-
Total expenses	8,971,192	1,236,965	234,340	874,761	1,682,295	2,989,217	16,077,722
(Reversals) / Provisions	270,803	3,232,264	122,092	83,599	374,612	(38,026)	4,100,092
Profit / (loss) before tax	2,623,730	312,941	6,733,342	320,745	1,140,928	(871,781)	11,188,759
Statement of financial position							
Cash and bank balances	27,651,806	(55,391)	45,262,417	212,057	7,357,506	367,637	82,747,781
Investments	-	8,957,044	525,147,826	-	14,717,750	22,937,553	573,133,127
Lendings to financial institutions	-	-	25,473,790	-	-	-	25,473,790
Advances - performing - net of provision	12,221,448	324,300,827	-	19,944,160	68,703,443	13,793,277	446,004,329
Advances - non-performing - net of provision	610,933	1,331,732	-	281,598	1,424,127	-	3,648,390
Others	1,190,458	15,783,746	6,284,954	479,360	6,095,325	712,965	65,977,501
Total Assets	41,674,645	350,317,958	602,168,987	20,917,175	98,298,151	37,811,432	1,196,984,918
Borrowings	1,696,893	35,522,312	3,337,158	2,288,466	10,233,311	21,892,422	74,970,562
Subordinated debts	-	-	-	-	-	-	-
Deposits and other accounts	704,854,279	226,451,217	-	19,123	73,638,122	740,257	1,005,806,365
Net inter segment balances - net	(677,414,249)	72,706,903	598,468,235	17,819,460	-	11,946,032	(23,526,381)
Others	12,537,722	15,637,526	363,594	790,126	6,241,225	3,232,721	48,218,077
Total liabilities	41,674,645	350,317,958	602,168,987	20,917,175	98,298,151	37,811,432	1,140,995,004
Equity	-	-	-	-	8,185,493	-	55,989,914
Total Equity and liabilities	41,674,645	350,317,958	602,168,987	20,917,175	98,298,151	37,811,432	1,196,984,918
Contingencies and commitments	7,101,731	466,635,902	182,498,133	617,573	15,863,883	14,649,631	688,750,137
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)
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
Statement of financial position							
Cash and bank balances	30,938,859	2,174,588	39,690,446	234,673	6,313,535	135,415	81,847,865
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	449,611,987
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing - net of provision	12,987,203	280,191,484	-	18,522,780	62,598,616	10,653,303	391,826,168
Advances - non-performing - net of provision	563,642	921,775	-	433,395	1,671,075	-	3,589,887
Others	1,806,853	15,698,490	7,491,899	528,352	5,754,115	280,853	66,010,754
Total Assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	992,886,661
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	84,163,669
Subordinated debts	-	-	-	-	-	-	-
Deposits and other accounts	564,565,481	160,149,553	-	21,935	65,305,888	858,355	790,982,287
Net inter segment balances - net	(533,319,613)	97,723,672	434,611,006	16,809,062	-	11,188,408	(27,012,535)
Others	12,902,600	17,328,364	1,066,600	964,317	4,440,177	3,346,088	51,059,429
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	992,886,661
Equity	-	-	-	-	6,996,711	2,037,081	45,647,484
Total Equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	992,886,661
Contingencies and commitments	5,069,575	381,406,193	229,525,637	432,431	11,081,682	9,352,213	638,374,357
December 31, 2020 (Audited)							
Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
(Rupees in '000)							

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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

