



ANNUAL REPORT 2021

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VISION

To be a responsible customer focused bank providing inclusive and progressive financial services.

MISSION

To build long term relationships by delivering transformative customer experience, responsible banking, innovative technology, aiming to be employer of first choice and shaping opportunities that grow shareholders' value.

FINANCIAL HIGHLIGHTS

Rupees in million	2021	2020	Growth (%)
Total Assets	1,259,144	992,517	26.86
Deposits	1,015,430	791,187	28.34
Advances - net	477,588	395,374	20.79
Investments	616,361	449,687	37.06
Shareholders' Equity	55,902	54,546	2.49
Operating profit	20,585	19,742	4.27
Profit after taxation	9,701	10,800	(10.18)
Capital adequacy ratio - (%)	13.38	15.48	
Earnings per share - Rs.	7.70	8.57	
Market value per share - Rs.	22.02	23.39	
Net book value per share - Rs.	44.36	43.28	



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman / Non-Executive Director

Mr. Sarfaraz Ahmed Rehman

Non-Executive Director

Mr. Arif Ur Rehman

Non-Executive Director

Dr. Nadeem Inayat

Non-Executive Director

Syed Bakhtiyar Kazmi

Non-Executive Director

Mr. Manzoor Ahmed

Non-Executive Director / NIT Nominee

Mr. Mohammad Aftab Manzoor

Independent Director

Mr. Mushtaq Malik

Independent Director

Ms. Zoya Mohsin Nathani

Independent Director

Raja Muhammad Abbas

Independent Director

Mr. Atif R. Bokhari

President & Chief Executive

BOARD COMMITTEES

AUDIT

Mr. Mohammad Aftab Manzoor - Chairman

Dr. Nadeem Inayat

Syed Bakhtiyar Kazmi

Mr. Manzoor Ahmed

Raja Muhammad Abbas

HUMAN RESOURCE & REMUNERATION

Ms. Zoya Mohsin Nathani - Chairperson

Mr. Sarfaraz Ahmed Rehman

Dr. Nadeem Inayat

Mr. Manzoor Ahmed

RISK MANAGEMENT

Mr. Manzoor Ahmed - Chairman

Dr. Nadeem Inayat

Mr. Mushtaq Malik

Ms. Zoya Mohsin Nathani

Mr. Atif R. Bokhari

BOARD INFORMATION TECHNOLOGY

Mr. Mohammad Aftab Manzoor - Chairman

Dr. Nadeem Inayat

Mr. Mushtaq Malik

Raja Muhammad Abbas

Mr. Atif R. Bokhari

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

LEGAL ADVISORS

RIAA, Barker Gillette

Advocates & Corporate Counselors

SHARIAH BOARD

Mufti Muhammad Zahid - Chairman

Mufti Zakir Hassan Naumani - Member

Dr. Lutfullah Saqib - Member

Dr. Muhammad Tahir Mansoori

Resident Shariah Board Member

COMPANY SECRETARY

Syed Ali Safdar Naqvi, FCA

REGISTERED OFFICE

AWT Plaza, The Mall, P. O. Box No. 1084

Rawalpindi - 46000, Pakistan

Tel: (92 51) 8092624, UAN: (92 51) 111 000 787

Fax: (92 51) 2857448

Email: ir@askaribank.com.pk

REGISTRAR & SHARE TRANSFER OFFICE

CDC Share Registrar Services Limited (CDCSRSL)

Mezzanine Floor, South Tower, LSE Plaza

19-Khayaban-e-Aiwan-e-Iqbal, Lahore

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Tel: (92 42) 36362061-66

Fax: (92 42) 36300072

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

ENTITY RATINGS

Long Term: AA+


Short Term: A1+

By PACRA

WEBSITE

www.askaribank.com

SOCIAL MEDIA

 [askaribankpakistan](https://www.facebook.com/askaribankpakistan)

 [Askari_Bank](https://twitter.com/Askari_Bank)

 [askaribankpk](https://www.instagram.com/askaribankpk)

 [askaribanklimited](https://www.linkedin.com/company/askaribanklimited)

 [AskariBankOfficial](https://www.youtube.com/AskariBankOfficial)

PRODUCTS & SERVICES

Corporate, Commercial & Investment Banking

At Askari Bank, we understand the unique business requirements of our corporate and institutional clients, and accordingly strive to meet their expectations by providing a customized and relationship-based banking approach.

Corporate Banking

Corporate banking works on a long-term relationship-based business model to provide a single point within the Bank which meets all business requirements of its corporate and institutional customers, including public sector enterprises. Along with innovative products and solutions, customer service remains our top priority. Our relationship-oriented outlook focuses on providing a complete array of tailored financing solutions that are practical and cost effective, some of which include:

- Working Capital Facilities
- Term Loans
- Letters of Guarantee
- Letters of Credit
- Discounting Facilities
- Export Financing
- Cash Management and Employee Banking Solutions

Commercial Banking

Commercial Banking serves the middle tier segment by providing both general and tailored solutions encompassing all financial needs of the borrower ranging from Trade Finance to working capital requirements. Dedicated relationship managers provide customized solutions to our customers.

Investment Banking

Investment banking focuses on the origination and execution of a range of financial advisory and capital raising services to corporate and institutional clients. It also manages the Bank's proprietary investments in local equity and debt markets. Investment banking offers various tailored financial solutions including debt syndications, project finance and advisory services, debt placements through capital markets as well as structured trade finance facilities. Whether a company is seeking to access the local or cross border syndications and debt capital markets, project financing needs, advisory services related to Mergers and Acquisitions and or local equity capital markets for raising capital, our Investment Banking is well positioned to provide due assistance. We tailor the right structured solutions to meet our customers' needs in order to enhance business wealth and market competitiveness.

International Banking

Having Correspondent Banking relationships with 450 banks in 89 countries around the world, we remain focused on tapping new markets in Europe apart from our strong presence in South East Asia and Middle East markets to boost international trade and remittances. Concentrated efforts are also being made to promote business from China, leveraging on positive spill-over of Chinese investment in Pakistan, especially under CPEC.

China Desk

Askari China Desk was created with the sole intent of facilitating Chinese businesses working for various projects in Pakistan and has been immensely successful in term of fostering rich financial prospects and bringing in valuable Chinese deposits and trade. With an increasing number of Chinese investors entering Pakistan, by establishing dedicated China Desk, the Bank is well-placed to cater the needs of all existing and new customer.

Cash Management Services

Askari Cash Management Services aims to effectively manage the accounts receivable portfolio of medium and large corporate entities.

Transactional banking primarily aims at providing clearing, collection and cash/transfer facility to corporate clients.

Employee Banking provides efficient solution of payroll management to our Corporate clients under one resource center, which handles the process through the vast network of our branches.

Institutional Sales

Institutional sales offer tailor made and OTC products to its corporate clients catering to their needs alongwith consumer products for their employees at most affordable rates with premium services.

Askari Aasaan Money

TRANSFER Role of Home Remittance segment is pivotal in promoting remittances through its state-of-the-art web based portal "Askari Aasaan Money Transfer". This service is completely free of cost and is available for all citizens across the country.

Branch Banking

Askari Bank aims to provide its customers with a wide array of financial solutions catering to diverse banking needs. We offer Conventional, Corporate, Consumer, Islamic and Agriculture Banking services through a network of 560 branches / sub-branches in major cities, towns and cantonments.

PRODUCTS & SERVICES

Current Account

Current Accounts cater to a variety of transactional needs of our diverse customer base with value added benefits of Cheque books, Debit cards, Bankers' cheques, i-Net Banking and much more.

Savings Account

Savings accounts are offered by the Bank to both individual and institutional customers include Askari Maximiser, Askari Special Deposit and regular Savings Account based on profit and loss sharing (PLS). Askari Savings products offer attractive features and competitive returns.

Askari Maximiser Term Deposit

Askari Maximiser Term Deposit is specifically designed for individual and corporate customers with a medium to long term investment horizon. It is designed to cater to the saving needs of customers who want monthly profits with the option of availing financing facility of up to 90% of the principal amount.

Value Plus Current Account

Askari Value Plus Current Account offers financial freedom and security with unmatched flexibility. Customers (individuals) can open this account to avail the benefits of free life insurance coverage and host of free banking services for transactional convenience – all with no minimum balance requirements.

Askari Asaan Account

Askari Bank offers Asaan Account to unbanked / under-banked individuals. The facility is available in Current and Savings account categories. It offers hassle-free account opening and operating procedure to facilitate lower income groups for their banking requirements.

Digital Banking

Askari Digital offers convenient banking solutions from the comfort of home, office or on the go. Our valued customers needn't wait in long queues for account opening, balance inquiry, statement of accounts, funds transfer, utility bill payment and host of other financial and non-financial activities

Customer Digital On-Boarding

Askari Digital Onboarding platform provides online account opening to Resident Pakistanis. Our Customers can choose to open following accounts via digital onboarding and enjoy banking on the go with Askari Bank's digital solutions:

- Askari Asaan Digital Account
- Askari Asaan Digital Remittance Account
- Askari Freelancer Digital Account
- Range of other AKBL Accounts

Internet Banking

Askari Bank is providing internet banking services to its valued customers absolutely FREE. In addition to account management services, our I-Net banking offers:

- Online Banker's Cheque's delivery at customers doorstep
- Utility bills payment
- Online Insurance premium payment (for select insurance companies)
- Online School fee payment
- Online Shopping E-Commerce payments

Mobile Banking

Askari Bank has launched an upgraded version of its Mobile Banking App with friendly user interface and added security features. Salient features are:

- QR / HCE Payments through Virtual Cards
- Apply Online for Consumer Products
- Discounts & Alliances information
- Loan(s) details
- Debit Card Management
- Account Statement
- Book Cinema and Bus Tickets
- Cheque Management
- Manage Daily limits
- Enhanced Security Features through biometric login & PIN

SMS Banking

Askari Bank's SMS banking provides our valued customers the ability to undertake several actions using our short messaging service:

- i) New Debit Card Activation
- ii) Debit Card PIN Change
- iii) Block/ Unblock Debit Card
- iv) Balance Inquiry
- v) Mini Statement
- vi) Cheque Book Issuance
- vii) Stop Cheque Payment

Cardless Cash Withdrawal

Cardless Cash Withdrawal is a unique and value-added feature of both Askari Mobile Banking as well as I-Net banking. The facility allows cash withdrawal without requiring a Debit Card.

Consumer Banking

Consumer banking provides range of financing solutions to cater to meet our customers' personal financing need through innovative products and offerings. We keep in mind customers' needs at every stage of life. To enrich customer experience, we continuously seek new alliances to provide rich offerings and discounts.

Ask4Car

Askari Ask4Car is an auto financing product for new, used and imported vehicles. It offers competitive mark-up, flexible repayment plan and quick processing without any hidden charges. The product is offered to the customers for a maximum tenure of 7 years.

Personal Finance

With unmatched financing features in terms of loan amount, payback period and easy monthly installments, Askari Bank's Personal Finance makes sure that our customers get the most out of their loans. The product tenure ranges from 1 – 5 years and is designed for salaried individuals and businessmen.

Mortgage Finance

Whether our customers plan to construct a house, buy a constructed house, or renovate a house, Askari Mortgage Finance enables them to pursue their goals without any hassle. Askari Mortgage Finance is a premium house financing product offered to customers for a period up to 25 years. Government's "Mera Pakistan Mera Ghar – Housing Scheme" has also been launched to cater to the housing needs of low-income segment.

Mastercard Credit Card

Askari Bank offers a competitive suite of Classic, Gold, Platinum and Corporate MasterCard Credit Cards that provide superior services, travel privileges, exciting discounts, online payment facility along with reward points and transactional alerts through SMS as an enhanced security feature. The option for Flexible Credit Plans (FCP), Extended Payment Plan (EPP) and Balance Transfer is also available to customers at discounted mark-up rates.

World Mastercard Credit Card

Askari Bank pioneered Pakistan's first ever "World MasterCard" in collaboration with MasterCard

International. This credit card is specifically designed for customers seeking high-class service standards and travel privileges worldwide.

Askari-PIA Co-Brand Credit Card

Askari Bank & PIA join hands to launch one of the most promising travel Credit Card. Now our customers enjoy great travel benefits while travelling on Pakistan International Airline on Askari-PIA Co-Brand Credit Card. Unlock access to local & International departure lounges, Deals & Discounts, Accelerated Air Mile(s) earning and much more.

Askari Union Pay Debit Card

Askari Bank proudly introduces Pakistan's first EMV & NFC enabled UnionPay Debit Card.

Askari UnionPay Debit Card provides enhanced security with EMV and the convenience of NFC which enables to make quick payments directly from AKBL bank account. This card has the acceptance in more than 162 countries over millions of ATMs and merchants for retail and cash withdrawal transactions, and is ideal to carry while travelling abroad or domestically.

Call Center

Our Call Center provides a single point of contact to all callers and offers real-time information on products and services. This year the system has been upgraded to empower our customers by providing efficient self-service banking along with Contact Centre agent assistance round the clock.

Automated Teller Machine (ATM)

Askari Bank, as a member of 1-link, (Pakistan's first payment system operator and service provider) shares network of over 16,000 ATMs, including 640 Askari Bank ATMs. This network provides ATM service in all major cities of Pakistan.

Our fleet of ATMs include NFC enabled machines that allow the ability to draw funds with just a tap of the debit card and a pin.

Small and Medium Enterprises (SME) Banking

Askari Bank has been playing a significant role in the development of the SME sector by providing customers with the opportunity to access credit through strategically located branches across the country. The Bank also offers trade expertise and awareness on trade related activity through these access points, where specialized credit resources and empowered relationship management teams dedicatedly serve SMEs at the grass root level.

PRODUCTS & SERVICES

In order to cater to the financial needs of SME segment, Askari Bank offers "Askari Smart Pack", which includes the following products:

- Askari Quick Finance
- Askari Vendor's Finance
- Askari Business Solution
- Askari Loan for Business Premises
- Askari Lease Finance
- Askari Loan for Fertilizer Dealers
- Ask Fund Facility
- Prime Minister's Youth Entrepreneur Scheme

Agriculture Banking

Wide range of Products and services are being offered to timely and adequately meet the credit requirement of the agriculture and rural sector.

Loans are being extended for crops, livestock, farm mechanization, irrigation & water harvesting, tunnel farming, construction of storage facilities, floriculture, poultry, fisheries, orchards, purchase of tractors, refrigerated trucks / pickups, value chains and small farmer loan schemes. Following is the list of products:

- Askari Kissan Ever Green Finance
- Askari Kissan Tractor Finance
- Askari Kissan Farm Mechanization Finance
- Askari Kissan Aabpashi Finance
- Askari Kissan Transport Finance
- Askari Kissan Livestock Development Finance
- Askari Kissan Green House & Tunnel Finance
- Askari Kissan Farm Storage Finance.
- Askari Kissan Gold Fish Finance.
- Askari Kissan Murghban Finance.
- Askari Kissan White Pearl Finance
- Askari Kissan Samar Bahisht Finance
- Askari Kissan Gulban Finance

Islamic Banking

Under the guidance of its Shariah Board and professional bankers, Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs. Presently working with 101 dedicated Islamic banking branches (including 3 sub-branches) in 39 cities and towns spread across the country Askari Ikhlas Islamic has managed to increase its share in the banking Industry.

Islamic Deposit Products

Our customers enjoy the freedom to choose from a wide array of Shariah Compliant deposit products that offer flexible term deposit schemes, current accounts and savings accounts. Our Ahsan Munafa / Ahsan Munafa Corporate product is a chequing account that offers higher yields, calculated on a daily product basis. Askari Halal Savings Account is tailored to meet all business requirements of our customers and offers a host of value-added services. Askari Islamic PakWatan Remittance account is being offered to potential remittance beneficiaries. Askari Halal Investment Accounts are Mudarabah based term deposit products that allow customers to invest their savings for different tenors ranging from 01 month to 07 years, and earn Halal returns on a periodic basis.

Islamic Consumer Banking Products

To provide customers with Shariah compliant option for consumer financing, following financing facilities are offered to customers;

- Askari Ijarah Bis Sayyarah allows customers to get the car of their choice.
- Askari Home Musharakah allows customers to purchase, build or renovate a house.
- For housing finance at affordable rates, Government's rental rate subsidy scheme is offered under Mera Pakistan Mera Ghar.
- Shariah compliant solutions are offered to customers who have availed house finance facilities from conventional financial institutions, to transfer their facilities to Askari Ikhlas.

Islamic Corporate Banking

Our continuous efforts to provide a diversified range of Shariah Compliant, innovative financial products and solutions to corporate and commercial clients continue to win us new relationships. Following working capital and term facilities are provided;

- Murabaha
- Salam & Istisna
- Running Musharakah
- Finished Goods Financing
- Diminishing Musharakah & Ijarah
- SBP Refinance Facilities

We also provide Islamic solution to the customers who intend to avail Letter of Credits, Letter of Guarantee and Islamic Export Refinance facilities.

NOTICE OF THE 30TH ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Thursday, March 24, 2022 at 10:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 29th Annual General Meeting held on March 30, 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2021 together with the Directors’ and Auditors’ Reports thereon.
3. To appoint statutory auditors of the Bank for the year ending December 31, 2022 and fix their remuneration. The present auditors of the Bank, KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment and the Board of Directors has recommended their appointment in its meeting held on February 15, 2022.

Special Business:

4. To consider and if thought fit, approve in terms of section 183(3) of the Companies Act, 2017, disposal of Askari Securities Limited (“ASL”) by Askari Bank Limited pursuant to the amalgamation of ASL with and into Foundation Securities (Private) Limited (“FSL”) and the consequent dissolution without winding up of ASL and to pass the ordinary resolution as proposed in the Statement of Material Facts.

The Statement of Material Facts providing the information as required under Section 134 (3) of the Companies Act, 2017 is appended below.

Any Other Business:

5. To consider any other business as may be placed before the meeting, with the permission of the Chair.

By Order of the Board

March 02, 2022
Rawalpindi

Syed Ali Safdar Naqvi
Company Secretary

NOTES:

Participation in AGM through electronic means

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the Shareholders, the Securities & Exchange Commission of Pakistan (“SECP”) vide its Circular No. SMD/SE/2(20)/2021/117 dated December 15, 2021 directed the listed companies to hold general meetings through video link, webinar, zooming etc. in addition to the requirements of holding physical meeting.

Keeping in view of the above, please note that the Bank has made proper arrangements for the shareholders who will be participating in the 30th AGM proceedings through Zoom Link. For that purpose, the shareholders

are requested to provide their Name, Folio/ CDS Account Number, Number of Share held, Mobile Numbers (active) and Email address in their names with subject “Registration for 30th AGM of AKBL” at ir@askaribank.com.pk. Zoom Link to join the AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address at least 48 hours before the time of holding the AGM. The shareholders can also provide their comments and questions relating to agenda items of the AGM on email at ir@askaribank.com.pk.

NOTICE OF THE 30TH ANNUAL GENERAL MEETING

1. The Share Transfer books of the Bank will remain closed from March 18, 2022 to March 24, 2022 (both days inclusive). Transfers received at the Bank's Share Registrar Department, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and Share Transfer Office of the Bank at the close of the business hours on March 17, 2022 will be treated in time.
2. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan [GoP] or SBP or corporate entity may appoint a person who is not a member.
3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
4. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be treated invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.
6. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.
7. In case of individual shareholder, original CNIC or original passport while for the CDC account holder or sub-account holder and for the person whose securities are in group account and their registration details are uploaded as per the regulations, his/her authentication would be made by showing his/her original CNIC or original

passport along with participant(s) ID Number and their account numbers. In case of corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided along with proxy form to the Bank.

Special Notes to the Shareholders

8. Submission of Copies of CNIC (Mandatory)

As per SECP directives the payment of dividend to the shareholders whose CNICs are not available with the Share Registrar are being withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs to our Share Registrar. In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

9. Payment of Cash Dividend Electronically (e-Dividend)

Section 242 of Companies Act 2017, requires that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account (International Bank Account Number-IBAN) designated by the entitled shareholders. Provision of IBAN for cash dividend payments is mandatory and in order to comply with this regulatory requirement of direct credit of dividend amount in shareholder's IBAN, shareholders are requested to provide relevant information to:

1. Their respective CDC Participant/CDC Investor Account Services (in case their shareholding is in Book Entry Form) OR
2. Share Registrar CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (in case their shareholding is in Physical Form).

10. Transmission of Audited Financial Statements & Notices to Shareholders through email (Optional) or CD/DVD/USB

Annual Audited Financial Statements of the Bank for the financial year ended December 31, 2021 have been placed on the Bank's website i.e. www.askaribank.com.

In line with shareholders' approval accorded in 25th AGM of the Bank held on March 31, 2017, DVDs have been dispatched to all shareholders. In addition, hard copies of Annual Report 2021 have also been dispatched to Shareholders as per their demand.

11. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act 2017, shareholders may avail video conference facility to attend 30th AGM provided the Bank receives consent from the shareholders holding aggregate 10% or more shareholding at least seven days prior to the date of the meeting. Please fill the following form and submit its signed copy to the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad or email signed form at ir@askaribank.com.pk:

I/We, _____ of _____ being a Member of Askari Bank Limited, holder of _____ Ordinary Share(s) as per Registered Folio No/CDC Sub-Account No. _____ hereby opt for video conference facility at _____.

Signature of Member

12. Deposit of Physical Shares into Central Depository System

As per Section 72 of the Companies Act, 2017, all listed Companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Bank having physical folios/share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book-entry form will make the process of share handling more efficient and risk-free. Further, this will facilitate shareholders in safe custody of shares with the CDC, instant credit of entitlements (bonus shares and rights share), eliminate the risk of loss; and readily available for sale/purchase in the open market etc. The shareholders may contact the Share Registrar of the Bank at address, CDC

Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

13. Change of Address / Particulars

Shareholders are requested to immediately notify any change in their addresses to the Bank's Shares Registrar, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. To facilitate the shareholders, a Form for Change of Particulars of Shareholders has been made available on the website of the Bank.

14. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form to the Share Registrar mentioning Askari Bank's name and respective Folio and CDC Account Nos.

15. Unclaimed/Unpaid Dividend and Share Certificates

Shareholders of the Bank are hereby informed that as per the record, there are many unclaimed/ uncollected / unpaid dividends and shares; details whereof are appearing on the Bank's website www.askaribank.com. As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Bank which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP to the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Bank shall proceed to deposit the unclaimed/ unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

NOTICE OF THE 30TH ANNUAL GENERAL MEETING

16. Postal Ballot/E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, and Section 143 and 144 of the Companies Act 2017, shareholders will be allowed to exercise their right of vote through postal ballot i.e., by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

Statement under Section 134(3) of the Companies Act, 2017 in respect of Special Business

The following statement sets out the material facts pertaining to the special business to be transacted in the 30th Annual General Meeting of the Bank to be held on Thursday, March 24, 2022:

Agenda Item No. 4

The Bank owns one hundred percent (100%) of the issued share capital of ASL, a public unlisted company, and pursuant to the amalgamation of ASL with and into FSL, (i) the entire undertaking of ASL shall transfer to and vest in FSL, inclusive of all properties, assets, rights, liabilities, trademarks, patents, and obligations of ASL, (ii) ordinary shares of FSL shall be issued to Askari Bank Limited, and (iii) ASL shall dissolve, without winding up.

The amalgamation of ASL with and into FSL has been approved by the respective Boards of ASL and FSL on December 29, 2021 and the Bank's Board on January 10, 2022.

The Board of Directors, AKBL (the Board), in its meeting, held on October 21, 2021 authorized to carry out due diligence and valuations for amalgamation of ASL with and into FSL subject to obtaining all necessary regulatory and corporate approvals. After Board's approvals on October 21, 2021 and January 10, 2022, necessary disclosures to that effect were made to PSX/ SBP/ SECP on October 21, 2021 and January 11, 2022.

This is now to inform that the Bank, ASL and FSL are in receipt of due diligence and valuation reports which were independently carried out by EY Ford Rhodes, Chartered Accountants. These reports along with Scheme of Arrangement for

amalgamation (copy attached) and Information Memorandum were presented before respective Boards of ASL, FSL and AKBL and were duly considered and approved.

The amalgamation of ASL with and into FSL is being presented to the Shareholders of the Bank for their approval in terms of section 183(3) of the Companies Act, 2017 by passing the following resolutions as Ordinary Resolutions, if thought fit:

1. *RESOLVED THAT in terms of section 183(3) of the Companies Act, 2017, subject to necessary approvals of the Regulatory Bodies, the disposal of ASL by the Bank pursuant to the amalgamation of ASL with and into FSL in terms of the Scheme of Arrangement dated 29 December 2021 ("Scheme"), as such Scheme may be amended from time to time in accordance with the terms of the Scheme, between ASL and its members and FSL and its members, be and is hereby approved.*

2. *FURTHER RESOLVED THAT the President & CE, or his delegates (the "Authorized Representatives" jointly and severally) of the Bank be and are hereby authorized to carry out, take and complete all actions required to be carried out, taken and completed for the purposes of the Amalgamation.*

FURTHER RESOLVED THAT all prior actions carried out, taken and completed by the Authorized Persons on behalf of Askari bank Limited in relation to the Amalgamation are hereby confirmed, ratified, and adopted by Askari Bank Limited in full.

FURTHER RESOLVED THAT the Bank be and is hereby also authorized to make Disclosure of Material Information, if required, and seek necessary approvals from Regulatory Bodies."

The Directors of the Bank have no personal interest, directly or indirectly, in the above-mentioned special business that would require further disclosure.

PROFILE OF DIRECTORS



Mr. Waqar Ahmed Malik
(Non-Executive Director & Chairman)

Mr. Waqar Ahmed Malik's corporate and business experience spans over 30 years across three continents. Mr. Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in The Netherlands. He has also been the Chief Executive Officer of ICI Pakistan Limited and the Chief Executive Officer and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and Akzo Nobel, he worked in Europe and Americas' in Corporate Finance and Strategy.

Mr. Waqar Ahmed Malik joined Fauji Foundation as Managing Director and Chief Executive Officer on 9th April 2020.

He is also Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he co-founded.

Mr Waqar is a non-executive Member of the Board of JAZZ Pakistan which is a subsidiary of Veon Limited, as well as non-executive Director of Rafhan Maize.

Earlier, Mr. Waqar also served on the following prestigious boards:-

- Engro Corporation Limited – Director (Non-Executive & Independent)
- Standard Chartered Bank Pakistan Limited – Director (Non-Executive & Independent)

He played an instrumental role in development of Pakistan's Regulatory System as well as for the advocacy to undertake economic reforms. Earlier he served as:-

- Director – State Bank of Pakistan
- President – Overseas Chamber of Commerce & Industry (OICCI)
- President – Management Association of Pakistan (MAP)
- Director – Pakistan Business Council (PBC)

Mr. Waqar Malik is a member of the visiting faculty of Pakistan Institute of Corporate Governance, Former Member of Board of Governors of Lahore University of Management Science (LUMS) and Former Member of Board of Indus Valley School of Arts.

He participates actively in social and philanthropic activities through "I – Care" Foundation, as a Trustee, where he contributes to improve the quality of life of underprivileged by enhancing the level of philanthropic support.

A trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010.

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Non-Executive Director & Chairman

Membership of Board Committees

None

Other Directorships

He is Managing Director and Chief Executive Officer of Fauji Foundation and is Chairman Board of Directors of following companies:

- Mari Petroleum Co Ltd (MPCL)
- Fauji Fertilizer Co Ltd (FFC)
- Fauji Fertilizer Bin Qasim Ltd (FFBL)
- Fauji Cement Co Ltd (FCCL)
- Fauji Kabirwala Power Company Ltd (FKPCL)
- Foundation Power Company Daharki Ltd (FPCDL)
- Daharki Power Holding Co Ltd (DPHL)
- Fauji Akbar Portia Marine Terminal Ltd (FAP)
- Foundation Wind Energy-I Limited (FWEL-I)
- Foundation Wind Energy-II Ltd (FWEL-II)
- FFC Energy Ltd (FFCEL)
- Fauji Fresh n Freeze Ltd (FFFL)
- FFBL Power Company Ltd (FFBL PCL)
- Fauji Oil Terminal & Distribution Co Ltd (FOTCO)
- Fauji Trans Terminal Ltd (FTTL)
- Askari Cement Ltd (ACL)
- Fauji Infravest Foods Ltd (FIFL)

PROFILE OF DIRECTORS



Mr. Sarfaraz Ahmed Rehman
(Non-Executive Director)

Sarfaraz, a chartered accountant by qualification, has contributed management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson / Olayan JV and PepsiCo during his varied career.

In 2005, Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015.

Since Oct 2015, he has been involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Sarfaraz was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He conducts a well-established coaching / mentoring role, with business executives and university graduates. Sarfaraz has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School.

Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He is also on the Board of MAP and Patient Aid Foundation.

Sarfaraz joined Fauji Group in June 2020 as MD & CEO of Fauji Fertilizer Bin Qasim Limited (FFBL) till October 2021. During his short stay in FFBL, his innovations and effective business strategy led to turnaround of FFBL making it a profitable entity.

Additionally, Sarfaraz speaks at various forums. He has given motivational talks at Laye's, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell, MAP etc. At universities, colleges, schools and on media occasions he holds climate change talks / sessions to create awareness.

Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr. Sarfaraz Ahmed Rehman has been appointed as Managing Director & Chief Executive Officer of FFC, FFCEL and FFBL w.e.f October 16, 2021.

Term of Office

Joined the Board of Directors on June 10, 2020.

Status

Non-Executive Director

Membership of Board Committees

Human Resource & Remuneration Committee

Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Unilever Pakistan Foods Limited
- Fauji Fresh n Freeze Limited
- FFC Energy Limited
- OLIVE Technical Services (Privet) Limited
- Foundation Wind Energy - I Ltd
- Foundation Wind Energy - II Ltd
- Thar Energy Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore SA
- Hisaar Foundation
- Patients Aid Foundation
- International Packaging Films Limited (IPAK)
- National Disaster & Risk Management Fund (NDRMF)
- International Fertilizer Association (IFA)



Arif ur Rehman
(Non-Executive Director)

In July 2016, Mr. Arif ur Rehman was appointed Chief Manufacturing Officer, based at the Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities, Fatima Fertilizers, Sadiqabad; Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules). He had responsibility for Operations, Costs, Budgets and People aspects for all Fertilizers. In addition he was also responsible for the Supply Chain Function for the entire group where he controls the budget of about USD 200 Million per year, growth, sustainability and strategy of the FG; Fertilizer Business.

In 2007 he joined the Fatima Group as Project Director and led the USD 750 Million Project from ground breaking till its commissioning. This was a green field project comprising of Ammonia, Urea, NP, CAN, Nitric Acid, Utilities and related facilities. One of the salient features of the job was that it was a self-managed EPC Project. Mr. Arif was engaged with dozens of international contractors directly and completed the project successfully in 2011. After the commissioning of the project, he was appointed its Director Operations. In that role he brought the site to its full potential by a series of revamps that included the plants and organizational and systems improvement. As a result the production increased from 0.8 to 1,475 Million tons per year and the bottom line improved from -PKR 2.0 Billion to +10 Billion.

In 1996, he joined ICI Pakistan's PTA Business, which was the first and is still the only PTA plant in Pakistan with new technology. He worked as the commissioning leader for the most complex, Oxidation Plant. Later on he led all the remaining sections of the PTA plant (Purification and Utilities) and took over as the first local Production Manager for the PTA Business in 2001. He also worked as Technical Services & DBN Manager and was appointed as Site Operations Manager in 2005, where he was responsible for Operations, Maintenance, Inspection and Materials Management.

Arif started his professional career from Fauji Fertilizer Co (FFC) where he initially worked as Process Engineer in the Ammonia, Urea and Utilities plants. Later on he worked as Process Engineering In-charge, Operations Engineer-Ammonia and Ammonia DBN Commissioning Engineer. In mid-1994, his services were transferred to FJFC (now FFBL) project team. He worked at FJFC for about 3 years and was a part of the multidisciplinary team that developed the FJFC Project from inception to firm order placement. He led the engineering and

improvement of the Ammonia Plant. For that project he remained in USA for about a year as Ammonia Plant Lead.

Term of Office

Joined the Board of Directors on October 16, 2021.

Status

Non-Executive Director

Other Directorships

He also holds directorship on the Board of following companies:

- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Fauji Meat Limited
- Fauji Foods Limited
- Pakistan Maroc Phosphore S.A.

PROFILE OF DIRECTORS



Dr. Nadeem Inayat
(Non-Executive Director)

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 37 years of diversified experience in the corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions.

He also has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics (PIDE).

Term of Office

Joined the Board of Directors on June 20, 2013.

Status

Non-Executive Director

Membership of Board Committees

Audit Committee
Human Resource & Remuneration Committee
Risk Management Committee
Information Technology Committee

Other Directorships

- Fauji Fertilizer Company Ltd
- Fauji Fertilizer Bin Qasim Ltd
- Mari Petroleum Company Ltd
- Fauji Foods Ltd
- Hub Power Company Ltd
- Fauji Cement Company Ltd (FCCL)
- Pakistan Maroc Phosphore, S.A Morocco
- Fauji Oil Terminal & Distribution Company Ltd
- Fauji Trans Terminal Ltd
- FFBL Power Company Limited (FPCL)
- Fauji Meat Limited (FML)
- Fauji Akbar Portia Marine Terminals Ltd (FAP)
- Fauji Infraavest Foods Ltd (FIFL)
- Fauji Kabirwala Power Company Ltd (FKPCL)
- Foundation Power Company Daharki Ltd (FPCDL)
- Daharki Power Holding Ltd (DPHA)
- Fauji Fresh n Freeze Ltd (FFFL)
- Askari Cement Ltd (ACL)
- Foundation Wind Energy Ltd I & II (FWEL I&II)



Syed Bakhtiyar Kazmi
(Non-Executive Director)

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectorial and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

Mr. Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr. Kazmi successfully delivered his promise of providing best-in-class and integrity driven services.

With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single-handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr. Kazmi has served on a number of diverse forums / Boards in the Private Sector, Public Sector & Civil Society Organization and regularly publishes in reputable dailies.

Term of Office

Joined the Board of Directors on November 18, 2020.

Status

Non-Executive Director

Membership of Board Committees

Audit Committee

Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Cement Company Limited
- Mari Petroleum Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Fauji Infravest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Foundation Solar Energy Limited
- Fauji Akbar Portia Marine Terminal Limited
- Askari Cement Limited
- Foundation Power Company Daharki Limited
- Dhaharki Power Holding Company Limited
- Fauji Trans Terminal Limited
- Foundation Wind Energy Limited-1
- Foundation Wind Energy Limited-1
- FFC Energy Limited
- Olive Technical Services Limited
- Fauji Fresh n Freeze Ltd
- Fauji Meat Ltd

PROFILE OF DIRECTORS



Mr. Manzoor Ahmed
(Non-Executive Director)

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 150 billion. He has experience of over 31 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing Chartered Financial Analyst (CFA) level III.

Mr. Manzoor Ahmed has vast experience of serving on the Boards of various top ranking companies of Pakistan belonging to the diverse sectors of economy.

Mr. Ahmed has also attended various training courses organized by institutions of international repute like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Manzoor Ahmed is also member of the Defence Authority Country and Golf Club - Karachi.

Term of Office

Joined the Board of Directors on May 20, 2013.

Status

Non-Executive Director

Membership of Board Committees

Risk Management Committee - Chairman

Audit Committee

Human Resource & Remuneration Committee

Other Directorships

- Hub Power Company Limited
- General Tyre & Rubber Company Limited
- Soneri Bank Limited
- Sui Northern Gas Pipelines Limited



Mr. Mohammad Aftab Manzoor
(Independent Director)

A senior banker with over 36 years of banking experience of which 19 years in leadership positions including 10 years as the CEO of 2 “big five” banks in Pakistan. He has an MBA Finance degree and has attended training seminars/certifications at Harvard Business School, MIT and IFC.

His most recent position was at Soneri Bank Ltd. where he served as CEO for 9 years. Prior to that he was CEO at Allied Bank Ltd. for 3 years preceded by a 7 years stint as CEO of MCB Bank Ltd. During his tenure at MCB, the bank received the prestigious EuroMoney award for 6 years in a row as best domestic bank of Pakistan and secured the highest Moody’s rating in the country. He started his banking career with Citibank where he worked as Regional Head for Corporate Banking and subsequently as Business Head for the Product Group.

He has twice served as Chairman Pakistan Banks Association (PBA) working closely with State Bank of Pakistan on regulatory and other banking industry related issues.

Earlier he has served on the following Boards:

- MCB Bank Ltd
- Allied Bank Ltd
- Habib Allied Bank UK
- Allied Asset Management Ltd
- Soneri Bank Ltd
- SME Bank Ltd
- Khushhali Bank Ltd
- First Women Bank Ltd
- KASB Bank Ltd
- Trading Corporation of Pakistan (TCP)
- Pakistan Institute of Corporate Governance (PICG)
- Lahore University of Management Sciences (LUMS)
- Institute of Bankers of Pakistan (IBP)
- Pakistan Banks Association (PBA)
- Competitiveness Support Fund

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Audit Committee - Chairman

Information Technology Committee - Chairman

Other Directorships

- HSB Pak Ltd
- Security Papers Ltd (SPL)

PROFILE OF DIRECTORS



Mr. Mushtaq Malik
(Independent Director)

Mr. Mushtaq Malik holds Master's degrees in Economics and in Business Administration from Boston University, USA with specialization in International Business Management and Finance. He has also done Executive course in Project Evaluation and Management from Harvard University and Marketing Management Diploma from Delft University of Netherland.

He has also attended courses on Microeconomic stability and Balance of Payment Management arranged by IMF at Washington DC and Project Planning, Implementation and Monitoring in Manila. He enjoys excellent working relations with all the political as well as bureaucratic elite of Pakistan and has worked at the top most positions in some of the important public sector organizations especially Ministry of Finance. He headed the Board of Investment (BOI) as a Federal Secretary and Pakistan Electronic Media Regulatory Authority (PEMRA) as Chairman. Also has been representing Pakistan at various international forums and has been the Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington, DC.

He was on the Board of HBL and ECO bank for 5 years and 2 years, respectively and has served for 15 years in the Government of Punjab in various positions such as DG Local Government, Director of Industries and Mineral Development, Secretary Excise and Taxation, Secretary Environment Protection Development, Secretary Population Welfare and MD Punjab Mineral Development. Presently he is the advisor to MAS Group of Companies Ltd, Lahore, Byco Petroleum Pakistan Ltd, EPGL, FDH & SPARS Ltd.

Term of Office

Joined the Board of Directors on March 31, 2017.

Status

Independent Director

Membership of Board Committees

Risk Management Committee
Information Technology Committee

Other Directorships

- M M Management Consultants (Pvt) Ltd
- HinoPak Motors Limited
- Sindh Insurance
- Awan Foundation of Pakistan (Patron-in-Chief)



Ms. Zoya Mohsin Nathani
(Independent Director)

Ms. Zoya Mohsin Nathani is a senior banker with two decades of broad based experience in corporate banking relationship management, cash & trade sales, corporate finance, syndications, structured trade finance, SME Banking, Consumer Banking and Credit Risk Management.

Ms. Nathani completed her Masters in Business Administration from IBA Karachi and holds a MSc degree in Finance and Accounting from London School of Economics.

She has held various senior level positions in International and Local banks such as Director and Head of Global Corporates Pakistan, Standard Chartered Bank, Head of Corporate and Commercial Banking, Pakistan, JS Bank Ltd (Formerly American Express Bank), Director Capitas Group International and Head of Strategy Planning and SME, Burj Bank Limited.

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Human Resource & Remuneration Committee - Chairperson
Risk Management Committee

Other Directorships

- MNZ Ltd

PROFILE OF DIRECTORS



Raja Muhammad Abbas
(Independent Director)

Mr. Abbas brings with him rich experience in Governance, Public Administration, Personnel Management and Financial Management.

He holds a Bachelor degree from the University of Karachi. He joined Pakistan Navy in June 71 and after completion of training got commissioned in 1973. He got inducted into District Management Group in March 1980.

During his 34 years long span of illustrious public service, he has worked as Deputy Commissioner of District Jhelum, Gujranwala and Faisalabad where his role included Administration of Criminal Justice, Civil and Revenue legal matters and monitoring of development projects. He also held senior assignments at provincial level, such as Provincial Secretaries of Labor, Transport and Industries in the Government of Sindh, besides being Secretary Social Welfare, Women Development with the Government of the Punjab.

Additionally, he has worked as Director General Lahore Development Authority as well as Director General Parks and Horticulture Authority Government of the Punjab. Mr. Abbas was elevated to the highest positions as Federal Secretary Ministry of Housing and Works, Managing Director Pakistan Housing Authority, Chief Secretary Government of Sindh, Secretary Board of Investment and finally before retirement as Secretary to the Ministry of Interior, where he dealt extensively with Financial and Administrative matters. He has been Chairman of the Board of Directors of Sindh Bank.

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Audit Committee
Information Technology Committee

Other Directorships

- Sindh Insurance Limited
- M M Management Consultants (Pvt) Ltd.



Mr. Atif R. Bokhari
(President & Chief Executive)

Mr. Bokhari is a career banker with 32 years of experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited where he was Head of Corporate and Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CE and remained in this position until June 2014. During this ten-year period, UBL ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance. UBL became the second largest private commercial bank in Pakistan with a network of over 1300 branches including 18 branches in 7 countries. Mr. Bokhari was also the Chairman of UBL Tanzania, UBL AG Zurich and Director of UBL UK.

Mr. Bokhari had a two-year stint ending in December 2016 as President and CE of NIB Bank (Wholly owned subsidiary of Fullerton Financial Holdings - Temasek, Singapore).

Mr. Bokhari has also served as Minister of State & Chairman Board of Investment (BOI), Prime Minister Office, Pakistan, from March 2020 to June 2021.

Mr. Bokhari has been actively involved with private sector programs for health and development of education in Pakistan. He was founding Director of the Karachi School for Business and Leadership. Mr. Bokhari has also served as Director State Bank of Pakistan (SBP) Board & Member Monetary Policy Committee. He also serves on the Board of Governors of Shaukat Khan Memorial Trust (SKMT), Patients' Aid Foundation and Kidney Center.

Term of Office

Joined as President & Chief Executive of the Bank on August 23, 2021.

Status

President & Chief Executive

Membership of Board Committees

Risk Management Committee
Information Technology Committee

Other Directorships

- Board of Governors Shaukat Khanum Memorial Trust
- Board of Governors Patients' Aid Foundation
- Board of Governors Kidney Centre

BOARD COMMITTEES

COMPOSITION AND BRIEF TERMS OF REFERENCE

Board Audit Committee (BAC)

BAC oversees the integrity and effectiveness of the financial reporting process as well as of the financial statements with focus on compliance of accounting and reporting standards. BAC assists the Board of Directors by providing an independent review of the effectiveness of the financial reporting process, corporate governance standards, internal control systems, transparency culture, compliance with legal and regulatory requirements, policy and procedural framework and cost efficiencies. BAC also maintains an oversight on the adherence of management and employees to Bank's control framework and code of conduct.

Board Human Resource & Remuneration Committee (BHR&RC)

The primary responsibility of the BHR&RC is to have an effective oversight on the Bank's human resource policies and procedures. The Committee reviews and provides recommendations on the human resource strategies, compensation and benefit schemes and related issues of strategic importance that affects the Bank's ability to attract, develop and retain talent. The Committee is also responsible to devise a mechanism for identification of employees in the categories of 'risk takers' and 'risk controllers' including development of a remuneration structure for them in line with regulatory guidance.

Board Risk Management Committee (BRMC)

The purpose of the BRMC is to provide oversight of risk management and compliance risk management functions including risk management policies, procedures and practices relating to overall enterprise risk management as well as the management of credit, financial, liquidity, market, operational and other types of risk faced by the Bank. BRMC regularly reviews risk management performance relative to risk appetite, risk rating models and other tools to assess and monitor risk exposures and management's view on the acceptable and appropriate levels for such risk exposures. The Committee also regularly reviews overall performance of Special Asset Management function managing the infected portfolio. Similarly, it also regularly reviews compliance function performance in order to assess the effectiveness of controls for combating the Money Laundering, Terrorist Financing, Proliferation Financing and Sanctions Risks.

Board Information Technology Committee (BITC)

BITC is responsible to advise and report to the Board of Directors about status of technology and digital initiatives of the Bank. BITC reviews and recommends information technology governance framework, information technology policies, information technology and digital strategy of the Bank. The Committee oversees the progress of the information technology and digital initiatives and ensures that risk management tools and strategies are designed and implemented to achieve resilience against all type of cyber threats along with assessment of Bank's ability to effectively respond to wide-scale technology related disruptions.

CHAIRMAN'S REVIEW



Dear Shareholders

I am pleased to present my 2nd review report as Chairman of the Board of Directors of Askari Bank.

At the outset, I extend my welcome to our new President & CE, Mr. Atif R. Bokhari on to the Board. I am confident that his rich experience will lead Askari Bank's transformation as per the recalibrated vision and mission statements.

The Board continues to provide leadership and strategic direction through well established Board procedures and strategic planning processes that facilitate structured engagement with key management personnel of the Bank without indulging in day to day management. Diversity, skills and experience of my fellow Directors ensures good governance and sufficiency of debate, deliberation on the matters placed before the Board, paving the way for successful outcomes on strategic goals. An effective policy framework supports and enables business performance while ensuring compliance and controls, incorporating additional safeguards where deemed necessary. In my role as Chairman, I continue to ensure that the Board is prioritizing and effectively setting the tasks to deliver strategic direction of the Bank.

The Board is assisted by four (04) Board Committees with oversight responsibility for certain functions warranting greater attention. During the year, the Board Committees increased the rigor of oversight to ensure that controls remain effective under the new normal and that key risks are identified and managed in line with the Bank's appetite as pandemic exacerbated existing risks and spawned new threats. An effective and formal mechanism is in place for critical evaluation of the Board, its committees and individual directors for continuous improvement of our own processes and the adoption of best governance practices aligned with changing requirements and standards.

The Bank's transformative journey gained further traction with the completion of critical projects for navigating through 2021 and beyond; reorganization of operating model, reset business strategies, greater alignment of our human capital, upskilling our people and improved group synergies, will reshape our future and add value to the franchise.

The holistic approach to performance delivery is embedded in Askari Bank's corporate objectives and business operations. As a responsible financial institution, the Bank will continue to play its role for financial inclusion, access

to finance and markets, and facilitating wealth creation. Identifying and pursuing funding for projects of socio-economic progress remains a key priority, particularly those driven by Government initiatives. The Bank adopts a progressive view, acknowledging wider responsibilities to multiple stakeholders and remains committed to sustainable value creation.

On behalf of the Sponsors, I take this opportunity to convey my sincere gratitude to our Customers for placing their continued trust and patronage of Askari brand. I am thankful to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support, to my Board colleagues for their wisdom and valuable guidance in setting the strategic direction of the Bank as a future ready organization. Lastly, I am thankful to the staff and leadership of the Askari team whose talents, unreserved effort and commitment propels the Bank to greater heights.

Waqar Ahmed Malik
Chairman, Board of Directors

February 15, 2022
Rawalpindi

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present the 30th Annual Report of Askari Bank Limited along with the audited unconsolidated and consolidated financial statements of the Bank and Auditors' reports thereon, for the year ended December 31, 2021.

The Board welcomes Mr. Atif R. Bokhari who joined the Bank as new President & CE in August, 2021. Mr. Bokhari is a seasoned banker and brings with him diversified and extensive experience of leading and managing domestic and international banks. The Board is confident that under his leadership Askari Bank will transform as a future ready financial service provider in the country. The Board also takes this opportunity to place on record our appreciation for the services rendered by Mr. Abid Sattar, the outgoing President & CE.

Economy

Pakistan's economy gained further traction and growth is better than earlier estimates driven by accommodative monetary and fiscal policies. GDP growth rebounded to 3.94 percent (rebased 5.37 percent) mainly achieved through a turnaround in large scale manufacturing and expansion in services sector. Agriculture maintained its contribution as the decline in cotton was compensated by high growth in food crops.

The successful management of the pandemic, various measures and incentives for businesses and accelerated vaccination drive allowed continued economic activity thereby mitigating the risk of covid induced recession. Though supply-driven volatility in food prices and rising global commodity prices contributed to headline inflation rising to 12.3 percent year on year, in December 2021. The regulatory measures introduced by the SBP to counter inflationary pressure, and to ensure sustained growth include; a cumulative 275 basis point increase in policy rate to 9.75 percent, higher cash reserve requirement and regulatory tightening of consumer finance. The expectation of energy tariff hike, higher commodity prices and removal of tax exemptions in the recent Finance (Supplementary) Act will keep inflation in check in the near-term, though a moderate decline is likely as administered price increases dissipate and the impact of demand-moderating policies materialize.

Pakistan's external account position showed significant improvement during first quarter of 2021. Current account remained in surplus with the surge in remittances, support from deferred payments on external debt, curtailment in international travel and lower oil prices. However, later part of the year witnessed a shift as imports increased by 66 percent year on year, to USD 40.6 billion. Energy

and vaccine imports accounted for more than half of the rise. Exports grew by 15 percent year on year while remittances increased by 13 percent. Resultantly, current account deficit surged to USD 9.0 billion during first half of the current fiscal. Going forward, current account projection remains subject to the trends of commodity prices and outcome of the recent measures initiated by the Government aiming at fiscal consolidation.

The resumption of IMF-Extended Fund Facility (EFF) with the successful completion of the 6th Review under the program is a positive development for the near-term economic outlook. The implementation of revenues measures; GST and personal income, simplifying and broadening of tax systems, removal of preferential tax treatment and exemptions will improve fiscal framework while prudent government spending and adoption of SBP Amendment Act will further discipline financial and debt management. The successful completion of the Review and combined efforts on the monetary and fiscal side also entails unlocking funding from bilateral and multilateral partners.

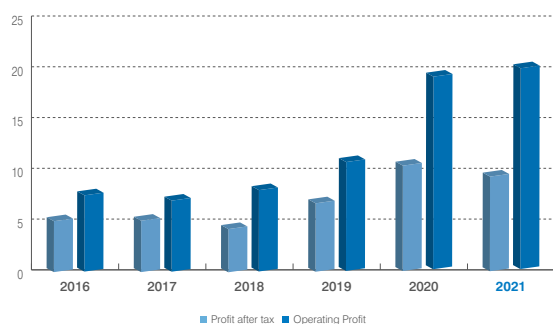
Looking ahead, the pace of economic recovery is moderating as reflected by high frequency demand indicators e.g. cement dispatches, sale of petroleum products, tractors and commercial vehicles. Decelerated LSM production and easing of imports and tax revenue growth also reflect similar trend. Economic growth for current fiscal is expected in the range of 4 to 5 percent which is also aligned with IMF's recent projections. Risks to the economic outlook include, on the domestic front, the current growing Omicron wave and, on the external front, the possibility of faster than anticipated tightening by the US Federal Reserve, geopolitical events in Europe and deteriorating security situation in the region. These may delay the critical reforms and have implications for the economic and financial conditions.

Bank's Performance

Askari Bank posted an operating profit (profit before provisions and taxation) of Rs. 20.59 billion for the current year, marginally higher than Rs. 19.74 billion last year. Profit after tax is reported at Rs. 9.70 billion against Rs. 10.80 billion, a 10.2 percent decline since last year mainly due to higher provisions against non-performing assets; net provisions requirement increased to Rs. 4.94 billion from Rs. 1.97 billion last year reflecting prudent approach adopted by the Bank for provisioning against certain borrowers. Earnings per share of Rs. 7.70 per share for the year under review compares with Rs. 8.57 per share for last year.

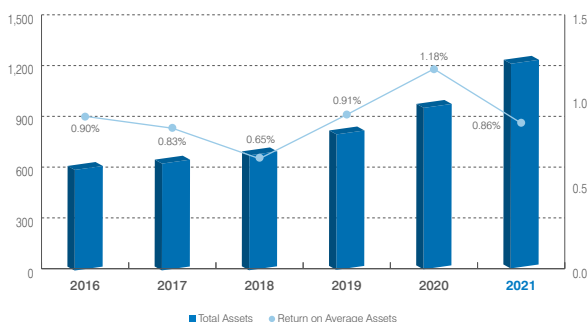
Profit

(Rs. in billion)



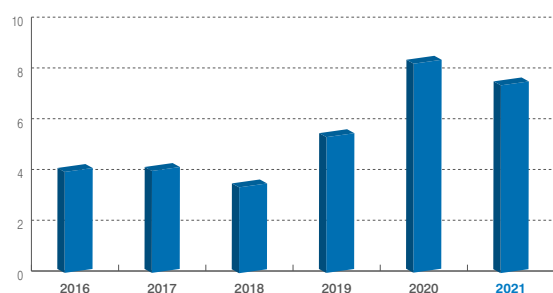
Return on Average Assets

(Rs. in billion) / Percentage



Earnings per share

(Rupees)

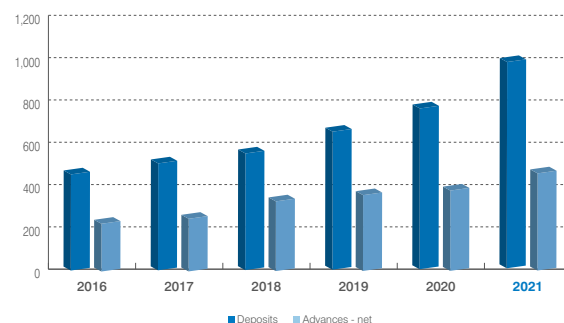


Net aggregate revenues recorded an increase of 4.6 percent, to Rs. 41.78 billion from Rs. 39.96 billion last year. Net mark-up income increased by 7.1 percent as declining interest margins were offset by balance sheet growth and improved mix of assets and liabilities. Fee commission and brokerage income registered a growth of 19.7 percent while foreign exchange income increased by 16.8 percent reflecting resumption of trade and transactions to normality. The uptick in trade and transactional volumes was mostly during the second half of the year as the first half had witnessed a pandemic related slowdown. However, aggregate non-mark-up incomes declined by 3.3 percent over last year due to lesser opportunities for gains on investments; investment gains reduced by 68.1 percent. Overall operating

expenses increased by 4.9 percent over last year mainly due to increase in compensation and other operating expense and additional provincial levy implemented during the year. Operating expenses to income ratio was maintained at 50 percent.

Advances and Deposits

(Rs. in billion)



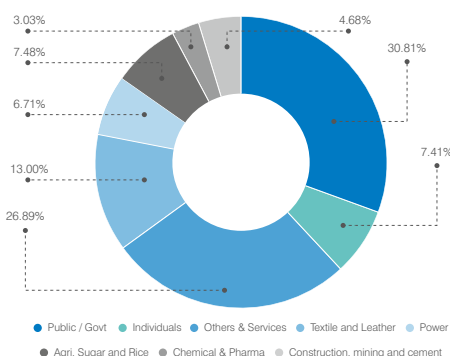
Total assets of the Bank grew by 26.9 percent to Rs. 1.259 trillion. During the year, customer deposits crossed Rs. 1 trillion mark and registered a year on year growth of 28.4 percent despite lower interest rates, reflecting the trust associated with Askari brand. CASA ratio was recorded at 80 percent at December 31, 2021. On the credit portfolio, the Bank was faced with managing elevated risks in an environment of volatility amidst pandemic. As the Bank strengthened credit culture through enhanced process efficiencies in loan originations, appraisals and approvals that proved catalytic in proactive support to clients in their stressful times on the road to recovery. However, addition of a large account to the non-performing portfolio warranted full provision which was duly set aside. Non-performing advances increased by 8.5 percent during the year while aggregate provisions increased by 14.3 percent resultantly the coverage ratio improved from 92.0 percent to 97.0 percent.

At December 31, 2021, the Bank is fully compliant with the regulatory capital ratios. Capital Adequacy Ratio is reported at 13.38 percent against the regulatory requirement of 11.50 percent (including capital conservation buffer of 1.50 percent of the total Risk Weighted Assets (RWA)). Leverage ratio is reported at 3.29 percent. The Bank is committed to maintain ample cushion in capital for increased risk absorption capacity.

On a consolidated basis (i.e. with inclusion of share of profit from Bank's wholly owned subsidiary, Askari Securities Limited) Askari Bank posted profit after tax (PAT) of Rs. 9.72 billion for 2021 (2020: Rs. 10.86 billion) translating into earnings per share (EPS) of Rs. 7.71 per share (2020: Rs. 8.61 per share).

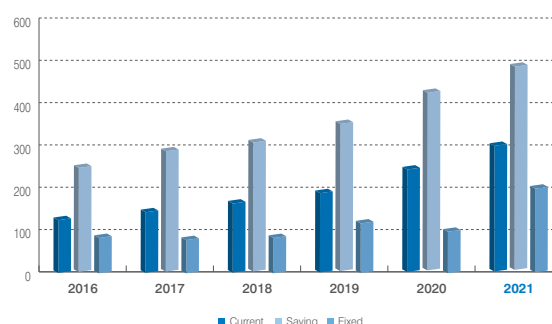
DIRECTORS' REPORT TO THE SHAREHOLDERS

Advances Concentration



Deposits

(Rs. in billion)



Appropriations

The Board of Directors recommends the following appropriations for the year ended December 31, 2021:

Rupees in '000

2021	2020	Year Ended December 31,	2021	2020
Consolidated			Unconsolidated	
9,715,733	10,846,333	Profit after taxation	9,701,386	10,800,375
12,770	(47,457)	Effect of recognition of actuarial gains / (losses)	14,858	(44,926)
830,008	78,576	Transfer from surplus on revaluation	830,008	78,575
10,558,511	10,877,452	Profit available for appropriation	10,546,252	10,834,024
—	(3,780,781)	Cash dividend - Nil (2020: 30%)	—	(3,780,781)
(1,940,277)	(2,171,399)	Transfer to statutory reserve	(1,940,277)	(2,160,075)
8,618,234	4,925,272	Accumulated profit carried forward	8,605,975	4,893,168
7.71	8.61	Earnings per share - Rupees	7.70	8.57

Askari Bank is committed to achieving its strategic goals and will continue to participate in viable growth opportunities, along with higher investment in business enablers; network and technology. Given that these require support of robust operating platform and strong capital base, the Board of Directors, after due deliberations decided that it was prudent to retain earnings to strengthen the capital. Accordingly, no dividend payout has been recommended for the current year. We firmly believe that a strong capital base will enable the Bank to deliver greater returns to the shareholders in coming years.

Entity Rating

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).

Distribution and Digital Channels

Our branch network and other supportive elements enable us to increase banking penetration in pursuit of our inclusive banking policies. The Bank operates with 559 branches across the country; 458 conventional and 101 Islamic Banking branches, a wholesale bank branch in Bahrain and a representative office in Beijing, China. As the pandemic continued during 2021, our main concern remained the health and safety of staff, customers and outsourced service providers. Health and safety protocols were implemented throughout branch network to minimise the spread of virus. In a few instances where our staff were diagnosed, prompt communication and actions were initiated including closure of certain branches to minimise the contagion.

The changing behaviors and customer preferences increased the transaction volume via digital channels, though branch network remains the focal point in customer relations and core to delivery of strategy due to current social norms. The Bank is actively investing in technology projects by building capabilities for valuable business insights along with process automation to optimize efficiency and reduce operating costs. Value added features on Askari i-net and mobile banking application include SBP integrated Raast payment service enabling funds transfers using cell numbers and IBAN. 65 ATMs were equipped with

NFC feature (near field communication) with added security. Upgraded system at contact centre now empowers our customers with self-service option for account and plastic card maintenance activities. Enhanced security features were added to debit and credit cards particularly for e-commerce transactions. Compliance with PCI DSS was achieved and Askari MasterCard is now protected by 3D secure platform for internet transactions. During the year, 'Askari Digital Account Web Portal' was launched that enables account opening without visiting a branch.

Recognizing cyber security as a high risk, Askari Bank's technology function works closely with the risk management and information security functions with assigned responsibility for technology aspects of projects implementation. Information systems and protocols are maintained in accordance with best practices, ensuring the highest levels of customer information security. Recognizing that digital is pivotal for future banking and that new technologies will disrupt banking, the Bank is continually upgrading systems and applications and adding security layers. The Bank will continue to invest in this key pillar to realise our vision of making Askari digital banking enjoyable, yet secure.

The Bank's consumer business remained focused on providing value to customers enabling them to achieve their financial aspirations. This business recognizes and actively pursues product innovation and service excellence as real differentiators along with opportunities involving strategic alliances to increase product offering while improving asset quality. The features of regular mortgage finance schemes under both conventional and Ikhlas Islamic finance, were extended and aligned with the Government's initiative for the housing sector; Mera Pakistan Mera Ghar and Naya Pakistan Housing Finance. The Bank recognizes the growth opportunities in the housing sector and is committed to increase its contribution in this initiative of national importance.

Ikhlas Islamic Banking

Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs. Askari Ikhlas has widened its footprint to 101 dedicated Islamic Banking Branches (including 03 sub-branch), in 39 cities and towns spread across the Country. Compliance with the Principles of Shariah is the cornerstone of our Islamic banking operations. All our offerings are approved by an independent Shariah Board, which ensures strict Shariah compliance at the strategic as well as granular level through its dedicated functions. Islamic Banking is a strategically important segment for our Bank and focus is on increasing Islamic offerings.

In line with SBP's strategy, which aims at making Islamic banking one third of the overall banking industry by 2025; Askari Ikhlas continued its growth momentum and is moving ahead confidently. During the year, total assets of Islamic banking grew by 29 percent, gross financing increased by 11 percent and deposits posted a growth of 13 percent. Our efforts to provide

a diversified range of Shariah compliant, innovative financial products and solutions to the clients continue to win us new relationships and we shall endeavor to actively pursue and augment this position in the years to come, Insha'Allah.

Risk Management and Compliance

Askari Bank has established a risk management framework that proactively supports the assessment, evaluation, monitoring and management of risks whilst creating a strong risk culture and supporting the Bank's strategic objectives. Decisions are made in compliance with risk management policies and procedures and regulatory requirements / guidance mitigating and managing risks within defined tolerance.

A risk management function executes risk strategy and ensures implementation of policies through application of various methodologies and tools aided by efficient systems and clearly articulated risk appetite. A dedicated committee of the Board of Directors, Board Risk Management Committee maintains oversight, along with multi-tier management supervision, including credit and risk committee, asset liability committee, with well-defined terms of reference. This approach helps in outlining the Bank's risk tolerance level vis-à-vis its risk appetite in relation to its size, current position and market standing, with a view to refine processes, controls and guidelines to not only mitigate, but also to effectively manage risks. The Operational Risk Unit continued to perform regular control assessment on loss/near-miss incidents and helping the Bank to fine tune the operational policies/procedures and product guidelines.

During the year, our principal focus was managing emerging risks and emerging compliance requirements across all metrics of the Bank whilst maintaining the rigour of enterprise wide management of embedded risks and compliance requirements in serving as an enabler for sustainable business decisions.

Management of Compliance and Financial Crime risk was further strengthened through implementation of improved standards and enhanced automation for Compliance Risk Management and other critical Compliance functions. New sanctions and PEP screening system has improved coverage through comprehensive data base of Global Watch Lists and PEPs. The Fraud Risk Management (FRM) ensures round the clock monitoring of Debit/Credit Cards / I-Net / Mobile banking channels through Global payment schemes monitoring solution and robust mechanism. Bank continued to emphasis on staff trainings through e-learning as well as classroom sessions. A suite of e-learning module has been rolled out to ensure appropriate coverage of all critical areas and to achieve maximum outreach.

The Bank will continue to drive business growth through detailed analyses coupled with regular insights of the business and industries to identify potential business propositions for enhance banking services. Prudent risk management is a cornerstone of the overall strategy as the Bank upholds its covenants to the Sponsors and key stakeholders.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Human Resource

The Bank strives to incorporate the best HR practices through a comprehensive human capital policy framework and robust processes, procedures that are continuously reviewed and updated. The overall human resource function is managed by the human resource division with oversight and guidance provided by the President & CE and the Board through Board's HR and Remuneration Committee. During the year a number of initiatives were implemented along with revision of certain policies to improve discipline and alignment with best practices.

During the year, the Bank embarked on a strategic workforce planning with the primary objective of building a flexible, future ready team able to navigate a new normal post pandemic and ensuring the right skill, mind set for the right job. A detailed study to drive greater alignment of human capital strategy across the branch network and business support verticals identified a workforce optimization opportunity that formed the basis of a structured separation scheme, currently in execution. The Bank also initiated outsourcing non-core functions to meet staffing needs and also redesigned its premium 'graduate training program'.

Gender diversity and inclusion remained under focus resonating the regulator's agenda. The Bank actively promotes female representation aiming at providing level playing field and increasing women participation via batches on both gender and inclusion. An agreement was also signed to pave future strategy around enhanced representation in these areas.

The Bank has a comprehensive remuneration policy that ensures remuneration practices attract, retain and reward the best talent, comply with regulatory guidance and align with the Bank's overall objectives. The remuneration structure has fixed and variable elements, and the remuneration policy prescribes the criteria for risk takers, controllers and the process for risk adjustments and deferrals.

The Bank remained steadfast in its commitment to develop talent, and put forward innovative learning solutions to ensure continued learning amidst travel restrictions and limitation to classroom sessions. Despite the pandemic, continued development and trainings were provided to 98 percent of the field staff. Certifications programs were also initiated for dedicated field positions.

Customer Experience

Service excellence forms the basis of our customer value proposition, and is a key element of our transformational journey. During the year, the Bank continued to introduce process and technology improvements with the aim of simplifying transactions and providing our customers a seamless banking experience. Sales and service culture was further strengthened through continuous staff trainings while conduct assessment framework and structured tools gauged service delivery against standards. We also strengthened our grievance handling mechanism by enabling customer access through Askari i-net

banking and mobile app, in addition to compliant registration through 24/7 contact center, website, email or branches. During the year 2021, a total of 57,735 complaints were registered where the average resolution time improved to 2.8 working days as compared to 3.5 last year

Green Banking and CSR

The Bank continues to support projects of national significance prioritizing financing of environmentally responsible initiatives. In addition to existing portfolio of renewable energy projects, the Bank introduced 'Askari Ujala Finance' under the SBP refinance scheme for small medium enterprise and retail segments. The product offers subsidized financing for sustainable and environmentally responsible energy projects to reduce consumption of traditional hydrocarbon-based energy sources. Digitization of customer solutions, improvements in operational processes and automation projects assign key priority to reducing paper consumption and printing. Installation of LED lights at all locations continue and during the year, conversion of select ATMs to solar energy was initiated as a pilot project. The Bank extended its CSR contributions during the year for health, education and social development. As part of CSR initiatives, the Bank organizes 'Askari Bank Green Day' on annual basis to mark its commitment to green banking by holding a plantation drives across major cities. For the past three years, Askari Bank has introduced specialized trainings for awareness and importance of green banking and to reinforce staff's collective responsibility towards environment.

Askari Securities Limited

The Bank wholly owned subsidiary Askari Securities Limited (ASL) is in the process of dissolution. The Board of Directors has already consented to Expression of Interest received by Askari Securities Limited from Foundation Securities (Pvt) Limited (FSL) to explore possibility of Amalgamation of ASL with and into FSL for improved synergies and business prospects. By the effect of the Amalgamation the complete undertaking of ASL will be transferred and come to vest into FSL together with all properties, assets, liabilities and obligations of every description, the shares of ASL will be cancelled and for each share held in ASL by AKBL as a holder of 100 percent of shares thereof, twenty-seven million one hundred and forty thousand (27,140,000) shares of FSL will be issued to AKBL i.e. for every one (1) ordinary share of ASL of Pakistani Rupees Ten (PKR 10/-) held by AKBL, one point one eight (1.18) ordinary shares of FSL of Pakistani Rupees Ten (PKR 10/-) each will be allotted to AKBL, and (c) ASL will then dissolve without winding up.

Corporate Governance

The Board of Directors of Askari Bank is committed to maintain high standards of corporate governance which has underpinned the Bank's long-term competitiveness, growth and sustainability. The requirements of Code of Corporate Governance as set out in Pakistan Stock Exchange Limited Regulations in the rule book for the year ended December 31, 2021 have been fully adopted and have been duly complied with. A statement to this effect is annexed in annual report.

Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Bank present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting, Islamic and Shariah Standards, as applicable to banking companies in Pakistan, have been followed in preparation of these financial statements and there is no departure from the said standards.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Bank has made a statement on internal controls in this annual report, which has been endorsed by the Board of Directors.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Key operating and financial data for the last six years, in a summarized form, is included in this report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2021, except as disclosed in annexed financial statements.
- Following is the fair value of investments as at December 31, 2021:
 - Provident Fund: Rs. 6,692 million based on un-audited financial statements (December 31, 2020: Rs. 6,136 million, based on audited financial statements)
 - Gratuity Fund: Rs. 3,399 million based on un-audited financial statements (December 31, 2020: Rs. 3,084 million based on audited financial statements)
- The Board consists of ten directors including one female director and the CEO as deemed director. During the year, eight meetings of the Board of Directors were held. The record of the meetings attended by the directors, is as follows:

	Board of Directors Meeting	Board Audit Committee	Board Human Resource & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee
Total meetings held	8	8	10	5	4
Name of Directors and their attendance in each meeting					
Mr. Waqar Ahmed Malik (Chairman)	8	NA	NA	NA	NA
Lt Gen Tariq Khan, (Retd)	3	NA	NA	NA	NA
Mr. Sarfaraz Ahmed Rehman	7	NA	9	NA	NA
Dr. Nadeem Inayat	8	7	7	1	1
Syed Bakhtiyar Kazmi	7	7	NA	NA	NA
Mr. Manzoor Ahmed	8	8	10	5	NA
Mr. Mohammad Aftab Manzoor	6	8	NA	NA	4
Mr. Mushtaq Malik	8	NA	NA	5	3
Ms. Zoya Mohsin Nathani	8	NA	10	5	NA
Raja Muhammad Abbas	7	5	NA	NA	4
Mr. Atif R. Bokhari (President & Chief Executive)	3	NA	NA	2	2
Mr. Abid Sattar (Ex-President & Chief Executive)	3	NA	NA	3	2
Mr. Khurshid Zafar (Acting President & CE)	1	NA	NA	NA	NA

DIRECTORS' REPORT TO THE SHAREHOLDERS

Board Evaluation

The Board of Directors and its sub-committees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

The Board of Directors is keen to ensure that the effectiveness of its performance is periodically evaluated and reviewed. The regulatory guidance prescribes such evaluation on an annual basis, and by an external independent evaluator at least once every three years. During the year, the Bank engaged Pakistan Institute of Corporate Governance (PICG) for this purpose. Such evaluation was undertaken through a comprehensive questionnaire, bifurcated into different sections; Board of Directors composition, planning, interaction, control oversight and procedures, as well as the objective contributions by individual directors. Quantitative techniques were used, where a scaled questionnaire was provided for each director's feedback. Assessments were carried out for the overall Board, Chairman and President & CE, Board committees and individual directors. A Likert scale from 1 to 6 (1 being strongly disagree and 6 strongly agree) was used to quantify assessment criteria for each section. Feedback from each director was then collated and analysed to denote performance in percentage terms against respective categories.

The evaluation of the board committees is primarily based on the assessment of the compliance with the terms of reference of each committee. The evaluation criteria for individual directors, is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as a board member. The evaluation criteria for the Chairman of the Board in addition to the general criteria, also encompasses leadership abilities and effective management of meetings.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank for greater success is discharged effectively and efficiently.

Final results of the annual evaluation of the Board's performance are then presented for Board of Directors for review and actions. Disclosure on the mechanism of the

evaluation process adopted by the Bank is published for all the stakeholders in compliance with the BPRD Circular No. 11, dated August 22, 2016. Directors remuneration details are disclosed in Note 39 of the un-consolidated financial statements. The Board's remuneration policy sets out the principles for determining remuneration for attending board and committee meetings, to value their skills and expertise, in alignment with the market and in compliance with applicable regulatory guidelines.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2021 is included in the annual report.

Trading in Shares

No trades in the shares of the Bank were carried out by the President & CE, CFO, Company Secretary their spouses and minor children during the year 2021.

Auditors

The present auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee has recommended the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2022. The appointment is subject to approval in the 30th Annual General Meeting.

Events after the Date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

Looking Ahead

Looking ahead, Askari Bank plans are focused on strengthening business sustainability supported by enhanced governance, compliance, credit and overall risk management culture to ensure a solid foundation. Our updated strategy is focused on growing our market share in retail segment, particularly low-cost deposits and consumer products. Greater emphasis will be on boosting trade volumes, increased penetration in cash management with focus on SME, commercial customers and strategic relationships. Customer experience remains a key priority aided by continued initiatives in the areas of process improvements, digitisation, automation and data

analytics. As part of the updated strategy the Bank has also revised its vision and mission statements (refer to page 2 of annual report).

The Bank is moving into expansionary phase which will put pressure on operating costs. However, certain planned initiatives that align our human capital strategy to a future fit growing organization will improve the cost structure and the Bank will be targeting to contain operating cost growth to within a single digit in periods to come. People development will be a key pillar along with technology enablement to provide deeper insights while planned upgrades of enabling systems, payment, cash management system and card system are expected to create considerable enhancements to the Bank's overall customer value proposition.

As we stand at the beginning of 2022, we look forward to a better year; one of a return to stability, growth and progress.

Acknowledgements:

On behalf of the Board, we express our sincere appreciation to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for the guidance and support extended to Askari Bank during the year. We also like to place on record our appreciation for the efforts of our Sharia Board for strengthening Sharia compliance and governance framework for Askari Ikhlas Islamic banking. We express our deepest appreciation and gratitude to our staff and their families for adhering to the new protocols, containing the transmission risk and ensuring uninterrupted delivery of customer offerings in these difficult times.

Atif R. Bokhari
President & Chief Executive

Waqar Ahmed Malik
Chairman, Board of Directors

February 15, 2022
Rawalpindi

SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

December 31	2016	2017	2018	2019	2020	2021
Assets						
	Rupees in million					
Advances - net	235,164	258,693	343,107	372,914	395,374	477,588
Investments - net	295,846	314,957	260,234	305,436	449,687	616,361
Cash, short term funds and statutory deposits with SBP	55,250	49,683	53,281	91,332	81,606	92,887
Fixed / intangible assets	11,020	10,729	13,533	20,506	22,357	21,350
Assets held for sale	262	81	81	81	-	-
Other assets	21,597	22,566	36,296	42,939	43,493	50,957
Total assets	619,139	656,708	706,532	833,208	992,517	1,259,144
Non-performing loans	28,535	26,753	26,657	28,134	28,736	31,165
Provisions for non-performing loans	26,959	25,647	26,152	25,635	26,446	30,228
Liabilities						
	Rupees in million					
Deposits and other accounts	472,811	525,808	573,636	679,299	791,187	1,015,430
Refinance borrowings from SBP	12,891	16,839	18,967	19,713	38,644	47,252
Subordinated loans	4,995	4,993	9,994	9,992	12,000	12,000
Borrowings / other liabilities	95,866	76,632	70,426	81,948	96,140	128,559
Total liabilities	586,562	624,273	673,023	790,952	937,971	1,203,242
Shareholders' funds						
Share capital	12,603	12,603	12,603	12,603	12,603	12,603
Reserves	12,755	14,798	19,257	25,353	34,306	41,336
Surplus on revaluation of assets – net of tax	7,219	5,035	1,649	4,300	7,638	1,964
Total shareholders' funds	32,577	32,435	33,509	42,256	54,546	55,902
Profitability						
	Rupees in million					
Interest income	35,512	36,267	43,670	71,704	79,105	77,550
Interest expenditure	20,497	20,072	25,060	49,569	48,842	45,140
Net interest income	15,016	16,195	18,610	22,136	30,263	32,410
Fee and commission income	2,156	2,707	3,116	3,617	3,851	4,609
Other income	4,951	3,549	2,506	3,787	5,843	4,761
Non-markup expenses	14,304	15,164	15,892	18,377	20,215	21,194
(Reversal) / provision and impairment against non-performing assets	(659)	(1,205)	1,461	773	1,975	4,940
Operating profit	7,818	7,287	8,340	11,163	19,742	20,585
Profit before taxation	8,477	8,492	6,879	10,389	17,767	15,645
Taxation	3,256	3,224	2,448	3,372	6,967	5,944
Profit after taxation	5,221	5,268	4,431	7,017	10,800	9,701
Business transacted						
	Rupees in billion					
Imports	279	358	394	334	371	541
Exports	124	155	215	248	206	264
Guarantees	132	137	150	156	112	142

December 31	2016	2017	2018	2019	2020	2021
Profitability ratios						Percentage
Return on average shareholders' equity (RoE)	22.14	19.97	14.98	20.10	25.45	19.24
Return on average assets (RoA)	0.90	0.83	0.65	0.91	1.18	0.86
Return on average capital employed	18.27	16.79	11.95	15.63	20.21	15.54
Cost to income (CIR)	64.66	67.54	65.58	62.21	50.59	50.73
Gross yield on average earning assets	6.71	6.42	7.14	10.62	9.44	7.85
Weighted average cost of deposits	3.70	3.42	3.97	6.96	5.54	4.18
Net advances to deposits	49.74	49.20	59.81	54.90	49.97	47.03
NPLs to gross advances	10.89	9.41	7.22	7.06	6.81	6.14
NPLs coverage	94.48	95.87	98.11	91.12	92.03	96.99
Current accounts to total deposits	27.44	28.37	29.56	28.68	31.78	30.46
Earning assets to total assets - gross	88.28	88.63	86.65	85.56	86.53	87.65
Capital Adequacy (CAR)	12.50	12.09	12.51	13.38	15.48	13.38
Share information						
Price earning (PE) - times	6.03	4.62	6.80	3.33	2.73	2.86
Price to book - times	0.97	0.75	0.90	0.55	0.54	0.50
Cash dividends - Interim (%)	-	10.00	-	-	-	-
- Final (%)	15.00	-	10.00	15.00	30.00	-
Earnings per share (EPS) - Rupees	4.14	4.18	3.52	5.57	8.57	7.70
Market value per share - year end - Rupees	24.95	19.31	23.92	18.54	23.39	22.02
Market value per share - high - Rupees	25.61	28.03	26.49	24.46	23.59	25.70
Market value per share - low - Rupees	17.50	17.75	19.20	15.53	13.00	18.77
Net asset per share - Rupees	25.85	25.74	26.59	33.53	43.28	44.36
Other information						
Number of employees	7,252	7,534	7,538	7,848	7,949	7,478
Female staff - (%)	13.40	12.80	12.90	13.70	14.00	13.69
Number of branches	501	516	516	535	537	560

آڈیٹرز

موجودہ آڈیٹرز، میسرز۔ کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس رینائر ہو چکے ہیں اور اہل ہونے کی وجہ سے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) ضوابط 2019 کے تحت حسب ضرورت بورڈ اور آڈٹ کمیٹی نے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے بینک کا آڈیٹ مقرر کرنے کی سفارش کی ہے۔ یہ تقرری 30 ویں سالانہ جنرل میٹنگ میں منظوری سے مشروط ہے۔

فنانشل پوزیشن کی ٹینٹ کی تاریخ کے بعد واقعات

فنانشل پوزیشن کے بیان کی تاریخ کے بعد کوئی ایسے واقعات پیش نہیں آئے ہیں جن کے لئے منسلک مالیاتی گوشواروں میں ایڈجسٹمنٹ کی ضرورت ہو۔

مستقبل کا جائزہ

آنے والے وقت کے لئے عسکری بینک کے منصوبے ایک ٹھوس بنیاد کو یقینی بنانے کے لئے بہتر گورننس، کمپلائنس، کریڈٹ اور مجموعی رسک مینجمنٹ کلچر کی مدد سے کاروباری پائیداری کو مستحکم کرنے پر مرکوز ہیں۔ ہماری تازہ ترین حکمت عملی ریشیل منیجمنٹ، خاص طور پر کم لاگت کے ڈپازٹس اور صارفین کی مصنوعات میں ہمارے مارکیٹ شیئر کو بڑھانے پر مرکوز ہے۔ زیادہ زور تجارتی حجم کو بڑھانے، ایس ایم ای، کمرشل صارفین اور اسٹریٹجک تعلقات پر توجہ مرکوز کرتے ہوئے نقد انتظام میں اضافے پر ہوگا۔ تازہ ترین حکمت عملی کے حصے کے طور پر بینک نے اپنے وژن اور مشن گوشواروں (سالانہ رپورٹ کے صفحہ نمبر 2 پر حوالہ) پر بھی نظر ثانی کی ہے۔ اس کے علاوہ صارفین کا تجربہ ایک اہم ترجیح ہے جس میں سڈیجیٹل ٹرانزیکشنز، آن لائن مشین اور ڈیٹا تجزیات کے شعبوں میں مسلسل اقدامات کی مدد سے بہتری کی جاتی ہے۔

بینک توسیعی مرحلے میں جا رہا ہے جس سے آپریٹنگ لاگت پروڈاکٹ پر بڑے گا۔ تاہم، کچھ منصوبہ بند اقدامات جو ہماری ہیومن کیپٹل کی حکمت عملی کو مستحکم میں بروقتی ہوتی تنظیم سے ہم آہنگ کرتے ہیں، لاگت کے ڈھانچے کو بہتر بنائیں گے اور بینک آنے والے ادوار میں آپریٹنگ لاگت میں اضافے کو ایک ہندسے کے اندر رکھنے کا ہدف بنائے گا۔ ٹیکنالوجی کے ساتھ ساتھ لوگوں کی ترقی و خوشحالی کے لیے کام کرنے پر بھی رجحان رہے گا، جبکہ نظام ادائیگی، نقد انتظامی نظام اور کارڈ سسٹم کو فعال کرنے کی منصوبہ بندی اپ گریڈیشن سے بینک کی مجموعی کسٹمر ویلویو یز میں خاطر خواہ اضافہ متوقع ہے۔

ہم سال 2022 کے آغاز میں کھڑے ہیں، ہم ایک بہتر سال کے منتظر ہیں۔ ترقی کی جانب بڑھنے والا، ایک مستحکم سال۔

اعترافات

بورڈ کی جانب سے ہم اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے سال کے دوران عسکری بینک کو دی جانے والی رہنمائی اور معاونت کے لئے دلی ستائش کا اظہار کرتے ہیں۔ ہم شریعہ کمپلائنس اور عسکری اخلاص اسلامی بینکاری کے لئے شرعی قییل اور انتظامی فریم ورک کو مستحکم کرنے کے لئے اپنے شرعی بورڈ کی کوششوں کی تعریف کو بھی ریکارڈ پر رکھنا چاہتے ہیں۔ ہم نئے پروڈکٹوں پر عمل کرنے، ٹرانسمیشن کے خطرے پر قابو پانے اور اس مشکل وقت میں صارفین کو بلا قطل خدمات کی ترسیل کو یقینی بنانے کے لئے اپنے عملے اور ان کے اہل خانہ کا تہہ دل سے شکریہ ادا کرتے ہیں۔

دقار احمد ملک

چیئر مین بورڈ آف ڈائریکٹرز

عاطف ریاض بخاری

صدر چیف ایگزیکٹو

15 فروری 2022

راولپنڈی

ڈائریکٹرز رپورٹ برائے حصص داران

بشمول ایک خاتون، بورڈس ڈائریکٹرز پر مشتمل ہے جبکہ ای ای او بھی ایک ڈائریکٹر تسلیم کیا گیا ہے۔ سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے۔ موجودہ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹرز کا نام اور اجلاس میں ان کی حاضری

بورڈ آف ڈائریکٹرز میٹنگ	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز
میٹنگ کی کل تعداد	8	8	10	5	4
جناب وقار احمد ملک (چیرمین)	8	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
لیفٹیننٹ جنرل طارق خان (ریٹائرڈ)	3	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب سرفراز احمد رحمان	7	قابل اطلاق نہیں	9	قابل اطلاق نہیں	قابل اطلاق نہیں
ڈاکٹر ندیم منات	8	7	7	1	1
سید بخش رکاشی	7	7	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب منظور احمد	8	8	10	5	قابل اطلاق نہیں
جناب محمد آفتاب منظور	6	8	قابل اطلاق نہیں	قابل اطلاق نہیں	4
جناب مشتاق ملک	8	قابل اطلاق نہیں	قابل اطلاق نہیں	5	3
محترمہ مدو بیگم نھانی	8	قابل اطلاق نہیں	10	5	قابل اطلاق نہیں
راجہ محمد عباس	7	5	قابل اطلاق نہیں	قابل اطلاق نہیں	4
جناب عاطف ریاض بخاری (صدر چیف ایگزیکٹو)	3	قابل اطلاق نہیں	قابل اطلاق نہیں	2	2
جناب عابد ستار (سابقہ صدر چیف ایگزیکٹو)	3	قابل اطلاق نہیں	قابل اطلاق نہیں	3	2
جناب خورشید ظفر (ایگزیکٹنگ صدر چیف ایگزیکٹو)	1	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں

بورڈ کی جانچ پڑتال

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیاں قابل اور تجربہ کار ہیں جو تعلیمی اور پیشہ ورانہ پس منظر کی نمائندگی کرتی ہیں اور ادارے کی مجموعی سمت کا تعین کرنے کے لئے مہم ہے۔

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کیلئے کوشاں رہتا ہے کہ اس کی کارکردگی کو موثر رکھنے کیلئے وقتاً فوقتاً جانچ پڑتال کا عمل کیا جاتا ہے۔ ریگولیٹری تقاضوں کے پیش نظر اس طرح کی جانچ پڑتال آزاد اور غیر متعلقہ ماہر جانچ پڑتال سے سالانہ بنیادوں پر ہر تین سال میں کم از کم ایک بار ضرور کروانی چاہیے اس مقصد کیلئے سال کے دوران پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کی خدمات حاصل کی گئیں۔

اس طرح کی تفصیل ایک جامع سوالنامے کے ذریعے کی گئی تھی، جسے مختلف حصوں میں تقسیم کیا گیا تھا؛ بورڈ آف ڈائریکٹرز کی تشکیل، منصوبہ بندی، رد عمل، نگرانی اور طریقہ کار کو کنٹرول کرنے کے ساتھ ساتھ انفرادی ڈائریکٹرز کی جانب سے معروضی تعاون۔ مقدار کی تکنیک استعمال کی گئی تھی، جہاں ہر ڈائریکٹر کی رائے کے لئے ایک پینل سوالات فراہم کیا گیا تھا۔ مجموعی بورڈ، چیرمین اور صدر اور سی ای، بورڈ کمیٹیوں اور انفرادی ڈائریکٹرز کے لئے تفصیلات کی گئیں۔ ہر کمیٹی کے لئے تفصیل کے معیار کی مقدار بتانے کے لئے 1 سے 6 تک ایک لائیکرٹ پینل استعمال کیا گیا (1 سخت اختلاف کیا جا رہا ہے اور 6 سختی سے متفق ہیں)۔ اس کے بعد ہر ڈائریکٹر کی رائے کو یکجا کیا گیا اور جانچ کا ہر متعلقہ قسم کے لئے فیصدی مقدار میں کارکردگی کو ظاہر کیا گیا۔

بورڈ کمیٹیوں کی تفصیل بنیادی طور پر ہر کمیٹی کی شرائط کی تفصیل پر مبنی ہے۔ انفرادی ڈائریکٹرز کے لئے تفصیل کا معیار ان کی شرکت، شراکت اور ان شمول کی رہنمائی اور تفہیم پر مبنی ہے جو بورڈ کے رکن کی حیثیت سے ان سے متعلق تھے۔ عام معیار کے علاوہ بورڈ کے چیرمین کے لئے تفصیل کا معیار بھی قائم نہ صلاحیتوں اور اجلاسوں کے موثر انتظام پر منحصر ہے۔