35. RELATED PARTY TRANSACTIONS

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

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

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

	As at September 30, 2021 (Un-audited)					As at December 31, 2020 (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	-	-	-	450,478	350,000	-	-	-	719,311	300,000
Investment made during the period / year	-	-	-	-	-	-	-	-	411,454	50,000
Investment redeemed / disposed off during the period / year	-	-	-	(18,449)	-	-	-	-	(247,268)	-
Transfer in / (out) - net	-	-	-	(92,688)	-	-	-	-	(433,019)	-
Closing balance	-	-	-	339,341	350,000	-	-	-	450,478	350,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	2,805,786	28,671	423,764	4,766,042	-	5,035,504	19,771	364,453	4,701,476	-
Addition during the period / year	65,001,659	328	129,989	9,882,824	-	121,938,314	59,315	125,382	9,941,779	-
Repaid during the period / year	(64,270,612)	(28,998)	(97,865)	(9,278,536)	-	(124,168,032)	(50,406)	(93,715)	(10,545,058)	-
Transfer in / (out) - net	-	-	(49,448)	2,328,032	-	-	(9)	27,644	667,845	-
Closing balance	3,536,833	1	406,440	7,698,362	-	2,805,786	28,671	423,764	4,766,042	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up receivable	70,461	-	93,178	427,899	-	46,571	425	84,087	90,799	-
Advance rent	4,722	-	-	-	-	1,081	-	-	-	-
Dividend receivable	-	-	-	21,167	-	-	-	-	-	-
Securities given as Collateral	-	-	-	-	188,963	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,923,886	-	-	-	-	1,972,026
Borrowings during the period	-	-	-	-	500,000	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	(135,420)	-	-	-	-	(1,048,140)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	2,288,466	-	-	-	-	1,923,886
Subordinated debt										
Opening balance	-	-	-	-	-	-	-	-	24,950	-
Issued during the period	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	-	-	-	-	-	(5)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(24,945)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	8,018,104	19,379	186,617	12,205,848	4,811,281	4,678,222	64,239	117,562	15,124,817	4,817,176
Received during the period / year	528,873,776	133,756	1,235,823	222,845,153	64,343,357	584,157,308	211,929	1,095,412	256,093,596	30,648,252
Withdrawn during the period / year	(503,654,072)	(125,805)	(1,164,468)	(221,806,886)	(63,456,600)	(580,817,426)	(199,751)	(1,016,580)	(257,566,215)	(30,654,147)
Transfer in / (out) - net	-	-	(3,565)	12,752	231,180	-	(57,038)	(9,777)	(1,446,350)	-
Closing balance	33,237,808	27,330	254,407	13,256,867	5,929,218	8,018,104	19,379	186,617	12,205,848	4,811,281
Other Liabilities										
Interest / mark-up payable	44,000	-	1,052	70,400	30,919	19,363	-	1,809	34,000	38,941
Payable to staff retirement fund	-	-	-	-	171,336	-	-	-	-	310,314
Security deposits payable	-	-	-	322,224	-	-	-	287	296,198	-
Others	-	-	6,518	-	-	4,986	-	4,588	-	-
Contingencies and Commitments										
Contingencies and Commitments	1,081,812	-	-	5,772,217	-	1,313,613	-	-	3,951,782	-
Others										
Securities held as custodian	4,590,000	-	-	-	7,219,500	4,590,000	-	-	-	6,992,500

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

For the nine months ended September 30, 2021 (Un-Audited)						For the nine months ended September 30, 2020 (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	145,153	533	12,085	398,984	-	174,986	2,964	15,172	393,736	-
Fee and commission received	20	-	-	36,372	-	102	-	-	2,877	-
Dividend income	-	-	-	36,952	11,066	-	-	-	4,118	8,207
Gain on sale of fixed assets	-	-	1,975	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest expensed	876,154	221	4,959	374,076	432,346	420,851	275	4,343	1,087,868	513,910
Rent	1,314	-	-	-	-	9,601	-	-	-	-
Insurance premium	-	-	-	-	-	-	-	-	63,404	-
Charge to defined benefit plan	-	-	-	-	218,571	-	-	-	-	255,913
Contribution to defined contribution plan	-	-	-	-	238,068	-	-	-	-	219,858
Remuneration and allowances	-	-	557,513	-	5,205	-	-	463,226	-	4,366
Directors' Fee, Allowances	-	55,512	-	-	-	-	14,375	-	-	-
Communications	-	-	-	-	30,694	-	-	-	-	21,562
Brokerage and Commission	-	-	-	87	30,679	-	-	-	145	10,034
Donations	142,110	-	-	-	-	109,000	-	-	-	-
Others	-	-	-	-	-	-	-	-	2,364	-
Dividend paid	2,718,846	9	225	-	42,350	1,359,423	4	113	-	11,745

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

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

During the nine months ended September 30, 2021, fixed assets having net book value of Rs 2,612 thousands were adjsted against the final settlement of Ex-President & CEO.