خود کی اہم تفصیل میں یہ مشق بورڈ کو حکمت عملی طے کرنے، کنٹرول کے عمل وضع کرنے، مانیکر اور ریکرو اکٹا مک عوامل کی نگرانی کر کے مارکیٹ کے رجحانات پڑھنے اور سیکھنے والی تنظیم کی جگہ کو آگے بڑھانے کے لئے نامساعد غیر متوقع حالات کا جواب دینے میں اپنی کارکردگی اور مجموعی اثر پذیری کا جائزہ لینے کی اجازت دیتی ہے۔ یہ عمل اس بات کو بھی یقینی بناتا ہے کہ بورڈ فکری طور پر مسلسل ترقی کر رہا ہے اور زیادہ کامیابی کے لئے بینک کو چلانے کی ذمہ داری بہتر اور موثر طریقے سے ادا کی جائے۔

اس کے بعد بورڈ کی کارکردگی کی سالانہ تفصیل کے حتمی نتائج بورڈ آف ڈائریکٹرز کے لئے جائزہ اور اقدامات کے لئے پیش کیے جاتے ہیں۔ بینک کی جانب سے اپنائے گئے تفصیل کے عمل کے طریقہ کار پر انکشاف 22 اگست 2016 کو پی آئی سی سرکلر نمبر 11 کی تعمیل میں تمام اسٹیک ہولڈرز کے لئے شائع کیا گیا ہے۔ ڈائریکٹرز کے معاوضہ سے متعلق تفصیلات غیر مدغم شدہ مالیاتی گوشواروں کے نوٹ نمبر 39 میں بیان کی گئی ہیں۔ بورڈ کی معاوضہ سے متعلق پالیسی بورڈ اور کمیٹی میٹنگز کی حاضری سے متعلق معاوضہ کو متعین کرنے کے اصول وضع کرتی ہے تاکہ ان کی مہارت اور قابلیت کی قدر اپنائی جائے معاوضہ کی پالیسی مارکیٹ سے ہم آہنگ بھی ہے اور متعلقہ ریگولیٹری ہدایات کی تعمیل بھی یقینی بناتی ہے۔

شیئر ہولڈنگ کا پٹرین

31 دسمبر 2021 کے اختتام پر شیئر ہولڈنگ کا پٹرین سالانہ رپورٹ میں شامل ہے۔

شیئر ذمہ داری ٹریک

سال 2021 کے دوران صدر اور سی ای، سی ایف او، کمیٹی سکرٹری ان کے ابلاغتہ اور ناپائج پتوں کی جانب سے بینک کے حصص میں کوئی کاروبار نہیں کیا گیا

صنعتی/صنعتی مساوات اور شمولیت ریگولیر کے ایجنڈے میں شامل رہی۔ بینک خواتین کی نمائندگی کو مکمل طور پر فروغ دیتا ہے جس کا مقصد برابری کا میدان فراہم کرنا اور خواتین کی شرکت کو بڑھانا ہے۔ اس حوالے سے بہتر اقدامات کرنے کے لئے اور مستقبل کی حکمت عملی کو بہوار کرنے کے لیے ایک معاہدے پر بھی دستخط کیے گئے۔

بینک کی معاوضہ سے متعلق ایک جامع پالیسی ہے جو بہترین فطری استعداد کو مکمل کرنے، اسکو دیہ پارکس اور بہتر مالی صلہ کو نہ صرف یقینی بناتی ہے بلکہ ریگولیری ہدایات کی تعمیل کے ساتھ ساتھ بینک کے مقاصد سے بھی ہم آہنگ ہے۔ معاوضہ کی ساخت مستقل اور متغیر عناصر پر مشتمل ہے اور معاوضہ کی پالیسی رسک لینے والوں اور محتمل کیلئے اصول وضع کرنے کے ساتھ ساتھ رسک کیلئے مطابقت اور انواء کا عمل بھی بیان کرتی ہے۔

بینک ٹیلنٹ کو فروغ دینے کے اپنے عزم پر ثابت قدم رہا، اور سبزی پائندہ یوں اور محدود دکانوں میں سہولتوں کے باوجود سیکھنے کے عمل کو جاری رکھنے اور اس کو یقینی بنانے کے لیے جدید سیکھنے کے حل پیش کرتا رہا۔ وبائی مرض کے باوجود 98 فیصد ٹیلنٹ سٹاف کو مسلسل تربیت فراہم کی گئی۔ سرٹیفیکیشن پروگرام بھی وقفہ فیئلڈ پوزیشنوں کے لیے شروع کیے گئے تھے۔

صارفین کا تجربہ

اپنے صارفین کو بہتر سروس دینا ہمارا شعار ہے اور یہ ہمارے تبدیلی لانے والے سفر کا ایک اہم عنصر ہے۔ رواں سال کے دوران بینک نے لین دین کو آسان بنانے اور اپنے صارفین کو بغیر کسی رکاوٹ کے بینکنگ کا تجربہ فراہم کرنے کے مقصد سے بہترین لائحہ عمل اور ٹیکنالوجی کو متعارف کرانا جاری رکھا۔ مسلسل عملی تربیت کے ذریعے نیل اور سروس کو مزید مستحکم کیا گیا جبکہ بینک اس کچھ کو فروغ دینے کے لئے کوشاں ہے جو صارفین کے ساتھ مساوی برتاؤ کی قدر کرتا ہے اور اس نے سروس ٹیمز اور خود احتسابی کے نوٹز کے ذریعے خدمات کی مجموعی فراہمی کو جانچنے اور بڑھانے کے لئے نافذ کیا۔ مزید برآں ہم نے 24/7 رابطہ مرکز، ویب سائٹ، ای میل یا براہ منوں کے ذریعے کھلیں رجسٹریشن کے علاوہ، عسکری آئی ٹی بینکنگ اور موبائل ایپ کے ذریعے صارفین تک رسائی کو ممکن بنا کر، شکایات سے نمٹنے کے طریقہ کار کو بھی مضبوط کیا۔ سال 2021 کے دوران مجموعی طور پر 57,735 شکایات درج کی گئیں جہاں حل کرنے کا اوسط وقت گزشتہ سال کے 3.5 کے مقابلے 2.8 کام کے دنوں تک بہتر ہوا۔

گرین بینکنگ اور ایس آر

ماحول کے اعتبار سے موزوں نئے منصوبوں کیلئے فنانسنگ کو ترجیح دیتے ہوئے بینک قومی اہمیت کے حامل منصوبوں کی معاونت جاری رکھے گا۔ موجودہ قابل تجدید توانائی کے منصوبوں کے پورٹ فولیو کے علاوہ بینک نے ایس بی پی کی ریٹائمنگ سسٹم کے تحت چھوٹے درمیانے درجے کے کاروبار اور پرچون کے شعبوں کیلئے عسکری اجالا فائننس متعارف کرائی۔ متعارف کردہ اکسیرم پائیدار اور ماحول دوست توانائی کے منصوبوں کیلئے رعایتی فنانسنگ کی پیشکش کرتی ہے جس سے روایتی ہائیڈرو کاربن پر مبنی توانائی کے ذرائع کی کچھت میں کمی کرنے میں مدد حاصل ہوگی۔ صارفین سے متعلقہ معاملات کی ڈیجیٹائزیشن، آپریشنل کاروائیوں میں بہتری اور خود کاری کے منصوبہ جات کا فنڈ کی کچھت اور پرنٹنگ میں کمی کرنیکی کلیدی ترجیح کی تفویض کا عکاس ہے۔ تمام مقامات پر ای ای ڈی لائسنس کی تصویب جاری ہے اور دوران سال چیدہ اے ٹی ایم کی شخصی توانائی پر منتقلی کے آزمائشی منصوبے کا آغاز کیا گیا ہے۔ عسکری بینک سالانہ بنیاد پر 'عسکری بینک گرین ڈے' مناتا ہے جس کے لیے گرین بینکنگ کے عزم کا اعادہ کرنے کیلئے بینک بڑے شہروں میں شہر کاری مہمات کا انعقاد بھی کرتا ہے۔ پچھلے تین برسوں کے دوران گرین بینکنگ سے آگاہی اور اسکی اہمیت کو اجاگر کرنے کیلئے ترقیاتی پروگرام متعارف کروایا ہے تاکہ سٹاف کی ماحول کی طرف مجموعی ذمہ داری کو موثر بنایا جاسکے۔ بینک نے سی ایس آر کے تحت اجتماعی سرگرمیاں کی ہیں جس کیلئے سالانہ مالیاتی گوشواروں کے نوٹ 28.2 کو رجوع کیا جائے۔

عسکری سیکورٹیز لمیٹڈ

بینک کی مکمل ملکیت والی ذیلی کمپنی عسکری سیکورٹیز لمیٹڈ (ASL) تحلیل ہونے کے عمل میں ہے۔ بورڈ آف ڈائریکٹرز نے پہلے ہی فاؤنڈیشن سیکورٹیز (پرائیویٹ) لمیٹڈ سے عسکری سیکورٹیز لمیٹڈ کو موصول ہونے والی دلچسپی کے اظہار پر رضامندی دے دی ہے تاکہ بہتر اشتراکیت اور کاروباری امکانات کیلئے FSL کے ساتھ اور اس میں ASL کے انضمام کے مزید امکانات کو سامنے لایا جاسکے۔ انضمام کے اثر سے ASL کا مکمل انڈر ٹیکنگ منتقل ہو جائے گا اور تمام جائیدادوں، اثاثوں، واجبات اور ہر تفصیل کی ذمہ داریوں کے ساتھ FSL میں داخل ہو جائے گا۔ ASL کے حصص منسوخ کر دیے جائیں گے اور AKBL کے ASL میں رکھے گئے ہر شیئر کے لیے اس کے حصص کے 100 فیصد ہولڈر کے طور پر، FSL کے دو کروڑ اکہتر لاکھ چالیس ہزار (27,140,000) حصص AKBL کو جاری کیے جائیں گے یعنی ASL کے ہر ایک (1) پاکستانی دس روپے عام حصص کے بدلے (PKR 10/-) جو کہ AKBL کے پاس ہے، پاکستانی روپے دس (PKR 10/-) کے FSL کے ایک اعشاریہ ایک آٹھ (1.18) فی عام حصص AKBL کو الٹ کیا جائے گا اور (c) ASL پھر بغیر کسی اختتام کے تحلیل ہو جائے گا۔

کارپوریٹ گورننس

عسکری بینک کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لئے عزم ہے جس نے بینک کی طویل مدتی مسابقت، ترقی اور استحکام میں معاونت کی ہے۔ پاکستان اسٹاک ایکسچینج لمیٹڈ ریگولیشنز 31 دسمبر 2021 کو ختم ہونے والے سال کے رول بک میں طے شدہ بورڈ آف کارپوریٹ گورننس کے تقاضوں کو مکمل طور پر اپنایا گیا ہے اور ان کی مناسبتیں کی گئی ہے۔ اس سلسلے میں ایکویٹی سالانہ رپورٹ میں بھی شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کی صورتحال، اس کی کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو موضوع طور پر پیش کرتے ہیں۔
- بینک کے کارپوریٹ مناسبتیں برقرار رکھی گئی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہے۔
- پاکستان میں بینکاری کمپنیوں میں رائج بین الاقوامی فنانس رپورٹنگ، اسلامی اور شریعہ معیارات کی ان مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور ان معیارات سے انحراف نہیں کیا گیا۔
- انٹرنل کنٹرول کا نظام اپنے ڈیزائن میں مستحکم ہے اور اس کے موثر طریقہ سے نفاذ اور جانچ پڑتال کو یقینی بنایا ہے۔ بینک نے سالانہ رپورٹ میں انٹرنل کنٹرول پر ایک بیانہ شامل کیا ہے جس کی بورڈ آف ڈائریکٹرز نے توثیق کی ہے۔
- بینک کے کاروباری معاملات جاری رہنے کی صلاحیت پر کوئی نمایاں شک و شبہ نہیں۔
- گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا تفصیل شدہ صورت میں اس رپورٹ میں شامل ہے۔
- 31 دسمبر 2021 کو ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مدد کو کوئی ایسی قانونی ادائیگیاں نہیں جو بتایا ہوں، سوائے ان کے جن کا ذکر مالیاتی گوشواروں میں کیا گیا ہے۔
- 31 دسمبر 2021 تک سرمایہ کاریوں کی منصفانہ قدر درج ذیل ہے:
 - پروڈیونٹ فنڈ: غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 6,692 ملین روپے (31 دسمبر 2020: آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 6,136 ملین روپے)
 - گرینوین فنڈ: غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 3,399 ملین روپے (31 دسمبر 2020: آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 3,084 ملین روپے)

ہے۔ بورڈ آف ڈائریکٹرز کی منتخبات کردہ بورڈ ریسک مینجمنٹ کمیٹی بشمول کریڈٹ اینڈ ریسک کمیٹی اور ایسٹ انٹیلیجنٹ کمیٹی، جن کے کام کرنے کی شرائط واضح ہیں، کے ساتھ کثیر سطحی انتظامی سرگرمیوں کو بروکار لائے ہوئے نگرانی کا عمل نافذ کیے ہوئے ہے۔ یہ طریقہ کار بینک کے حجم، موجودہ پوزیشن اور مارکیٹ اسٹینڈنگ کے حوالے سے ریسک کے مقابلے میں بینک کی خطرے برداشت کی سطح کو واضح کرنے میں مدد کرتا ہے، جس کا مقصد نہ صرف پریس میں بہتری، کنٹرول اور رہنما خطوط کو بہتر بنانا ہے بلکہ خطرات کا موثر انتظام بھی کرتا ہے۔ آپریشنل ریسک پونٹ نقصان یا تقریباً س ہونے والے واقعات پر باقاعدہ کنٹرول تعینات کرتا ہے اور بینک کو آپریشنل پالیسیوں/ طریقہ کار اور مصنوعات کے رہنما اصولوں کو بہتر بنانے میں مدد کرتا رہا۔

سال کے دوران، ہماری بنیادی توجہ بینک کے تمام میٹرس میں ابھرتی ہوئی کمپلائنس کی ضروریات کا انتظام کرنا تھا جب کہ پائیدار کاروباری فیصلوں کے لیے وسیع انتظام کرنا اور بہتر حکمت عملیاں مرتب کرنا شامل ہے۔

کمپلائنس اور مالیاتی جرائم کے خطرے کے انتظام کو بہتر معیارات کے نفاذ اور کمپلائنس ریسک مینجمنٹ اور دیگر اہم افعال کے لیے بہتر آڈیٹیشن کے ذریعے مزید مضبوط کیا گیا۔ نئی پابندیوں اور پی ای ای پی اسکریننگ سسٹم نے گلوبل واج لسٹ اور پی ای ای کے جامع ڈیٹا بیس کے ذریعے کو ترجیح کو بہتر بنایا ہے۔ فراڈ ریسک مینجمنٹ (FRM) عالمی ادائیگی کی اسکیموں کی نگرانی کے حل اور مضبوط طریقہ کار کے ذریعے ڈیٹا کریڈٹ کارڈز/آئی اینٹ/ایم ایس بیل بینکنگ جھوٹ کی چوبیس گھنٹہ نگرانی کو یقینی بناتا ہے۔ بینک ایک ای آرنگ کے ساتھ ساتھ کلاس روم سیشنز کے ذریعے عملے کی تربیت پر زور دیتا رہا۔ تمام اہم شعبوں کی مناسب کوریج کو یقینی بنانے اور زیادہ سے زیادہ رسائی حاصل کرنے کے لیے ای آرنگ مایڈول کا ایک مجموعہ تیار کیا گیا ہے۔

بینک مفصل تجزیوں اور مصنعتی اعداد و شمار کے ذریعہ کاروباری ترقی کو آگے بڑھاتا رہے گا تاکہ بینکنگ خدمات کو بڑھانے کے لیے ممکنہ کاروباری تجاویز کی نشاندہی کی جاسکے جتنا ریسک مینجمنٹ مجموعی حکمت عملی کی سنگ بنیاد ہے، کیونکہ بینک اپنے پاسرز اور اہم اسٹیک ہولڈرز کے ساتھ معاہدوں کی پاسداری پر کاربند ہے۔

ہیومن ریسورس

بینک ایک جامع ہیومن کیپٹل کی پالیسی کے فریم ورک اور مضبوط عمل کے ذریعے بہترین HR طریقوں کو بروکار لائے کی کوشش کرتا ہے، اور ان طریقہ کار کا مسلسل جائزہ لیا جاتا ہے اور اسے اپ ڈیٹ کیا جاتا ہے۔ ہیومن ریسورس کے مجموعی کام کا انتظام ہیومن ریسورس ڈویژن کے ذریعہ نگرانی اور رہنمائی کے ساتھ کیا جاتا ہے جو صدر اور ای ای اور بورڈ کی HR اور معاہدہ کمیٹی کے ذریعے فراہم کرتا ہے۔ سال کے دوران نظم و ضبط کو بہتر بنانے اور بہترین طریقوں کے ساتھ نظم و ضبط قائم کرنے کے لیے بعض پالیسیوں پر نظر ثانی کے ساتھ ساتھ متعدد اقدامات نافذ کیے گئے۔

سال کے دوران، بینک نے ایک اسٹریٹجک افرادی قوت کی منصوبہ بندی کا آغاز کیا جس کا بنیادی مقصد، مستقبل کے لیے ایسی ٹیم تیار کرنا ہے جو وہابی امراض کے بعد ایک نئے معمول کے مطابق زیادہ بہتر اور کام کے لیے صحیح مہارت، کو یقینی بناسکے۔ برانچ نیٹ ورک اور بزنس سپورٹ ڈیویژن میں ہیومن ریسورس کی حکمت عملی کی زیادہ سے زیادہ بہتر انداز میں کارکردگی کرنے کے لیے ایک تفصیلی مطالعہ نے افرادی قوت کو بہتر بنانے کے ایک ایسے موقع کی نشاندہی کی جس نے ایک منظم طریقہ کار کی اسکیم کی بنیاد بنائی، جو اس وقت وقوع پذیر ہے۔ بینک نے عملی ضروریات کو پورا کرنے کے لیے غیر بنیادی کاموں کو آؤٹ سورس کرنا بھی شروع کیا اور اپنے پریسیم، گریجویٹ ٹریننگ پروگرام، کو بھی دوبارہ ڈیزائن کیا۔

سائبر سیکیورٹی کو ایک انتہائی خطرے کے طور پر تسلیم کرتے ہوئے، عسکری بینک کا ٹیکنالوجی فنکشن ریسک مینجمنٹ اور انفارمیشن سیکیورٹی فنکشنز کے ساتھ مل کر کام کرتا ہے جو پوزیشنز میں تکنیکی پہلوؤں کا ذمہ دار ہے۔ انفارمیشن سسٹم اور پروڈکٹ کو بہترین طریقوں کے مطابق برقرار رکھا جاتا ہے، جس سے عسکری معلومات کی حفاظت کی اعلیٰ ترین سطح کو یقینی بنایا جاتا ہے۔ اس بات کو تسلیم کرتے ہوئے کہ مستقبل میں بینکاری کے لئے ڈیجیٹل طریقہ کار بہت اہم ہے اور ٹیکنالوجی بینکاری میں خلل ڈالیں گی، بینک مسلسل سسٹمز اور اپیلی کیشنز کو اپ گریڈ کر رہا ہے اور حفاظتی طریقوں کو شامل کر رہا ہے۔ عسکری ڈیجیٹل بینکنگ کو پر لطف اور محفوظ بنانے کے لیے بینک اس اہم شعبہ میں سرمایہ کاری جاری رکھے گا۔

بینک کانٹریبوٹر بزنس توجہ کا مرکز رہا تاکہ صارفین کو اس قابل بنایا جاسکے کہ وہ اپنی فنانشل اہداف کو حاصل کر سکیں۔ یہ کاروبار مصنوعات کی جدت اور خدمات میں بہتری لاکر ایک حقیقی اور منفرد حیثیت رکھنے کا حصر ہے۔ کوئیکسٹ اور اخلاص اسلامک فنانس کے تحت ریگولر مورجنگ فنانس اسکیم کی خصوصیات کی میرا پاکستان میرا گھر اور نیپا پاکستان ہاؤسنگ فنانس کے حکومتی اقدام کے مطابق توسیع اور ترمیم دی گئی۔ بینک ہاؤسنگ سکیم میں ترقی کے مواقع کو متعارف ہے اور قومی اہمیت کے اس اقدام میں اپنی شراکت میں اضافے کے لئے پرعزم ہے۔

اخلاص اسلامی بینکنگ

عسکری اخلاص اسلامی بینکنگ اپنے معزز صارفین کو ان کی بینکنگ ضروریات کو پورا کرنے کے لیے شریعہ اصولوں کے عین مطابق مصنوعات اور خدمات کی متنوع رینج پیش کرتا ہے۔ عسکری اخلاص ملک کے 39 شہروں اور قصبوں میں 101 مخصوص اسلامی بینکنگ برانچز (بشمول 03: پبلی شاخوں) تک اپنی خدمات پہنچا رہا ہے۔ شریعت کے اصولوں کی تعمیل ہمارے اسلامی بینکنگ آپریشنز کی بنیاد ہے۔ ہماری تمام پیشکشوں کی منظوری، خود مختار اور آزاد شریعہ بورڈ کی جانب سے دی جاتی ہیں، اور ایک وقف کردہ فنکشن ہر سطح پر شریعہ کمپلائنس کو یقینی بناتا ہے۔ اسلامک بینکنگ ہمارے بینک کے لئے حکمت عملی کے لحاظ سے ایک اہم شعبہ ہے، جس کی خاص توجہ اسلامی پراڈکٹس اور پیشکشوں کو بڑھانے پر ہے۔

اسٹیٹ بینک کی حکمت عملی کے مطابق، جس کا مقصد 2025 تک اسلامی بینکاری کو مجموعی بینکنگ انڈسٹری کا ایک تہائی بنانا ہے؛ عسکری اخلاص نے اپنی ترقی کی رفتار کو جاری رکھا اور اعتماد کے ساتھ آگے بڑھ رہا ہے۔ سال کے دوران اسلامی بینکاری کے کل اثاثوں میں 29 فیصد اضافہ ہوا، مجموعی فنانسنگ میں 11 فیصد اضافہ ہوا اور پائرس میں 13 فیصد اضافہ ہوا۔ صارفین کو شریعت کے مطابق، جدید مالیاتی مصنوعات اور اصل کی متنوع رینج فراہم کرنے کی ہماری کوششیں ہمارے ساتھ نئے رشتے کو مضبوط بنا رہی ہیں اور ہم آنے والے برسوں میں اس پوزیشن کو فعال طور پر آگے بڑھانے اور مزید مضبوط و مستحکم کرنے کی کوشش کریں گے، انشاء اللہ۔

ریسک مینجمنٹ اور کمپلائنس

عسکری بینک نے ایک ریسک مینجمنٹ فریم ورک قائم کیا ہے جو ریسک کی تشخیص، نگرانی اور انتظام میں فعال طور پر معاونت کرتا ہے جبکہ ایک مضبوط ریسک کلچر تشکیل دیتا ہے اور بینک کے اسٹریٹجک مقاصد کی تکمیل کرتا ہے۔ فیصلے ریسک کے انتظام کی پالیسیوں اور طریقہ کار اور ریگولٹری تقاضوں/ رہنمائی کے ساتھ عمل میں لائے جاتے ہیں جو متعین کردہ لائحہ عمل کے ذریعہ ریسک سے نمبر ڈالنا ہوتے ہیں۔

ریسک مینجمنٹ فنکشن، خطرے کی حکمت عملی کو عملی جامہ پہناتا ہے اور موثر نظام اور واضح طور پر ممکنہ خطرات و ریسک سے غمٹنے کے لئے مختلف طریقہ کار اور آلات کے اطلاق کے ذریعے پالیسیوں کے نفاذ کو یقینی بناتا

اپنے دباؤ کے وقت میں گاؤں کی فعال حمایت میں خیر ترین عمل ثابت ہوا۔ تاہم غیر فعال پورٹ فویو میں ایک بڑے اکاؤنٹ کے اضافے کے لئے مکمل پروڈیون کی ضرورت تھی جسے باضابطہ طور پر رکھ دیا گیا۔ سال کے دوران غیر فعال قرضہ جات میں 8.5 فیصد اضافہ ہوا جبکہ مجموعی پروڈیونز میں 14.3 فیصد اضافہ ہوا جس کے نتیجے میں کوریج کا تناسب 92.0 فیصد سے بڑھ کر 97.0 فیصد ہو گیا۔

مجموعی بنیادوں پر (یعنی بینک کی مکمل ملکیتی ذیلی کمپنی، عسکری سیکورٹیز لمیٹڈ سے منافع کا حصہ شامل کرنے کے ساتھ) عسکری بینک نے 2021 میں 9.72 بلین روپے کا بعد از ٹیکس منافع (PAT) پوسٹ کیا (2020: 10.86 بلین روپے) جس سے فی حصص آمدنی (EPS) 7.71 فی حصص روپے ریکارڈ کی گئی (2020: 8.61 فی شیئر)۔

تصرفات

بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے درج ذیل تصرفات کی سفارش کرتا ہے:

31 دسمبر 2021 کو بینک ریگولیٹری کنٹرول ریشوز کے عین مطابق ہے۔ سرمائے کی مناسبت کا تناسب 11.50 فیصد کی ریگولیٹری ضرورت کے مقابلے میں 13.38 فیصد رہا (بشمول مجموعی رسک ویٹڈ اثاثوں (آؤ بیو اے) کے 1.50 فیصد کے سرمائے کے تحفظ کا بفر ہے۔ لیوریج کا تناسب 3.29 فیصد رہا پورٹ کیا گیا ہے۔ بینک بڑھتے ہوئے خطرات کو تلف کرنے کی صلاحیت میں اضافہ کیلئے سرمائے میں اضافی گنجائش برقرار رکھنے کیلئے پرعزم ہے۔

000 روپوں میں

2021	2020	31 دسمبر کو اختتام شدہ سال	2021	2020
غیر مدغم شدہ	غیر مدغم شدہ			
9,701,386	10,800,375	بعد از ٹیکس منافع	9,715,733	10,846,333
14,858	(44,926)	اچھے ریل فنانڈ اور نقصانات کو تسلیم کرنے کا اثر	12,770	(47,457)
830,008	78,575	ری ویلیویشن پر سرپلس سے منتقلی	830,008	78,576
10,546,252	10,834,024	تصرفات کے لئے دستیاب منافع	10,558,511	10,877,452
-	(3,780,781)	نقد منافع منقسم منصفہ (2020: 30 فیصد)	-	(3,780,781)
(1,940,277)	(2,160,075)	قانونی ریورس منتقلی	(1,940,277)	(2,171,399)
8,605,975	4,893,168	جمع شدہ منافع	8,618,234	4,925,272
7.70	8.57	آمدنی فی حصص روپے	7.71	8.61

سروس سروس فراہم کرنے والوں کی صحت اور حفاظت پر مرکوز رہی۔ وائرس کے پھیلاؤ کو کم سے کم کرنے کے لیے پورے براعظم ورک میں ہیلتھ اینڈ سیفٹی پروٹوکول لاگو کیے گئے۔ چند مقامات، جہاں ہمارے عملے کی دبا کے حوالے سے تشخیص ہوئی، فوری رابطہ اور کارروائیاں شروع کی گئیں جن میں دبا کے پھیلاؤ کو کم کرنے کے لیے بعض براعظم کو بند کرنا بھی شامل ہے۔

عسکری بینک سٹریٹجک اہداف کے حصول کیلئے پرعزم ہے اور قابل عمل ترقیاتی مواقعوں میں شرکت جاری رکھتے ہوئے موقع سے بھرپور کاروباری عوامل جیسا کہ نیٹ ورک اور ٹیکنالوجی میں اضافی سرمایہ کاری۔ چنانچہ ایک جامع آپریٹنگ پلیٹ فارم اور مضبوط سرمایہ جاتی بنیاد کی ضرورت کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز غور و خوض کے بعد اس فیصلے پر پہنچے ہیں کہ سرمائے کی مضبوطی کیلئے نفع کو برقرار رکھنا ایک محتاط عمل ہے۔ لہذا کسی بھی قسم کے نفع کی تقسیم اس سال کیلئے قابل عمل نہیں لائی جائیگی۔ ہمیں بھرپور یقین ہے کہ ایک مضبوط سرمایہ جاتی بنیاد بینک کو اپنے مخصوص اداران کو آئندہ سالوں میں بھرپور منافع لوٹانے کے قابل بنائے گا۔

اسٹیلی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) کی جانب سے طویل مدت کے لئے بینک کی ریٹنگ کا اعادہ 'AA+' (ڈبل اے پلس) میں کیا گیا جس کا آؤٹ لک 'مستحکم' تفویض کیا گیا تھا۔ اس مسلسل کامیابی کی کلیدی وجہ بینک کے مضبوط براڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی کو تسلیم کیا جاتا ہے جو مارکیٹ میں رسائی، صارفین کے اعتماد، فنڈنگ کے پائیدار ذرائع اور مارک اپ اور نان مارک اپ پمپنی آمدنی کے سلسلے کے حوالے سے معاون ثابت ہوتے ہیں۔ مزید برآں بینک کی مختصر معیادی ریٹنگ 'A1+' پر برقرار رہی۔

ڈسٹری بیوشن اور ڈیجیٹل سوشل

ہمارا براعظم نیٹ ورک اور دیگر معاون عناصر ہمیں اپنی جامع بینکنگ پالیسیوں کے باعث، بینکنگ کی رسائی کو بڑھانے کے قابل بناتے ہیں۔ بینک، ملک بھر میں 559 برانچز چلا رہا ہے جس میں 458 کنٹرول 101 اسلامک بینکنگ برانچز شامل ہے، بحرین میں ایک ہول سیل برانچ اور بینک، چین میں ایک نمائندہ آفس شامل ہے۔ چونکہ 2021 کے دوران واپائی بیماری جاری رہی، ہماری بنیادی توجہ عملے، صارفین اور آؤٹ

جدت کے دور میں عسکری ترقی جات نے ڈیجیٹل سوشل کے ذریعے لین دین کے حجم میں اضافہ کیا، حالانکہ براعظم نیٹ ورک صارفین کے ساتھ تعلق میں مرکزی نقطہ ہے اور موجودہ سماجی اصولوں کی وجہ سے حکمت عملی کی فراہمی کا مرکز ہے۔ بینک قابل قدر کاروباری بصیرت کے لیے صلاحیتوں کی تعمیر کے ساتھ ساتھ پرائس آؤٹیشن کی کارکردگی کو بہتر بنانے اور آپریٹنگ اخراجات کو کم کرنے کے لیے ٹیکنالوجی کے منصوبوں میں فعال طور پر سرمایہ کاری کر رہا ہے۔

عسکری آئی نیٹ اور موبائل بینکنگ ایپلی کیشن پر ویلیو ایڈڈ فیچرز میں اسٹیٹ بینک کی مربوط راست ادائیگی سروس شامل ہے جو سیل نمبرز اور آئی بی اے این کا استعمال کرتے ہوئے رقم کی منتقلی کو فعال بناتی ہے۔ 65 اے ٹی ایم این ایف سی فیچر کے ساتھ ساتھ اضافی سکیورٹی رکھتے ہیں۔ کوئٹہ سٹریٹز میں جدید اپ گریڈڈ سسٹم اب ہمارے صارفین کو پہلے سے کہیں زیادہ بااختیار اور جدت سے ہم آہنگ کرتا ہے۔ خاص طور پر ای کامرس لین دین کے لئے ڈیجیٹل اور کریڈٹ کارڈز میں سیکورٹی کی خصوصیات میں اضافہ کیا گیا۔ پی سی آئی ڈی ایس ایس ایس کے حصول سے عسکری ماسٹر کارڈ کو انٹرنیٹ ٹرانزیکشن کے لئے 3D سیکورٹی پلیٹ فارم کے ذریعہ محفوظ کیا گیا ہے۔ رواں سال کے دوران عسکری ڈیجیٹل اکاؤنٹ پورٹل لانچ کیا گیا، جسکے ذریعہ برانچ کا دورہ کئے بغیر اکاؤنٹ کھلایا جاسکتا ہے۔

ڈائریکٹر رپورٹ برائے حصص داران

ڈائریکٹر 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے عسکری بینک لمیٹڈ کی تیسواں سالانہ رپورٹ بعد بینک کی آؤٹ شدہ غیر مدغم اور مدغم شدہ مالیاتی گوشوارے اور آؤٹریز کی رپورٹس پیش کرتے ہیں۔

بورڈ جناب عاطف ریاض بخاری کو خوش آمدید کہتا ہے جنہوں نے بینک میں اگست 2021 میں بحیثیت صدر و چیف ایگزیکٹو سٹیٹ کی۔ جناب بخاری ایک منجھے ہوئے بنکار ہیں جو اپنے ساتھ مقامی اور بین الاقوامی بینکوں کے انتظام اور رہنمائی کا وسیع اور متنوع تجربہ لے کر آئے ہیں بورڈ کو پورا اعتماد ہے کہ ان کی زیر قیادت عسکری بینک مستقبل کا معیاری مالیاتی خدمات فراہم کر نیوالا ادارہ بنے گا۔ بورڈ اس موقع پر سبکدوش صدر و چیف ایگزیکٹو جناب عابد ستاری خدمات کا بھی معترف ہے۔

معیت

پاکستان کی معیشت کو گزشتہ تینوں کی نسبت مزید چلک اور پائیداری حاصل ہوئی جو کہ موافق مانیٹری اور مالیاتی پالیسیوں کے مروجہ منہ ہے۔ جی ڈی پی کی شرح نمو 3.94 فیصد (5.37 فیصد ری بیسڈ) پر پہنچ گئی جو بنیادی طور پر بڑے پیمانے پر مینوفیکچرنگ اور خدمات کے شعبے میں توسیع کے ذریعے حاصل کی گئی۔ زراعت کے شعبے کا کردار برقرار رہا جسکی وجہ سے کپاس کی پیداواری کمی کی تلافی خوراک کی فصلوں کی بہتر پیداوار سے ہوئی۔

وہا کی روک تھام سے متعلق کامیاب انتظام، کاروباری اداروں کے لئے مختلف اقدامات اور مراعات اور ویکسینیشن مہم میں تیزی سے جاری معاشی سرگرمی میں تسلسل برقرار رکھا گیا جس سے کوویڈ کی وجہ سے سدا کے خطرے کو کم کیا گیا۔ اگرچہ ایشیائی خورد و نوش کی قیمتوں میں بوجہ رسد اتار چڑھاؤ عالمی اجناس کی قیمتوں میں اضافے کے باعث دسمبر 2021 میں افراط زر کی شرح سالانہ 12.3 فیصد تک جا پہنچی۔ افراط زر کے دباؤ سے غصے اور مستقبل ترقی کو یقینی بنانے کے لئے اسٹیٹ بینک کی جانب سے متعارف کرائے گئے ریگولیٹری اقدامات میں پالیسی کی شرح میں مجموعی طور پر 275 بیس پوائنٹ کے ساتھ 9.75 فیصد اضافہ، نقد ریزرو کی اضافی ضرورت اور صارفین کے مالیات میں ریگولیٹری تخفی شامل ہیں۔ توانائی کے نرخوں میں متوقع اضافے، اجناس کی اونچی قیمتوں اور حالیہ فنانس (سپلیمنٹری) ایکٹ میں ٹیکس چھوٹ کے خاتمے کی توقع قریبی مدت میں افراط زر کو روکا ہوگی، اگرچہ معتدل کی کامیابی ہے جسکی وجہ سے منتظم قیمتوں میں اضافہ ختم ہو جاتا ہے اور طلب کو کم کرنے والی پالیسیوں کے اثرات عملی شکل اختیار کر لیتے ہیں۔

2021 کی پہلی سہ ماہی کے دوران پاکستان کے بیرونی اکاؤنٹ کی پوزیشن میں نمایاں بہتری دیکھنے میں آئی۔ ترسیلات زر میں اضافے، بیرونی قرضوں پر ادائیگیوں میں تاخیر کی سہولت، بین الاقوامی سفر میں کمی اور تیل کی کم قیمتوں کی وجہ سے کرنٹ اکاؤنٹ سرپلس رہا۔ تاہم سال کے آخری حصے میں تبدیلی دیکھنے میں آئی کیونکہ درآمدات میں سالانہ 66 فیصد اضافہ ہوا اور یہ 40.6 ارب ڈالر تک پہنچ گئی۔ توانائی اور ویکسین کی درآمدات میں نصف سے زیادہ اضافہ ہوا۔ برآمدات میں سال بہ سال 15 فیصد اضافہ ہوا جبکہ ترسیلات زر میں 13 فیصد اضافہ ہوا۔ اس کے نتیجے میں رواں مالی سال کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارہ بڑھ کر 9.0 ارب ڈالر تک پہنچ گیا۔ مستقبل میں کرنٹ اکاؤنٹ کی پروڈکشن اجناس کی قیمتوں کے رجحانات اور مالی استحکام کے مقصد سے حکومت کی جانب سے شروع کیے گئے حالیہ اقدامات کے نتائج سے شروط ہے۔

آئی ایم ایف، ورلڈ بینک، وائی ایف ایف (ای ایف ایف) کی بحالی کے ساتھ ساتھ اس پروگرام کے تحت چھپے جائزے کی کامیاب تکمیل قریب المدتی اقتصادی نقطہ نظر کے لئے ایک مثبت پیش رفت ہے۔ محصولات کے اقدامات کا انفاذ، جی ایس ٹی اور ڈی آئی آمدنی، ٹیکس نظام کی آسانی اور وسعت، ترجیحی ٹیکس اور چھوٹ کو ختم کرنے

سے مالی فریم ورک میں بہتری آنے کی جبکہ دانشمندانہ حکومتی اخراجات اور اسٹیٹ بینک ترمیمی ایکٹ کو اپنانے سے مالی اور قرضوں کے انتظام کو مزید نظم و ضبط ملے گا۔ جائزے کی کامیابی سے تکمیل اور مالیاتی پہلو پر مشترکہ کوششوں میں دوطرفہ اور کثیرالجہتی شرکت داروں سے مالی اعانت کو کھولنا بھی شامل ہے۔

اس کے ساتھ ساتھ معاشی بحالی کی رفتار بہتر ہو رہی ہے جیسا کہ ہائی فریکوئنسی ڈیمانڈ انڈیکسز مثلاً سیمنٹ ڈسپنچر، پیٹرولیم مصنوعات، ٹریکٹروں اور کرشل گاڑیوں کی فروخت سے ظاہر ہوتا ہے۔ ایل ایس ایم کی پیداوار میں کمی اور درآمدات میں نرمی اور ٹیکس محصولات میں اضافہ بھی اسی طرح کے رجحان کی عکاسی کرتا ہے۔ رواں مالی سال کے لئے اقتصادی نمو 4 سے 5 فیصد کے درمیان متوقع ہے جو آئی ایم ایف کے حالیہ اندازوں سے بھی مطابقت رکھتی ہے۔ اقتصادی نقطہ نظر کو لاحق خطرات میں اندرونی محاذ پر موجودہ برہنہ ہوئی ادائیگوں کی لہر اور بیرونی محاذ پر امریکی فیڈرل ریزرو کی جانب سے توقع سے زیادہ تیزی سے سختی کا امکان، یورپ میں جبکہ پکینکل واقعات اور خطے میں امن وامان کی بگڑتی ہوئی صورتحال شامل ہیں۔ ان عوامل سے اہم اصلاحات میں تاخیر ہو سکتی ہے اور معاشی اور مالی حالات پر اثرات مرتب ہو سکتے ہیں۔

بینک کی کارکردگی

عسکری بینک نے موجودہ سال کے لئے 20.59 ارب روپے کا آپریٹنگ منافع (قبل از پروڈن اور ٹیکس) حاصل کیا جو گزشتہ سال کے 19.74 ارب روپے سے معمولی زیادہ ہے۔ ٹیکس کے بعد منافع 10.80 ارب روپے کے مقابلے میں 9.70 ارب روپے رہا جو گزشتہ سال کے مقابلے میں 10.2 فیصد کمی ہے جس کی بنیادی وجہ غیر فعال اثاثوں کے خلاف زیادہ پروڈن ہیں؛ خاص پروڈن کی ضرورت گزشتہ سال کے 1.97 ارب روپے سے بڑھ کر 4.94 ارب روپے ہو گئی جو بینک کی جانب سے بعض قرض داروں کے خلاف فراہمی کے لئے اپنائے گئے دانشمندانہ نقطہ نظر کی عکاسی کرتی ہے۔ زیر جائزہ سال کے لئے فی حصص 7.70 روپے فی حصص آمدن رہی جو پچھلے سال کے لئے 8.57 روپے فی حصص کے مقابلے میں ہے

خالص مجموعی آمدنی 4.6 فیصد اضافے کے ساتھ 41.78 ارب روپے ریکارڈ کی گئی جو گزشتہ سال 39.96 ارب روپے تھی۔ خالص مارک اپ آمدنی میں 7.1 فیصد اضافہ ہوا کیونکہ کم ہوتے ہوئے انٹرسٹ کے مارجن کو بیلنس شیٹ کی نمو اور اثاثوں اور واجبات کے بہتر استخراج سے پورا کیا گیا۔ فیس کمیشن اور بروکرینج آمدنی میں 19.7 فیصد اضافہ ریکارڈ کیا گیا جبکہ زرمبادلہ کی آمدنی میں 16.8 فیصد اضافہ ہوا جو تجارت اور لین دین کی معمول پر بحالی کی عکاسی کرتا ہے۔ تجارت اور لین دین کے حجم میں اضافہ زیادہ تر سال کی دوسری ششماہی کے دوران تھا کیونکہ پہلی ششماہی میں وبا سے متعلق سست روی دیکھی گئی تھی۔ تاہم سرمایہ کاری پر فائدہ کے کم مواقع کی وجہ سے مجموعی غیر مارک اپ آمدنی میں گزشتہ سال کے مقابلے میں 3.3 فیصد کمی واقع ہوئی ہے؛ سرمایہ کاری سے آمدنی میں 68.1 فیصد کمی ہوئی۔ مجموعی طور پر آپریٹنگ اخراجات میں گزشتہ سال کے مقابلے میں 4.8 فیصد اضافہ ہوا جس کی بنیادی وجہ معاوضے کے اخراجات میں اضافہ اور سال کے دوران نافذ کردہ اضافی صوبائی لیوی ہے۔ آپریٹنگ اخراجات اور آمدن کا تناسب 50 فیصد رہا۔

بینک کے مجموعی اثاثے 26.9 فیصد اضافے کے ساتھ 1.259 ٹریلین روپے ہو گئے۔ سال کے دوران صارفین کے ذخائر ایک ٹریلین روپے سے تجاوز کر گئے اور کم شرح سود کے باوجود سال بہ سال 28.3 فیصد کی نمو درج کی جو عسکری برانڈ سے وابستہ مجرورے کی عکاسی کرتا ہے۔ 31 دسمبر 2021 کو CASA کا تناسب 80 فیصد ریکارڈ کیا گیا۔ گریڈڈ پورٹ فولیو پر بینک کو دباؤ کے دوران اتار چڑھاؤ کے ماحول میں اضافی خطرات کی روک تھام کیلئے انتظامات کرنے کا سامنا کرنا پڑا۔ جیسا کہ بینک نے قرضوں کی بحالی، تعقیبات اور منظور یوں کے عمل کی کارکردگی میں اضافے کے ذریعے گریڈڈ پورٹ کو مضبوط کیا جو بحالی کی راہ پر

HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis

	2021	2020	2019	2018	2017	2016	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	
	Rupees in million						Variance					
Balance Sheet												
Assets												
Cash and balances with treasury banks	89,432	73,652	63,039	49,188	44,239	42,568	21%	17%	28%	11%	4%	43%
Balances with other banks	3,455	7,720	7,887	4,093	3,194	5,846	-55%	-2%	93%	28%	-45%	-30%
Lendings to financial institutions	-	-	20,406	-	2,250	6,837	0%	-100%	0%	-100%	-67%	741%
Investments	616,361	449,687	305,436	260,234	314,957	295,846	37%	47%	17%	-17%	6%	10%
Advances	477,588	395,374	372,914	343,107	258,693	235,164	21%	6%	9%	33%	10%	18%
Operating fixed assets	21,350	22,357	20,506	13,533	10,729	11,020	-5%	9%	52%	26%	-3%	19%
Assets held for sale	-	-	81	81	81	262	0%	-100%	0%	0%	-69%	0%
Deferred tax assets	5,168	1,623	2,490	3,774	101	-	218%	-35%	-34%	3646%	0%	0%
Other assets	45,789	42,105	40,451	32,522	22,465	21,597	9%	4%	24%	45%	4%	9%
	1,259,144	992,517	833,208	706,532	656,708	619,139	27%	19%	18%	8%	6%	16%
Liabilities												
Bills payable	10,235	12,630	15,769	15,513	10,769	8,580	-19%	-20%	2%	44%	26%	41%
Borrowings	123,564	84,164	51,188	52,702	71,587	89,262	47%	64%	-3%	-26%	-20%	56%
Deposits and other accounts	1,015,430	791,187	679,299	573,636	525,808	472,811	28%	16%	18%	9%	11%	9%
Subordinated loans	12,000	12,000	9,992	9,994	4,993	4,995	0%	20%	0%	100%	0%	0%
Deferred tax liabilities	-	-	-	-	-	526	0%	0%	0%	0%	-100%	446%
Other liabilities	42,012	37,990	34,704	21,178	11,115	10,388	11%	9%	64%	91%	7%	42%
	1,203,242	937,971	790,952	673,023	624,273	586,562	28%	19%	18%	8%	6%	15%
Net Assets	55,902	54,546	42,256	33,509	32,435	32,577	2%	29%	26%	3%	0%	21%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	0%	0%	0%	0%	0%	0%
Reserves	32,730	25,632	19,366	15,543	11,948	8,671	28%	32%	25%	30%	38%	35%
Surplus on revaluation of assets - net of tax	1,964	7,638	4,300	1,649	5,035	7,219	-74%	78%	161%	-67%	-30%	43%
Unappropriated profit	8,606	8,674	5,987	3,714	2,850	4,084	-1%	45%	61%	30%	-30%	48%
	55,902	54,546	42,256	33,509	32,435	32,577	2%	29%	26%	3%	0%	21%
Profit and Loss												
Mark-up / return / interest earned	77,550	77,322	71,704	43,670	36,267	35,512	0%	8%	64%	20%	2%	-3%
Mark-up / return / interest expensed	45,140	47,059	49,569	25,060	20,072	20,497	-4%	-5%	98%	25%	-2%	-6%
Net mark-up / interest income	32,410	30,263	22,136	18,610	16,195	15,016	7%	37%	19%	15%	8%	1%
Non mark-up/interest income												
Fee and commission income	4,609	3,851	3,617	3,116	2,707	2,156	20%	6%	16%	15%	26%	24%
Dividend income	420	273	274	231	303	305	54%	-1%	19%	-24%	-1%	1%
Foreign exchange income	3,124	2,673	2,508	1,596	843	640	17%	7%	57%	89%	32%	-23%
Gain on securities	815	2,556	739	260	2,055	3,527	-68%	246%	184%	-87%	-42%	9%
Other income	402	341	266	418	347	479	18%	28%	-36%	20%	-27%	-16%
Total non-markup / interest income	9,370	9,694	7,404	5,622	6,255	7,106	-3%	31%	32%	-10%	-12%	6%
Total income	41,779	39,957	29,540	24,232	22,451	22,122	5%	35%	22%	8%	1%	2%
Non mark-up/interest expenses												
Operating expenses	20,891	20,123	18,235	16,241	14,949	14,079	4%	10%	12%	9%	6%	17%
Workers' welfare fund	213	43	42	(540)	170	170	397%	2%	-108%	-418%	0%	2%
Other charges	90	48	100	191	24	52	87%	-52%	-48%	711%	-55%	5%
Total non-markup / interest expenses	21,194	20,215	18,377	15,892	15,142	14,301	5%	10%	16%	5%	6%	17%
Profit before provisions and tax	20,585	19,742	11,163	8,340	7,309	7,821	4%	77%	34%	14%	-7%	-16%
Provisions / (reversals)	4,940	1,975	773	1,461	(1,183)	(656)	150%	155%	-47%	-223%	80%	-171%
Profit before taxation	15,645	17,767	10,389	6,879	8,492	8,477	-12%	71%	51%	-19%	0%	1%
Taxation	(5,944)	(6,967)	(3,372)	(2,448)	(3,224)	(3,256)	-15%	107%	38%	-24%	-1%	-4%
Profit after taxation	9,701	10,800	7,017	4,431	5,268	5,221	-10%	54%	58%	-16%	1%	4%
Basic and diluted earnings per share - Rupees	7.70	8.57	5.57	3.52	4.18	4.14						

Vertical Analysis

	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
	Rupees in million						Composition					
Balance Sheet												
Assets												
Cash and balances with treasury banks	89,432	73,652	63,039	49,188	44,239	42,568	7%	7%	8%	7%	7%	7%
Balances with other banks	3,455	7,720	7,887	4,093	3,194	5,846	0%	1%	1%	1%	0%	1%
Lendings to financial institutions	–	–	20,406	–	2,250	6,837	0%	0%	2%	0%	0%	1%
Investments	616,361	449,687	305,436	260,234	314,957	295,846	49%	45%	37%	37%	48%	48%
Advances	477,588	395,374	372,914	343,107	258,693	235,164	38%	40%	45%	49%	39%	38%
Operating fixed assets	21,350	22,357	20,506	13,533	10,729	11,020	2%	2%	2%	2%	2%	2%
Assets held for sale	–	–	81	81	81	262	0%	0%	0%	0%	0%	0%
Deferred tax assets	5,168	1,623	2,490	3,774	101	–	0%	0%	0%	1%	0%	0%
Other assets	45,789	42,105	40,451	32,522	22,465	21,597	4%	4%	5%	5%	3%	3%
	1,259,144	992,517	833,208	706,532	656,708	619,139	100%	100%	100%	100%	100%	100%
Liabilities												
Bills payable	10,235	12,630	15,769	15,513	10,769	8,580	1%	1%	2%	2%	2%	1%
Borrowings	123,564	84,164	51,188	52,702	71,587	89,262	10%	8%	6%	7%	11%	14%
Deposits and other accounts	1,015,430	791,187	679,299	573,636	525,808	472,811	81%	80%	82%	81%	80%	76%
Subordinated loans	12,000	12,000	9,992	9,994	4,993	4,995	1%	1%	1%	1%	1%	1%
Deferred tax liabilities	–	–	–	–	–	526	0%	0%	0%	0%	0%	0%
Other liabilities	42,012	37,990	34,704	21,178	11,115	10,388	3%	4%	4%	3%	2%	2%
	1,203,242	937,971	790,952	673,023	624,273	586,562	96%	95%	95%	95%	95%	95%
Net Assets	55,902	54,546	42,256	33,509	32,435	32,577		5%	5%	5%	5%	5%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	1%	1%	2%	2%	2%	2%
Reserves	32,730	25,632	19,366	15,543	11,948	8,671	3%	3%	2%	2%	2%	1%
Surplus on revaluation of assets - net of tax	1,964	7,638	4,300	1,649	5,035	7,219	0%	1%	1%	0%	1%	1%
Unappropriated profit	8,606	8,674	5,987	3,714	2,850	4,084	1%	1%	1%	1%	0%	1%
	55,902	54,546	42,256	33,509	32,435	32,577	4%	5%	5%	5%	5%	5%
Profit and Loss												
Mark-up / return / interest earned	77,550	77,322	71,704	43,670	36,267	35,512	100%	100%	100%	100%	100%	100%
Mark-up / return / interest expensed	45,140	47,059	49,569	25,060	20,072	20,497	58%	61%	69%	57%	55%	58%
Net mark-up / interest income	32,410	30,263	22,136	18,610	16,195	15,016	42%	39%	31%	43%	45%	42%
Non mark-up/interest income												
Fee and commission income	4,609	3,851	3,617	3,116	2,707	2,156	6%	5%	5%	7%	7%	6%
Dividend income	420	273	274	231	303	305	1%	0%	0%	1%	1%	1%
Foreign exchange income	3,124	2,673	2,508	1,596	843	640	4%	3%	3%	4%	2%	2%
Gain on securities	815	2,556	739	260	2,055	3,527	1%	3%	1%	1%	6%	10%
Other income	402	341	266	418	347	479	1%	0%	0%	1%	1%	1%
Total non-markup / interest income	9,370	9,694	7,404	5,622	6,255	7,106	12%	13%	10%	13%	17%	20%
Total income	41,779	39,957	29,540	24,232	22,451	22,122	54%	52%	41%	55%	62%	62%
Non mark-up/interest expenses												
Operating expenses	20,891	20,123	18,235	16,241	14,949	14,079	27%	26%	25%	37%	41%	40%
Workers' welfare fund	213	43	42	(540)	170	170	0%	0%	0%	-1%	0%	0%
Other charges	90	48	100	191	24	52	0%	0%	0%	0%	0%	0%
Total non-markup / interest expenses	21,194	20,215	18,377	15,892	15,142	14,301	27%	26%	26%	36%	42%	40%
Profit before provisions and tax	20,585	19,742	11,163	8,340	7,309	7,821	27%	26%	16%	19%	20%	22%
Provisions / (reversals)	4,940	1,975	773	1,461	(1,183)	(656)	6%	3%	1%	3%	-3%	-2%
Profit before taxation	15,645	17,767	10,389	6,879	8,492	8,477	20%	23%	14%	16%	23%	24%
Taxation	(5,944)	(6,967)	(3,372)	(2,448)	(3,224)	(3,256)	-8%	-9%	-5%	-6%	-9%	-9%
Profit after taxation	9,701	10,800	7,017	4,431	5,268	5,221	13%	14%	10%	10%	15%	15%

SHARE & DEBT INFORMATION

1. Share Information

1.1 The ordinary shares of Askari Bank Limited ("the Bank") are listed on the Pakistan Stock Exchange. The audited financial statements have been submitted to the stock exchange within the requisite notice periods as required by the relevant Regulations. Askari Bank's Central Depository System ID is 05132.

1.2 Market symbols

Pakistan Stock Exchange – AKBL, Reuters – ASKB.KA, Bloomberg – AKBL: PA

1.3 Share price and volume - last 10 years

Year	Shares	Shareholders' funds (equity)	Market capitalization	KSE's market capitalization	share in market capitalization	Share Price			shares traded during the year
						High During the year	Low During the year	Close at December 31	
	(in Numbers)		(in Billion)		(Percent)	(in Rupees)			(in Numbers)
2012	813,071,084	19.69	14.00	4,242.28	0.33%	17.75	17.05	17.22	462,420,623
2013	1,260,260,180	18.73	17.64	6,056.51	0.29%	19.69	10.76	14.00	373,297,000
2014	1,260,260,180	23.71	29.07	7,380.53	0.39%	23.14	13.37	23.07	590,931,000
2015	1,260,260,180	26.85	27.40	6,947.36	0.39%	25.54	16.26	21.74	427,049,500
2016	1,260,260,180	32.58	31.44	9,628.51	0.33%	25.61	17.50	24.95	329,016,500
2017	1,260,260,180	32.44	24.34	8,570.93	0.28%	28.03	17.75	19.31	341,523,000
2018	1,260,260,180	33.51	30.15	7,692.79	0.39%	26.49	19.20	23.92	208,231,500
2019	1,260,260,180	42.26	23.37	7,811.81	0.30%	24.46	15.53	18.54	90,865,500
2020	1,260,260,180	54.55	29.48	8,035.36	0.37%	23.59	13.00	23.39	241,054,000
2021	1,260,260,180	55.90	27.75	7,900.14	0.35%	25.70	18.77	22.02	94,935,000

1.4 Record of share issues

Year	Issue	Number of shares	Share capital (Rs)
	Prior to public issue	15,000,000	150,000,000
1992	Public issue	15,000,000	150,000,000
1993	50% Rights issue @ Rs. 10 per share	15,000,000	150,000,000
1995	Bonus @ 15%	6,750,000	67,500,000
1996	50% Rights issue @ Rs. 20 per share	22,500,000	225,000,000
1996	Bonus @ 10%	7,425,000	74,250,000
1997	Bonus @ 15%	12,251,250	122,512,500
1998	Bonus @ 5%	4,696,312	46,963,120
2001	Bonus @ 5%	4,931,101	49,311,010
2002	Bonus @ 5%	5,177,712	51,777,120
2003	Bonus @ 5%	5,436,568	54,365,680
2004	Bonus @ 10%	11,416,794	114,167,940
2005	Bonus @ 20%	25,116,947	251,169,474
2006	Bonus @ 33%	49,731,555	497,315,549
2007	Bonus @ 50%	100,216,620	1,002,166,196
2008	Bonus @ 35%	105,227,450	1,052,274,496
2009	Bonus @ 25%	101,469,326	1,014,693,261
2010	Share issued to shareholders of erstwhile Askari Leasing Limited	28,273,315	282,733,150
2010	Bonus @ 20%	107,123,990	1,071,239,900
2011	Bonus @ 10%	64,274,460	642,744,604
2012	Bonus @ 15%	106,052,684	1,060,526,840
2013	55% Rights issue @ Rs. 10 per share	447,189,096	4,471,890,960
		1,260,260,180	12,602,601,800

2. Debts Information

2.1 Askari Bank has issued Seven TFCs out of which the following Term Finance Certificates (TFCs) are outstanding - unsecured subordinated debt.

(Rupees in million)	TFC - VI	TFC - VII
IPO investors	6,000	6,000
General Public	–	–
Underwriters	–	–
	6,000	6,000
Market Symbols / IDs at LSE	AKBLTFC6	AKBLTFC7
Rating by PACRA	AA-	AA
Market Price as at December 31, 2021 (based on marketable lots of Rs. 1,000,000)	6,000	6,000
Applicable Interest Rate (p.a.) as at December 31, 2021	12.96%	12.01%

STATEMENT ON INTERNAL CONTROLS

The Management of Askari Bank Limited (the Bank) assumes full responsibility for establishing and maintaining effective system of internal controls throughout the Bank to ensure reliable, accurate and fair financial reporting, effectiveness of operations and compliance with the applicable laws and regulations. Management understands that the effective maintenance of the internal controls system is an ongoing process under the ownership of the management. All significant policies and procedural manuals are in place; and the review, revision, and improvement to keep them updated to cope with latest challenges is actively pursued by the management.

Architecture of the Bank's internal control system involves different levels of monitoring activities i.e. line management, Compliance Division (CD) and Internal Audit Division (IAD). The Bank's IAD is independent from line management and reviews the adequacy and implementation of control activities across the Bank as well as implementation of and compliance with all the prescribed policies and procedures.

All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by CD. The function also actively monitors implementation of the corrective / remedial measures to ensure that identified risks are mitigated to safeguard the interest of the Bank.

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR) on September 30, 2012. This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. Consequent to grant of exemption by the State Bank of Pakistan (SBP) from the requirement of submission of Long Form Report (LFR), the documentation including the testing results have been reviewed by internal auditors of the Bank, on the basis of which Annual Assessment Report is prepared and submitted to Board Audit Committee for review.

During the year under review, we have endeavored to follow the guidelines issued by SBP on internal controls for evaluation and management of significant risks and we will continue to endeavor for further improvements in the Internal Controls system.

While an internal controls system is effectively implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Saleem Anwar
Chief Financial Officer

Syed Ali Raza Zaidi
Chief Compliance Officer

Irfan Johar
Chief Internal Auditor

Atif R. Bokhari
President & Chief Executive

February 15, 2022
Rawalpindi

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED DECEMBER 31, 2021

The Bank has complied with the requirements of the Regulations in the following manner:

- The total number of directors is 11 as per the following detail:

- Male: 10
- Female: 01

- The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Mohammad Aftab Manzoor Mr. Mushtaq Malik Ms. Zoya Mohsin Nathani Raja Muhammad Abbas
Non-Executive Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman* Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed - Nominee NIT * (Fit & Proper Test by SBP cleared on February 15, 2022)
Executive Director / President & CE	Mr. Atif R. Bokhari
Female Director	Ms. Zoya Mohsin Nathani

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
- The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and has approved significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The Bank is compliant with the requirement of director training program provided in these Regulations. The Bank has also arranged a Directors' Orientation Session during the year.
- The Board has approved the appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and the President & CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed Committees comprising of members given below:

a) Board Audit Committee (BAC)

1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	Syed Bakhtiyar Kazmi	Member
4	Mr. Manzoor Ahmed	Member
5	Raja Muhammad Abbas	Member

b) Board Human Resource & Remuneration Committee (BHR&RC)

1	Ms. Zoya Mohsin Nathani	Chairperson
2	Mr. Sarfaraz Ahmed Rehman	Member
3	Dr. Nadeem Inayat	Member
4	Mr. Manzoor Ahmed	Member

c) Board Risk Management Committee (BRMC)

1	Mr. Manzoor Ahmed	Chairman
2	Dr. Nadeem Inayat	Member
3	Mr. Mushtaq Malik	Member
4	Ms. Zoya Mohsin Nathani	Member
5	Mr. Atif R. Bokhari	Member

d) Board Information Technology Committee (BITC)

1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	Mr. Mushtaq Malik	Member
4	Raja Muhammad Abbas	Member
5	Mr. Atif R. Bokhari	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

Board Committees	Frequency of Meetings
Audit Committee	Quarterly
Risk Management Committee	Quarterly
HR & Remuneration Committee	Twice in a year
Information Technology Committee	Quarterly

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & CE, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Directors of the Bank.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board

February 15, 2022
Rawalpindi

Waqar Ahmed Malik
Chairman



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Askari Bank Limited "The Bank" for the year ended 31 December 2021, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2021.

Lahore

Date: February 24, 2022

UDIN: CR202110183KQJxlgrey

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED
FINANCIAL STATEMENTS OF
ASKARI BANK LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2021



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Askari Bank Limited ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2021 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances</p> <p>Refer to note 9 and the accounting policies in notes 4.6 to the unconsolidated financial statements.</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all nonperforming loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Bank to recognize general provision against advances portfolio.</p> <p>The Bank has recognized a net provision of Rs. 3.87 billion against advances in the current year. The Bank's advances to the customers represent 37.92% of its total assets as at 31 December 2021 and are stated at Rs. 477.58 billion which is net of provision of Rs. 30.22 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank , we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> Assessing the design and operating effectiveness of manual and automated controls over classification and provisioning of advances including: <ul style="list-style-type: none"> The accuracy of data input into the system used for disbursement and recovery of credit facilities; Controls over correct classification of non-performing advances on time-based criteria; Controls over accurate computation and recording of provisions; and Controls over the governance and approval process related to provision. Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs; Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized; and Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	Valuation of Investments	
	<p>Refer to note 8 and the accounting policies in notes 4.5 to the unconsolidated financial statements.</p> <p>As at 31 December 2021, the Bank has investments classified as “Available-for-sale” and “Held to maturity”, amounting to Rs. 616.19 billion which in aggregate represent 48.93 % of the total assets of the Bank.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Bank’s accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments; Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values; and Evaluating the management’s assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Bank’s accounting policies and performed an independent assessment of the assumptions.

Information Other than the Unconsolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank’s Annual Report but does not include the unconsolidated financial statements and our auditors’ report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



KPMG Taseer Hadi & Co.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements:

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: February 24, 2022

UDIN: AR202110183rnKcDCsBp

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Assets			
Cash and balances with treasury banks	5	89,432,245	73,651,718
Balances with other banks	6	3,454,829	7,954,288
Lendings to financial institutions	7	—	—
Investments	8	616,361,158	449,687,240
Advances	9	477,588,237	395,373,840
Fixed assets	10	20,166,875	21,213,709
Intangible assets	11	1,183,265	1,143,146
Deferred tax assets	12	5,168,183	1,623,001
Other assets	13	45,789,317	41,870,120
		1,259,144,109	992,517,062
Liabilities			
Bills payable	14	10,235,374	12,629,996
Borrowings	15	123,563,761	84,163,669
Deposits and other accounts	16	1,015,430,068	791,186,883
Liabilities against assets subject to finance lease		—	—
Subordinated debts	17	12,000,000	12,000,000
Deferred tax liabilities		—	—
Other liabilities	18	42,012,413	37,990,164
		1,203,241,616	937,970,712
Net Assets			
		55,902,493	54,546,350
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		32,730,297	25,632,015
Surplus on revaluation of assets - net of tax	20	1,963,619	7,637,784
Unappropriated profit		8,605,975	8,673,949
		55,902,493	54,546,350

Contingencies and Commitments

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The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Mark-up / return / interest earned	23	77,549,921	79,105,095
Mark-up / return / interest expensed	24	45,140,200	48,842,285
Net mark-up / interest income		32,409,721	30,262,810
Non mark-up / interest income			
Fee and commission income	25	4,609,146	3,851,224
Dividend income		420,138	272,522
Foreign exchange income		3,123,524	2,673,493
Income / (loss) from derivatives		–	–
Gain on securities	26	814,724	2,555,512
Other income	27	402,118	341,057
Total non-markup / interest income		9,369,650	9,693,808
Total income		41,779,371	39,956,618
Non mark-up / interest expenses			
Operating expenses	28	20,890,525	20,123,495
Workers' welfare fund	29	213,484	42,982
Other charges	30	90,139	48,149
Total non-markup / interest expenses		21,194,148	20,214,626
Profit before provisions		20,585,223	19,741,992
Provisions and write offs - net	31	4,939,950	1,974,747
Extraordinary / unusual items		–	–
Profit before taxation		15,645,273	17,767,245
Taxation	32	(5,943,887)	(6,966,870)
Profit after taxation		9,701,386	10,800,375
Rupees			
Basic and diluted earnings per share	33	7.70	8.57

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

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Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Profit after taxation for the year		9,701,386	10,800,375
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		264,837	9,514
Movement in (deficit) / surplus on revaluation of investments - net of tax	20	(5,012,819)	1,584,923
		(4,747,982)	1,594,437
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit plan - net of tax	36.7	14,858	(44,926)
Movement in surplus on revaluation of operating fixed assets	20.1	–	1,529,292
Movement in surplus on revaluation of non-banking assets	20.2	168,662	299,944
		183,520	1,784,310
Total comprehensive income		5,136,924	14,179,122

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

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Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

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Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit / (loss)	Total
						Investments	Fixed / non-banking assets		
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 year ended December 31, 2020									
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	10,800,375	10,800,375
Other comprehensive income	-	9,514	-	-	-	1,584,923	1,829,236	(44,926)	3,378,747
Transfer to:									
Statutory reserve	-	-	-	2,160,075	-	-	-	(2,160,075)	-
General reserve	-	-	-	-	4,096,166	-	-	(4,096,166)	-
	-	-	-	2,160,075	4,096,166	-	-	(6,256,241)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(76,801)	78,575	1,774
Transaction with owners, recorded directly in equity									
Final dividend 2019: Rs. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)
Balance as at January 1, 2021	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 year ended December 31, 2021									
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	9,701,386	9,701,386
Other comprehensive income	-	264,837	-	-	-	(5,012,819)	168,662	14,858	(4,564,462)
Transfer to:									
Statutory reserve	-	-	-	1,940,277	-	-	-	(1,940,277)	-
General reserve	-	-	-	-	4,893,168	-	-	(4,893,168)	-
	-	-	-	1,940,277	4,893,168	-	-	(6,833,445)	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(830,008)	830,008	-
Transaction with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
Balance as at December 31, 2021	12,602,602	549,520	234,669	14,198,903	17,747,205	(4,962,187)	6,925,806	8,605,975	55,902,493

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Cash flow from operating activities			
Profit before taxation		15,645,273	17,767,245
Less: dividend income		(420,138)	(272,522)
		15,225,135	17,494,723
Adjustments:			
Depreciation		967,122	1,101,398
Amortization		180,862	226,911
Depreciation on ROU assets		1,342,713	1,498,351
Markup expense on lease liability against ROU assets		894,286	891,977
Termination of lease contracts under IFRS - 16 Leases		250	81
Charge for defined benefit plans		391,288	466,626
Provisions and write offs - net	31	5,050,329	2,087,955
Gain on sale of fixed assets		(20,501)	(23,768)
		8,806,349	6,249,531
		24,031,484	23,744,254
(Increase) / decrease in operating assets			
Lendings to financial institutions		—	14,075,190
Held for trading securities		—	41,591
Advances		(85,996,563)	(23,271,079)
Other assets (excluding advance taxation)		(4,479,587)	(2,281,037)
		(90,476,150)	(11,435,335)
Increase / (decrease) in operating liabilities			
Bills payable		(2,394,622)	(3,138,951)
Borrowings from financial institutions		39,400,092	32,975,988
Deposits		224,243,185	111,887,397
Other liabilities (excluding current taxation)		4,337,625	(164,243)
		265,586,280	141,560,191
		199,141,614	153,869,110
Payment made to defined benefit plan / compensated absences		(374,161)	(49,593)
Income tax paid		(6,433,669)	(6,586,744)
Net cash flow generated from operating activities		192,333,784	147,232,773
Cash flow from investing activities			
Net investments in available for sale securities		(149,515,015)	(122,115,655)
Net investments in held to maturity securities		(25,559,592)	(18,133,770)
Acquisition of further interest in subsidiary		—	(50,830)
Dividend received		426,282	267,061
Investments in operating fixed assets		(739,812)	(1,011,376)
Investments in intangible assets		(261,601)	(555,767)
Proceeds from sale of fixed assets		31,562	33,025
Effect of translation of net investment in foreign branch		264,837	9,514
Net cash flow used in investing activities		(175,353,339)	(141,557,798)
Cash flow from financing activities			
Receipts of subordinated debts - net		—	2,008,000
Payments against lease liabilities		(1,965,692)	(1,549,511)
Dividends paid		(3,733,683)	(1,871,397)
Net cash flow used in financing activities		(5,699,375)	(1,412,908)
Increase in cash and cash equivalents		11,281,070	4,262,067
Cash and cash equivalents at beginning of the year	34	81,606,012	77,343,945
Cash and cash equivalents at end of the year	34	92,887,082	81,606,012

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 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 (2020: 71.91) percent shares of the Bank as on December 31, 2021. The ultimate parent of the Bank is Fauji Foundation. The Bank has 560 branches (2020: 537 branches); 559 in Pakistan and Azad Jammu and Kashmir including 101 (2020: 95) Islamic Banking branches and 56 (2020: 49) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiary are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in consolidated financial statements.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure - II to these unconsolidated financial statements.

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pak. Rupee, which is the Bank's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through SRO 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 financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.

IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide SRO 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through SRO 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

There are certain new and amended standards, interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are considered either not relevant or not to have any significant impact on the Bank's unconsolidated financial statements.

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

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

		Effective date (periods ending on or after)
IAS 1	Presentation of Financial Statements	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 37	Provisions, Contingent Liabilities	January 1, 2022
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 28	Investments in Associates and Joint Ventures (Amendments)	Not yet finalized
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations	January 1, 2022
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized
IFRS 16	Leases (Amendments)	January 1, 2022

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

IFRS 9 in Pakistan on the Bank's financial statements is being assessed and final implementation guidelines are awaited. Accordingly, the impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

Except for the implementation of IFRS 9 in Pakistan, The Bank expects that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed.

The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered either not relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

2.4 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.5)
- ii) provision against investments (note 4.5), advances (note 4.6) and fixed assets (note 4.7)
- iii) valuation of available for sale securities (note 4.5)
- iv) impairment of available for sale and held to maturity securities (note 4.5.2 and 4.17)
- v) useful life of property and equipment, intangible assets and revaluation of land (note 4.7) and non-banking assets acquired in satisfaction of claims (note 4.18)
- vi) staff retirement benefits (note 4.13)
- vii) taxation (note 4.16)
- viii) IFRS 16 - Leases (note 4.9)
- ix) Fair value of derivatives (note 4.22)

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Bank during the current year.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lending.

4.3 Lending (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

4.4 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Bank sells Sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

4.5 Investments

Investments are classified as follows:

Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

Available for sale

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

Held to maturity

These represent securities acquired with the intention and ability to hold them upto maturity.

4.5.1 Initial measurement

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Bank commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

4.5.2 Subsequent measurement

Held for trading

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Available for sale

In accordance with the requirements various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income (OCI)" and is shown in the shareholders' equity in the unconsolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses.

Held to maturity

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

Investment in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment, if any.

4.6 Advances

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

4.6.1 Finance lease receivables

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

4.6.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 - Ijarah (IFAS - 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

The Bank values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as the agent of the Bank for subsequent sale.

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Bank and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharakah (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer.

In Istisna financing, the Bank acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Running Musharakah based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

4.7 Fixed assets and depreciation

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

Property and equipment

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the unconsolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Bank or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

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Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation / amortization

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 10.2 and 11.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization is charged for the full month of purchase / acquisition / availability for use of an asset while no depreciation / amortization is charged in the month of disposal of an asset. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

4.8 Assets held for sale

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

4.9 IFRS 16 - Leases

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related ROU assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

4.10 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

4.11 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Bank generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

4.12 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

4.13 Staff retirement benefits

Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method". Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence.

Certain actuarial assumptions have been adopted as disclosed in note 36 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

Defined contribution plan

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

Compensated absences

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to unconsolidated profit and loss account. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

4.14 Foreign currencies

Foreign currency transactions

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies and foreign bills purchased are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in unconsolidated profit and loss account currently.

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Foreign operation

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of unconsolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

Translation gains and losses

Translation gains and losses are included in unconsolidated profit and loss account, except those arising on translation of the Bank's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in unconsolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.15 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Bank's right to receive the income is established.

Gains or losses on sale of investments are recognized in unconsolidated profit and loss account.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharakah and Diminishing Musharakah financing are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognised on a time proportionate basis.

4.16 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the unconsolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Prior years

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

4.17 Impairment

Available for sale

The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price in case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

Non-financial assets

The carrying amount of the Bank's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.18 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on

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revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

4.19 Other provisions

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

4.20 Off-setting

Financial assets and financial liabilities are only set-off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Bank expects either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.21 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.22 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

4.23 Appropriations subsequent to date of unconsolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

4.24 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

4.25 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares

outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.26 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

4.26.1 Business segment

Branch banking

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

Corporate banking

Corporate banking includes project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

Treasury

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

Consumer banking

Consumer banking segment provides both secured and unsecured loans to retail customers.

Islamic banking

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

Foreign operations

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

Head office / others

This consists of banking operations not performed by any of above segments.

4.26.2 Geographical segments

The Bank operates in two geographic regions; Pakistan including its allied territories and the Middle East.

4.27 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for on unconsolidated statement of financial position both as assets and liabilities.

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Rupees in '000	Note	2021	2020
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		21,150,705	17,290,446
Foreign currencies		4,059,596	4,030,731
		25,210,301	21,321,177
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	46,087,959	37,199,449
Foreign currency current account	5.1	4,898,891	4,513,312
Foreign currency deposit account	5.2	9,278,909	7,501,569
		60,265,759	49,214,330
With National Bank of Pakistan in:			
Local currency current accounts		3,833,104	2,260,681
Prize Bonds		123,081	855,530
		89,432,245	73,651,718

5.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

5.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of Nil (2020: Nil).

Rupees in '000	Note	2021	2020
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		455,110	230,682
In deposit accounts		–	151
		455,110	230,833
Outside Pakistan			
In current accounts		1,425,930	2,206,020
In deposit accounts	6.1	1,573,797	5,517,441
		2,999,727	7,723,461
Provision held against balances with other banks		(8)	(6)
		3,454,829	7,954,288

6.1 These represent placements with international correspondent banks, carrying interest rates upto 0.08% (2020: upto 0.45%) per annum.

Rupees in '000	Note	2021	2020
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Purchase under resale arrangement of equity securities		148,606	148,606
Provision held against lending to financial institutions		(148,606)	(148,606)
Lending to financial institutions - net of provision		–	–

8. INVESTMENTS

Rupees in '000	Note	2021				2020			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:									
Available for sale securities									
Federal Government Securities		482,298,535	(50,489)	(8,400,351)	473,847,695	335,378,424	(31,877)	(525,781)	334,820,766
Shares		4,870,194	(432,993)	56,617	4,493,818	4,696,428	(158,232)	249,169	4,787,365
Units of open end mutual funds		1,510,609	(140,558)	140,194	1,510,245	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares		27,314	(11,914)	651	16,051	27,314	(11,914)	46,545	61,945
Non Government Debt Securities		13,316,295	(1,386,785)	62,687	11,992,197	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities		530,691	(3,965)	5,469	532,195	482,547	(5,203)	18,534	495,878
		502,553,638	(2,026,704)	(8,134,733)	492,392,201	353,038,623	(1,770,488)	77,895	351,346,030
Held to maturity securities									
Federal Government Securities		120,213,557	(136,355)	–	120,077,202	95,034,902	(116,957)	–	94,917,945
Non Government Debt Securities		110,000	(110,000)	–	–	110,000	(110,000)	–	–
Foreign securities		3,757,721	(31,585)	–	3,726,136	3,376,784	(85,070)	–	3,291,714
		124,081,278	(277,940)	–	123,803,338	98,521,686	(312,027)	–	98,209,659
Subsidiary									
Askari Securities Limited	8.7	165,619	–	–	165,619	165,619	(34,068)	–	131,551
Total investments		626,800,535	(2,304,644)	(8,134,733)	616,361,158	451,725,928	(2,116,583)	77,895	449,687,240

Rupees in '000		2021				2020			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:									
Federal Government Securities									
Market Treasury Bills		237,198,334	–	(290,335)	236,907,999	122,065,700	–	320,229	122,385,929
Pakistan Investment Bonds		320,877,899	–	(7,718,161)	313,159,738	282,938,195	–	(831,857)	282,106,338
Euro Bonds		10,925,079	(129,560)	(16,614)	10,778,905	6,748,006	(115,622)	27,446	6,659,830
GOP Bai Mujjal		4,215,092	–	–	4,215,092	5,246,146	–	–	5,246,146
Ijarah Sukuks		29,295,688	(57,284)	(375,241)	28,863,163	13,415,279	(33,212)	(41,599)	13,340,468
		602,512,092	(186,844)	(8,400,351)	593,924,897	430,413,326	(148,834)	(525,781)	429,738,711
Shares									
Listed companies		4,514,514	(427,313)	56,617	4,143,818	4,340,748	(152,552)	249,169	4,437,365
Unlisted companies		355,680	(5,680)	–	350,000	355,680	(5,680)	–	350,000
		4,870,194	(432,993)	56,617	4,493,818	4,696,428	(158,232)	249,169	4,787,365
Units of open end mutual funds		1,510,609	(140,558)	140,194	1,510,245	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares		27,314	(11,914)	651	16,051	27,314	(11,914)	46,545	61,945
Non Government Debt Securities									
Listed		1,641,790	(216,790)	(41,556)	1,383,444	2,136,636	(221,636)	107,325	2,022,325
Unlisted		11,784,505	(1,279,995)	104,243	10,608,753	9,022,238	(1,311,068)	10,161	7,721,331
		13,426,295	(1,496,785)	62,687	11,992,197	11,158,874	(1,532,704)	117,486	9,743,656
Foreign Securities									
Government securities		4,288,412	(35,550)	5,469	4,258,331	3,859,331	(90,273)	18,534	3,787,592
Subsidiary									
Askari Securities Limited	8.7	165,619	–	–	165,619	165,619	(34,068)	–	131,551
Total investments		626,800,535	(2,304,644)	(8,134,733)	616,361,158	451,725,928	(2,116,583)	77,895	449,687,240

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Rupees in '000	2021	2020
8.2.1 Investments given as collateral		
The market value of investments given as collateral is:		
Market Treasury Bills	9,967,040	13,715,612
Pakistan Investment Bonds	31,984,000	7,005,600
Euro Bonds	7,386,911	6,442,504
Bahrain International Bonds	—	501,081
Turkish Euro Bonds	596,977	—
Turkish Sukuks	—	973,391
Ijarah Sukuks	4,372,827	5,069,713
Shares	161,829	191,168
	54,469,584	33,899,069
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	2,116,583	3,554,891
Exchange adjustments	21,835	5,614
Charge / (reversals)		
Charge for the year	277,764	491,171
(Reversal) / charge for the year under IFRS 9 related to WBB	(38,547)	41,248
Reversals for the year	(69,986)	(66,558)
Net charge	169,231	465,861
Reversal on disposals	(3,005)	(1,943,851)
Transfer of provision against assets held for sale	—	34,068
Closing balance	2,304,644	2,116,583

8.3.2 Particulars of provision against debt securities

Rupees in '000	2021		2020	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,496,785	1,496,785	1,532,704	1,532,704

8.3.3 In addition to the above, Bank's Bahrain branch holds general provision of Rs 222,394 thousand (December 31, 2020: Rs 239,107 thousand) against investments in accordance with ECL requirement of IFRS 9.

8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

	2021	2020
Rupees in '000		Cost
Federal Government Securities - Government guaranteed		
Market Treasury Bills	237,198,334	122,065,700
Pakistan Investment Bonds	217,100,181	204,536,354
Euro Bonds	3,642,731	1,712,032
Ijarah Sukuks	24,357,289	7,064,338
	482,298,535	335,378,424
Shares		
Listed		
Commercial banks	790,902	795,604
Chemicals	414,475	455,887
Fertilizer	131,051	143,172
Cement	412,499	363,261
Power generation and distribution	598,158	598,158
Leasing companies	26,560	26,560
Paper and board	72,800	55,806
Engineering	83,430	198,585
Insurance	46,948	26,080
Oil and gas marketing companies	668,391	651,804
Oil and gas exploration	187,054	235,135
Textile composite	243,307	153,685
Pharmaceuticals	153,693	46,251
Real estate investment trust	572,760	572,760
Technology and communication	–	18,000
Transport	23,664	–
Refinery	88,822	–
	4,514,514	4,340,748

	2021		2020	
Rupees in '000	Cost	Breakup value	Cost	Breakup value
Unlisted				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	312,700	50,000	230,850
Pakistan Mortgage Refinance Company Limited	300,000	527,700	300,000	486,300
	355,680	840,400	355,680	717,150

Breakup value has been calculated on the basis of latest available financial statements.

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Rupees in '000	2021	2020		
	Cost			
Units of Open end mutual funds				
Listed				
National Investment Trust Limited				
National Investment (Unit) Trust Fund	500,000	500,000		
Islamic Equity Fund	50,000	50,000		
Asset Allocation Fund	100,000	100,000		
Islamic Money Market Fund	100,000	—		
Askari Asset Allocation Fund	100,846	100,846		
Askari High Yield Scheme	479,137	173,565		
Askari Sovereign Yield Enhancer Fund	100,000	100,000		
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	37,509	337,509		
Pak Oman Islamic Asset Allocation Fund	42,705	42,705		
Pak Oman Advantage Islamic Income Fund	412	411		
	1,510,609	1,405,036		
Fully Paid Preference Shares				
Listed				
Commercial Banks	2,214	2,214		
Textile	25,100	25,100		
	27,314	27,314		
Non Government Debt Securities				
Listed				
AAA	750,000	750,000		
AA+, AA, AA-	500,000	890,000		
A+, A, A-	175,000	275,000		
Unrated	216,790	221,636		
	1,641,790	2,136,636		
Unlisted				
AAA	8,798,860	6,385,420		
AA+, AA, AA-	600,650	600,750		
A+, A, A-	1,105,000	725,000		
Unrated	1,169,995	1,201,068		
	11,674,505	8,912,238		
	2021	2020		
Rupees in '000	Cost	Rating	Cost	Rating
Foreign Securities				
Government of Bahrain securities	530,691	B+	482,547	B+

Rupees in '000	2021		2020	
	Cost			
8.5 Particulars relating to Held to Maturity securities are as follows:				
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds	103,777,717		78,401,841	
Government of Pakistan Euro Bonds	7,282,348		5,035,974	
Ijarah Sukuks	4,938,400		6,350,941	
GOP Bai Muajjal	4,215,092		5,246,146	
	120,213,557		95,034,902	
Non Government Debt Securities				
Unlisted				
CCC and below	110,000		110,000	

Rupees in '000	2021		2020	
	Cost	Rating	Cost	Rating
Foreign Securities				
Turkish Sukuk	1,059,422	BB-	961,594	BB-
Turkish Euro Bonds	1,374,564	BB-	1,218,628	BB-
Srilanka Euro Bond	1,323,735	CCC+	1,196,562	CCC+
	3,757,721		3,376,784	

8.5.1 Market value of held to maturity securities other than classified investments as at December 31, 2021 is Rs. 122,430,448 thousand (2020: Rs. 104,630,207 thousand).

8.6 Investments include Government securities which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962

8.7 Summarized financial information of subsidiary:

Rupees in '000	Country of incorporation	% age of interest held	Revenue	Profit after tax	Assets	Liabilities
2021						
Askari Securities Limited	Pakistan	100%	188,615	47,496	650,007	327,638
(audited based on December 31, 2021)						
2020						
Askari Securities Limited	Pakistan	100%	147,458	47,263	740,771	454,995
(audited based on December 31, 2020)						

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9. ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2021	2020	2021	2020	2021	2020
Loans, cash credits, running finances, etc.	9.1	383,720,771	309,788,761	25,413,635	24,338,648	409,134,406	334,127,409
Islamic financing and related assets- note 2 of Annexure II		69,979,661	62,691,358	2,885,460	2,684,267	72,865,121	65,375,625
Bills discounted and purchased		22,950,694	20,603,372	2,866,232	1,713,484	25,816,926	22,316,856
Advances - gross		476,651,126	393,083,491	31,165,327	28,736,399	507,816,453	421,819,890
Provision against advances							
- Specific		–	–	(28,518,930)	(24,842,078)	(28,518,930)	(24,842,078)
- General		(1,709,286)	(1,603,972)	–	–	(1,709,286)	(1,603,972)
		(1,709,286)	(1,603,972)	(28,518,930)	(24,842,078)	(30,228,216)	(26,446,050)
Advances - net of provision		474,941,840	391,479,519	2,646,397	3,894,321	477,588,237	395,373,840

9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2021				2020			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,453,266	2,644,563	–	5,097,829	2,505,400	2,218,605	7,189	4,731,194
Residual value	855,053	1,356,416	–	2,211,469	1,007,459	1,336,479	28,736	2,372,674
Minimum lease payments	3,308,319	4,000,979	–	7,309,298	3,512,859	3,555,084	35,925	7,103,868
Financial charges for future periods	(299,942)	(315,781)	–	(615,723)	(254,200)	(230,039)	(60)	(484,299)
Present value of minimum lease payments	3,008,377	3,685,198	–	6,693,575	3,258,659	3,325,045	35,865	6,619,569

Rupees in '000	2021	2020
9.2 Particulars of advances (Gross)		
In local currency	465,203,559	398,239,110
In foreign currencies	42,612,894	23,580,780
	507,816,453	421,819,890

9.3 Advances include Rs. 31,165,327 thousand (2020: Rs. 28,736,399 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	Category of classification	2021		2020	
		Non performing loans	Provision	Non performing loans	Provision
	Domestic				
	Other Assets Especially Mentioned	140,824	445	1,406,324	–
	Substandard	1,576,529	308,449	480,927	63,119
	Doubtful	1,223,288	570,556	1,956,085	766,400
	Loss	28,012,320	27,616,118	24,567,474	23,991,404
		30,952,961	28,495,568	28,410,810	24,820,923
	Overseas				
	Not past due but Impaired	212,366	23,362	–	–
	Overdue by 181 to 365 days	–	–	325,589	21,155
		212,366	23,362	325,589	21,155
		31,165,327	28,518,930	28,736,399	24,842,078

9.4 Particulars of provision against advances

Rupees in '000	Note	2021				2020			
		Specific	General (note 45.1)	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		24,842,078	887,946	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustments		2,207	15,826	–	18,033	(299)	9,586	–	9,287
Charge for the year		6,382,786	76,663	93,912	6,553,361	2,249,576	421,751	122,415	2,793,742
Reversal under IFRS 9 related to WBB		–	(5,555)	–	(5,555)	21,454	(105,360)	–	(83,906)
Reversal for the year		(2,597,059)	(854)	(74,678)	(2,672,591)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
		3,785,727	70,254	19,234	3,875,215	1,260,976	294,215	73,279	1,628,470
Amounts written off	9.5	(55,851)	–	–	(55,851)	(748,426)	–	–	(748,426)
Amounts charged off- agriculture financing	9.7	(55,231)	–	–	(55,231)	(78,229)	–	–	(78,229)
Closing balance		28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050

9.4.1 Particulars of provision against advances

Rupees in '000	2021				2020			
	Specific	General (note 45.1)	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	28,099,282	807,679	735,260	29,642,221	24,461,435	731,882	716,026	25,909,343
In foreign currencies	419,648	166,347	–	585,995	380,643	156,064	–	536,707
	28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050

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9.4.2 The net FSV benefit already availed has been reduced by Rs. 220,594 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 220,594 thousand (2020: higher by Rs. 66,326 thousand) and Rs. 134,563 thousand (2020: Rs. 40,459 thousand) respectively. Further, at December 31, 2021, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 320,002 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.

9.5 Particulars of write offs

This represents write off against provision amounting to Rs. 55,851 thousand related to domestic advances (2020: Rs. 748,426 thousand).

Rupees in '000	2021	2020
9.5.1 Against Provisions	55,851	748,426
Directly charged to Profit & Loss account	—	—
	55,851	748,426
Write offs of Rs. 500,000 and above		
- Domestic	55,642	748,426
- Overseas	—	—
Write offs of below Rs. 500,000	209	—
	55,851	748,426

9.6 Details of loans written off - Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2021 is given in Annexure - I.

9.7 Amounts charged off - Agriculture financing

This represents agriculture loans charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R - 11 of Prudential Regulations for Agriculture Financing.

Rupees in '000	Note	2021	2020
10. FIXED ASSETS			
Capital work-in-progress	10.1	111,038	164,343
Property and equipment	10.2	13,601,560	13,647,546
Right of use asset - IFRS 16	10.4	6,454,277	7,401,820
		20,166,875	21,213,709

10.1 This represents civil works in progress during the year.

10.2 Property and equipment

2021										
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
As at January 1, 2021										
Cost / Revalued Amount	3,737,141	5,815,489	1,228,823	984,192	3,934,777	1,656,334	3,592,039	3,056,694	181,622	24,187,111
Accumulated Depreciation	–	–	481,313	475,292	3,348,654	830,762	2,620,591	2,649,776	133,177	10,539,565
Net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
Year ended December 31, 2021										
Opening net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
Additions	–	–	–	–	159,567	139,710	218,671	228,057	47,112	793,117
Transfers from non banking assets	137,350	–	1,449	–	–	–	–	–	–	138,799
Disposals	–	–	–	–	(579)	(5,128)	(3,959)	(139)	(1,256)	(11,061)
Depreciation charge	–	–	(36,567)	(24,850)	(257,291)	(150,225)	(312,009)	(167,442)	(18,738)	(967,122)
Other adjustments / transfers	–	–	–	–	(142)	360	(2,040)	2,103	–	281
Closing net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
As at December 31, 2021										
Cost / Revalued Amount	3,874,491	5,815,489	1,230,272	984,192	2,766,078	1,766,607	3,757,557	3,137,204	208,753	23,540,643
Accumulated Depreciation	–	–	517,880	500,142	2,278,400	956,318	2,885,446	2,667,707	133,190	9,939,083
Net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
Rate of depreciation (percentage)	–	–	5	5	20	10-20	10-20	20	20	
2020										
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
As at January 1, 2020										
Cost / Revalued Amount	3,226,063	4,797,275	1,228,823	984,192	3,755,191	1,468,499	3,425,162	3,043,096	218,696	22,146,997
Accumulated Depreciation	–	–	442,905	449,166	3,074,905	774,976	2,359,732	2,619,244	173,192	9,894,120
Net book value	3,226,063	4,797,275	785,918	535,026	680,286	693,523	1,065,430	423,852	45,504	12,252,877
Year ended December 31, 2020										
Opening net book value	3,226,063	4,797,275	785,918	535,026	680,286	693,523	1,065,430	423,852	45,504	12,252,877
Additions	–	–	–	–	228,169	274,508	278,394	169,701	22,992	973,764
Movement in surplus on assets revalued during the year	511,078	1,018,214	–	–	–	–	–	–	–	1,529,292
Disposals	–	–	–	–	(3,335)	(4,562)	(1,198)	(162)	–	(9,257)
Depreciation charge	–	–	(38,408)	(26,126)	(318,997)	(140,684)	(371,188)	(185,944)	(20,051)	(1,101,398)
Other adjustments / transfers	–	–	–	–	–	2,787	10	(529)	–	2,268
Closing net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
As at December 31, 2020										
Cost / Revalued Amount	3,737,141	5,815,489	1,228,823	984,192	3,934,777	1,656,334	3,592,039	3,056,694	181,622	24,187,111
Accumulated Depreciation	–	–	481,313	475,292	3,348,654	830,762	2,620,591	2,649,776	133,177	10,539,565
Net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
Rate of depreciation (percentage)	–	–	5	5	20	10-20	10-20	20	20	
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
10.2.1 Cost of fully depreciated property and equipment still in use of the Bank										
2021	–	–	–	–	1,628,503	413,174	1,771,917	2,279,605	101,687	6,194,886
2020	–	–	–	–	2,224,980	367,583	1,371,822	2,080,043	80,721	6,125,149

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10.3 Disposal of assets to related parties:

Particular of assets	Cost	Book Value	Sale Proceed	Mode Disposal	Particular of Purchaser
Rupees in '000					
Vehicle	2,970	1,287	1,287	As per Bank's Policy	Mr. Abid Sattar - Ex - President & CE
Machine and equipment	1,727	1,106	1,106	-do-	Mr. Abid Sattar - Ex - President & CE
Computer equipment	149	62	62	-do-	Mr. Abid Sattar - Ex - President & CE
Furniture, fixtures and office equipment	185	-	-	-do-	Mr. Khurram Mughal - Key Management Personnel
Vehicle	1,720	-	1,975	-do-	Mr. Shahid Alam Siddiqui - Key Management Personnel
Furniture, fixtures and office equipment	33	29	29	-do-	Mr. Pervez Shahbaz Khan - Ex - Key Management Personnel
Machine and equipment	197	170	170	-do-	Mr. Pervez Shahbaz Khan - Ex - Key Management Personnel

Rupees in '000 2021 2020

10.4 Right of use assets

Opening balance	7,401,820	7,316,960
Additions	499,359	1,597,508
Depreciation	(1,342,713)	(1,498,351)
Other adjustments (including termination)	(104,189)	(14,297)
Closing balance	6,454,277	7,401,820

10.5 Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2020. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value, which resulted in increase of Rs. 1,529,292 thousand. The total surplus against revaluation of freehold and leasehold land as at December 31, 2021 amounts to Rs. 5,205,916 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2021 would have been Rs. 4,484,063 thousand (2020: Rs. 4,408,450 thousand)

Rupees in '000 Note 2021 2020

11. INTANGIBLE ASSETS

Computer software	11.1	948,523	777,695
Less: Provision against intangibles		(1,225)	(4,660)
		947,298	773,035
Capital work in progress		235,967	370,111
		1,183,265	1,143,146

11.1 Software

As at January 1,

Cost	2,656,322	2,327,271
Accumulated amortization	1,878,627	1,644,382
Net book value	777,695	682,889

Year ended December 31,

Opening net book value	777,695	682,889
Additions		
- directly purchased	395,745	321,627
Charged off	(44,292)	-
Amortization charge	(180,862)	(226,911)
Other adjustments / transfers	237	90
Closing net book value	948,523	777,695

Rupees in '000	2021	2020
As at December 31,		
Cost	2,422,602	2,656,322
Accumulated amortization	1,474,079	1,878,627
Net book value	948,523	777,695
Rate of amortization (percentage)	10	10
Useful life	10 years	10 years

11.1.1 Cost of fully amortized intangible assets still in use of the Bank amounts to Rs. 1,073,017 thousand (2020: Rs. 310,125 thousand).

Rupees in '000	2021			
	At January 1, 2021	Recognized in P&L A/C	Recognized in OCI	At December 31, 2021
12. DEFERRED TAX ASSETS				
Deductible Temporary Differences on				
- Post retirement employee benefits	34,162	–	(9,499)	24,663
- Accelerated tax depreciation	48,095	52,742	–	100,837
- Deficit on revaluation of investments	(27,263)	–	3,199,809	3,172,546
- Provision against advances	1,568,007	302,130	–	1,870,137
	1,623,001	354,872	3,190,310	5,168,183

Rupees in '000	2020			
	At January 1, 2020	Recognized in P&L A/C	Recognized in OCI	At December 31, 2020
Deductible Temporary Differences on				
- Post retirement employee benefits	9,971	–	24,191	34,162
- Accelerated tax depreciation	(36,254)	84,349	–	48,095
- Impact under IFRS 9 related to WBB	3,934	–	(3,934)	–
- Provision against advances	1,568,007	–	–	1,568,007
	1,545,658	84,349	20,257	1,650,264
- Impact under IFRS 9 related to WBB	117,937	–	(117,937)	–
	1,663,595	84,349	(97,680)	1,650,264
Taxable Temporary Differences on				
- Surplus on revaluation of investments	826,157	–	(853,420)	(27,263)
	2,489,752	84,349	(951,100)	1,623,001

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Rupees in '000	Note	2021	2020
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	18,861,858	17,403,537
Income / mark-up accrued in foreign currencies		694,389	558,371
Advances, deposits, advance rent and other prepayments		441,073	440,767
Advance taxation (payments less provisions)		6,224,368	6,089,464
Non banking assets acquired in satisfaction of claims	13.3	1,446,968	2,426,242
Due from State Bank of Pakistan		667,793	—
Mark to market gain on forward foreign exchange contracts - net		341,824	—
Stationary and stamps in hand		74,065	99,829
Dividend receivable	13.2	1,221	7,365
Acceptances		14,601,271	11,829,891
Switch fee receivable		359,687	—
Others		530,756	781,460
		44,245,273	39,636,926
Less: Provision held against other assets	13.4	(175,846)	(209,778)
Other assets - net of provision		44,069,427	39,427,148
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,719,890	2,442,972
Other assets - total		45,789,317	41,870,120

13.1 This balance is net of interest in suspense amounting to Rs. 10,474,504 thousand (2020: Rs. 10,139,320 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2020: Rs. 81,020 thousand).

Rupees in '000	2021	2020
13.3 Market value of non-banking assets acquired in satisfaction of claims	3,166,857	4,869,214

The Bank's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2021. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus arisen against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2021 amounts to Rs. 1,719,889 thousand.

Rupees in '000	2021	2020
13.3.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	4,869,214	4,775,172
Additions	–	24,764
Revaluation	168,662	299,944
Disposals	(1,704,907)	(656,376)
Transfers to freehold land and building	(138,799)	–
Adjustments	(1,721)	476,948
Depreciation	(25,592)	(51,238)
Closing balance	3,166,857	4,869,214
13.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	1,722,458	668,878
Less - carrying value	(1,704,907)	(656,376)
Gain	17,551	12,502
13.4 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	4,838	4,838
Stationery and stamps in hand	–	2,285
Others	171,008	202,655
	175,846	209,778
13.4.1 Movement in provision held against other assets		
Opening balance	209,778	238,089
Charge for the year	415	314
Reversals for the year	(34,348)	(637)
Net charge	(33,933)	(323)
Reversal on disposal	–	(15,952)
Amount written off	–	(12,036)
Closing balance	175,845	209,778
14. BILLS PAYABLE		
In Pakistan	10,235,374	12,629,996

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Rupees in '000	Note	2021	2020
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1.1	20,497,570	16,903,776
Long term financing facility	15.1.2	9,725,125	8,499,073
Financing facility for storage of agricultural produce	15.1.3	73,853	76,399
Renewable energy financing facility	15.1.4	3,672,929	579,231
Credit guarantee scheme for women entrepreneurs		606	1,568
Payment of wages and salaries	15.1.5	7,485,233	12,583,566
Temporary economic relief	15.1.6	5,506,824	—
Modernisation of SME		10,743	—
Combating COVID-19	15.1.7	279,357	—
		47,252,240	38,643,613
Repurchase agreement borrowings			
State Bank of Pakistan	15.1.8	32,000,000	7,000,000
Financial institutions	15.1.9	18,910,076	23,042,628
		50,910,076	30,042,628
Refinance from Pakistan Mortgage Refinance Company	15.1.10	2,372,387	1,923,886
Total secured		100,534,703	70,610,127
Unsecured			
Call borrowings	15.1.11	21,713,480	10,276,937
Financial institutions		970,824	3,276,605
Overdrawn nostro accounts		344,754	—
Total unsecured		23,029,058	13,553,542
		123,563,761	84,163,669

15.1.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 2% (2020: 1% to 2%) per annum payable on a quarterly basis.

15.1.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.5% to 8.4% (2020: 2% to 8.4%) per annum payable on a quarterly basis.

15.1.3 These are secured against demand promissory note and carry markup of 2% (2020: 2%) per annum and have maturities upto May 2024.

15.1.4 These are secured against demand promissory note and carry markup of 2% to 3% (2020: 2% to 3%) per annum and have maturities upto October 2033.

15.1.5 These are secured against demand promissory note and carry markup of upto 2% (2020: 0.4% to 2%) per annum and have maturities upto April 2023

15.1.6 These are secured against demand promissory note and carry markup of 1% per annum payable on quarterly basis and have maturities upto October 2031.

15.1.7 These are secured against demand promissory note and carry NIL markup and have maturities upto March 2026.

15.1.8 These are secured against collateral of Government Securities and carry markup of 9.91% to 9.96% (2020: 7.05%) per annum and have maturities upto 6 months (2020: 3 month). The market value of securities given as collateral is given in note 8.2.1.

15.1.9 These are secured against collateral of Government Securities and carry markup of 0.88% to 10.65% (2020: 1.23% to 7%) per annum and have maturities upto 3 months (2020: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.1.10 This is secured against mortgage finance portfolio of the Bank and carry markup of 6% to 8.5% (2020: 8.57% to 10.71%) per annum and has maturity upto 2031 (2020: upto 2023).

15.1.11 These carry mark-up rate of 1.15% to 10.25% (2020: 0.8% to 7.50%) per annum and having maturity upto 1 month (2020: upto 5 months).

Rupees in '000	2021	2020
15.2 Particulars of borrowings with respect to currencies		
In local currency	102,888,997	68,940,191
In foreign currencies	20,674,764	15,223,478
	123,563,761	84,163,669

16. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	282,967,438	24,864,069	307,831,507	228,444,308	21,780,570	250,224,878
Savings deposits	447,108,954	50,866,257	497,975,211	388,092,120	48,085,995	436,178,115
Fixed deposits	183,802,414	18,794,731	202,597,145	90,069,109	7,058,608	97,127,717
	913,878,806	94,525,057	1,008,403,863	706,605,537	76,925,173	783,530,710
Financial institutions						
Current accounts	1,449,604	62,980	1,512,584	1,178,086	54,187	1,232,273
Savings deposits	1,931,912	–	1,931,912	1,253,900	–	1,253,900
Fixed deposits	3,581,709	–	3,581,709	5,170,000	–	5,170,000
	6,963,225	62,980	7,026,205	7,601,986	54,187	7,656,173
	920,842,031	94,588,037	1,015,430,068	714,207,523	76,979,360	791,186,883

Rupees in '000	2021	2020
16.1 Composition of deposits		
- Individuals	336,699,027	295,671,457
- Government (Federal and Provincial)	326,650,675	257,514,945
- Public Sector Entities	86,068,562	63,778,517
- Banking Companies	448	102
- Non-Banking Financial Institutions	7,025,757	7,656,072
- Private Sector	258,985,599	166,565,790
	1,015,430,068	791,186,883

16.2 Total deposits include eligible deposits of Rs. 404,645,277 thousand (2020: Rs. 359,362,370 thousand), to be covered under the Deposit protection Insurance arrangement, as required by the Deposit Protection Corporation (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	2021	2020
17. SUBORDINATED DEBTS		
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

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

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount		
Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	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.

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

Rupees in '000	Note	2021	2020
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		4,528,899	3,793,829
Mark-up / return / interest payable in foreign currencies		275,197	217,522
Unearned commission and income on bills discounted		2,293,929	1,726,572
Accrued expenses	18.1	2,959,114	2,276,392
Advance payments		396,609	349,092
Acceptances		14,601,271	11,829,891
Dividend payable		204,537	157,439
Mark to market loss on forward foreign exchange contracts		—	228,034
Branch adjustment account		361,638	753,774
Payable to defined benefit plan	36.4	280,287	310,314
Provision for employees compensated absences		701,725	679,452
Security deposit against lease / Ijarah financing		4,395,134	4,169,840
Levies and taxes payable		353,223	381,105
Workers' Welfare Fund	29	428,583	215,099
Switch fee payable		—	665,449
Provision against off-balance sheet obligations	18.2	1,143,768	100,356
Lease liability against ROU assets as per IFRS - 16 Leases		7,393,878	8,223,995
Islamic pool management reserve		51,630	—
Others		1,642,991	1,912,009
		42,012,413	37,990,164

18.1 This includes provision against severance cost and related charges amounting to Rs. 1,246,395 thousand (2020: Rs. 750,000 thousand).

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Rupees in '000	2021	2020
18.2 Provision against off-balance sheet obligations		
Opening balance	100,356	101,154
Exchange adjustment	163	49
Charge for the year	1,043,249	—
Reversal for the year	—	(847)
Net charge	1,043,249	(847)
Closing balance	1,143,768	100,356

19. SHARE CAPITAL

19.1 Authorized capital

2021	2020		2021	2020
Number of shares			Rupees in '000	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

19.2 Issued, subscribed and paid up capital

2021	2020		2021	2020
Number of shares			Rupees in '000	
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978
28,273,315	28,273,315	Issued on Askari Leasing Limited merger	282,733	282,733
1,260,260,180	1,260,260,180		12,602,602	12,602,602

Number of shares	2021	2020
19.3 Composition of shares held by the Fauji Consortium is as follows:		
Fauji Foundation	90,629,884	90,629,884
Fauji Fertilizer Company Limited	543,768,024	543,768,024
Fauji Fertilizer Bin Qasim Limited	271,884,009	271,884,009
	906,281,917	906,281,917

Rupees in '000	Note	2021	2020
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	(8,134,733)	77,895
- Fixed Assets	20.1	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	20.2	1,719,890	2,442,972
		(1,208,927)	7,665,047
Deferred tax asset / (liability) on surplus / (deficit) on revaluation of:			
- Available for sale securities		3,172,546	(27,263)
		1,963,619	7,637,784

Rupees in '000	Note	2021	2020
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January, 1		5,144,180	3,614,888
Recognised during the year		–	1,529,292
Surplus on non banking asset transferred to owned property		61,736	–
Surplus on revaluation of fixed assets as at December, 31		5,205,916	5,144,180
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January, 1		2,442,972	2,219,829
Recognised during the year		168,662	299,944
Realised on disposal / transfers during the year		(830,008)	(72,135)
Transfer of surplus on non banking asset to owned property		(61,736)	–
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		–	(14,240)
Adjustment during the year		–	9,574
Surplus on revaluation as at December, 31		1,719,890	2,442,972
21. CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	274,886,748	220,222,941
- Commitments	21.2	396,004,041	373,435,453
- Other contingent liabilities	21.3	1,095,098	1,151,583
		671,985,887	594,809,977
21.1 Guarantees			
Financial guarantees		6,015,847	9,952,617
Performance guarantees		155,588,123	138,751,395
Other guarantees		113,282,778	71,518,929
		274,886,748	220,222,941
21.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		190,672,407	159,457,683
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	201,560,195	209,279,794
- non government securities transactions	21.2.2	3,639,700	4,625,000
Commitments for acquisition of:			
- operating fixed assets		31,295	34,298
- intangible assets		100,444	38,678
		396,004,041	373,435,453
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		117,506,977	118,889,979
Sale		84,053,218	90,389,815
		201,560,195	209,279,794

The above commitments have maturities falling within one year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000	2021	2020
21.2.2 Commitments in respect of non government securities transactions		
Purchase	3,639,700	4,625,000
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements	1,095,098	1,151,583

21.4 Tax related contingencies are disclosed in note 32.2 to these unconsolidated financial statements.

22. DERIVATIVE INSTRUMENTS

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

22.1 Forward exchange contracts

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves unfavourably, the Bank will loose money, and obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank manages its exposure by hedging forward position in inter-bank foreign exchange.

22.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP Regulations.

The Risk Management Group monitors the Bank's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 4.22.

Rupees in '000	Note	2021	2020
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		32,681,989	38,969,854
Investments		44,305,066	39,433,209
Lendings to financial institutions		111,572	223,621
Balances with banks		7,260	83,799
Securities purchased under resale agreements (reverse repo)		444,034	394,612
		77,549,921	79,105,095
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		36,928,194	40,633,285
Borrowings		3,952,824	3,914,824
Subordinated debts		1,069,673	1,619,010
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,295,223	1,783,189
Interest expense on lease liability against ROU assets		894,286	891,977
		45,140,200	48,842,285
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		672,207	510,681
Consumer finance related fees		112,553	109,946
Card related fees (debit and credit cards)		1,168,379	1,000,077
Credit related fees		240,649	206,644
Investment banking fees		171,588	221,218
Commission on trade		919,680	687,066
Commission on guarantees		910,277	676,367
Commission on remittances including home remittances		247,018	262,892
Commission on Bancassurance		105,325	92,887
Others		61,470	83,446
		4,609,146	3,851,224
26. GAIN ON SECURITIES			
Realised	26.1	814,724	2,555,512
26.1 Realised gain on:			
Federal Government Securities		647,146	2,104,861
Shares		164,578	439,638
Non Government Debt Securities		3,000	11,013
		814,724	2,555,512

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000	Note	2021	2020
27. OTHER INCOME			
Rent on property		23	22
Gain on sale of fixed assets		20,501	23,768
Rent of lockers		50,572	46,279
Gain on sale of non banking asset	27.1	17,551	12,502
Recovery of expenses from customers		313,721	252,213
Government Grant - foreign branch		–	6,354
Loss termination of lease contracts under IFRS - 16 Leases		(250)	(81)
		402,118	341,057

27.1 Gain on sale of non-banking asset

Name of Buyer	2021				
	Cost	Book value	Cash received	Gain on sale	Mode of disposal
	Rupees '000				
M/s S.H. Haq Noor & Co.	252,250	300,000	315,000	15,000	Buy-back
Mr Abid Ali	15,190	23,449	26,000	2,551	Tender
M/s DHA Islamabad	608,900	1,381,458	1,381,458	–	Tender
	876,340	1,704,907	1,722,458	17,551	

Name of Buyer	2020				
	Cost	Book value	Cash received	Gain on sale	Mode of disposal
	Rupees '000				
M/s Synergy Paper & Board Mills (Private) Limited	387,952	413,447	413,452	5	Buy-back
Mr. Muhammad Idrees	140,500	147,500	147,500	–	Tender
M/s Al Rehmat Traders	55,789	95,429	107,926	12,497	Buy-back
	584,241	656,376	668,878	12,502	

Rupees in '000	Note	2021	2020
28. OPERATING EXPENSES			
Total compensation expenses	28.1	11,720,691	11,551,156
Property expense			
Rent and taxes		120,587	105,882
Insurance		87,074	105,148
Utilities cost		708,673	694,070
Security (including guards)		515,542	525,707
Repair & maintenance		280,089	270,670
Depreciation on ROU assets		1,342,713	1,498,351
Depreciation		318,708	383,658
		3,373,386	3,583,486
Information technology expense			
Software maintenance		436,397	334,099
Hardware maintenance		47,020	59,947
Depreciation		167,305	185,944
Amortisation		180,862	226,911
Network charges		240,815	221,163
		1,072,399	1,028,064
Other operating expenses			
Directors' fees, allowances		68,513	25,656
Fees and allowances to Shariah Board		7,453	5,823
Rates, taxes, insurance etc.		201,175	205,866
Legal and professional charges		476,491	90,935
Brokerage and commission		113,679	96,725
NIFT clearing charges		77,642	74,157
Repair and maintenance		304,916	305,785
Communications		527,125	546,454
Stationery and printing		269,334	285,024
Marketing, advertisement and publicity		127,701	148,803
Donations	28.2	390,527	112,390
Auditors' remuneration	28.3	30,816	28,346
Travelling, conveyance and entertainment		220,527	234,495
Depreciation		481,109	531,796
Security service charges		315,547	256,601
Training and development		6,572	21,828
Deposit premium expense		574,980	463,138
Outsourced service cost	28.4	32,324	–
Other expenditure		497,618	526,967
		4,724,049	3,960,789
		20,890,525	20,123,495

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Rupees in '000	Note	2021	2020
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,579,828	4,359,104
ii) Variable			
- Cash bonus / awards etc.		1,333,157	1,241,441
		5,912,985	5,600,545
Charge for defined benefit plans	28.1.1	391,288	466,626
Contribution to defined contribution plan	37	312,404	293,209
Rent and house maintenance		1,911,671	1,801,560
Utilities		416,679	392,731
Medical		676,067	633,741
Conveyance		1,443,311	1,260,603
Other staff cost	28.1.2	656,286	1,102,141
		11,720,691	11,551,156

28.1.1 This includes charge for defined benefit plan and compensated absences.

28.1.2 This includes staff incentives, allowances, health coverage and provision for severance etc.

28.2 This represents:

- Bank's contribution amounting to Rs. 376,223 thousand (2020: Rs. 109,000 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation;
- Cost of vehicle and laptop amounting to Rs. 7,004 thousand (2020: Rs. 3,390 thousand) donated to DC Office Gawadar; and
- Contribution amounting to Rs. 7,300 thousand made to District Administration Gawadar for development of Model Village.

Rupees in '000	2021	2020
28.3 Auditors' remuneration		
Statutory auditors of the Bank		
Audit fee	4,500	4,100
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	7,735	7,560
Tax services	15,000	13,500
	27,235	25,160
Auditors of Wholesale Bank Branch, Bahrain		
Audit fee	3,581	3,186
	30,816	28,346

28.4 This represents expenses relating to outsourced activities amounting to Rs. 32,324 thousand (2020: Nil) pertaining to the payment to companies incorporated in Pakistan.

Rupees in '000	Note	2021	2020
29. WORKERS' WELFARE FUND			
Opening balance		215,099	172,117
Charge for the year		213,484	42,982
Closing balance		428,583	215,099

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

Rupees in '000	Note	2021	2020
31. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3.1	169,231	465,861
Provision against loans and advances	9.4	3,875,215	1,628,470
Reversal of provision against other assets	13.4.1	(33,933)	(323)
Reversal of provision against intangible assets		(3,435)	(5,206)
Provision / (reversal) against off-balance sheet obligations	18.2	1,043,249	(847)
Provision against cash and bank balances		2	–
Recovery of written off / charged off bad debts		(110,379)	(113,208)
		4,939,950	1,974,747
32. TAXATION			
Current		6,247,648	7,051,219
Prior Years		51,111	–
Deferred		(354,872)	(84,349)
		5,943,887	6,966,870
32.1 Relationship between tax expense and accounting profit			
Profit before taxation		15,645,273	17,767,245
Tax at applicable tax rate of 39 percent (2020: 39 percent)		6,101,656	6,929,226
Effect of:			
- Prior year		51,111	–
- Others including permanent differences		(208,880)	37,644
		5,943,887	6,966,870

32.2 Tax status

- i) The Bank has filed tax returns for and up to tax year 2021. The assessments for and up to tax year 2020 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs. 1,086 million, provision for diminution in the value of investments for Rs. 2,197 million, bad debts written off for Rs. 127.53 million, provision for substandard advances for Rs. 74.95 million, Provision against other assets/fixed assets for Rs. 109.43 million, disallowance of employee benefit expenses Rs. 330.87 Million and Other disallowances of expenses/credits for Rs. 180.08 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

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- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	2021	2020
33. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	9,701,386	10,800,375
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	7.70	8.57

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

Rupees in '000	2021	2020
34. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	89,432,245	73,651,718
Balances with other banks	3,454,837	7,954,294
	92,887,082	81,606,012

	2021		
	Liabilities		
Rupees in '000	Subordinated loan	Lease liability	Dividend payable
34.1 Balances as at January 01, 2021	12,000,000	8,223,995	157,439
Changes from financing cash flows			
Payment of lease liability	—	(1,965,692)	—
Dividend paid	—	—	(3,733,683)
	—	(1,965,692)	(3,733,683)
Other changes			
Additions / renewals of leases	—	507,715	—
Interest expense on lease liability against ROU assets	—	894,286	—
Other adjustments (including termination)	—	(266,426)	—
Final cash dividend for the year ended December 31, 2020	—	—	3,780,781
	—	1,135,575	3,780,781
Balances as at December 31, 2021	12,000,000	7,393,878	204,537

Rupees in '000	2020		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
Balances as at January 01, 2020	9,992,000	7,358,016	138,446
Changes from financing cash flows			
Issuance of subordinated debt	6,000,000	–	–
Redemption of subordinated debt	(3,992,000)	–	–
Payment of lease liability	–	(1,549,511)	–
Dividend paid	–	–	(1,871,397)
	2,008,000	(1,549,511)	(1,871,397)
Other changes			
Additions / renewals of leases	–	1,597,508	–
Interest expense on lease liability against ROU assets	–	891,977	–
Other adjustments (including termination)	–	(73,995)	–
Final cash dividend for the year ended December 31, 2019	–	–	1,890,390
	–	2,415,490	1,890,390
	12,000,000	8,223,995	157,439

	2021	2020
	Number of employees	
35. STAFF STRENGTH		
Permanent	6,689	7,007
On Bank's contract	789	942
Total staff strength	7,478	7,949

Out of total employees, 6 (2020: 6) employees are working abroad.

In addition to the above, 163 domestic employees (2020: Nil) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

36. DEFINED BENEFIT PLAN

36.1 General description

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

36.2 The number of employees covered under the defined benefit scheme are 6,658 employees (2020: 6,984 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2021 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

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	2021	2020
Discount rate - per annum	11.75%	9.75%
Expected rate of increase in salaries - per annum	11.25%	9.25%
Expected rate of return on plan assets - per annum	9.75%	13.00%
Duration	9 years	9 years
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

Rupees in '000	2021	2020
36.4 Reconciliation of payable to defined benefit plan:		
Present value of defined benefit obligation	3,678,851	3,347,076
Fair value of plan assets	(3,398,564)	(3,036,762)
Net liability	280,287	310,314
36.5 Movement in defined benefit obligations		
Obligation at beginning of the year	3,347,076	2,733,220
Current service cost	313,143	296,539
Past service cost	(23,627)	26,861
Interest cost	314,271	345,365
Re-measurement (gain) / loss	(10,500)	112,312
Benefits paid by the Bank	(247,575)	(153,137)
Benefits due but not paid	(13,937)	(14,084)
Obligation at end of the year	3,678,851	3,347,076
36.6 Movement in fair value of plan assets		
Fair value at beginning of the year	3,036,762	2,816,595
Interest income on plan assets	299,143	356,203
Actuarial gain on assets	13,857	43,196
Contributions by employer	310,314	—
Benefits paid	(247,575)	(165,148)
Benefits due but not paid	(13,937)	(14,084)
Fair value at end of the year	3,398,564	3,036,762
36.7 Movement in payable under defined benefit schemes		
Opening balance	310,314	(71,364)
Charge for the year	304,644	312,561
Contribution by the Bank	(310,314)	—
Re-measurement (gain) / loss recognised in OCI during the year - note 36.8.2	(24,357)	69,117
Closing balance	280,287	310,314
36.8 Charge for defined benefit plan		
36.8.1 Cost recognised in profit and loss		
Current service cost	313,143	296,539
Past service cost	(23,627)	26,861
Net interest cost on defined benefit liability	15,128	(10,838)
	304,644	312,562

Rupees in '000	2021	2020
36.8.2 Re-measurements recognised in OCI during the year		
(Gain) / loss on obligation		
- Experience adjustment	(23,223)	20,904
- Demographic assumptions	—	37,311
- Financial assumptions	12,723	54,098
Actuarial gain on plan assets	(10,500)	112,313
	(13,857)	(43,196)
Total re-measurements recognised in OCI	(24,357)	69,117
36.9 Components of plan assets		
Cash and cash equivalents	2,438,114	30,889
Government securities	260,000	2,477,000
Term Finance Certificates	176,000	156,000
Shares	87,566	92,801
Mutual funds	450,988	294,156
Payables	(14,103)	(14,084)
	3,398,565	3,036,762

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Impact on Defined Benefit Obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.00%	3,384,995	(4,013,899)
Salary increase	1.00%	4,017,476	(3,376,584)
Mortality rate change	1 year	3,680,779	3,677,075

36.11 Expected charge for the next financial year is Rs. 344,120 thousand.

36.12 Maturity profile

The average duration of defined benefit obligation is 9 years (2020: 9 years).

36.13 Funding Policy

The Bank carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

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36.14 Significant risk associated with the staff retirement benefit scheme:

Longevity Risks	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary Increase Risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal Risk	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

37 DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 312,404 thousand (2020: Rs. 293,209 thousand) each. The fund covers 6,330 employees (2020: 6,092 employees).

38. COMPENSATED ABSENCES

38.1 General description

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2021 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2021 was Rs. 701,725 thousand (2020: Rs. 679,452 thousand). Expense for the year of Rs. 86,644 thousand (2020: Rs. 154,064 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2021	2020
Discount rate - per annum	11.75%	13.00%
Expected rate of increase in salaries - per annum	11.25%	9.25%
Leave accumulation factor - days	11	11

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	For the year ended December 31, 2021						
	Chairman	Non Executive Directors	Members Shariah Board	President & CE	Key Management Personnel	Other Material Risk Takers / Controllers	Total
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	3,450	65,063	6,950	37,071	195,494	157,161	465,189
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	12,116	50,484	43,008	105,608
Charge for defined benefit plan	–	–	–	3,620	13,872	13,709	31,201
Contribution to defined contribution plan	–	–	–	2,837	12,089	10,998	25,924
Rent & house maintenance	–	–	–	11,779	76,706	63,216	151,701
Utilities	–	–	–	2,577	17,984	14,741	35,302
Medical	–	–	–	1,545	16,889	13,683	32,117
Conveyance	–	–	503	1,788	46,545	58,088	106,924
Others	–	–	–	38	24,915	12,711	37,664
Total	3,450	65,063	7,453	73,371	454,978	387,315	991,630
Number of Persons	1	11	4	1	30	48	95

Items	For the year ended December 31, 2020						
	Chairman	Non Executive Directors	Members Shariah Board	President & CE	Key Management Personnel	Other Material Risk Takers / Controllers	Total
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	875	24,781	5,400	24,962	172,807	147,632	376,457
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	5,569	40,990	30,882	77,441
Charge for defined benefit plan	–	–	–	2,033	13,832	10,527	26,392
Contribution to defined contribution plan	–	–	–	1,872	10,507	10,425	22,804
Rent & house maintenance	–	–	–	10,113	65,908	61,531	137,552
Utilities	–	–	–	2,247	14,572	12,784	29,603
Medical	–	–	–	2,247	14,535	12,784	29,566
Conveyance	–	–	443	–	38,855	48,780	88,078
Others	–	–	–	120	25,676	13,038	38,834
Total	875	24,781	5,843	49,163	397,682	348,383	826,727
Number of Persons	1	15	3	1	27	53	100

The President & CE and certain executives are provided with bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives.

Total deferred bonus outstanding as at December 31, 2021 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers amounts to Rs. 8,824 thousand (2020: Rs. 5,974 thousand).

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39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2021					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	3,450	–	–	–	–	3,450
2	Mr. Sarfaraz Ahmed Rehman	2,675	3,263	–	–	–	5,938
3	Dr. Nadeem Inayat	3,118	2,999	911	2,698	480	10,206
4	Syed Bakhtiyar Kazmi	2,100	–	–	2,100	–	4,200
5	Mr. Manzoor Ahmed	3,118	3,655	2,129	3,016	–	11,918
6	Mr. Muhammad Aftab Manzoor	2,518	–	–	3,857	1,969	8,344
7	Mrs. Zoya Mohsin Nathani	3,118	4,169	2,357	–	–	9,644
8	Mr. Raja Muhammad Abbas	2,819	–	–	1,572	1,703	6,094
9	Mr. Mushtaq Malik	3,118	–	2,291	–	972	6,381
10	Lt Gen Tariq Khan HI (M) Retd	1,475	–	–	–	–	1,475
11	Mr. Imran Moid	144	–	–	–	–	144
12	Mr. Rehan Laiq	288	–	–	431	–	719
Total amount paid		27,941	14,086	7,688	13,674	5,124	68,513

		2020					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	875	–	–	–	–	875
2	Lt Gen Syed Tariq Nadeem Gilani HI (M) Retd	125	–	–	–	–	125
3	Mr. Sarfaraz Ahmed Rehman	625	939	–	–	–	1,564
4	Dr. Nadeem Inayat	1,281	1,070	664	1,352	194	4,561
5	Mr. Imran Moid	156	–	–	–	–	156
6	Mr. Manzoor Ahmed	1,281	1,063	531	1,281	–	4,156
7	Mr. Mushtaq Malik	1,281	240	833	146	–	2,500
8	Mrs. Zoya Mohsin Nathani	906	1,156	969	–	–	3,031
9	Mr. Raja Muhammad Abbas	906	–	–	–	625	1,531
10	Mr. Muhammad Aftab Manzoor	906	–	–	1,219	656	2,781
11	Lt Gen Javed Iqbal HI (M) Retd	125	188	–	94	–	407
12	Lt Gen Tariq Khan HI (M) Retd	1,000	–	–	–	–	1,000
13	Mr. Rehan Laiq	812	–	–	750	–	1,562
14	Mr. Kamal A. Chinoy	250	–	–	–	–	250
15	Syed Ahmed Iqbal Ashraf	250	188	–	375	–	813
16	Brig Saleem Ahmed Moeen SI Retd	250	–	94	–	–	344
Total amount paid		11,029	4,844	3,091	5,217	1,475	25,656

39.3 Remuneration paid to Shariah Board Members

For the year ended December 31,						
	2021			2020		
Items	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees in '000						
Meeting Fees and Allowances	–	–	–	–	–	–
Managerial Remuneration Fixed	2,110	2,110	2,730	1,800	1,800	1,800
Fuel	–	503	–	–	443	–
Total Amount	2,110	2,613	2,730	1,800	2,243	1,800
Total Number of Persons	1	1	2	1	1	1

40. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these unconsolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

40.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP and Reuters page.

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

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

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
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 unconsolidated financial statements.

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The following table provides the fair values of those of the Bank's financial assets and liabilities that are recognised or disclosed at fair value in these unconsolidated financial statements:

Rupees in '000	2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	473,847,695	4,382,885	469,464,810	–	473,847,695
Shares	4,143,818	4,143,818	–	–	4,143,818
Units of open end mutual funds	1,510,245	–	1,510,245	–	1,510,245
Fully paid preference shares	16,051	16,051	–	–	16,051
Non Government Debt Securities	11,992,197	–	11,992,197	–	11,992,197
Foreign securities	532,195	532,195	–	–	532,195
	492,042,201	9,074,949	482,967,252	–	492,042,201
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Subsidiary	165,619	–	–	–	–
Federal Government Securities	120,077,202	12,393,260	106,453,893	–	118,847,153
Foreign Securities	3,726,136	3,583,295	–	–	3,583,295
Cash and balances with treasury banks	89,432,245	–	–	–	–
Balances with other banks	3,454,829	–	–	–	–
Advances	477,588,237	–	–	–	–
Other assets	35,887,791	–	–	–	–
	730,682,059	15,976,555	106,453,893	–	122,430,448
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	117,506,977	–	736,509	–	736,509
Forward sale of foreign exchange	84,053,218	–	(394,684)	–	(394,684)

Rupees in '000	2020				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	334,820,766	3,244,480	331,576,286	–	334,820,766
Shares	4,437,365	4,437,365	–	–	4,437,365
Units of open end mutual funds	1,436,420	–	1,436,420	–	1,436,420
Fully paid preference shares	61,945	61,945	–	–	61,945
Non Government Debt Securities	9,743,656	–	9,743,656	–	9,743,656
Foreign securities	495,878	495,878	–	–	495,878
	350,996,030	8,239,668	342,756,362	–	350,996,030
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Subsidiary	131,551	–	–	–	–
Federal Government Securities	94,917,945	11,683,143	89,787,937	–	101,471,080
Foreign Securities	3,291,714	3,159,127	–	–	3,159,127
Cash and balances with treasury banks	73,651,718	–	–	–	–
Balances with other banks	7,954,288	–	–	–	–
Advances	395,373,840	–	–	–	–
Other assets	30,377,969	–	–	–	–
	606,049,025	14,842,270	89,787,937	–	104,630,207
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	118,889,979	–	(2,711,715)	–	(2,711,715)
Forward sale of foreign exchange	90,389,815	–	2,483,681	–	2,483,681

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 to takes place. There were no transfers between levels 1 and 2 during the year.