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
(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	48,310,756	44,953,711
Eligible Additional Tier 1 (ADT 1) Capital	5,935,537	5,928,538
Total Eligible Tier 1 Capital	54,246,293	50,882,249
Eligible Tier 2 Capital	11,560,764	13,137,795
Total Eligible Capital (Tier 1 + Tier 2)	65,807,057	64,020,044
Risk Weighted Assets (RWAs):		
Credit Risk	369,998,512	325,175,823
Market Risk	37,617,046	31,566,562
Operational Risk	56,484,088	56,484,088
Total	464,099,177	413,226,473
Common Equity Tier 1 Capital Adequacy ratio	10.41%	10.88%
Tier 1 Capital Adequacy Ratio	11.69%	12.31%
Total Capital Adequacy Ratio	14.18%	15.49%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	54,246,293	50,882,249
Total Exposures	1,714,346,711	1,420,206,406
Leverage Ratio	3.16%	3.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	482,467,793	345,807,337
Total Net Cash Outflow	272,862,628	201,510,814
Liquidity Coverage Ratio	176.82%	171.61%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	997,811,771	812,464,916
Total Required Stable Funding	498,580,095	442,061,686
Net Stable Funding Ratio	200.13%	183.79%

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

37. ISLAMIC BANKING BUSINESS

The Group is operating 95 Islamic banking branches including 3 Sub branches at September 30, 2021 (December 31, 2020 : 95 Islamic banking branches including 3 Sub branches) and Nil Islamic banking windows at September 30, 2021 (December 31, 2020 : Nil).

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,977,475	5,161,165
Balances with other banks		380,031	1,152,370
Due from financial Institutions		-	-
Investments	37.1	14,717,750	12,216,340
Islamic financing and related assets - net	37.2	70,127,771	64,269,691
Fixed assets		1,551,656	1,756,603
Intangible assets		-	-
Due from head office		-	-
Other assets		4,543,872	5,562,647
Total assets		98,298,555	90,118,816
LIABILITIES			
Bills payable		1,291,406	1,477,496
Due to financial institutions		10,233,311	11,810,905
Deposits and other accounts	37.3	73,638,122	65,305,888
Due to head office		-	-
Subordinated debt		-	-
Other liabilities		4,931,472	4,527,816
		90,094,311	83,122,105
NET ASSETS			
		8,204,244	6,996,711
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.4	18,749	-
Deficit on revaluation of assets		(10,016)	(57,670)
Unappropriated profit	37.5	3,595,511	2,454,381
		8,204,244	6,996,711
CONTINGENCIES AND COMMITMENTS			
	37.6	15,863,884	11,741,980

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

The profit and loss account of the Group's Islamic banking branches for the nine months ended September 30, 2021 is as follows:

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2021	2020
	Note		
Profit / return earned	37.8	4,676,982	5,636,723
Profit / return expensed	37.9	1,790,699	2,645,200
Net Profit / return		<u>2,886,283</u>	<u>2,991,523</u>
Other income			
Fee and Commission Income		177,337	130,482
Dividend Income		59	-
Foreign Exchange Income		69,903	99,115
Gain on securities		-	1,706
Other Income		64,253	45,247
Total other income		<u>311,552</u>	<u>276,550</u>
Total Income		<u>3,197,835</u>	<u>3,268,073</u>
Other expenses			
Operating expenses		1,682,155	1,595,441
Workers' Welfare Fund		-	-
Other charges		140	475
Total other expenses		<u>1,682,295</u>	<u>1,595,916</u>
Profit before provisions		<u>1,515,540</u>	<u>1,672,157</u>
Provisions and write offs - net		<u>374,410</u>	<u>207,631</u>
Profit before taxation		<u><u>1,141,130</u></u>	<u><u>1,464,526</u></u>

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
37.1 Investments by segments:								
Federal Government Securities:								
- Ijarah Sukuks	7,059,920	-	(10,164)	7,049,756	5,538,804	-	(58,148)	5,480,656
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	12,306,066	-	(10,164)	12,295,902	10,784,950	-	(58,148)	10,726,802
Units of open end mutual funds	100,000	-	99	100,099	-	-	-	-
Non Government Debt Securities:								
- Listed	35,000	-	49	35,049	70,000	-	478	70,478
- Unlisted	2,846,663	(559,963)	-	2,286,700	1,979,023	(559,963)	-	1,419,060
	2,881,663	(559,963)	49	2,321,749	2,049,023	(559,963)	478	1,489,538
	<u>15,287,729</u>	<u>(559,963)</u>	<u>(10,016)</u>	<u>14,717,750</u>	<u>12,833,973</u>	<u>(559,963)</u>	<u>(57,670)</u>	<u>12,216,340</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
37.2 Islamic financing and related assets	(Rupees in '000)	
Ijarah	4,716,539	4,227,697
Murabaha - note 37.2.1	5,765,818	4,379,276
Musharaka	31,286,365	28,545,253
Diminishing musharaka	13,136,187	16,936,532
Salam	5,050,033	4,935,938
Istisna	3,343,267	2,744,352
Receivable against sale of istisna / salam inventory	876,722	150,000
Service ijarah	1,652,176	752,176
Other islamic modes (executive car finance - qarz-e-hasana)	106,829	93,424
Advances against islamic assets - note 37.2.2	3,334,062	1,488,133
Inventory related to islamic financing - note 37.2.3	2,340,117	1,122,844
Gross islamic financing and related assets	71,608,115	65,375,625
Less: provision against islamic financings		
- Specific	1,380,907	1,023,192
- General	99,437	82,742
	1,480,344	1,105,934
Islamic financing and related assets - net of provision	70,127,771	64,269,691