Rupees in '000	2021 Level 3	2020 Level 3
40.2 Non-financial assets carried at revalued amounts		
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	3,166,857	4,869,214

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41. SEGMENT INFORMATION

41.1 Segment details with respect to Business Activities

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

Rupees in '000	2021							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(23,138,002)	12,779,676	36,485,550	2,642,225	3,716,576	1,417,147	(1,493,451)	32,409,721
Inter segment revenue - net	38,154,117	(9,502,656)	(31,276,976)	(1,379,999)	–	(87,839)	4,093,353	–
Non mark-up / return / interest income	1,930,845	2,659,780	3,696,806	488,405	454,406	16,512	122,896	9,369,650
Total income	16,946,960	5,936,800	8,905,380	1,750,631	4,170,982	1,345,820	2,722,798	41,779,371
Segment direct expenses	11,514,501	754,085	293,661	1,069,556	2,329,818	119,612	5,112,915	21,194,148
Inter segment expense allocation	1,051,525	868,139	10,229	164,265	–	–	(2,094,158)	–
Total expenses	12,566,026	1,622,224	303,890	1,233,821	2,329,818	119,612	3,018,757	21,194,148
(Reversal of provisions) / provisions	307,704	3,599,278	277,761	119,073	642,649	(42,539)	36,024	4,939,950
Profit / (loss) before tax	4,073,230	715,298	8,323,729	397,737	1,198,515	1,268,747	(331,983)	15,645,273
Statement of financial position								
Cash and bank balances	38,294,869	3,233,876	43,286,336	151,401	7,797,848	122,302	442	92,887,074
Investments	–	8,521,775	555,083,246	–	31,274,749	20,725,609	755,779	616,361,158
Advances - performing - net of provision	15,233,937	346,926,181	–	21,054,155	69,933,549	14,986,172	6,807,846	474,941,840
Advances - non-performing - net of provision	463,099	563,226	–	248,084	1,182,984	189,004	–	2,646,397
Others	538,831	19,513,936	8,897,467	541,821	5,537,167	436,039	36,842,379	72,307,640
Total assets	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,406,446	1,259,144,109
Borrowings	1,904,256	40,118,695	42,309,124	2,372,387	16,529,289	20,330,010	–	123,563,761
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	683,963,786	257,131,733	–	4,042	73,585,947	646,139	98,421	1,015,430,068
Net inter segment balances - net	(642,233,536)	61,032,726	564,466,433	18,886,136	11,291,769	12,386,371	(25,829,899)	–
Others	10,896,230	20,475,840	491,492	732,896	6,452,020	3,096,606	10,102,703	52,247,787
Total liabilities	54,530,736	378,758,994	607,267,049	21,995,461	107,859,025	36,459,126	(3,628,775)	1,203,241,616
Equity	–	–	–	–	7,867,272	–	48,035,221	55,902,493
Total equity and liabilities	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,406,446	1,259,144,109
Contingencies and commitments	5,956,056	446,725,804	204,173,657	16,278	13,885,398	6,859	1,221,835	671,985,887

Rupees in '000	2020							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
Profit and loss								
Net mark-up / return / profit	(26,656,103)	18,632,163	32,173,633	2,994,940	3,974,759	1,222,306	(2,078,888)	30,262,810
Inter segment revenue - net	39,566,158	(13,507,134)	(28,107,774)	(1,648,046)	–	(158,354)	3,855,150	–
Non mark-up / return / interest income	1,502,950	2,359,808	2,982,748	395,210	384,683	10,109	2,058,300	9,693,808
Total income	14,413,005	7,484,837	7,048,607	1,742,104	4,359,442	1,074,061	3,834,562	39,956,618
Segment direct expenses	11,233,312	800,115	315,756	954,513	2,157,676	113,515	4,639,739	20,214,626
Inter segment expense allocation	561,797	952,795	5,414	182,059	–	–	(1,702,065)	–
Total expenses	11,795,109	1,752,910	321,170	1,136,572	2,157,676	113,515	2,937,674	20,214,626
(Reversal of provisions) / provisions	(61,334)	473,360	491,171	232,521	438,931	(43,506)	443,604	1,974,747
Profit before tax	2,679,230	5,258,567	6,236,266	373,011	1,762,835	1,004,052	453,284	17,767,245
Statement of financial position								
Cash and bank balances	30,938,859	2,174,588	39,925,119	–	6,313,535	135,415	2,118,490	81,606,006
Investments	–	8,559,870	409,207,953	–	12,216,340	18,307,234	1,395,843	449,687,240
Advances - performing - net of provision	12,987,203	280,191,484	–	18,522,780	62,598,616	10,348,869	6,830,567	391,479,519
Advances - non-performing - net of provision	563,642	921,775	–	433,395	1,671,075	304,434	–	3,894,321
Others	1,806,853	15,698,490	7,257,226	763,025	5,754,115	280,853	34,289,414	65,849,976
Total assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	44,634,314	992,517,062
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	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	81,075	791,186,883
Net 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	10,572,014	50,620,160
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	81,556,970	27,339,724	(878,244)	937,970,712
Equity	–	–	–	–	6,996,711	2,037,081	45,512,558	54,546,350
Total equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	44,634,314	992,517,062
Contingencies and commitments	4,929,608	368,782,235	198,781,152	–	11,741,980	9,352,213	1,222,789	594,809,977

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41.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2021		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	30,992,574	1,417,147	32,409,721
Inter segment revenue - net	87,839	(87,839)	–
Non mark-up / return / interest income	9,353,138	16,512	9,369,650
Total income	40,433,551	1,345,820	41,779,371
Segment direct expenses	21,074,536	119,612	21,194,148
Inter segment expense allocation	–	–	–
Total expenses	21,074,536	119,612	21,194,148
Provisions / (reversals)	4,982,489	(42,539)	4,939,950
Profit before tax	14,376,526	1,268,747	15,645,273
Statement of financial position			
Cash and bank balances	92,764,772	122,302	92,887,074
Investments	595,635,549	20,725,609	616,361,158
Advances - performing - net of provision	459,955,668	14,986,172	474,941,840
Advances - non-performing - net of provision	2,457,393	189,004	2,646,397
Others	71,871,601	436,039	72,307,640
Total Assets	1,222,684,983	36,459,126	1,259,144,109
Borrowings	103,233,751	20,330,010	123,563,761
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,014,783,929	646,139	1,015,430,068
Net inter segment balances - net	(12,386,371)	12,386,371	–
Others	49,151,181	3,096,606	52,247,787
Total liabilities	1,166,782,490	36,459,126	1,203,241,616
Equity	55,902,493	–	55,902,493
Total equity and liabilities	1,222,684,983	36,459,126	1,259,144,109
Contingencies and commitments	671,979,028	6,859	671,985,887

Rupees in '000	2020		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	29,040,504	1,222,306	30,262,810
Inter segment revenue - net	158,354	(158,354)	–
Non mark-up / return / interest income	9,683,699	10,109	9,693,808
Total income	38,882,557	1,074,061	39,956,618
Segment direct expenses	20,101,111	113,515	20,214,626
Inter segment expense allocation	–	–	–
Total expenses	20,101,111	113,515	20,214,626
Provisions	2,018,253	(43,506)	1,974,747
Profit before tax	16,763,193	1,004,052	17,767,245
Statement of financial position			
Cash and bank balances	81,470,591	135,415	81,606,006
Investments	431,380,006	18,307,234	449,687,240
Advances - performing - net of provision	381,130,650	10,348,869	391,479,519
Advances - non-performing - net of provision	3,589,887	304,434	3,894,321
Others	65,569,123	280,853	65,849,976
Total Assets	963,140,257	29,376,805	992,517,062
Borrowings	72,216,796	11,946,873	84,163,669
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	790,328,528	858,355	791,186,883
Net inter segment balances - net	(11,188,408)	11,188,408	–
Others	47,274,072	3,346,088	50,620,160
Total liabilities	910,630,988	27,339,724	937,970,712
Equity	52,509,269	2,037,081	54,546,350
Total equity and liabilities	963,140,257	29,376,805	992,517,062
Contingencies and commitments	585,457,764	9,352,213	594,809,977

42. TRUST ACTIVITIES

The Bank acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position

43. 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 year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Bank. The Bank also has related party relationships with its directors, key management personnel 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.

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

Rupees in '000	2021					2020				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Investments										
Opening balance	-	-	-	165,619	800,478	-	-	-	114,789	1,019,311
Investment made during the year	-	-	-	-	-	-	-	-	50,830	461,454
Investment redeemed / disposed off during the year	-	-	-	-	(18,449)	-	-	-	-	(247,268)
Transfer in / (out) - net	-	-	-	-	(92,688)	-	-	-	-	(433,019)
Closing balance	-	-	-	165,619	689,341	-	-	-	165,619	800,478
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 year	85,548,230	438	237,240	2,898	12,098,633	121,938,314	59,315	125,382	-	9,941,779
Repaid during the year	(83,830,101)	(420)	(150,992)	(2,898)	(9,424,006)	(124,168,032)	(50,406)	(93,715)	-	(10,545,058)
Transfer in / (out) - net	-	(28,646)	(68,764)	-	3,081,041	-	(9)	27,644	-	667,845
Closing balance	4,523,915	43	441,248	-	10,521,710	2,805,786	28,671	423,764	-	4,766,042
Other Assets										
Interest / mark-up receivable	70,227	-	92,634	-	492,285	46,571	425	84,087	-	90,799
Advance rent	1,144	-	-	-	-	1,081	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,923,886	-	-	-	-	1,972,026
Borrowings during the year	-	-	-	-	1,500,000	-	-	-	-	1,000,000
Settled during the year	-	-	-	-	(1,051,499)	-	-	-	-	(1,048,140)
Closing balance	-	-	-	-	2,372,387	-	-	-	-	1,923,886
Subordinated debt										
Opening balance	-	-	-	-	-	-	-	-	-	24,950
Issued during the year	-	-	-	-	-	-	-	-	-	-
Redemption during the year	-	-	-	-	-	-	-	-	-	(5)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(24,945)
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	8,018,104	19,379	186,617	201,796	17,017,129	4,678,222	64,239	117,562	53,174	19,941,993
Received during the year	768,812,177	84,099	1,971,951	1,232,716	404,528,295	584,157,308	211,929	1,095,412	980,756	286,741,848
Withdrawn during the year	(720,605,891)	(76,565)	(1,957,873)	(1,166,304)	(379,499,670)	(580,817,426)	(199,751)	(1,016,580)	(832,134)	(288,220,362)
Transfer in / (out) - net	-	(2,904)	10,564	-	242,803	-	(57,038)	(9,777)	-	(1,446,350)
Closing balance	56,224,390	24,009	211,259	268,208	42,288,557	8,018,104	19,379	186,617	201,796	17,017,129
Other Liabilities										
Interest / mark-up payable	87,473	-	3,413	-	136,012	19,363	-	1,809	-	72,941
Payable to staff retirement fund	-	-	-	-	280,287	-	-	-	-	310,314
Security deposits payable	-	-	-	-	308,299	-	-	287	-	296,198
Others	110,128	-	5,884	-	-	4,986	-	-	-	-
Contingencies and Commitments	1,233,702	-	42,122	40,000	7,649,153	1,313,613	-	-	40,000	3,951,782
Others										
Securities held as custodian	6,790,000	-	-	-	1,219,500	4,590,000	-	-	-	6,992,500
Securities given as collateral	-	-	-	-	188,963	-	-	-	-	-

Rupees in '000	For the year ended December 31, 2021					For the year ended December 31, 2020				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Income										
Mark-up / return / interest earned	216,765	532	17,578	96	691,037	209,445	4,353	20,126	-	536,474
Fee and commission earned	51	-	-	158	40,924	105	-	-	-	3,141
Dividend income	-	-	-	-	48,018	-	-	-	-	33,788
Gain on sale of fixed assets	-	-	1,975	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest expensed	1,629,848	318	8,681	709	1,280,812	639,348	322	6,922	37	1,984,017
Charge to defined benefit plan	-	-	-	-	304,644	-	-	-	-	312,562
Contribution to defined contribution plan	-	-	-	-	312,404	-	-	-	-	293,102
Remuneration and allowances	-	-	672,535	-	7,453	-	-	595,209	-	5,823
Rent	1,807	-	-	-	-	12,519	-	-	-	-
Communications	-	-	-	-	56,671	-	-	-	-	33,002
Brokerage and Commission	-	-	-	2,122	48,949	-	-	-	3,500	13,958
Directors' Fee, Allowances	-	68,513	-	-	-	-	25,656	-	-	-
Dividend paid	2,718,846	9	225	-	42,350	1,359,423	4	113	-	11,745
Insurance	-	-	-	-	-	-	-	-	-	63,404
Donations	376,223	-	-	-	-	109,000	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	2,364

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 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

During the year ended December 31, 2021, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank recognises the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

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

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Rupees in '000	2021	2020
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	51,649,517	44,867,667
Eligible Additional Tier 1 (ADT 1) Capital	5,886,339	5,928,538
Total Eligible Tier 1 Capital	57,535,856	50,796,205
Eligible Tier 2 Capital	8,502,535	13,104,622
Total Eligible Capital (Tier 1 + Tier 2)	66,038,391	63,900,827
Risk Weighted Assets (RWAs):		
Credit Risk	397,629,708	324,807,165
Market Risk	28,800,513	31,566,562
Operational Risk	66,981,093	56,352,087
Total	493,411,314	412,725,814
Common Equity Tier 1 Capital Adequacy ratio	10.47%	10.87%
Tier 1 Capital Adequacy Ratio	11.66%	12.31%
Total Capital Adequacy Ratio	13.38%	15.48%

As of December 2021, the Bank must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2021	2020
Leverage Ratio (LR):		
Eligible Tier-1 Capital	57,535,855	50,796,205
Total Exposures	1,748,422,535	1,419,666,541
Leverage Ratio	3.29%	3.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	459,883,554	345,807,337
Total Net Cash Outflow	250,932,186	201,510,814
Liquidity Coverage Ratio	183.27%	171.61%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	986,752,063	812,357,633
Total Required Stable Funding	512,579,835	441,907,178
Net Stable Funding Ratio	192.51%	183.83%

The full disclosure on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through Bank's website at <http://akbl.com.pk>

45. RISK MANAGEMENT

The Bank believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Bank's overall objectives through a well thought out strategy, which enables the Bank to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Bank's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Bank. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Bank continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Bank has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

45.1 Credit Risk:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of counter parties.

The Bank has built and maintains a sound loan portfolio in line with a well defined Risk Management Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 38% of the total asset base and is also the largest source of credit risk for the Bank. The Bank's advances portfolio is well diversified across various business segments, industries and geographical locations.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective risk management. Accordingly, portfolio monitoring function is in place at the Bank with dedicated resources to ensure that risk is not only minimized but is optimized from a risk / return perspective.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as the Bank's policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Bank. Scope of Pre-Approval Risk Assessment has been enhanced, covering the entire Corporate, Commercial and SME portfolios along with consumer and Agri Finance and Credit is approved under the 4 eye principal with equal ownership from both Business and Risk Management Groups. Audit and inspection division reviews the advances portfolio on a post approval basis.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio in respective segments and transition & migration matrices to study the realized default rates and performance of the risk rating models over the years. Based on a validation / back-testing exercise, a Probability of Default has been introduced for each obligor risk rating.

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The Bank has implemented an Enterprise Risk Management solution and a Loan Origination System. These systems will not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

Due to deferment / restructuring & rescheduling relief allowed by SBP, the management in last year created a time bound general provision of 0.5% amounting to Rs. 374,851 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. Since the potential impact of COVID - 19 has still not been eradicated, the management on a prudent basis has maintained this general provision at the year end. This provision is in addition and incremental to the 0.10% general provision on all performing loans. At December 31, 2021 the Bank is carrying a general provision amounting to Rs. 807,679 thousand in respect of potential loan losses which are not specifically identified.

IFRS 9 is applicable to the overseas branch of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Bank has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information and recognized provision of Rs. 44,128 thousand against investments.

Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
Corporates	✓	✓	✓	✓	✓	1-5
Banks	✓	✓	✓	✓	✓	1-5
Public sector enterprises	–	–	–	✓	✓	1-2

* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0, 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5, 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
45.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Private	148,606	148,606	148,606	148,606	148,606	148,606

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	Gross investments		Non-performing investments		Provision held	
Rupees in '000	2021	2020	2021	2020	2021	2020
45.1.2 Investment in debt securities						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	–	140,000	–	–	–	–
Textile	280,643	311,716	280,643	311,716	280,643	311,716
Chemical and Pharmaceuticals	1,279,352	999,352	999,352	999,352	999,352	999,352
Power and energy	7,300,860	7,135,420	–	–	–	–
Telecommunication	216,790	221,636	216,790	221,636	216,790	221,636
Financial	606,860,741	432,764,076	–	–	–	–
Others	4,288,412	3,859,331	–	–	–	–
	620,226,798	445,431,531	1,496,785	1,532,704	1,496,785	1,532,704
Credit risk by public / private sector						
Public/ Government	602,512,091	430,413,326	–	–	–	–
Private	17,714,707	15,018,205	1,496,785	1,532,704	1,496,785	1,532,704
	620,226,798	445,431,531	1,496,785	1,532,704	1,496,785	1,532,704

	Gross advances		Non-performing advances		Provision held	
Rupees in '000	2021	2020	2021	2020	2021	2020
45.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	7,041,920	14,730,025	393,723	432,214	200,630	135,091
Mining and Quarrying	7,935,720	6,836,020	–	–	–	–
Textile	64,650,892	51,348,259	9,573,196	10,377,789	9,462,490	10,217,822
Chemical and Pharmaceuticals	15,521,810	12,361,663	978,988	794,758	845,793	667,129
Cement	8,549,176	6,988,030	401	401	401	401
Sugar	14,988,981	12,804,088	18,203	–	9,102	–
Footwear and Leather garments	1,362,018	1,407,841	299,115	332,234	299,115	332,234
Automobile and transportation equipment	2,778,780	1,398,593	721,355	725,424	648,427	557,853
Electronics and electrical appliances	5,792,865	5,010,733	1,104,739	1,114,668	1,104,739	1,109,918
Food and allied	54,707,437	31,213,168	–	–	–	–
Construction	10,171,702	11,249,072	840,935	654,219	742,383	605,003
Power and energy	60,184,351	52,409,615	3,278,797	3,140,231	2,255,635	1,421,836
Oil and gas	42,835,417	30,471,251	2,199,598	16,303	2,124,778	16,303
Wholesale and Retail Trade	16,204,353	13,332,550	450,205	489,250	369,169	421,089
Transport, Storage and Communication	30,383,605	26,103,971	461,390	499,153	461,390	499,153
Financial	10,546,091	6,103,625	–	–	–	–
Insurance	189,162	130,155	–	–	–	–
Services	37,091,770	28,835,351	779,466	567,031	726,186	562,670
Individuals	37,608,626	33,989,548	2,569,558	2,662,811	2,257,470	2,185,396
Edible oil and ghee	5,510,139	4,723,727	1,668,682	1,681,161	1,623,118	1,200,857
Rice Processing (husking, semi-wholly milled etc.)	10,441,317	8,529,132	2,511,350	2,537,505	2,490,832	2,507,507
Metal and allied	21,765,266	12,886,482	767,907	399,464	702,305	399,464
Others	41,555,055	48,956,991	2,547,719	2,311,783	2,194,967	2,002,352
	507,816,453	421,819,890	31,165,327	28,736,399	28,518,930	24,842,078
Credit risk by public / private sector						
Public/ Government	156,455,831	129,318,506	–	–	–	–
Private	351,360,622	292,501,384	31,165,327	28,736,399	28,518,930	24,842,078
	507,816,453	421,819,890	31,165,327	28,736,399	28,518,930	24,842,078

Rupees in '000	2021	2020
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45.1.4 Contingencies and Commitments

Credit risk by industry sector

Agriculture, Forestry, Hunting and Fishing	188,897	731,121
Mining and Quarrying	5,800,004	7,482,958
Textile	18,491,294	15,734,314
Chemical and Pharmaceuticals	11,735,915	8,435,551
Cement	7,802,463	2,588,584
Sugar	689,143	460,722
Footwear and Leather garments	1,339,250	883,465
Automobile and transportation equipment	680,769	666,809
Electronics and electrical appliances	3,072,967	2,825,575
Real Estate & Construction	27,460,036	22,846,161
Research and development	1,001,757	4,912,644
Power and energy	19,248,478	20,261,159
Wholesale and Retail Trade	7,953,469	6,993,222
Oil and gas	14,750,166	13,467,069
Transport, Storage and Communication	14,063,139	10,418,442
Financial	378,591,274	329,970,714
Insurance	288,303	236,959
Food and allied	6,689,227	17,416,521
Services	8,743,852	14,530,287
Individuals	818,389	449,306
Engineering	60,469,083	36,958,247
Telecommunication	8,922,873	234,347
Metal and allied	10,569,058	11,240,607
Others	62,616,081	65,065,193
	671,985,887	594,809,977

Credit risk by public / private sector

Public / Government	225,305,142	202,630,602
Private	446,680,745	392,179,375
	671,985,887	594,809,977

45.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 368,943,908 thousand (2020: Rs. 282,075,320 thousand) are as following:

Rupees in '000	2021	2020
Funded	110,509,493	87,736,321
Non Funded	258,434,415	194,338,999
Total Exposure	368,943,908	282,075,320

The sanctioned limits against these top 10 exposures aggregated to Rs. 439,936,880 thousand (2020: Rs. 402,237,997 thousand).

The above does not include any classified exposure.

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45.1.6 Advances - Province / Region-wise disbursement and utilization

Province / Region	2021						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan	
Rupees in '000							
Punjab	670,454,107	657,410,763	7,183,401	200,901	25,694	5,622,571	10,777
Sindh	599,248,029	2,122,114	595,435,142	356,750	383,687	948,625	1,711
KPK including FATA	4,012,224	106,693	1,071	3,609,934	1,812	65,694	227,020
Baluchistan	522,060	6,500	4,775	-	510,785	-	-
Islamabad	86,087,636	8,028,458	544,361	4,387,950	29,844	72,867,316	229,707
AJK including Gilgit Baltistan	443,938	15,150	1,000	1,200	-	25,911	400,677
Total	1,360,767,994	667,689,678	603,169,750	8,556,735	951,822	79,530,117	869,892

Province / Region	2020						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan	
Rupees in '000							
Punjab	770,040,155	742,397,748	15,199,453	992,715	19,600	11,424,305	6,334
Sindh	584,211,974	15,330,594	566,303,118	33,507	274,730	2,266,083	3,942
KPK including FATA	5,328,076	173,254	37,788	4,939,300	500	126,721	50,513
Baluchistan	1,461,988	2,640	27,285	1,100	1,429,778	-	1,185
Islamabad	62,548,723	10,515,859	582,275	5,412,501	7,185	45,743,479	287,424
AJK including Gilgit Baltistan	441,730	28,778	8,200	5,382	-	55,318	344,052
Total	1,424,032,646	768,448,873	582,158,119	11,384,505	1,731,793	59,615,906	693,450

45.2 Market Risk:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Bank is exposed to market risk from both its banking and trading books. Trading book for the Bank includes all Held for Trading (HFT) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the banking book.

The Bank's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Bank makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Bank's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 2,304,420 thousand (2020: Rs. 2,478,060 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	89,432,245	–	89,432,245	73,651,718	–	73,651,718
Balances with other banks	3,454,829	–	3,454,829	7,954,288	–	7,954,288
Investments	516,353,183	100,007,975	616,361,158	335,342,200	114,345,040	449,687,240
Advances	477,588,237	–	477,588,237	395,373,840	–	395,373,840
Fixed assets	20,166,875	–	20,166,875	21,213,709	–	21,213,709
Intangible assets	1,183,265	–	1,183,265	1,143,146	–	1,143,146
Deferred tax assets	5,168,183	–	5,168,183	1,623,001	–	1,623,001
Other assets	45,789,317	–	45,789,317	41,870,120	–	41,870,120
	1,159,136,134	100,007,975	1,259,144,109	878,172,022	114,345,040	992,517,062

45.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2021			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	83,087,836	107,540,707	26,606,423	2,153,552
Pound Sterling	1,619,550	5,665,038	3,932,037	(113,451)
Euro	1,772,425	3,675,471	1,636,015	(267,031)
Other European currencies	183,399	–	(181,564)	1,835
Other currencies	863,444	2,069,471	1,460,847	254,820
	87,526,654	118,950,687	33,453,758	2,029,725

Rupees in '000	2020			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	64,905,509	86,127,444	22,235,297	1,013,362
Pound Sterling	1,140,446	5,123,400	3,963,115	(19,839)
Japanese Yen	–	–	–	–
Euro	1,882,281	3,222,945	1,637,176	296,512
Other European currencies	22,151	–	–	22,151
Other currencies	1,308,122	1,803,003	664,576	169,695
	69,258,509	96,276,792	28,500,164	1,481,881

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Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	—	337,227	—	282,293
- Other comprehensive income	—	—	—	—

45.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Bank classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Bank, i.e. to build strategic interest in other concerns. The Bank may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2021 Bank's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account (decrease)	—	(207,191)	—	(217,649)
- Other comprehensive income (increase)	—	207,191	—	217,649

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel III Specific

The Bank's interest rate exposure arises out from its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12 months impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	422,962	(2,462,303)	198,700	(1,855,847)
- Other comprehensive income	(1,768,929)	—	(1,302,000)	—

45.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

2021												
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	89,432,245	9,278,909	-	-	-	-	-	-	-	-	80,153,336
Balances with other banks	0.14%	3,454,829	1,573,798	-	-	-	-	-	-	-	-	1,881,031
Investments	8.30%	616,361,158	85,030,665	138,199,283	133,716,127	50,658,621	69,157,563	46,763,978	39,159,440	44,510,380	2,979,368	6,185,733
Advances	7.42%	477,588,237	131,965,090	83,013,823	88,869,183	123,897,451	13,509,795	6,115,080	15,245,680	9,724,346	5,247,789	-
Other assets	-	35,528,043	-	-	-	-	-	-	-	-	-	35,528,043
		1,222,364,512	227,848,462	221,213,106	222,585,310	174,556,072	82,667,358	52,879,058	54,405,120	54,234,726	8,227,157	123,748,143
Liabilities												
Bills payable	-	10,235,374	-	-	-	-	-	-	-	-	-	10,235,374
Borrowings	6.23%	123,563,761	73,572,263	19,513,580	4,568,715	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632	624,111
Deposits and other accounts	4.18%	1,015,430,068	88,234,745	45,280,935	37,715,900	64,443,902	117,735,757	119,483,803	114,964,883	100,517,231	17,708,822	309,344,090
Subordinated loans	8.91%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities	-	30,671,766	-	-	-	-	-	-	-	-	-	30,671,766
		1,191,900,969	161,807,008	70,794,515	48,284,615	68,305,689	123,202,386	125,139,490	119,628,449	105,490,022	18,373,454	350,875,341
On-balance sheet gap		30,463,543	66,041,454	150,418,591	174,300,695	106,250,383	(40,535,028)	(72,260,432)	(65,223,329)	(51,255,296)	(10,146,297)	(227,127,198)
Off-balance sheet financial instruments												
Forward foreign exchange contracts purchase		117,506,977	45,929,502	28,653,368	41,713,292	1,210,815	-	-	-	-	-	-
Forward foreign exchange contracts sale		84,053,218	44,943,786	14,829,445	24,171,538	108,449	-	-	-	-	-	-
Off-balance sheet gap		33,453,758	985,716	13,823,922	17,541,754	1,102,366	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			67,027,170	164,242,513	191,842,449	107,352,749	(40,535,028)	(72,260,432)	(65,223,329)	(51,255,296)	(10,146,297)	(227,127,198)
Cumulative yield / interest risk sensitivity gap			67,027,170	231,269,684	423,112,133	530,464,881	489,929,853	417,669,421	352,446,092	301,190,796	291,044,499	63,917,301

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Mismatch of interest rate sensitive assets and liabilities

2020											
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk									Non-interest bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.00%	73,651,718	7,501,569	-	-	-	-	-	-	-	66,150,149
Balances with other banks	0.76%	7,954,288	5,517,592	-	-	-	-	-	-	-	2,436,696
Investments	9.50%	449,687,240	15,622,941	58,751,580	120,070,417	61,770,424	40,920,325	33,955,440	54,255,063	54,943,986	2,979,783
Advances	9.59%	395,373,840	102,188,676	90,346,678	62,054,860	55,656,168	16,195,531	28,636,248	17,130,621	18,185,100	4,979,958
Other assets	-	29,799,164	-	-	-	-	-	-	-	-	29,799,164
		956,466,250	130,830,778	149,098,258	182,125,277	117,426,592	57,115,856	62,591,688	71,385,684	73,129,086	7,959,741
Liabilities											
Bills payable	-	12,629,996	-	-	-	-	-	-	-	-	12,629,996
Borrowings	5.28%	84,163,669	49,154,031	11,325,742	2,269,358	932,385	4,921,250	5,797,687	4,881,608	4,184,236	697,372
Deposits and other accounts	5.54%	791,186,883	44,231,276	27,758,618	14,973,898	32,548,775	103,410,010	101,094,323	109,372,558	86,691,947	14,393,710
Subordinated loans	10.67%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-
Other liabilities	-	27,917,964	-	-	-	-	-	-	-	-	27,917,964
		927,898,512	93,385,307	45,084,360	23,243,256	33,481,160	108,331,260	106,892,010	114,254,166	90,876,183	15,091,082
On-balance sheet gap		28,567,738	37,445,471	104,013,898	158,882,021	83,945,432	(51,215,404)	(44,300,322)	(42,868,482)	(17,747,097)	(7,131,341)
Off-balance sheet financial instruments											
Forward foreign exchange contracts purchase		118,889,979	60,380,442	32,179,415	25,816,868	513,254	-	-	-	-	-
Forward foreign exchange contracts sale		90,389,815	36,356,969	35,031,116	18,963,099	38,631	-	-	-	-	-
Off-balance sheet gap		28,500,164	24,023,473	(2,851,701)	6,853,769	474,623	-	-	-	-	-
Total yield / interest risk sensitivity gap			61,468,944	101,162,197	165,735,790	84,420,055	(51,215,404)	(44,300,322)	(42,868,482)	(17,747,097)	(7,131,341)
Cumulative yield / interest risk sensitivity gap			61,468,944	162,631,141	328,366,931	412,786,986	361,571,582	317,271,260	274,402,778	256,655,681	249,524,340

45.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

45.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

45.2.5.3 Assets do not include fixed assets of Rs. 20,166,875 thousand (2020: Rs. 21,213,709 thousand), Intangible assets of Rs. 1,183,265 thousand (2020: Rs. 1,143,146 thousand), deferred tax asset or Rs. 5,168,183 thousand (2020: Rs. 1,623,001 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, Stationary & Stamp and Others of Rs. 10,261,274 thousand (2020: Rs. 12,070,956 thousand).

45.2.5.4 Liabilities do not include other liabilities consisting of advance payments, branch adjustment account, security deposit against lease, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 11,340,647 thousand (2020: Rs. 10,072,200 thousand).

45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.

Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Bank is embedded within three lines of defense: Strategic, Macro and Micro.

Bank already has in place an Operational Risk Management framework which is aligned with global best market practices. Bank has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

45.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position ,liquidity ratios, depositors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits and liquidity contingency plans. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

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

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

2021														
Rupees in '000	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets														
Cash and balances with treasury banks	89,432,245	26,829,674	894,322	-	-	-	-	-	-	-	15,427,062	15,427,062	15,427,061	15,427,064
Balances with other banks	3,454,829	621,869	315,426	2,418	225,255	113,318	1,160,823	580,411	290,206	145,103	-	-	-	-
Investments	616,361,158	168,509	632,724	40,782,499	30,266,403	77,056,480	38,574,039	29,107,444	24,490,391	26,221,525	115,219,086	58,814,670	98,585,171	76,442,217
Advances	477,588,237	4,799,258	6,229,582	9,933,091	109,643,232	36,366,813	35,790,709	63,256,739	13,716,714	16,113,203	36,884,943	26,260,770	48,480,001	70,113,182
Fixed assets	20,166,875	6,613	39,681	46,294	105,839	190,805	190,878	570,404	555,652	555,774	1,988,583	1,631,114	2,058,917	12,226,321
Intangible assets	1,183,265	441	2,643	3,084	7,048	13,204	13,204	39,149	38,081	38,081	150,486	143,286	275,339	459,219
Deferred tax assets	5,168,183	105,086	630,518	840,691	1,576,296	-	-	-	103,022	103,022	206,515	591,114	1,011,919	-
Other assets	45,789,317	5,018,113	931,204	1,001,062	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	7,090,092	6,159,639	6,347,726	6,159,639
	1,259,144,109	37,549,563	9,676,100	52,609,139	148,629,019	115,142,735	78,582,552	94,153,399	39,194,066	44,599,338	176,966,767	109,027,655	172,186,134	180,827,642
Liabilities														
Bills payable	10,235,374	3,275,320	934,490	-	776,865	2,709,006	1,354,503	677,252	338,626	169,312	-	-	-	-
Borrowings	123,563,761	2,691,567	62,419,610	4,603,563	4,231,989	9,335,303	10,392,258	4,604,378	1,630,044	2,231,743	5,466,629	5,665,687	4,663,566	5,637,424
Deposits and other accounts	1,015,430,068	33,960,039	33,391,992	23,088,902	107,890,109	33,453,693	23,665,832	37,715,900	23,790,129	40,653,773	164,588,057	166,336,104	161,817,184	165,078,354
Subordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Other liabilities	42,012,413	6,349,132	7,884,930	1,242,955	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	4,014,207	3,083,753	3,271,840	3,083,754
	1,203,241,616	46,276,058	104,631,022	28,935,420	119,703,909	46,900,117	38,265,492	43,596,782	25,758,799	44,477,458	174,068,893	175,075,544	169,752,590	185,799,532
Net assets	55,902,493	(8,726,495)	(94,954,922)	23,673,719	28,925,110	68,242,618	40,317,060	50,556,617	13,435,267	121,880	2,897,874	(66,047,889)	2,433,544	(4,971,890)
Share Capital	12,602,602													
Reserves	32,730,297													
Unappropriated profit	8,605,975													
Surplus on revaluation of assets	1,963,619													
	55,902,493													

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

		2020												
			Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3	
			to 7	to 14	days to 1	to 2	to 3	to 6	to 9	months	to 2	to 3	to 5	Over
			days	days	month	months	months	months	months	to 1 year	years	years	years	5 years
Rupees in '000		Total	Upto 1 day											
Assets														
Cash and balances with treasury banks	73,651,718	22,095,515	736,517	-	-	-	-	-	-	-	12,704,921	12,704,921	12,704,921	12,704,923
Balances with other banks	7,954,288	1,431,772	726,226	5,568	518,620	260,901	2,672,641	1,336,320	668,160	334,080	-	-	-	-
Investments	449,687,240	204,386	709,435	5,433,581	10,156,143	35,022,872	7,277,390	50,962,381	57,831,104	4,123,057	42,985,488	74,329,614	81,134,362	79,507,427
Advances	395,373,840	1,603,171	10,684,368	10,289,688	96,987,680	28,436,461	18,245,501	36,809,132	10,541,459	15,165,006	19,985,644	35,700,890	41,312,581	69,632,279
Fixed assets	21,213,709	6,635	42,529	46,445	107,359	190,184	201,257	572,564	547,878	563,203	2,031,929	1,743,704	2,389,507	12,770,515
Intangible assets	1,143,146	652	4,562	4,562	9,776	19,469	19,469	48,944	29,779	29,779	103,746	97,213	169,189	606,006
Deferred tax assets	1,623,001	33,001	198,006	264,008	495,015	-	-	-	32,353	32,353	64,853	185,632	317,780	-
Other assets	41,870,120	4,849,035	1,402,414	1,590,959	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	5,978,028	6,863,147	6,120,781	5,932,694
	992,517,082	30,224,167	14,504,057	17,614,791	112,451,263	64,885,392	29,186,683	90,941,723	70,748,382	21,157,909	83,864,609	131,625,121	144,149,121	181,153,844
Liabilities														
Bills payable	12,629,996	4,041,599	1,153,119	-	958,617	3,342,793	1,671,397	835,698	417,849	208,924	-	-	-	-
Borrowings	84,163,669	1,684,681	36,870,192	3,987,081	6,612,077	8,601,956	2,723,786	2,269,358	-	932,385	4,921,250	5,797,687	4,881,608	4,881,608
Deposits and other accounts	791,186,883	28,420,829	28,740,204	18,617,849	59,069,999	23,088,800	14,527,230	14,973,898	7,958,671	24,590,105	142,469,198	140,153,510	148,431,745	140,144,845
Subordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Other liabilities	37,990,164	6,074,968	8,032,458	1,814,251	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	2,988,222	3,873,341	3,130,974	2,942,888
	937,970,712	40,222,077	74,795,973	24,419,181	70,817,363	35,999,054	19,692,838	19,291,336	9,474,169	26,641,845	150,378,670	149,824,538	156,444,327	159,969,341
Net assets	54,546,350	(9,997,910)	(60,291,916)	(6,804,390)	41,633,900	28,896,338	9,493,845	71,650,387	61,274,213	(5,483,936)	(66,514,061)	(18,199,417)	(12,295,206)	21,184,503
Share Capital	12,602,602													
Reserves	25,632,015													
Unappropriated profit	8,673,949													
Surplus on revaluation of assets	7,637,784													
	54,546,350													

45.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Bank

2021										
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	89,432,245	27,723,996	-	-	-	15,427,062	15,427,062	15,427,062	13,223,196	2,203,867
Balances with other banks	3,454,829	1,164,969	1,274,141	580,411	435,308	-	-	-	-	-
Investments	616,361,158	71,850,136	115,630,519	29,107,444	50,711,916	115,219,086	58,814,670	98,585,171	73,133,650	3,308,566
Advances	477,588,237	130,605,162	72,157,522	63,256,739	29,829,918	36,884,943	26,260,770	48,480,001	33,568,607	36,544,575
Fixed assets	20,166,875	198,427	381,683	570,404	1,111,427	1,988,583	1,631,114	2,058,917	1,698,265	10,528,055
Intangible assets	1,183,265	13,215	26,407	39,149	76,163	150,486	143,286	275,340	459,219	-
Deferred tax assets	5,168,183	3,152,592	-	-	206,045	206,515	591,114	1,011,917	-	-
Other assets	45,789,317	13,755,323	4,255,014	599,252	1,422,630	7,090,092	6,159,639	6,347,726	5,279,690	879,951
	1,259,144,109	248,463,820	193,725,286	94,153,399	83,793,407	176,966,767	109,027,655	172,186,134	127,362,627	53,465,014
Liabilities										
Bills payable	10,235,374	4,986,673	4,063,510	677,252	507,939	-	-	-	-	-
Borrowings	123,563,761	73,946,730	19,727,561	4,604,378	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632
Deposits and other accounts	1,015,430,068	198,331,044	57,119,524	37,715,900	64,443,902	164,588,057	166,336,104	161,817,184	140,676,346	24,402,007
Subordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	42,012,413	22,281,963	4,255,014	599,252	1,422,630	4,014,207	3,083,753	3,271,840	2,643,217	440,537
	1,203,241,616	299,546,410	85,165,609	43,596,782	70,236,258	174,068,893	175,075,544	169,752,590	154,292,354	31,507,176
Net assets	55,902,493	(51,082,590)	108,559,677	50,556,617	13,557,149	2,897,874	(66,047,889)	2,433,544	(26,929,727)	21,957,838
Share Capital	12,602,602									
Reserves	32,730,297									
Unappropriated profit	8,605,975									
Surplus on revaluation of assets	1,963,619									
	55,902,493									

Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Bank

2020										
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	73,651,718	22,832,033	-	-	-	12,704,921	12,704,921	12,704,921	10,889,933	1,814,989
Balances with other banks	7,954,288	2,682,187	2,933,541	1,336,320	1,002,240	-	-	-	-	-
Investments	449,687,240	16,503,545	42,300,261	50,962,381	61,954,161	42,995,488	74,329,614	81,134,364	75,984,598	3,522,828
Advances	395,373,840	119,544,886	46,681,961	36,809,131	25,706,464	19,985,643	35,700,889	41,312,582	38,054,933	31,577,351
Fixed assets	21,213,709	202,969	391,440	572,564	1,111,081	2,031,929	1,743,704	2,389,507	2,163,528	10,606,987
Intangible assets	1,143,146	19,552	38,938	48,944	59,558	103,746	97,213	169,190	606,005	-
Deferred tax assets	1,623,001	990,031	-	-	64,706	64,853	185,632	317,779	-	-
Other assets	41,870,120	12,019,078	1,735,930	1,212,382	2,008,080	5,978,028	6,863,147	6,120,781	5,085,166	847,528
	992,517,062	174,794,281	94,082,071	90,941,722	91,906,290	83,864,608	131,625,120	144,149,124	132,784,163	48,369,683
Liabilities										
Bills payable	12,629,996	6,153,334	5,014,190	835,698	626,774	-	-	-	-	-
Borrowings	84,163,669	49,154,031	11,325,742	2,269,358	932,385	4,921,250	5,797,687	4,881,608	4,184,236	697,372
Deposits and other accounts	791,186,883	134,848,881	37,616,031	14,973,898	32,548,775	142,469,198	140,153,510	148,431,745	120,171,251	19,973,594
Subordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	37,990,164	20,098,348	1,735,930	1,212,382	2,008,080	2,988,222	3,873,341	3,130,974	2,522,475	420,412
	937,970,712	210,254,594	55,691,893	19,291,336	36,116,014	150,378,670	149,824,538	156,444,327	132,877,962	27,091,378
Net assets	54,546,350	(35,460,313)	38,390,178	71,650,386	55,790,276	(66,514,062)	(18,199,418)	(12,295,203)	(93,799)	21,278,305
Share Capital	12,602,602									
Reserves	25,632,015									
Unappropriated profit	8,673,949									
Surplus on revaluation of assets	7,637,784									
	54,546,350									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

45.5 Derivative Risk

The Bank at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Bank's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Bank's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Bank's overall assessment of value at risk (VaR). Further, value at risk (VaR) is also separately monitored for forward exchange contracts. Derivative exposures are also included in Bank's capital charge and risk weighted asset calculation in accordance with SBP regulations.

46. GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2022 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2021 do not include the effect of the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2022 as follows:

Rupees in '000	2021	2020
Transfer from unappropriated profit to:		
Proposed final cash dividend - Rs. Nil per share (2020: Rs. 3 per share)	–	3,780,781

47. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors of the Bank, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory and shareholder's approvals.

48. DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 15, 2022 by the Board of Directors of the Bank.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

ANNEXURE-1

Statement Showing Written-Off Loans Or Any Other Financial Reliefs Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2021

Statement in terms of sub-section (3) of section 33-A of Banking Companies Ordinance, 1962 in respect of written off loans or any other financial reliefs of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2021 as referred to in note 9.6 to these financial statements

Rupees in '000											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
1	Shahi Textile B-78, Block-18, Gulshan-e-Iqbal, Karachi.	Naseem Ahmed 42000-0409635-9 Syed Ali Ahmed 42101-1493421-7 Muzammil Hussain 42201-0254722-1	Syed Aziz Ahmed Syed Aziz Ahmed Abdul Majeed	8,397	65,095	-	73,492	-	65,095	-	65,095
2	Ali Hamid Travels A-653, Block-L, North Nazimabad, Karachi.	Riaz Hussain Khan 42101-2628509-5 Hamid Hussain Khan 42101-4987925-9 Arshad Hussain Khan 42101-2637154-5	Ahmed Hussain Khan Ahmed Hussain Khan Ahmed Hussain Khan	-	1,563	-	1,563	-	1,563	-	1,563
3	Khalid Traders Bungalow No.25, 7th Street, Gizri Lane, Phase 6, DHA, Karachi.	Irfan Amin 42101-6628940-5	Muhammad Amin	2,676	1,404	-	4,080	-	1,389	-	1,389
4	Bismillah Fabrics (Pvt) Ltd. 3.5 KM Jhumra Road, Khurrianwala, Faisalabad.	Abdul Waheed Sheikh (CEO) 33100-4817666-5 Dildar Ahmed Sheikh (Director) 33100-9157713-1	Abdul Majeed Sheikh Haji Jalal Din	106,027	40,925	109,404	256,356	-	40,925	109,404	150,329
5	Zelta Inc 39-A, Munawar Colony, Adyala Road, Rawalpindi.	Ch. Amer Qayyum Khan 37405-0432924-5	Ch. Abdul Qayyum Khan	112	257	331	700	-	256	331	587
6	MRK Associates Office # 37, Rehmat Block, Session Court Gujranwala.	Muhammad Riaz Khokhar 35201-8939604-5 Mrs. Nousheen Riaz 35201-7251040-4	Nazar Muhammad Khokhar Muhammad Riaz Khokhar	5,000	576	1,978	7,554	-	-	1,978	1,978
7	Abdullah Textile Mills Ltd. RC1/1A, Nishtar/ Baba-e-Urdu Road, Karachi.	Sheikh Muhammad Amin Abdullah 42301-3604771-9 Sheikh Muhammad Ibrahim Abdullah 42301-8428485-1 Sheikh Muhammad Ismail Abdullah 42301-0996429-5 Sheikh Muhammad Ishaque Abdullah 42301-2775275-3	Sheikh Abdullah Ismail Sheikh Abdullah Ismail Sheikh Abdullah Ismail Sheikh Abdullah Ismail	165,200	6,921	49,818	221,939	-	6,921	49,818	56,739
8	Paramount Spinning Mills Ltd. 2nd Floor, Garden Heights, 8-Albak Block, New Garden Town, Lahore.	Muhammad Akhtar Mirza 35201-9676042-3 Sohail Maqsood 35021-4740143-5 Muhammad Ashraf Khan 35021-1346603-5 Abid Sattar 35202-2306906-3 Muhammad Arif 35201-1641317-5 Muhammad Junaid 35202-6261910-9 Muhammad Asif Akram 35404-2976207-1	Karam Dad Khan Maqsood Elahi Muhammad Dilshad Khan Abdul Sattar Zahid Abdul Hameed Anwar Abdul Rasheed Muhammad Akram	86,040	14,216	68,553	168,809	55,642	14,216	68,553	138,411
9	Haroon Amjad Electrical Industries G.T Road Opposite PEPSI Factory, Attawa, Gujranwala.	Amjad Iqbal (Proprietor) 34101-3656318-7	Abdul Aziz	9,500	1,849	555	11,904	-	1,349	555	1,904

ANNEXURE-1

Statement Showing Written-Off Loans Or Any Other Financial Reliefs Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2021

Rupees in '000											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
10	Nisar Textile Corporation House No C-214, KDA Scheme No 1, Karachi	M. Nisar Hanif 42201-4933338-9	M. Hanif Hashim	49,050	51,712	3,403	104,165	-	51,714	3,403	55,117
11	Sajjad Hussain Kot Boora Bashmola Mahay Tehsil Muridky Distt. Sheikhupura.	Sajjad Hussain 35401-1765990-9	Muhammad Hussain	-	748	-	748	-	748	-	748
12	Tahir Iqbal Cheema Chak SAD PO Danwishkey Tehsil Wazirabad Distt. Gujranwala.	Tahir Iqbal Cheema 34104-9850879-1	Sajjad Ali Cheema	-	1,675	-	1,675	-	1,675	-	1,675
13	Imran Ashraf Aadhian Tehsil Muridky Distt. Sheikhupura.	Imran Ashraf 35401-4700044-9	Muhammad Ashraf	-	1,623	-	1,623	-	1,623	-	1,623
14	Kholla Javaid Mokal Tehsil Chunian Distt. Kasur.	Kholla Javaid 35202-2498425-4	Javaid Aslam	-	916	-	916	-	641	-	641
15	Amara Naeem Village Panwanwala, Tehsil Mancharabad Distt. Bahawalnagar.	Amara Naeem 35202-3835008-8	Muhammad Naeem Khan	-	705	-	705	-	705	-	705
16	Khalid Mehmood Manj Manj House Pir Bhar Shah Sheikhupura.	Khalid Mehmood Manj 34103-1241217-7	Manzoor Hussain Manj	-	710	-	710	-	710	-	710
17	Ahmad Ali Barkhurdar PO Thatta Essa Tehsil & Distt. Nankana.	Ahmad Ali 35401-4362966-3	Muhammad Sharif	-	1,158	-	1,158	-	658	-	658
18	Rai Haroon Shadat Barkhurdar PO Thatta Essa Tehsil & Distt. Nankana.	Rai Haroon Shadat 35402-7324266-9	Shahdat Ali	-	787	-	787	-	787	-	787
19	Rabia Bibi MS Moza Dalia Wagha, Tehsil Muridke, Distt. Sheikhupura.	Rabia Bibi MS 35401-1708857-4	Ch. Aanayat Ali	-	3,296	-	3,296	-	3,296	-	3,296
20	Basharat Ullah Chak # 156 /JB PO Same Tehsil Bhowana Distt. Chiniot.	Basharat Ullah 33201-1690610-1	Muhammad Zawar	-	1,766	-	1,766	-	1,766	-	1,766
21	Syed Zafar Ali Shah Q3 Zamindara Colony Tehsil & Distt. Rahim Yar Khan.	Syed Zafar Ali Shah 31303-2310012-7	Syed Muhammad Salfar Shah Hamdani	-	1,468	-	1,468	-	1,468	-	1,468
22	Omer Hayyat Lambray P.O Khas, Tehsil Muridky Distt. Sheikhupura.	Omer Hayyat 35401-2156872-7	Muhammad Akram	518	586	-	1,104	-	586	-	586
23	Salman Gul Cheema H.No. B-III-S-58 Wazirabad Tehsil Wazirabad, Distt. Gujranwala.	Salman Gul Cheema 34104-2291035-5	Muhammad Munawar Cheema	-	1,588	-	1,588	-	1,588	-	1,588
24	Azhar Hussain Khan H.No. 490 Street # 05 Muhallah Muhammad Bibi Tehsil Jaranwala Distt. Faisalabad.	Azhar Hussain Khan 33104-8690393-1	Shahdat Ali Khan	500	748	-	1,248	-	561	-	561

Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
25	Khawaja Muhammad Nadeem H.No. 5-A Model Town Lahore.	Khawaja Muhammad Nadeem 35200-1557965-7	Khawaja Muhammad Hanif	2,199	1,048	-	3,247	-	536	-	536
26	Faisal Zaman H.No. 35/8, BLOCK W, Mohallah Satellite Town Chiniot.	Faisal Zaman 33201-6884224-7	Altai Hussain	-	1,011	-	1,011	-	1,011	-	1,011
27	Muhammad Iqbal Gehlan Hathari PO Khas Tehsil Chunian Distt. Kasur.	Muhammad Iqbal 35101-1716604-9	Muhammad Ishaq	-	620	-	620	-	620	-	620
28	Naveed Ahmed Chak Sada PO Darwishkey Tehsil Wazirabad, Distt. Gujranwala.	Naveed Ahmed 34104-0268040-9	Muhammad Ashraf Cheema	-	681	-	681	-	681	-	681
29	Aftab Ahmad Village Buntajwa Tehsil Pasur Distt. Sialkot.	Aftab Ahmad 34602-0699425-5	Munshi Khan	491	928	-	1,419	-	528	-	528
30	Alia Kalsoom & Saeed Aslam Gill P-67, Muslim Town Faisalabad.	Alia Kalsoom 33100-0616071-8 Saeed Aslam Gill 33102-1758462-7	Saeed Aslam Muhammad Aslam Gill	450	913	-	1,363	-	593	-	593
31	Liaquat Ali Talwandi Thata Ehsa Tehsil & Distt. Nankana Sahib.	Liaquat Ali 35402-4022345-9	Rai Inayat Khan	500	1,218	-	1,718	-	852	-	852
32	Choudhry Irfan Ahmad Sindhu Mouza Botaywala PO Gulzarpur Tehsil Multan Saddar, Distt. Multan.	Choudhry Irfan Ahmad Sindhu 36302-0171209-9	Ch. Noor Ahmed Sindhu	2,000	2,733	-	4,733	-	1,776	-	1,776
33	Taimur Khan H.No. 180, Y Block, Housing Colony Nankana.	Taimur Khan 35501-0184793-7	Salamat Ali Bhatti	996	1,645	-	2,641	-	1,234	-	1,234
34	Rai Zahid Hussain Meeran Pur PO Khas Tehsil & Distt. Nankana.	Rai Zahid Hussain 35501-0138416-9	Muhammad Hussain	533	917	-	1,450	-	677	-	677
35	Sikandar Ali Dharore Muslim, PO Siri Rampura Tehsil Muridky, Distt. Sheikhupura.	Sikandar Ali 35401-4997580-1	Karamat Ali	577	818	-	1,395	-	613	-	613
36	Zaka Ullah Khan Rai 878 D, Mohallah Niazabad, Kamalia Toba Tek Singh.	Zaka Ullah Khan Rai 33302-3404360-3	Asad Ullah Khan	2,495	2,349	-	4,844	-	1,714	-	1,714
37	Najam Gull Ismail Pur Ratayka Minchanabad Distt. Bahawalpur.	Najam Gull 35202-5127291-7	Ghulam Muhammad	2,686	5,373	-	8,059	-	4,029	-	4,029
38	Muhammad Afzal Mouza Salaray, PO. Chiniot Tehsil & Distt. Chiniot.	Muhammad Afzal 33401-0366823-9	Syed Ahmad	2,000	3,473	-	5,473	-	2,083	-	2,083
39	Sameena Nazir MS. Lambray Tehsil Muridke Distt. Sheikhupura.	Sameena Nazir Ms 35202-2530960-6	Abdul Waheed	200	729	-	929	-	510	-	510

ANNEXURE-1

Statement Showing Written-Off Loans Or Any Other Financial Reliefs Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2021

Rupees in '000											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
40	Khalid Nawaz Karim Kot Pijri Pur Tehsil Depalpur Distt. Okara.	Khalid Nawaz 35301-2022099-5	Allah Ditta	988	924	-	1,912	-	647	-	647
41	Ghulam Rasool Karim Kot Pijri Pur Tehsil Depalpur Distt. Okara.	Ghulam Rasool 35301-4630980-5	Allah Ditta	994	930	-	1,924	-	651	-	651
42	Muhammad Abbas Sargana Mouza Jund Sargana Tehsil Kabinwala Distt. Khanewal	Muhammad Abbas Sargana 36102-9256251-1	Mahar Rabnawaz Sargana	700	1,420	-	2,120	-	1,065	-	1,065
43	Muhammad Nawaz Dera Sachsein Da Vill. Tatha Manak Tehsil Noshewra Virkan.	Muhammad Nawaz 34103-1270734-5	Jalal	-	1,649	-	1,649	-	1,649	-	1,649
44	Muhammad Akram Chak No.187/E.B. Gaggoo Mandi Tehsil Burewala.	Muhammad Akram 36601-1511050-3	Rehmat Ali	1,999	1,133	-	3,132	-	850	-	850
45	Muhammad Hanif Khan Mouza Kelly, PO Khas, Distt. Sheikhpura.	Muhammad Hanif Khan 35404-2282521-7	Allah Deya Khan	494	1,129	-	1,623	-	790	-	790
46	Imtiaz Ahmed Chak No. 352-GB Tehsil Jaranwala Distt. Faisalabad.	Imtiaz Ahmed 33104-3587604-7	Saleh Muhammad	117	1,294	-	1,411	-	903	-	903
47	Muhammad Nawaz Khan Chak No. 194-GB, PO Khas, Tehsil & Distt. Toba Tek Singh.	Muhammad Nawaz Khan 33303-8805144-1	Chiragh Khan	245	961	-	1,206	-	575	-	575
48	Manzoor Ahmed Khan Bulandi, Tehsil & Distt. Kasur.	Manzoor Ahmed Khan 34101-5799108-9	Fazal Din Chishtii	500	857	-	1,357	-	600	-	600
49	Muhammad Yar, Ahmad Yar, Muhammad Saqlain Chak # 777-GB, Tehsil Kamalia, Distt. Toba Tek Singh.	Muhammad Yar 33302-6910255-5 Ahmad Yar 33302-7473929-7 Muhammad Saqlain 33302-1567456-3	Wali Muhammad Wali Muhammad Wali Muhammad	849	1,378	-	2,227	-	689	-	689
50	Bashir Ahmed Qasim Pitafi, Taluka Mirpur Mathelo, Distt. Ghotki.	Bashir Ahmed 45104-4601909-9	Malao Khan	500	853	-	1,353	-	553	-	553
51	Rais Muhammad Afzal Warind Warind House Chandrami Sadiqabad, Tehsil Sadiqabad Distt. Rahim Yar Khan.	Rais Muhammad Afzal Warind 42000-2537594-3	Haji Wahid Bakhsh	1,859	1,728	-	3,587	-	1,296	-	1,296
52	Abid Ali Tatha Qaider Shah, Sheikhpura..	Abid Ali 35404-2856097-5	Muhammad Iqbal	288	737	-	1,025	-	516	-	516
53	Muhammad Khursheed Chak 13-RB, Tehsil Safdarabad Distt. Sheikhpura.	Muhammad Khursheed 35403-4399172-1	Noor Muhammad Urfi Noro	380	1,004	-	1,384	-	652	-	652
54	Ghulam Abbass Chak # 92 /10R, Tehsil & Distt. Khanewal.	Ghulam Abbass 36103-0276291-1	Mian Muhammad Sharif	1,000	1,714	-	2,714	-	1,077	-	1,077

Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	
55	Qadeer Hussain Raja Raam, Tehsil Shujabad, Distt. Multan.	Qadeer Hussain 36304-1378695-9	Muhammad Aslam Urf Hashmal	1,000	1,535	-	2,535	-	998	-	998
56	Aftab Bashir Bhullar Chak No. 7/11-L, Lahorianwala, Tehsil & Distt. Sahiwal.	Aftab Bashir Bhullar 36501-1606542-3	Bashir Ahmad Bhullar	1,999	588	-	2,587	-	563	-	563
57	Fazal Hussain Ch. / Qaiser Mahmood Balwara P.O. Jattan Tehsil & Distt. Mirpur, Azad Kashmir.	Fazal Hussain Ch. 81302-4565124-1 Qaiser Mahmood 81302-0961110-7	Ghulam Muhammad Fazal Hussain	1,230	2,470	-	3,700	-	1,852	-	1,852
58	Khadim Hussain Village Khotray P.O. Wandho, Tehsil Kamoki, Distt. Gujranwala.	Khadim Hussain 34102-6474658-7	Said Muhammad	2,000	837	-	2,837	-	586	-	586
59	Jamshed ur Rehman H # 107, St # 10, Jinnah Abad Abbottabad KPK.	Jamshed Ur Rehman 16101-7293937-3	Habib Ur Rehman	106	516	26	648	-	522	26	548
60	Rai Jabbar Ali House # 136, F Block Model Town Lahore.	Rai Jabbar Ali 35201-0466811-3	Rai Shair Muhammad Kharal	32	42	760	834	-	-	590	590
61	Ahmed Shafi House # 198 Abubakar Block New Garden Town Lahore.	Ahmed Shafi 35202-3007870-9	Muhammad Rafi	241	446	547	1,234	-	140	547	687
62	Majid Hussain Majeeda Abad Ghafoor Wah Dakhana Khas Tehsil Burewala.	Majid Hussain 36601-1611316-1	Fazal Ahmad Khan	373	110	1,122	1,605	-	-	875	875
63	Ejaz Alam House # R/73 Gulistan-e-Johar Karachi.	Ejaz Alam 42201-5563620-3	Anis Khan	3,600	720	297	4,617	-	427	259	686
64	Muhammad Aslam Bhatti H #2 Block B Green City Housing Burki Road Lahore.	Muhammad Aslam Bhatti 35201-9075872-1	Muhammad Saddique Bhatti	3,615	1,921	242	5,778	-	1,289	212	1,501
Total				473,256	253,644	237,036	963,936	55,642	236,587	236,551	528,779

PROFILE OF MEMBERS OF SHARIAH BOARD

Mufti Muhammad Zahid (Chairman) <p>Mufti Muhammad Zahid is a notable figure in the field of Shariah and has been teaching various branches of Islam and Arabic language for over 30 years, besides being the Vice President of Jamia Imdadia, Faisalabad and a member of its Dar-ul-Ilm since 1989. Mufti Muhammad Zahid has authored various publications including تعارف (ایک - بنیادیں کی بینکاری اسلامی) translation from English to Urdu of the work of Mufti Muhammad Taqi Usmani. Mufti Muhammad Zahid holds Shahadh Al-Alamiyyah (العالمیۃ شہادۃ) (from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Masters Degree in Arabic from International Islamic University, Islamabad.</p> <p>Term of Office Joined the Shariah Board on June 1, 2015</p> <p>Other Memberships</p> <ul style="list-style-type: none"> Chairman Shariah Supervisory Committee, Bank of Khyber Chairman Shariah Board, Bank of Punjab 	Dr. Muhammad Tahir Mansoori (Resident Member) <p>Dr. Muhammad Tahir Mansoori is an eminent scholar and recipient of the President of Pakistan's Medal for Pride of Performance. Dr. Mansoori holds Moulvi Alim and Moulvi Fazil degrees from 'Dar ululoom' Mansoorah, LLM Shariah from International Islamic University, Islamabad and PhD in Islamic Studies from Punjab University, Lahore. Dr. Mansoori has taught and written on Fiqh and Usool-e-Fiqh matters for over three decades. He is the author of numerous publications including, Al-Madkhal-Al-Masrafi (Introduction to Islamic Banking) in Arabic, Islamic Law of Contracts and Business Transactions, and Shariah Maxims on Financial Matters.</p> <p>Term of Office Joined the Shariah Board on June 1, 2015</p> <p>Other Membership</p> <ul style="list-style-type: none"> Member Shariah Advisory Committee of Securities & Exchange Commission of Pakistan (SECP) 	Mufti Zakir Hassan Naumani (Member) <p>Mufti Zakir Hassan Naumani holds Master Degrees in Islamiyat and Arabic from University of Peshawar and (العالمیۃ شہادۃ) Shahadh Al-Alamiyyah from Wifaqul Madaris Al-Arabiyyah, Multan. Mufti Zakir possesses over 35 years of research experience and has authored 22 books in the field of Islamic economics, Tafseer, Fiqhi Masayel, Travelogue etc. He has also served as Shariah Advisor of Bank of Khyber from Year 2006 till Year 2010. Mufti Zakir Hassan Naumani is currently serving as Sheikh-ul-Hadith, Jamia Usmania, Peshawar. He has been teaching Quran, Hadith and Fiqh for around thirty years and has issued nearly 3,000 fatawa for various issues pertaining to the field of Islamic Jurisprudence, Islamic economics, Islamic law of contract, Social issues, Muslim Family law Islamic Finance and Islamic business & trade.</p> <p>Term of Office Joined the Shariah Board on June 25, 2021</p>	Dr. Lutfullah Saqib (Member) <p>Prof. Dr. Lutfullah Saqib is an expert in the domain of "Islamic Law and Jurisprudence". He has done his LLB (Hons), LLM (Islamic commercial law), PhD (Shariah) and post doctorate in Islamic law from International Islamic University, Islamabad. Dr. Lutfullah Saqib is a prolific researcher. He has authored several books and has published 50+ research articles in the areas of Islamic commercial law/ Islamic law. In the last 12 years, as an academican and trainer, he has been associated with different universities and professional organizations; and has delivered numerous lectures, seminars, talks and training in Pakistan, Malaysia, Thailand, Brunei Darussalam, Oman and other countries. In addition to his academic responsibilities, Dr. Lutfullah is also on the panels of Shariah Advisor of SECP and NBFI Modaraba Association of Pakistan. Currently, he is also serving as Chairman of Department of Law and Shariah, University of Swat.</p> <p>Term of Office Joined the Shariah Board on June 25, 2021</p>
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Shariah Board (SB)- Attendance and Brief Terms of Reference

The SB is empowered to consider, decide and supervise all Shariah related matters of Askari Islamic banking and advises and assists the Board of Directors in introducing and implementing an effective Shariah compliance framework. All SB's decisions / rulings / fatawa are binding on the Ikhlas Islamic banking business of the Bank, whereas, the Shariah Board is responsible and accountable for all its Shariah decisions. The Resident Shariah Board Member (RSBM) oversees the procedures to be adopted for implementation of the resolutions, pronouncements and fatawa of the SB and provide guidance thereon. The SB ensures that all the procedure manuals, product programs / structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures are in conformity with the rules and Principles of Shariah.

Shariah Board Members	Date of Meeting				
	Attendance/ Total Meetings	March 29, 2021	June 23, 2021	September 27, 2021	December 31, 2021
Name of Members and their attendance in each meeting					
Mufti Muhammad Zahid (Chairman)	4/4	1	1	1	1
Dr Muhammad Tahir Mansoori (RSBM)	4/4	1	1	1	1
Mufti Zakir Hassan Nomani (Member)	2/2	NA	NA	1	1
Dr Lutfullah Saqib (Member)	2/2	NA	NA	1	1
Former Member					
Mufti Ismatullah (term completed on 24 June 2021)	1/2	1	-	NA	NA

REPORT OF SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2021

In the name of Allah, the Beneficent, the Merciful

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Askari Ikhlas Islamic Banking are conducted in a manner that comply with Shariah Principles at all times, we are required by the SBP's Shariah Governance Framework to submit a report on the overall Shariah compliance environment of Askari Ikhlas Islamic Banking.

During the year 2021, four meetings of Shariah Board were held to review various Shariah issues, which predominantly include new products, existing product modifications, re-alignment of manuals & policies, Shariah reports etc. Apart from the quarterly meetings, the Shariah Board constantly remained involved with all the Shariah affairs of the Bank, by reviewing different proposals / matters, by way of circulation.

SBP, as part of its strategic plan for Islamic banking industry, has introduced Shariah compliant Mudarabah based Open Market Operations and Standing Ceiling Facilities. SBP has also issued detailed instructions for management of Shariah non-compliance risk. Shariah Board acknowledges the facilitative role of SBP.

To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the Shariah audit reports.

Based on above, we are of the view that:

- i. Askari Ikhlas Islamic Banking has complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. Askari Ikhlas Islamic Banking has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. Askari Ikhlas Islamic Banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
- iv. Askari Ikhlas Islamic Banking has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. Askari Ikhlas Islamic Banking has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is adequate and shall be further strengthened through orientation sessions / trainings.
- vii. The Shariah Board has been provided adequate resources enabling it to discharge its duties, effectively.

Dr. Muhammad Tahir Mansoori
Resident Shariah Board Member

Dr. Lutfullah Saqib
Member Shariah Board

Mufti Zakir Hassan Naumani
Member Shariah Board

Mufti Muhammad Zahid
Chairman Shariah Board

Date of Report: February 04, 2022
Rawalpindi

شریعیہ بورڈ کی رپورٹ

برائے سال 2021ء

بسم اللہ الرحمن الرحیم!

اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی رو سے یہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کی تمام سرگرمیاں شریعت کے اصولوں کے مطابق ہیں۔ اسی طرح شریعیہ بورڈ کی ذمہ داری ہے کہ وہ بورڈ آف ڈائریکٹرز کو اسلامی بینکاری سروسز کی شرعی اصولوں کی مطابقت کے حوالے سے آگاہی فراہم کرے۔

سال 2021 کے دوران شریعیہ بورڈ کے چار اجلاس منعقد ہوئے جن میں شریعیہ سے متعلق مختلف اہم امور زیر بحث آئے۔ ان امور میں نئی پراڈکٹس کا اجراء موجودہ پراڈکٹس میں تبدیلیاں، مینول، پالیسیوں کو دوبارہ مرتب کرنا اور رپورٹس وغیرہ شامل ہیں۔ سہ ماہی میٹنگ کے علاوہ شریعیہ بورڈ اس عرصہ میں اسلامی بینکاری کے معاملات کی نگرانی کے عمل میں بھی شامل رہا۔

اسلامی بینکاری کے فروغ کیلئے اسٹیٹ بینک آف پاکستان نے مضاربہ کی بنیاد پر دو نئی پراڈکٹس متعارف کروائی ہیں۔ مزید برآں اسٹیٹ بینک نے شریعیہ سے عدم مطابقت سے تعلق رکھنے والے رسک کے بارے میں بھی تفصیلی ہدایات جاری کی ہیں۔ شریعیہ بورڈ اسلامی بینکاری کے فروغ کیلئے اسٹیٹ بینک کی سہولت کاری کو سراہتا ہے۔

شریعیہ بورڈ نے اپنی رپورٹ مرتب کرنے کے لیے شریعیہ ڈیپارٹمنٹ اور آڈٹ ڈیپارٹمنٹ کی رپورٹس کا بغور جائزہ لیا ہے۔ ان حقائق و معلومات سے ہم نے درج ذیل نتائج اخذ کیے ہیں۔

- ۱۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ شریعیہ بورڈ کے فتاویٰ اور ہدایات کو ملحوظ رکھا ہے۔
- ۲۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ نے اسٹیٹ بینک آف پاکستان اور اس کے شریعیہ بورڈ کی جاری کردہ ہدایات اور احکامات کی پاسداری کی ہے۔
- ۳۔ شرعی اصول کی پاسداری کے حوالے سے عسکری بینک لمیٹڈ میں اسلامی بینکاری سروسز کا ایک جامع اور مربوط نظام رائج ہے۔
- ۴۔ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کے پاس ایک ایسا واضح اور جامع نظام موجود ہے جس کے تحت غیر شرعی ذرائع سے حاصل شدہ آمدن صرف خیراتی مقاصد میں استعمال ہوتی ہے اور وہ بینک کی آمدن کا حصہ نہیں بنتی۔
- ۵۔ اس سارے عرصے میں رب المال (کھاتہ داران) کو نفع کی تقسیم اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات اور احکامات کے مطابق ہوئی۔
- ۶۔ اسٹاف ممبران، انتظامیہ اور بورڈ آف ڈائریکٹرز اسلامی بینکاری کے متعلق مناسب اور معقول آگاہی رکھتے ہیں۔ ہمیں یقین ہے کہ تربیتی پروگرامز کے ذریعے اسے مزید تقویت دی جائے گی۔
- ۷۔ بینک انتظامیہ نے شریعیہ بورڈ کو اس کے فرائض کی انجام دہی کے لیے مطلوبہ وسائل مہیا کر رکھے ہیں۔

ڈاکٹر لطف اللہ ثاقب

ممبر شریعیہ بورڈ

ڈاکٹر محمد طاہر منصور

ریزیڈنٹ شریعیہ بورڈ ممبر

مفتی محمد زاہد

چیئر مین شریعیہ بورڈ

مفتی ذاکر حسن نعمانی

شریعیہ بورڈ ممبر

مورخہ: 4 فروری 2022

راولپنڈی

ANNEXURE-2

AS AT DECEMBER 31, 2021

The Bank is operating 101 Islamic banking branches including 3 sub-branches at the end of 2021 (2020: 95 including 3 sub-branches).

Rupees in '000	Note	2021	2020
ASSETS			
Cash and balances with treasury banks		7,149,581	5,161,165
Balances with other banks		648,268	1,152,370
Due from financial Institutions		—	—
Investments	1	31,274,749	12,216,340
Islamic financing and related assets - net	2	71,116,539	64,269,691
Fixed assets		1,477,974	1,756,603
Intangible		—	—
Other assets		4,769,976	5,562,647
Total assets		116,437,087	90,118,816
LIABILITIES			
Bills payable		1,769,395	1,477,496
Due to financial institutions	3	16,529,289	11,810,905
Deposits and other accounts	4	73,585,947	65,305,888
Due to head office		12,000,000	—
Other liabilities		4,659,368	4,527,816
		108,543,999	83,122,105
NET ASSETS		7,893,088	6,996,711
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	5	25,815	—
Deficit on revaluation of assets		(385,624)	(57,670)
Unappropriated profit	6	3,652,897	2,454,381
		7,893,088	6,996,711
CONTINGENCIES AND COMMITMENTS	7	13,885,398	11,741,980

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2021 is as follows:

Rupees in '000	Note	2021	2020
Profit / return earned	8	6,489,772	7,247,479
Profit / return expensed	9	2,773,195	3,272,719
Net Profit / return		3,716,577	3,974,760
Other income			
Fee and commission income		266,832	204,950
Dividend income		1,352	—
Foreign exchange income		98,235	111,058
Income / (loss) from derivatives		—	—
Gain on securities		—	1,706
Other income		87,987	66,969
Total other income		454,406	384,683
Total Income		4,170,983	4,359,443
Other expenses			
Operating expenses		2,323,020	2,157,239
Workers Welfare Fund		—	—
Other charges		6,798	436
Total other expenses		2,329,818	2,157,675
Profit before provisions		1,841,165	2,201,768
Provisions and write offs - net		642,649	438,931
Profit before taxation		1,198,516	1,762,837

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Rupees in '000	2021				2020			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
1. INVESTMENTS BY SEGMENTS								
Federal Government Securities								
-Ijarah Sukuks	23,560,581	-	(385,792)	23,174,789	5,538,804	-	(58,148)	5,480,656
-GOP Bai Muajjal	4,215,092	-	-	4,215,092	5,246,146	-	-	5,246,146
	27,775,673		(385,792)	27,389,881	10,784,950	-	(58,148)	10,726,802
Units of Open end Mutual Fund	100,000	-	168	100,168	-	-	-	-
Non Government Debt Securities								
-Listed	-	-	-	-	70,000	-	478	70,478
-Unlisted	4,344,663	(559,963)	-	3,784,700	1,979,023	(559,963)	-	1,419,060
	4,344,663	(559,963)	-	3,784,700	2,049,023	(559,963)	478	1,489,538
Total Investments	32,220,336	(559,963)	(385,624)	31,274,749	12,833,973	(559,963)	(57,670)	12,216,340

Rupees in '000		Note	2021	2020
2. ISLAMIC FINANCING AND RELATED ASSETS				
Ijarah	2.1		5,443,351	4,227,697
Murabaha	2.2		6,496,482	4,379,276
Musharakah			29,064,976	28,545,253
Diminishing Musharakah			14,096,303	16,936,532
Salam			6,207,801	4,935,938
Istisna			4,287,613	2,744,352
Receivable against Sale of Istisna/Salam Inventory			1,511,039	150,000
Service Ijarah			1,652,175	752,176
Other Islamic Modes (Executive Car Finance-Qarz-e-Hasana)			102,193	93,424
Advances against Islamic assets	2.3		2,618,817	1,488,133
Inventory related to Islamic financing	2.4		1,384,372	1,122,844
Gross Islamic financing and related assets			72,865,122	65,375,625
Less: Provision against Islamic financing				
- Specific			1,702,470	1,023,192
- General			46,113	82,742
			1,748,583	1,105,934
Islamic financing and related assets - net of provision			71,116,539	64,269,691

		2021							Book value as at December 31, 2021	
		Cost			Depreciation					
		As at January 1, 2021	Additions	Deletions	As at December 31, 2021	As at January 1, 2021	Charge for the year	Adjustments / (Deletions)		As at December 31, 2021
Rupees in '000										
2.1	Ijarah									
	Plant and machinery	773,792	507,850	(335,492)	946,150	478,547	87,847	(289,424)	276,970	669,180
	Vehicles	5,920,217	2,647,805	(1,712,184)	6,855,838	2,075,679	945,099	(835,456)	2,185,322	4,670,516
	Equipment	–	33,885	–	33,885	–	9,318	–	9,318	24,567
	Total	6,694,009	3,189,540	(2,047,676)	7,835,873	2,554,226	1,042,264	(1,124,880)	2,471,610	5,364,263

Rupees in '000		2020							Book value as at December 31, 2020	
		Cost			Depreciation					
		As at January 1, 2020	Additions	Deletions	As at December 31, 2020	As at January 1, 2020	Charge for the year	Adjustments / (Deletions)		As at December 31, 2020
	Plant and machinery	680,969	306,257	(213,434)	773,792	430,376	109,951	(61,780)	478,547	295,245
	Vehicles	5,767,573	2,001,612	(1,848,968)	5,920,217	1,935,742	875,024	(735,087)	2,075,679	3,844,538
	Equipment	—	—	—	—	—	—	—	—	—
	Total	6,448,542	2,307,869	(2,062,402)	6,694,009	2,366,118	984,975	(796,867)	2,554,226	4,139,783

Rupees in '000	2021				2020			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
Net investment under Ijarah								
Ijarah rentals receivable	80,941	-	-	80,941	89,767	-	-	89,767
Residual value	1,788	-	-	1,788	1,788	-	-	1,788
Minimum Ijarah payments	82,729	-	-	82,729	91,555	-	-	91,555
Profit for future periods	(3,641)	-	-	(3,641)	(3,641)	-	-	(3,641)
Net Assets / Investments in Ijarah	79,088	-	-	79,088	87,914	-	-	87,914

Rupees in '000	2021				2020			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
Future Ijarah rental receivable								
Ijarah rentals receivable	1,516,936	3,127,007	94,959	4,738,902	1,379,360	2,035,536	64,936	3,479,832

Rupees in '000		Note	2021	2020
2.2 Murabaha				
Murabaha financing	2.2.1		5,546,947	3,981,697
Inventory for Murabaha			-	-
Advances for Murabaha			949,535	397,579
			6,496,482	4,379,276
2.2.1 Murabaha receivable - gross	2.2.3		5,773,617	4,128,467
Less: Deferred murabaha income	2.2.4		122,995	60,691
Profit receivable shown in other assets			103,675	86,079
Murabaha financing			5,546,947	3,981,697
2.2.2 The movement in Murabaha financing during the year is as follows:				
Opening balance			3,981,697	3,246,465
Sales during the year			14,483,731	10,286,457
Adjusted during the year			(12,918,481)	(9,551,225)
Closing balance			5,546,947	3,981,697
2.2.3 Murabaha sale price			5,773,617	4,128,467
Murabaha purchase price			(5,546,947)	(3,981,697)
			226,670	146,770
2.2.4 Deferred murabaha income				
Opening balance			60,691	89,942
Arising during the year			491,166	412,623
Less: Recognised during the year			428,862	441,874
Closing balance			122,995	60,691

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Rupees in '000	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
2.3 Advance against islamic assets						
2021	1,356,711	–	1,262,106	–	–	2,618,817
2020	578,819	–	909,314	–	–	1,488,133
2.4 Inventory related to islamic financing						
2021	–	–	–	139,095	1,245,277	1,384,372
2020	–	–	–	50,073	1,072,771	1,122,844

Rupees in '000	Note	2021	2020
3. DUE TO FINANCIAL INSTITUTIONS			
Secured			
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Facility	3.1	2,776,000	2,336,000
Investment from the State Bank of Pakistan under Islamic Refinance Scheme for Payment of Wages & Salaries	3.2	939,167	1,814,905
Islamic Temporary Economic Refinance Facility	3.2	1,514,122	–
		5,229,289	4,150,905
Unsecured			
Other Musharakah	3.3	11,300,000	7,660,000
		16,529,289	11,810,905

- 3.1** These Musharakah are on a profit and loss sharing basis maturing between January 2022 to June 2022 and are secured against demand promissory notes executed in favour of SBP.
- 3.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of SBP.
- 3.3** These Musharakah are on profit and loss sharing basis with banks. The expected average return on these Musharakah is around 10.08% (2020: 6.93%) per annum. These balances are maturing in January 2022 (2020: January 2021).

Rupees in '000	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
4. DEPOSITS						
Customers						
Current deposits - non remunerative	31,098,387	1,123,444	32,221,831	22,397,739	914,894	23,312,633
Current deposits - remunerative	939,863	–	939,863	975,625	–	975,625
Savings deposits	21,640,107	366,588	22,006,695	22,726,587	892,475	23,619,062
Term deposits	15,152,962	–	15,152,962	12,058,779	–	12,058,779
Others	815,129	22,010	837,139	563,095	21,634	584,729
	69,646,448	1,512,042	71,158,490	58,721,825	1,829,003	60,550,828
Financial Institutions						
Current deposits - non remunerative	5,068	646	5,714	18,991	585	19,576
Current deposits - remunerative	50,001	–	50,001	–	–	–
Savings deposits	370,033	–	370,033	335,484	–	335,484
Term deposits	2,001,709	–	2,001,709	4,400,000	–	4,400,000
	2,426,811	646	2,427,457	4,754,475	585	4,755,060
	72,073,259	1,512,688	73,585,947	63,476,300	1,829,588	65,305,888

Rupees in '000	2021	2020
4.1 Composition of deposits		
- Individuals	38,521,456	33,402,378
- Government / Public Sector Entities	8,426,460	7,336,967
- Banking Companies	28	61
- Non-Banking Financial Institutions	2,427,429	4,754,999
- Private Sector	24,210,574	19,811,483
	73,585,947	65,305,888

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 51,430,689 thousand (2020: Rs. 44,110,489 thousand).

5. Profit Equalisation Reserve

The profit equalisation reserve amounting to Rs. 25,815 thousand (December 31, 2020: Nil) classified in other liabilities in note 18 has been presented as reserve.

Rupees in '000	2021	2020
6. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	2,454,381	691,544
Add: Islamic Banking profit for the year	1,198,516	1,762,837
Closing balance	3,652,897	2,454,381
7. CONTINGENCIES AND COMMITMENTS		
-Guarantees	6,325,748	5,460,329
-Commitments	7,559,650	6,281,651
	13,885,398	11,741,980
8. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	4,770,617	5,881,073
Investments	1,691,674	1,115,975
Placements	27,481	173,907
Bai Muajjal from SBP & Financial Institutions	–	76,524
	6,489,772	7,247,479
9. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	1,963,935	2,889,523
Due to Financial Institutions	435,848	199,267
Due to head office	147,420	7,423
Lease liability against right-of-use assets	174,072	176,506
Profit Equalization Reserve	51,920	–
	2,773,195	3,272,719
10. CHARITY FUND		
Opening balance	20,529	52,137
Additions during the year		
- Received from customers on account of delayed payment	29,765	15,391
- Profit on charity saving account	8	21
- Others	377	233
	30,150	15,645
Payments / utilization during the year		
- Education	(1,519)	(1,055)
- Health	(19,447)	(41,270)
- Orphanage	(5,421)	(4,928)
	(26,387)	(47,253)
Closing balance	24,292	20,529

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Rupees in '000	2021	2020
10.1 Charity in excess of Rs. 500,000 was paid to following institutions:		
Bin Qutab Foundation, Lahore	—	3,000
Bali Memorial Trust, Lahore	5,420	4,928
Cancer Care Hospital & Research Center, Lahore	5,421	3,900
Chef International, Islamabad	—	1,600
Dar-us-Shifa Foundation, Karachi	6,500	—
Friends Welfare Trust, Rawalpindi	2,000	—
Pakistan Thalassaemia Welfare Society, Rawalpindi	—	6,523
Hamza Foundation Welfare Hospital, Peshawar	1,674	1,143
Pakistan Children's Heart Foundation, Lahore	—	20,000
Patient Welfare Foundation-Creek General Hospital, Karachi	—	500
Sundus Foundation, Islamabad / Gujranwala	3,503	4,604
The Helpcare Society, Lahore	900	900
	25,418	47,098

11. POOL MANAGEMENT

11.1 Bank generates deposit on the basis of following two modes:

1. Qard
2. Mudaraba

Deposits taken on Qard Basis are classified as 'Current Account' and deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

The Bank also accepted / acquired customer and inter-bank funds, for short term liquidity requirement under Musharakah mode. Profits realized in Musharakah pools are distributed in pre agreed profit sharing ratio. Besides above, the bank also accept funds from State Bank of Pakistan in Islamic Export Refinance pool under Musharakah mode. The features, risk and reward of this Musharakah pool are in accordance with the SBP IERS scheme and circulars issued from time to time.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool in the interest of deposit holders. During the year following two Mudaraba based customer pools were maintained by the Bank having below mentioned key features:

a. General Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal on a Gross Mudarabah Basis. As required under regulatory instructions, SBP funds obtained under its various schemes are also made part of General pool. In this pool, portfolio diversification strategy has been used to mitigate the risk of loss. Diversification may marginally reduce returns but it also spreads risk by reducing chances of loss.

b. Foreign Currency Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal i.e. depositors in foreign currency: US dollars on a Gross Mudaraba Basis. Due to dearth and limitations of foreign denominated investment opportunities available to Islamic Banks operating in Pakistan, the returns would be linked with an earning assets pool comprising of Shariah compliant assets, with reliance mainly on placement(s) with other known Islamic Financial Institutions.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion commingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity). During the year Bank also maintained Profit Equalisation Reserve Pool, funds of which were entirely invested in SLR eligible Securities.

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Board, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee, Brokerage fee paid for placement of funds under Islamic modes, Takaful / Insurance expense, Registration expense and Commission to car ijarah dealers, staff & others. The general and specific provisions created against non-performing financings and diminution in the value of investments shall be borne by the Bank as Mudarib. However, write-offs of financings and loss

on sale of investments shall be charged to respective pool(s) along with other direct expenses. Provisions/write offs shall revert to Mudarib / pool(s) to which it was originally charged. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

In order to remain competitive in the industry and to retain existing customer / mobilize deposits from new customers, the Bank as a Mudarib distributed part of its share of profit to Rabb-ul-Mal as HIBA.

Income generated from banking operations (e.g. fee and commission income etc.) is not shared with depositors.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

11.2 The Bank managed following General and Specific Pools :

2021										
Mudaraba Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees	Rupees	
General Pool	PKR	Monthly	50%	6.86%	3.56%	0.60	1.83	1,127,731,856	3.73%	42,023,807
Profit Equalization Reserve Pool	PKR	Monthly	90%	6.68%	6.01%	1.00	1.00	186,347	0%	–
Foreign Currency Pool	USD	Monthly	50%	0.10%	0.06%	0.40	1.20	309,036	17.46%	53,955
2020										
Mudaraba Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees	Rupees	
General Pool	PKR	Monthly	50%	10.00%	6.34%	0.45	1.99	2,034,238,422	25%	513,453,618
Financial Institution Pool	PKR	Monthly	50%	–	–	0.70	2.10	–	–	–
Foreign Currency Pool	USD	Monthly	50%	3.30%	1.37%	1.00	1.00	8,360,833	1.29%	107,448
2021										
Musharakah Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
Interbank borrowing pool	PKR	As required	*	6.98%-13.44%	4.50%-10.75%	–	–	–	N/A	N/A
IERS pool	PKR	Monthly	*	5.25%	2.08%	–	–	–	N/A	N/A
Special Musharakah Certificate pool	PKR	As required	*	6.98%-13.44%	5.00%-11.00%	–	–	–	N/A	N/A
2020										
Musharakah Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
Interbank borrowing pool	PKR	As required	*	7.13%-14.60%	3.50%-11.20%	–	–	–	N/A	N/A
IERS pool	PKR	Monthly	*	6.22%	2.17%	–	–	–	N/A	N/A
Special Musharakah Certificate pool	PKR	As required	*	7.25%-16.38%	6.00%-13.50%	–	–	–	N/A	N/A

* The investment ratio and profit sharing ratio varies on case to case/monthly basis

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11.3 Maturity profile of funds mobilised under various modes:

Rupees in '000												
2021												
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,025,031	1,171,444	1,891,158	2,068,911	49,694	53,644	30,358	–	–	6,290,240
Savings account	PKR	Mudaraba	1,610,002	–	–	–	5,336,001	5,359,000	5,359,000	4,577,001	759,000	23,000,004
Savings account	USD	Mudaraba	25,658	–	–	–	85,048	85,416	85,416	72,952	12,098	366,588
SBP Funds against Various Schemes	PKR	Mudaraba	–	–	–	–	907,024	1,546,265	–	–	–	2,453,289
Musharakah funds from HO	PKR	Musharka	12,000,000	–	–	–	–	–	–	–	–	12,000,000
Interbank borrowing	PKR	Musharka	11,300,000	–	–	–	–	–	–	–	–	11,300,000
Special Musharakah Certificate	PKR	Musharka	6,404,196	4,063,646	221,589	175,000	–	–	–	–	–	10,864,431
IERS borrowing from SBP	PKR	Musharka	1,665,600	951,771	158,629	–	–	–	–	–	–	2,776,000
			34,030,487	6,186,861	2,271,376	2,243,911	6,377,767	7,044,325	5,474,774	4,649,953	771,098	69,050,552
Rupees in '000												
2020												
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	2,217,792	1,515,723	2,078,701	2,247,557	66,143	69,215	59,568	–	–	8,254,699
Savings account	PKR	Mudaraba	1,682,639	–	–	–	5,576,745	5,600,783	5,600,783	4,783,502	793,244	24,037,696
Savings account	USD	Mudaraba	62,475	–	–	–	207,055	207,946	207,946	177,602	29,451	892,475
SBP Funds against Various Schemes	PKR	Mudaraba	18,149	18,149	–	–	444,652	444,652	444,652	381,130	63,521	1,814,905
Musharka funds from HO	PKR	Musharka	–	–	–	–	–	–	–	–	–	–
Interbank borrowing	PKR	Musharka	7,660,000	–	–	–	–	–	–	–	–	7,660,000
Special Musharakah Certificate	PKR	Musharka	782,080	3,351,000	4,071,000	–	–	–	–	–	–	8,204,080
IERS borrowing from SBP	PKR	Musharka	1,401,600	800,914	133,486	–	–	–	–	–	–	2,336,000
			13,824,735	5,685,786	6,283,187	2,247,557	6,294,595	6,322,596	6,312,949	5,342,234	886,216	53,199,855
Rupees in '000												
2021												
2020												

11.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

Murabaha	5,568,137	3,981,697
Ijarah	7,067,756	4,951,581
Diminishing Musharakah	13,402,874	16,199,974
Salam	6,346,896	4,935,938
Musharakah	29,064,976	28,545,253
Istisna	5,532,890	2,905,352
Receivables against Sale of Salam/Istisna Inventory	1,511,039	150,000
Balances with other & treasury Banks	5,155,267	4,045,328
Sukuk	27,293,651	7,027,864
Open end Mutual Fund (NIT-IMMF)	100,168	–
Bai Muajjal-GOP	4,215,092	5,246,146
	105,258,746	77,989,133

11.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

	2021		2020	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	1,418,521	2.28	1,872,706	3.36
Automobiles & Allied	653,717	1.05	201,545	0.36
Cables / Electronics	348,659	0.56	278,146	0.50
Cements	816,918	1.31	2,028,493	3.64
Chemicals / Pharmaceuticals	3,251,799	5.23	1,010,610	1.81
Education	197,789	0.32	151,226	0.27
Fertilizers	—	—	70,000	0.13
Food and Allied	630,346	1.01	52,469	0.09
Fuel / Energy	—	—	419,658	0.75
Ghee and Edible Oil	1,573,139	2.53	887,052	1.59
Glass and Ceramics	222,842	0.36	853,202	1.53
GOP Ijarah Sukuk	7,530,929	12.11	5,538,804	9.94
GOP Bai Muajjal	87,092	0.14	5,246,146	9.41
Hotels and Restaurants	13,748	0.02	49,643	0.09
Individuals	4,874,832	7.84	3,806,038	6.83
Investment Banks / Scheduled Banks	707,903	1.14	551,001	0.99
Open end Mutual Funds	100,168	0.16		
Iron / Steel	2,116,964	3.40	1,336,827	2.40
Leather Products and Shoes	39,251	0.06	127,588	0.23
Modarabas	476,926	0.77	314,121	0.56
Paper and Board	561,501	0.90	643,781	1.16
Plastic products	498,859	0.80	392,255	0.70
Production and transmission of energy	3,052,930	4.91	4,559,183	8.18
Real Estate / Construction	973,177	1.56	2,268,814	4.07
Rice Processing and trading	250,000	0.40	90,000	0.16
Services (Other than Financial, Hotelling & Travelling)	1,069,345	1.72	218,358	0.39
Sugar	5,446,267	8.76	3,664,965	6.58
Surgical equipment / Metal Products	—	—	6,600	0.01
Textile	4,686,525	7.54	4,403,427	7.90
Transport and communication	680,342	1.09	737,792	1.32
Public sector / Government	17,869,096	28.73	10,811,204	19.40
Others	2,041,686	3.28	3,135,553	5.63
	62,191,271	100.00	55,727,207	100.00