37.2.1 Includes advance against Murabaha of Rs.1,292,632 thousand (December 31, 2020: Rs.397,579 thousand)

37.2.2 Advance against islamic assets

These unconsolidated condensed interim financial statements were	Diminishing					
	Ijarah	Musharaka	Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2021 (Un-audited)	1,159,134	-	2,174,928	-	-	3,334,062
December 31, 2020 (Audited)	578,819	-	909,314	-	-	1,488,133

37.2.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
September 30, 2021 (Un-audited)	-	-	-	874,105	1,466,012	2,340,117
December 31, 2020 (Audited)	-	-	-	50,073	1,072,771	1,122,844

ASKARI BANK LIMITED

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

For the nine months ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
37.3 Deposits and other accounts		
Customers		
Current deposits - non remunerative	27,867,475	23,312,633
Current deposits - remunerative	1,139,140	975,625
Savings deposits	23,359,286	23,619,062
Term deposits	12,885,695	12,058,779
Others	894,531	584,729
	<u>66,146,127</u>	<u>60,550,828</u>
Financial Institutions		
Current deposits - non remunerative	33,097	19,576
Savings deposits	342,969	335,484
Term deposits	7,115,929	4,400,000
	<u>7,491,995</u>	<u>4,755,060</u>
	<u>73,638,122</u>	<u>65,305,888</u>
37.4 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve amounting to Rs.18,749 (December 31, 2020: Nil) classified in other liabilities in note 19 has been presented as reserve.		
37.5 Islamic banking business unappropriated profit / (loss)		
Opening balance	2,454,381	691,544
Add: Islamic banking profit for the period / year	1,141,130	1,762,837
Closing Balance	<u>3,595,511</u>	<u>2,454,381</u>
37.6 CONTINGENCIES AND COMMITMENTS		
- Guarantees	6,384,647	5,460,329
- Commitments	9,479,237	6,281,651
- Other contingent liabilities	-	-
	<u>15,863,884</u>	<u>11,741,980</u>
37.7 CHARITY FUND		
Opening balance	20,529	52,137
Additions during the period		
- Received from customers on delayed payments	24,671	15,391
- Non Shariah Compliant Income	-	-
- Profit on charity account	7	21
- Others	261	233
	<u>24,939</u>	<u>15,645</u>
Payments / utilization during the period		
- Education	(587)	(1,055)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	(11,788)	(41,270)
- Orphanage	(2,581)	(4,928)
	<u>(14,956)</u>	<u>(47,253)</u>
Closing balance	<u>30,512</u>	<u>20,529</u>

ASKARI BANK LIMITED

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the nine months ended September 30, 2021

(Un-audited)	
nine months ended	
September 30, 2021	September 30, 2020
(Rupees in '000)	

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

Profit earned on:

Financing	3,619,055	4,630,379
Investments	1,032,441	762,092
Placements	25,486	167,728
Lendings	-	76,524
	<u>4,676,982</u>	<u>5,636,723</u>

37.9 Profit on deposits and other dues expensed

Deposits and other accounts	1,389,435	2,405,771
Due to financial institutions	230,681	102,004
Due to head office	1,164	6,185
Profit Equalization Reserve	37,675	-
Lease liability against right-of-use assets	131,744	131,240
	<u>1,790,699</u>	<u>2,645,200</u>

38. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 21, 2021.

-sd-

CFO

-sd-

President & CE

-sd-

Director

-sd-

Director

-sd-

Chairman