11.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

	2021		2020	
	Rupees in '000	Percent	Rupees in '000	Percent
Investment Banks / Scheduled Banks	834,899	95.39	1,073,721	91.62
Public sector / Government	40,324	4.61	98,172	8.38
	875,223	100.00	1,171,893	100

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CONSOLIDATED
FINANCIAL STATEMENTS OF
ASKARI BANK LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2021



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Askari Bank Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances</p> <p>Refer to note 9 and the accounting policies in notes 4.7 to the consolidated financial statements.</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring that all nonperforming loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Group to recognize general provision against advances portfolio.</p> <p>The Group has recognized a net provision of Rs 3.87 billion against advances in the current year. The Group's advances to the customers represent 37.93% of its total assets as at 31 December 2021 and are stated at Rs. 477.67 billion which is net of provision of Rs. 30.22 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> Assessing the design and operating effectiveness of manual and automated controls over classification and provisioning of advances including: <ul style="list-style-type: none"> The accuracy of data input into the system used for disbursement and recovery of credit facilities; Controls over correct classification of non-performing advances on time-based criteria; Controls over accurate computation and recording of provisions; and Controls over the governance and approval process related to provision. Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs; Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized; and Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	Valuation of Investments	
	<p>Refer to note 8 and the accounting policies in notes 4.6 to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group has investments classified as "Available-for-sale" and "Held to maturity", amounting to Rs. 616.23 billion which in aggregate represent 48.93 % of the total assets of the Group.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments; Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values; and Evaluating the management's assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Group's accounting policies and performed an independent assessment of the assumptions.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



KPMG Taseer Hadi & Co.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: February 24, 2022

UDIN: AR202110183kdBjer6fT

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Assets			
Cash and balances with treasury banks	5	89,432,245	73,651,718
Balances with other banks	6	3,556,215	8,196,147
Lendings to financial institutions	7	—	—
Investments	8	616,231,172	449,611,987
Advances	9	477,673,022	395,416,055
Fixed assets	10	20,179,222	21,232,750
Intangible assets	11	1,188,985	1,158,857
Deferred tax assets	12	5,161,697	1,597,334
Other assets	13	45,906,052	42,021,813
		1,259,328,610	992,886,661
Liabilities			
Bills payable	14	10,235,374	12,629,996
Borrowings	15	123,563,761	84,163,669
Deposits and other accounts	16	1,015,162,254	790,982,287
Liabilities against assets subject to finance lease		—	—
Subordinated debts	17	12,000,000	12,000,000
Deferred tax liabilities		—	—
Other liabilities	18	42,326,358	38,429,434
		1,203,287,747	938,205,386
Net Assets			
		56,040,863	54,681,275
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		32,832,051	25,701,665
Surplus on revaluation of assets - net of tax	20	1,987,976	7,670,955
Unappropriated profit		8,618,234	8,706,053
		56,040,863	54,681,275

Contingencies and Commitments

21

The annexed notes 1 to 48 and Annexure I and II form an integral part of these consolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Mark-up / return / interest earned	23	77,569,443	79,118,320
Mark-up / return / interest expensed	24	45,139,897	48,842,539
Net mark-up / interest income		32,429,546	30,275,781
Non mark-up / interest income			
Fee and commission income	25	4,785,268	3,991,285
Dividend income		421,964	273,524
Foreign exchange income		3,123,524	2,673,493
Income / (loss) from derivatives		–	–
Gain on securities	26	814,724	2,555,400
Other income	27	402,118	349,438
Total non-markup / interest income		9,547,598	9,843,140
Total income		41,977,144	40,118,921
Non mark-up / interest expenses			
Operating expenses	28	21,017,376	20,217,974
Workers' welfare fund	29	213,484	42,982
Other charges	30	90,139	48,149
Total non-markup / interest expenses		21,320,999	20,309,105
Profit before provisions		20,656,145	19,809,816
Provisions and write offs - net	31	4,983,944	1,974,747
Extraordinary / unusual items		–	–
Profit before taxation		15,672,201	17,835,069
Taxation	32	(5,956,468)	(6,978,072)
Profit after taxation		9,715,733	10,856,997
Attributable to:			
Equity holders of the Bank		9,715,733	10,846,333
Non-controlling interest		–	10,664
		9,715,733	10,856,997
Rupees			
Basic and diluted earnings per share	33	7.71	8.61

The annexed notes 1 to 48 and Annexure I and II form an integral part of these consolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Profit after taxation for the year		9,715,733	10,856,997
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		264,837	9,514
Movement in (deficit) / surplus on revaluation of investments - net of tax	20	(5,021,633)	1,592,442
		(4,756,796)	1,601,956
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit plan - net of tax		12,770	(47,457)
Movement in surplus on revaluation of operating fixed assets	20.1	–	1,529,292
Movement in surplus on revaluation of non-banking assets	20.2	168,662	299,944
		181,432	1,781,779
Total comprehensive income		5,140,369	14,240,732
Attributable to:			
Equity holders of the Bank		5,140,369	14,230,068
Non-controlling interest		–	10,664
		5,140,369	14,240,732

The annexed notes 1 to 48 and Annexure I and II form an integral part of these consolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Investments	Surplus / (deficit) on revaluation of Fixed / non-banking assets	un-appropriated profit / (loss)	Sub total	Non-controlling interest	Total
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
Total comprehensive income for the year ended December 31, 2020											
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	10,846,333	10,846,333	10,664	10,856,997
Other comprehensive income	-	9,514	-	-	-	1,592,442	1,829,236	(47,457)	3,383,735	-	3,383,735
Transfer to:											
Statutory reserve	-	-	-	2,171,399	-	-	-	(2,171,399)	-	-	-
General reserve	-	-	-	-	4,111,863	-	-	(4,111,863)	-	-	-
	-	-	-	2,171,399	4,111,863	-	-	(6,283,262)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(76,802)	78,576	1,774	-	1,774
Transaction with owners, recorded directly in equity											
Final dividend 2019: Rs. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)	-	(1,890,390)
Acquisition of further interest in subsidiary	-	-	-	-	-	-	-	-	-	(59,210)	(59,210)
Balance as at January 1, 2021	12,602,602	284,683	234,669	12,270,126	12,912,187	83,804	7,587,151	8,706,053	54,681,275	-	54,681,275
Total comprehensive income for the year ended December 31, 2021											
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	9,715,733	9,715,733	-	9,715,733
Other comprehensive income	-	264,837	-	-	-	(5,021,633)	168,662	12,770	(4,575,364)	-	(4,575,364)
Transfer to:											
Statutory reserve	-	-	-	1,940,277	-	-	-	(1,940,277)	-	-	-
General reserve	-	-	-	-	4,925,272	-	-	(4,925,272)	-	-	-
	-	-	-	1,940,277	4,925,272	-	-	(6,865,549)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(830,008)	830,008	-	-	-
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 December 31, 2021	12,602,602	549,520	234,669	14,210,403	17,837,459	(4,937,829)	6,925,805	8,618,234	56,040,863	-	56,040,863

The annexed notes 1 to 48 and Annexure I and II form an integral part of these consolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
Cash flow from operating activities			
Profit before taxation		15,672,201	17,835,069
Less: dividend income		(421,964)	(273,524)
		15,250,237	17,561,545
Adjustments:			
Depreciation		969,838	1,103,181
Amortization		181,321	227,421
Depreciation on ROU assets		1,342,713	1,498,351
Markup expense on lease liability against ROU assets		894,286	891,977
Termination of lease contracts under IFRS - 16 Leases		250	81
Charge for defined benefit plans		396,977	469,441
Provisions and write offs - net	31	5,094,323	2,087,955
Gain on sale of fixed assets		(20,501)	(23,768)
		8,859,207	6,254,639
		24,109,444	23,816,184
(Increase) / decrease in operating assets			
Lendings to financial institutions		–	14,075,190
Held for trading securities		193	57,065
Advances		(86,039,133)	(23,288,035)
Other assets (excluding advance taxation)		(4,454,168)	(2,390,498)
		(90,493,108)	(11,546,278)
Increase / (decrease) in operating liabilities			
Bills payable		(2,394,622)	(3,138,951)
Borrowings		39,400,092	32,975,988
Deposits		224,179,967	111,735,975
Other liabilities (excluding current taxation)		4,213,141	142,737
		265,398,578	141,715,749
		199,014,914	153,985,655
Payment made to defined benefit plan / compensated absences		(383,645)	(55,324)
Income tax paid		(6,435,428)	(6,589,507)
Net cash flow generated from operating activities		192,195,841	147,340,824
Cash flow from investing activities			
Net investments in available for sale securities		(149,515,019)	(122,124,862)
Net investments in held to maturity securities		(25,559,592)	(18,087,759)
Acquisition on non-controlling interest in subsidiary		–	(50,830)
Dividend received		428,108	268,063
Investments in operating fixed assets		(745,017)	(1,017,039)
Investments in intangible assets		(261,995)	(555,800)
Proceeds from sale of fixed assets		32,809	33,025
Effect of translation of net investment in foreign branch		264,837	9,514
Net cash flow used in investing activities		(175,355,869)	(141,525,688)
Cash flow from financing activities			
Receipts of subordinated debts - net		–	2,008,000
Payments against lease liabilities		(1,965,692)	(1,549,511)
Dividends paid		(3,733,683)	(1,871,397)
Net cash flow used in financing activities		(5,699,375)	(1,412,908)
Increase in cash and cash equivalents		11,140,597	4,402,228
Cash and cash equivalents at beginning of the year	34	81,847,871	77,445,643
Cash and cash equivalents at end of the year	34	92,988,468	81,847,871

The annexed notes 1 to 48 and Annexure I and II form an integral part of these consolidated financial statements.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 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 (2020: 71.91) percent shares of the Group as on December 31, 2021. The ultimate parent of the Group is Fauji Foundation. The Bank has 560 branches (2020: 537 branches); 559 in Pakistan and Azad Jammu and Kashmir including 101 (2020: 95) Islamic Banking branches and 56 (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 Group 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 PRESENTATION

These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Group from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure - II to unconsolidated financial statements.

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no.10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through SRO 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 financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.

IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide SRO 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through SRO 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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

There are certain new and amended standards, interpretations and amendments that have become applicable to the Group for accounting periods beginning on or after January 1, 2021. These are considered either not relevant or not to have any significant impact on the Group's consolidated financial statements.

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

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

		Effective date (periods ending on or after)
IAS 1	Presentation of Financial Statements	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 37	Provisions, Contingent Liabilities	January 1, 2022
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 28	Investments in Associates and Joint Ventures (Amendments)	Not yet finalized
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations	January 1, 2022
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized
IFRS 16	Leases (Amendments)	January 1, 2022

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and final implementation guidelines are awaited. Accordingly, the impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

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Except for the implementation of IFRS 9 in Pakistan, The Bank expects that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

IFRS 9, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed.

The ECL approach has an impact on all assets of the Group which are exposed to credit risk.

There are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered either not relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.6)
- ii) provision against investments (note 4.6), advances (note 4.7) and fixed assets (note 4.8)
- iii) valuation of available for sale securities (note 4.6)
- iv) impairment of available for sale and held to maturity securities (note 4.6.2 and 4.18)
- v) useful life of property and equipment, intangible assets and revaluation of land (note 4.8) and non-banking assets acquired in satisfaction of claims (note 4.19)
- vi) staff retirement benefits (note 4.14)
- vii) taxation (note 4.17)
- viii) IFRS 16 - Leases (note 4.10)
- ix) Fair value of derivatives (note 4.23)

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Group during the current year.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary company, ASL with 100% holding (2020: 74%) collectively referred to as "the Group".

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary company have been accounted for as per the requirements of IFRS 10 - Consolidated Financial Statement and has been consolidated on a line by line addition basis.

Material intra-group balances and transactions have been eliminated.

Non-controlling interests are part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Group. Non-controlling interests are presented as separate item in the consolidated financial statements.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

4.4 Lendings (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

4.5 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Group sells Sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

4.6 Investments

Investments are classified as follows:

Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

Available for sale

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

Held to maturity

These represent securities acquired with the intention and ability to hold them upto maturity.

4.6.1 Initial measurement

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Group commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

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4.6.2 Subsequent measurement

Held for trading

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

Available for sale

In accordance with the requirements of various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income (OCI)" and is shown in the shareholders' equity in the consolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Held to maturity

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

4.7 Advances

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

4.7.1 Finance lease receivables

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

4.7.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 - Ijarah (IFAS - 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under

Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

The Group values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as the agent of the Group for subsequent sale.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Group and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharakah (DM) is a form of co-ownership in which Group and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Group until the title to such tangible asset is completely transferred to the customer.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharakah based financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

4.8 Fixed assets and depreciation

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

Property and equipment

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the consolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Group or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which

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economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation / amortization

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 10.2 and 11.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization is charged for the full month of purchase / acquisition / availability for use of an asset while no depreciation / amortization is charged in the month of disposal of an asset. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

4.9 Assets held for sale

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

4.10 IFRS 16 - Leases

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Group's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease term. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related ROU asset after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The Finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

4.11 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

4.12 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Group generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

4.13 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

4.14 Staff retirement benefits

Defined benefit plan

The Bank and ASL operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method". Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence.

Certain actuarial assumptions have been adopted as disclosed in note 36 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

Defined contribution plan

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made by ASL and the employees at the rate of 10% of basic salary of the employee.

Compensated absences

The Bank and ASL provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to consolidated profit and loss account. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

4.15 Foreign currencies

Foreign currency transactions

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date.

Forward transactions in foreign currencies and foreign bills purchased are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in consolidated profit and loss account currently.

Foreign operation

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of consolidated statement of financial position. The results of foreign operations are translated at the average rate of exchange for the year.

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Translation gains and losses

Translation gains and losses are included in consolidated profit and loss account, except those arising on translation of the Group's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in consolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.16 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on time proportionate except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Group's right to receive the income is established.

Gains or losses on sale of investments are recognized in consolidated profit and loss account.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharakah and Diminishing Musharakah financing are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognized on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognized on a time proportionate basis.

4.17 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates

for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Prior years

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

4.18 Impairment

Available for sale

The Group determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price in case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

Non-financial assets

The carrying amount of the Group's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

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4.20 Other provisions

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.

4.21 Off-setting

Financial assets and financial liabilities are only set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.22 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statement associated with them.

4.23 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

4.24 Appropriations subsequent to date of consolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

4.25 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

4.26 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.27 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

4.27.1 Business segment

Branch banking

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

Corporate banking

Corporate banking includes project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

Treasury

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lendings and borrowings from counterparties.

Consumer banking

Consumer banking segment provides both secured and unsecured loans to retail customers.

Islamic banking

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

Foreign operations

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

Head office / others

This consists of banking operations not performed by any of above segments.

4.27.2 Geographical segments

The Group operates in two geographic regions; Pakistan and the Middle East.

4.28 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for on consolidated statement of financial position both as assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		21,150,705	17,290,446
Foreign currencies		4,059,596	4,030,731
		25,210,301	21,321,177
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	46,087,959	37,199,449
Foreign currency current account	5.1	4,898,891	4,513,312
Foreign currency deposit account	5.2	9,278,909	7,501,569
		60,265,759	49,214,330
With National Bank of Pakistan in:			
Local currency current accounts		3,833,104	2,260,681
Prize Bonds		123,081	855,530
		89,432,245	73,651,718

5.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

5.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of Nil (2020: Nil).

Rupees in '000	Note	2021	2020
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		552,186	703,753
In deposit accounts		4,310	3,612
		556,496	707,365
Outside Pakistan			
In current accounts		1,425,930	1,971,347
In deposit accounts	6.1	1,573,797	5,517,441
		2,999,727	7,488,788
Provision held against balances with other banks		(8)	(6)
		3,556,215	8,196,147

6.1 These represent placements with international correspondent banks, carrying interest rates upto 0.08% (2020: upto 0.45%) per annum.

Rupees in '000	2021	2020
7. LENDINGS TO FINANCIAL INSTITUTIONS		
Purchase under resale arrangement of equity securities	148,606	148,606
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	—	—

8. INVESTMENTS

Rupees in '000	2021				2020			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:								
Held for trading securities								
Fully paid ordinary shares	–	–	–	–	–	–	–	–
Units of open end mutual funds	–	–	–	–	193	–	–	193
	–	–	–	–	193	–	–	193
Available for sale securities								
Federal Government Securities	482,298,535	(50,489)	(8,400,351)	473,847,695	335,378,424	(31,877)	(525,781)	334,820,766
Shares	4,874,699	(432,993)	87,745	4,529,451	4,710,140	(158,232)	291,562	4,843,470
Units of open end mutual funds	1,510,609	(140,558)	140,194	1,510,245	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares	27,314	(11,914)	651	16,051	27,314	(11,914)	46,545	61,945
Non Government Debt Securities	13,316,295	(1,386,785)	62,687	11,992,197	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities	530,691	(3,965)	5,469	532,195	482,547	(5,203)	18,534	495,878
	502,558,143	(2,026,704)	(8,103,605)	492,427,834	353,052,335	(1,770,488)	120,288	351,402,135
Held to maturity securities								
Federal Government Securities	120,213,557	(136,355)	–	120,077,202	95,034,902	(116,957)	–	94,917,945
Non Government Debt Securities	110,000	(110,000)	–	–	110,000	(110,000)	–	–
Foreign securities	3,757,721	(31,585)	–	3,726,136	3,376,784	(85,070)	–	3,291,714
	124,081,278	(277,940)	–	123,803,338	98,521,686	(312,027)	–	98,209,659
Total investments	626,639,421	(2,304,644)	(8,103,605)	616,231,172	451,574,214	(2,082,515)	120,288	449,611,987

Rupees in '000	2021				2020			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:								
Federal Government Securities								
Market Treasury Bills	237,198,334	–	(290,335)	236,907,999	122,065,700	–	320,229	122,385,929
Pakistan Investment Bonds	320,877,899	–	(7,718,161)	313,159,738	282,938,195	–	(831,857)	282,106,338
Euro Bonds	10,925,079	(129,560)	(16,614)	10,778,905	6,748,006	(115,622)	27,446	6,659,830
GOP Bai Muajjal	4,215,092	–	–	4,215,092	5,246,146	–	–	5,246,146
Ijarah Sukuks	29,295,688	(57,284)	(375,241)	28,863,163	13,415,279	(33,212)	(41,599)	13,340,468
	602,512,092	(186,844)	(8,400,351)	593,924,897	430,413,326	(148,834)	(525,781)	429,738,711
Shares								
Listed companies	4,514,514	(427,313)	56,617	4,143,818	4,354,460	(152,552)	291,562	4,493,470
Unlisted companies	360,185	(5,680)	31,128	385,633	355,680	(5,680)	–	350,000
	4,874,699	(432,993)	87,745	4,529,451	4,710,140	(158,232)	291,562	4,843,470
Units of open end mutual funds	1,510,609	(140,558)	140,194	1,510,245	1,405,229	(140,558)	171,942	1,436,613
Fully paid preference shares	27,314	(11,914)	651	16,051	27,314	(11,914)	46,545	61,945
Non Government Debt Securities								
Listed	1,641,790	(216,790)	(41,556)	1,383,444	2,136,636	(221,636)	107,325	2,022,325
Unlisted	11,784,505	(1,279,995)	104,243	10,608,753	9,022,238	(1,311,068)	10,161	7,721,331
	13,426,295	(1,496,785)	62,687	11,992,197	11,158,874	(1,532,704)	117,486	9,743,656
Foreign Securities								
Government securities	4,288,412	(35,550)	5,469	4,258,331	3,859,331	(90,273)	18,534	3,787,592
Total investments	626,639,421	(2,304,644)	(8,103,605)	616,231,172	451,574,214	(2,082,515)	120,288	449,611,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000 2021 2020

8.2.1 Investments given as collateral

The market value of investment given as collateral is as follows

Market Treasury Bills	9,967,040	13,715,612
Pakistan Investment Bonds	31,984,000	7,005,600
Euro Bonds	7,386,911	6,442,504
Bahrain International Bonds	—	501,081
Turkish Euro Bonds	596,977	—
Turkish Sukuks	—	973,391
Ijarah Sukuks	4,372,827	5,069,713
Shares	161,829	191,168
	54,469,584	33,899,069

8.3 Provision for diminution in value of investments

8.3.1 Opening balance

	2,082,515	3,554,891
Exchange adjustments	21,836	5,614
Charge / (reversals)		
Charge for the year	277,764	491,171
(Reversal) / charge for the year under IFRS 9 related to WBB	(38,547)	41,248
Reversals for the year	(35,919)	(66,558)
	203,298	465,861
Reversal on disposals	(3,005)	(1,943,851)
Closing balance	2,304,644	2,082,515

8.3.2 Particulars of provision against debt securities

Rupees in '000	2021		2020	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,496,785	1,496,785	1,532,704	1,532,704

8.3.3 In addition to the above, Group's Bahrain branch holds general provision of Rs. 222,394 thousand (December 31, 2020: Rs. 239,107 thousand) against investments in accordance with ECL requirement of IFRS 9.

8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

Rupees in '000	2021		2020	
	Cost		Cost	
Federal Government Securities - Government guaranteed				
Market Treasury Bills	237,198,334		122,065,700	
Pakistan Investment Bonds	217,100,181		204,536,354	
Euro Bonds	3,642,731		1,712,032	
Ijarah Sukuks	24,357,289		7,064,338	
	482,298,535		335,378,424	
Shares				
Listed				
Commercial banks	790,902		795,604	
Chemicals	414,475		455,887	
Fertilizer	131,051		143,172	
Cement	412,499		363,261	
Power generation and distribution	598,158		598,158	
Leasing companies	26,560		26,560	
Paper and board	72,800		55,806	
Engineering	83,430		198,585	
Insurance	46,948		26,080	
Oil and gas marketing companies	668,391		651,804	
Oil and gas exploration	187,054		235,135	
Textile composite	243,307		153,685	
Pharmaceuticals	153,693		46,251	
Real estate investment trust	572,761		586,472	
Technology and communication	–		18,000	
Transport	23,664		–	
Refinery	88,821		–	
	4,514,514		4,354,460	
Rupees in '000	2021		2020	
	Cost	Breakup value	Cost	Breakup value
Unlisted				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	312,700	50,000	230,850
Pakistan Mortgage Refinance Company Limited	300,000	527,700	300,000	486,300
ISE REIT Management Company Limited	4,505	50,902	–	–
	360,185	891,302	355,680	717,150

Breakup value has been calculated on the basis of latest available financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	2021	2020
	Cost	
Units of Open end mutual funds		
Listed		
National Investment Trust Limited		
National Investment (Unit) Trust Fund	500,000	500,000
Islamic Equity Fund	50,000	50,000
Asset Allocation Fund	100,000	100,000
Islamic Money Market Fund	100,000	—
Askari Asset Allocation Fund	100,846	100,846
Askari High Yield Scheme	479,137	173,565
Askari Sovereign Yield Enhancer Fund	100,000	100,000
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	37,509	337,509
Pak Oman Islamic Asset Allocation Fund	42,705	42,705
Pak Oman Advantage Islamic Income Fund	412	411
Others	—	193
	1,510,609	1,405,229
Fully Paid Preference Shares		
Listed		
Commercial Banks	2,214	2,214
Textile	25,100	25,100
	27,314	27,314
Non Government Debt Securities		
Listed		
AAA	750,000	750,000
AA+, AA, AA-	500,000	890,000
A+, A, A-	175,000	275,000
Unrated	216,790	221,636
	1,641,790	2,136,636
Unlisted		
AAA	8,798,860	6,385,384
AA+, AA, AA-	600,650	600,750
A+, A, A-	1,105,000	725,000
Unrated	1,169,995	1,201,104
	11,674,505	8,912,238

Rupees in '000	2021		2020	
	Cost	Rating	Cost	Rating
Foreign Securities				
Government of Bahrain securities	530,691	B+	482,547	B+

Rupees in '000	2021		2020	
	Cost		Cost	

8.5 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	103,777,717	78,401,841
Government of Pakistan Euro Bonds	7,282,348	5,035,974
Ijarah Sukuks	4,938,400	6,350,941
GOP Bai Muajjal	4,215,092	5,246,146
	120,213,557	95,034,902
Non Government Debt Securities		
Unlisted		
CCC and below	110,000	110,000

Rupees in '000	2021		2020	
	Cost	Rating	Cost	Rating
Foreign Securities				
Turkish Sukuk	1,059,422	BB-	961,594	BB-
Turkish Euro Bonds	1,374,564	BB-	1,218,628	BB-
Srilanka Euro Bond	1,323,735	CCC+	1,196,562	CCC+
	3,757,721		3,376,784	

8.5.1 Market value of held to maturity securities other than classified investments as at December 31, 2021 is Rs. 122,430,448 thousand (2020: Rs. 104,630,207 thousand).

8.6 Investments include Government securities which are held by the Group to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

9. ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2021	2020	2021	2020	2021	2020
Loans, cash credits, running finances, etc.	9.1	383,805,556	309,830,976	25,413,635	24,338,648	409,219,191	334,169,624
Islamic financing and related assets- note 2 of Annexure II		69,979,661	62,691,358	2,885,460	2,684,267	72,865,121	65,375,625
Bills discounted and purchased		22,950,694	20,603,372	2,866,232	1,713,484	25,816,926	22,316,856
Advances - gross		476,735,911	393,125,706	31,165,327	28,736,399	507,901,238	421,862,105
Provision against advances							
- Specific		–	–	(28,518,930)	(24,842,078)	(28,518,930)	(24,842,078)
- General		(1,709,286)	(1,603,972)	–	–	(1,709,286)	(1,603,972)
		(1,709,286)	(1,603,972)	(28,518,930)	(24,842,078)	(30,228,216)	(26,446,050)
Advances - net of provision		475,026,625	391,521,734	2,646,397	3,894,321	477,673,022	395,416,055

9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2021				2020			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,453,266	2,644,563	–	5,097,829	2,505,400	2,218,605	7,189	4,731,194
Residual value	855,053	1,356,416	–	2,211,469	1,007,459	1,336,479	28,736	2,372,674
Minimum lease payments	3,308,319	4,000,979	–	7,309,298	3,512,859	3,555,084	35,925	7,103,868
Financial charges for future periods	(299,942)	(315,781)	–	(615,723)	(254,200)	(230,039)	(60)	(484,299)
Present value of minimum lease payments	3,008,377	3,685,198	–	6,693,575	3,258,659	3,325,045	35,865	6,619,569

Rupees in '000	2021	2020
9.2 Particulars of advances (Gross)		
In local currency	465,288,344	398,281,325
In foreign currencies	42,612,894	23,580,780
	507,901,238	421,862,105

9.3 Advances include Rs. 31,165,327 thousand (2020: Rs. 28,736,399 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	Category of classification	2021		2020	
		Non performing loans	Provision	Non performing loans	Provision
	Domestic				
	Other Assets Especially Mentioned	140,824	445	1,406,324	–
	Substandard	1,576,529	308,449	480,927	63,119
	Doubtful	1,223,288	570,556	1,956,085	766,400
	Loss	28,012,320	27,616,118	24,567,474	23,991,404
		30,952,961	28,495,568	28,410,810	24,820,923
	Overseas				
	Not past due but Impaired	212,366	23,362	–	–
	Overdue by 181 to 365 days	–	–	325,589	21,155
		212,366	23,362	325,589	21,155
		31,165,327	28,518,930	28,736,399	24,842,078

9.4 Particulars of provision against advances

Rupees in '000	Note	2021				2020			
		Specific	General (note 45.1)	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		24,842,078	887,946	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustments		2,207	15,826	–	18,033	(299)	9,586	–	9,287
Charge for the year		6,382,786	76,663	93,912	6,553,361	2,249,576	421,751	122,415	2,793,742
Provision under IFRS 9 related to WBB		–	(5,555)	–	(5,555)	21,454	(105,360)	–	(83,906)
Reversal for the year		(2,597,059)	(854)	(74,678)	(2,672,591)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
		3,785,727	70,254	19,234	3,875,215	1,260,976	294,215	73,279	1,628,470
Amounts written off	9.5	(55,851)	–	–	(55,851)	(748,426)	–	–	(748,426)
Amounts charged off- agriculture financing	9.7	(55,231)	–	–	(55,231)	(78,229)	–	–	(78,229)
Closing balance		28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050

9.4.1 Particulars of provision against advances

Rupees in '000	2021				2020			
	Specific	General (note 45.1)	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	28,099,282	807,679	735,260	29,642,221	24,461,435	731,882	716,026	25,909,343
In foreign currencies	419,648	166,347	–	585,995	380,643	156,064	–	536,707
	28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050

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9.4.2 The net FSV benefit already availed has been reduced by Rs. 220,594 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 220,594 thousand (2020: higher by Rs. 66,326 thousand) and Rs. 134,563 thousand (2020: Rs. 40,459 thousand) respectively. Further, at December 31, 2021, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 320,002 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.

9.5 Particulars of write-offs

This represents write off against provision amounting to Rs. 55,851 thousand related to domestic advances (2020: Rs. 748,426 thousand).

Rupees in '000	2021	2020
9.5.1 Against Provisions	55,851	748,426
Directly charged to Profit & Loss account	—	—
	55,851	748,426
Write offs of Rs. 500,000 and above		
- Domestic	55,642	748,426
- Overseas	—	—
Write offs of below Rs. 500,000	209	—
	55,851	748,426

9.6 Details of loans written off - Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2021 is given in Annexure - I.

9.7 Amounts charged off - Agriculture financing

This represents agriculture loans charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R - 11 of Prudential Regulations for Agriculture Financing.

Rupees in '000	Note	2021	2020
10. FIXED ASSETS			
Capital work-in-progress	10.1	111,038	164,343
Property and equipment	10.2	13,613,907	13,666,587
Right of use asset - IFRS 16	10.4	6,454,277	7,401,820
		20,179,222	21,232,750

10.1 This represents civil works in progress during the year.

10.2 Property and equipment

2021										
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
As at January 1, 2021										
Cost / Revalued Amount	3,737,140	5,815,489	1,228,823	996,238	3,936,670	1,663,906	3,592,039	3,063,566	183,582	24,217,453
Accumulated Depreciation	–	–	481,313	479,254	3,350,547	831,787	2,619,928	2,654,218	133,819	10,550,866
Net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
Year ended December 31, 2021										
Opening net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
Additions	–	–	–	–	159,567	140,268	218,671	232,704	47,112	798,322
Transfers from non banking assets	137,350	–	1,449	–	–	–	–	–	–	138,799
Disposals	–	–	–	–	(579)	(5,216)	(3,959)	(165)	(2,379)	(12,298)
Depreciation charge	–	–	(36,567)	(25,303)	(257,291)	(151,012)	(312,009)	(168,759)	(18,897)	(969,838)
Other adjustments / transfers	–	–	–	(7,945)	(142)	360	(2,040)	2,103	–	(7,664)
Closing net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,231	75,599	13,613,907
As at December 31, 2021										
Cost / Revalued Amount	3,874,490	5,815,489	1,230,272	989,962	2,766,078	1,774,926	3,758,220	3,148,685	208,806	23,566,927
Accumulated Depreciation	–	–	517,880	506,226	2,278,400	958,407	2,885,446	2,673,454	133,207	9,953,020
Net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,231	75,599	13,613,907
Rate of depreciation (percentage)	–	–	5	5	20	10-20	10-20	20	20	
2020										
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
As at January 1, 2020										
Cost / Revalued Amount	3,226,062	4,797,275	1,228,823	995,261	3,757,084	1,472,000	3,425,162	3,048,429	220,603	22,170,700
Accumulated Depreciation	–	–	442,905	450,697	3,076,798	775,792	2,359,732	2,623,238	173,510	9,902,672
Net book value	3,226,062	4,797,275	785,918	544,564	680,286	696,208	1,065,430	425,191	47,093	12,268,028
Year ended December 31, 2020										
Opening net book value	3,226,062	4,797,275	785,918	544,564	680,286	696,208	1,065,430	425,191	47,093	12,268,028
Additions	–	–	–	–	228,169	278,580	278,394	171,239	23,045	979,427
Movement in surplus on assets revalued during the year	511,078	1,018,214	–	–	–	–	–	–	–	1,529,292
Disposals	–	–	–	–	(3,335)	(4,562)	(1,197)	(163)	–	(9,257)
Depreciation charge	–	–	(38,408)	(27,580)	(318,997)	(140,903)	(370,526)	(186,392)	(20,375)	(1,103,181)
Other adjustments / transfers	–	–	–	–	–	2,796	10	(528)	–	2,278
Closing net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
As at December 31, 2020										
Cost / Revalued Amount	3,737,140	5,815,489	1,228,823	996,238	3,936,670	1,663,906	3,592,039	3,063,566	183,582	24,217,453
Accumulated Depreciation	–	–	481,313	479,254	3,350,547	831,787	2,619,928	2,654,218	133,819	10,550,866
Net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
Rate of depreciation (percentage)	–	–	5	5	20	10-20	10-20	20	20	
	Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
Rupees in '000										
10.2.1 Cost of fully depreciated property and equipment still in use of the Group										
2021	–	–	–	–	1,628,503	413,174	1,771,917	2,279,605	101,687	6,194,886
2020	–	–	–	–	2,224,980	367,583	1,371,822	2,080,043	80,721	6,125,149

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10.3 Disposal of assets to related parties:

Particular of assets	Cost	Book Value	Sale Proceed	Mode Disposal	Particular of Purchaser
Rupees in '000					
Vehicle	2,970	1,287	1,287	As per Group's Policy	Mr. Abid Sattar - Ex - President & CE
Machine and equipment	1,727	1,106	1,106	-do-	Mr. Abid Sattar - Ex - President & CE
Computer equipment	149	62	62	-do-	Mr. Abid Sattar - Ex - President & CE
Furniture, fixtures and office equipment	185	-	-	-do-	Mr. Khurram Mughal - Key Management Personnel
Vehicle	1,720	-	1,975	-do-	Mr. Shahid Alam Siddiqui - Key Management Personnel
Furniture, fixtures and office equipment	33	29	29	-do-	Mr. Pervez Shahbaz Khan - Ex - Key Management Personnel
Machine and equipment	197	170	170	-do-	Mr. Pervez Shahbaz Khan - Ex - Key Management Personnel
Vehicle	1,907	1,123	1,123	-do-	Mr. Muhammad Irfan - Ex - CEO of ASL
Rupees in '000					
				2021	2020

10.4 Right of use assets

Opening balance	7,401,820	7,316,960
Additions	499,359	1,597,508
Depreciation	(1,342,713)	(1,498,351)
Other adjustments (including termination)	(104,189)	(14,297)
Closing balance	6,454,277	7,401,820

10.5 Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2020. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value, which resulted in increase of Rs. 1,529,292 thousand. The total surplus against revaluation of freehold and leasehold land as at December 31, 2021 amounts to Rs. 5,205,916 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2021 would have been Rs. 4,484,063 thousand (2020: Rs. 4,408,450 thousand).

Rupees in '000	Note	2021	2020
11. INTANGIBLE ASSETS			
Software	11.1	949,243	778,480
Pakistan Mercantile Exchange - Membership Card		2,500	2,500
Trading Right Entitlement Certificates		12,426	12,426
Less: Provision against intangibles		(11,151)	(4,660)
		953,018	788,746
Capital work in progress		235,967	370,111
		1,188,985	1,158,857

11.1 Software

As at January 1,

Cost	2,658,212	2,329,806
Accumulated amortization	1,879,732	1,645,655
Net book value	778,480	684,151

Year ended December 31,

Opening net book value	778,480	684,151
Additions		
- directly purchased	396,139	321,660
Charged off	(44,292)	-
Amortization charge	(181,321)	(227,421)
Other adjustments / transfers	237	90
Closing net book value	949,243	778,480

Rupees in '000	2021	2020
As at December 31,		
Cost	2,425,825	2,658,212
Accumulated amortization	1,476,582	1,879,732
Net book value	949,243	778,480
Rate of amortization (percentage)	10-20	10-20
Useful life	5-10 years	5-10 years

11.1.1 Cost of fully amortized intangible assets still in use of the Group amounts to Rs. 1,073,017 thousand (2020: Rs. 310,125 thousand).

Rupees in '000	2021			
	At January 1, 2021	Recognized in P&L A/C	Recognized in OCI	At December 31, 2021
12. DEFERRED TAX ASSETS				
Deductible Temporary Differences on				
- Post retirement employee benefits	34,162	–	(9,499)	24,663
- Accelerated tax depreciation	31,649	69,472	–	101,121
- Deficit on revaluation of investments	(36,484)	–	3,202,260	3,165,776
- Provision against advances	1,568,007	302,130	–	1,870,137
	1,597,334	371,602	3,192,761	5,161,697

Rupees in '000	2020			
	At January 1, 2020	Recognized in P&L A/C	Recognized in OCI	At December 31, 2020
Deductible Temporary Differences on				
- Post retirement employee benefits	9,971	–	24,191	34,162
- Accelerated tax depreciation	(36,254)	67,903	–	31,649
- Impact under IFRS 9 related to WBB	3,934	–	(3,934)	–
- Provision against advances	1,568,007	–	–	1,568,007
	1,545,658	67,903	20,257	1,633,818
- Impact under IFRS 9 related to WBB	117,937	–	(117,937)	–
	1,663,595	67,903	(97,680)	1,633,818
Taxable Temporary Differences on				
- Surplus on revaluation of investments	826,157	–	(862,641)	(36,484)
	2,489,752	67,903	(960,321)	1,597,334

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Rupees in '000	Note	2021	2020
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	18,861,858	17,403,537
Income / mark-up accrued in foreign currencies		694,389	558,371
Advances, deposits, advance rent and other prepayments		547,562	580,679
Advance taxation (payments less provisions)		6,226,607	6,101,241
Non banking assets acquired in satisfaction of claims	13.3	1,446,968	2,426,242
Due from State Bank of Pakistan		667,793	–
Mark to market gain on forward foreign exchange contracts - net		341,824	–
Stationery and stamps in hand		74,065	99,829
Dividend receivable	13.2	1,221	7,365
Acceptances		14,601,271	11,829,891
Switch fee receivable		359,687	–
Others		538,764	781,464
		44,362,009	39,788,619
Less: Provision held against other assets	13.4	(175,846)	(209,778)
Other assets - net of provision		44,186,163	39,578,841
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,719,889	2,442,972
Other assets - total		45,906,052	42,021,813

13.1 This balance is net of interest in suspense amounting to Rs. 10,474,504 thousand (2020: Rs. 10,139,320 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2020: Rs. 81,020 thousand).

Rupees in '000	2021	2020
13.3 Market value of Non-banking assets acquired in satisfaction of claims	3,166,857	4,869,214

The Group's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2021. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus arisen against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2021 amounts to Rs 1,719,889 thousand.

Rupees in '000	2021	2020
13.3.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	4,869,214	4,775,172
Additions	–	24,764
Revaluation	168,662	299,944
Disposals	(1,704,907)	(656,376)
Transfers to freehold land and building	(138,799)	–
Adjustments	(1,721)	476,948
Depreciation	(25,592)	(51,238)
Closing balance	3,166,857	4,869,214
13.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	1,722,458	668,878
Less - carrying Value	(1,704,907)	(656,376)
Gain	17,551	12,502
13.4 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	4,838	4,838
Stationery and stamps in hand	–	2,285
Others	171,008	202,655
	175,846	209,778
13.4.1 Movement in provision held against other assets		
Opening balance	209,778	238,089
Charge for the year	416	314
Reversals for the year	(34,348)	(637)
	(33,932)	(323)
Reversal on disposal	–	(15,952)
Amount written off	–	(12,036)
Closing balance	175,846	209,778
14 BILLS PAYABLE		
In Pakistan	10,235,374	12,629,996

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FOR THE YEAR ENDED DECEMBER 31, 2021

Rupees in '000	Note	2021	2020
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1.1	20,497,570	16,903,776
Long term financing facility	15.1.2	9,725,125	8,499,073
Financing facility for storage of agricultural produce	15.1.3	73,853	76,399
Renewable energy financing facility	15.1.4	3,672,929	579,231
Credit guarantee scheme for women entrepreneurs		606	1,568
Payment of wages and salaries	15.1.5	7,485,233	12,583,566
Temporary economic relief	15.1.6	5,506,824	—
Modernisation of SME		10,743	—
Combating COVID-19	15.1.7	279,357	—
		47,252,240	38,643,613
Repurchase agreement borrowings			
State Bank of Pakistan	15.1.8	32,000,000	7,000,000
Financial institutions	15.1.9	18,910,076	23,042,628
		50,910,076	30,042,628
Refinance from Pakistan Mortgage Refinance Company	15.1.10	2,372,387	1,923,886
Total secured		100,534,703	70,610,127
Unsecured			
Call borrowings	15.1.11	21,713,480	10,276,937
Financial institutions		970,824	3,276,605
Overdrawn nostro accounts		344,754	—
Total unsecured		23,029,058	13,553,542
		123,563,761	84,163,669

15.1.1 This facility is secured against demand promissory note executed in favor of the SBP. The effective mark-up rate is 1% to 2% (2020: 1% to 2%) per annum payable on a quarterly basis.

15.1.2 This facility is secured against demand promissory note executed in favor of the SBP. The effective mark-up rate is 0.5% to 8.4% (2020: 2% to 8.4%) per annum payable on a quarterly basis.

15.1.3 These are secured against demand promissory note and carry mark-up of 2% (2020: 2%) per annum and have maturities up to May 2024.

15.1.4 These are secured against demand promissory note and carry mark-up of 2% to 3% (2020: 2% to 3%) per annum and have maturities up to October 2033.

15.1.5 These are secured against demand promissory note and carry mark-up of up to 2% (2020: 0.4% to 2%) per annum and have maturities up to April 2023.

15.1.6 These are secured against demand promissory note and carry mark-up of 1% per annum payable on quarterly basis and have maturities up to October 2031.

15.1.7 These are secured against demand promissory note and carry NIL mark-up and have maturities up to March 2026.

15.1.8 These are secured against collateral of Government Securities and carry mark-up of 9.91% to 9.96% (2020: 7.05%) per annum and have maturities up to 6 months (2020: 3 month). The market value of securities given as collateral is given in note 8.2.1.

15.1.9 These are secured against collateral of Government Securities and carry markup of 0.88% to 10.65% (2020: 1.23% to 7%) per annum and have maturities up to 3 months (2020: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.1.10 This is secured against mortgage finance portfolio of the Group and carry mark-up of 6% to 8.5% (2020: 8.57% to 10.71%) per annum and has maturity up to 2031 (2020: up to 2023).

15.1.11 These carry mark-up rate of 1.15% to 10.25% (2020: 0.8% to 7.50%) per annum and having maturity up to 1 month (2020: up to 5 months).

Rupees in '000	2021	2020
15.2 Particulars of borrowings with respect to currencies		
In local currency	102,888,997	68,940,191
In foreign currencies	20,674,764	15,223,478
	123,563,761	84,163,669

16. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	282,967,438	24,864,069	307,831,507	228,444,308	21,780,570	250,224,878
Savings deposits	447,108,954	50,866,257	497,975,211	388,092,120	48,085,995	436,178,115
Fixed deposits	183,802,414	18,794,731	202,597,145	90,069,109	7,058,608	97,127,717
	913,878,806	94,525,057	1,008,403,863	706,605,537	76,925,173	783,530,710
Financial Institutions						
Current accounts	1,228,216	62,980	1,291,196	976,401	54,187	1,030,588
Savings deposits	1,885,486	–	1,885,486	1,250,989	–	1,250,989
Fixed deposits	3,581,709	–	3,581,709	5,170,000	–	5,170,000
	6,695,411	62,980	6,758,391	7,397,390	54,187	7,451,577
	920,574,217	94,588,037	1,015,162,254	714,002,927	76,979,360	790,982,287

Rupees in '000	2021	2020
16.1 Composition of deposits		
- Individuals	336,699,027	295,671,457
- Government (Federal and Provincial)	326,650,675	257,514,945
- Public Sector Entities	86,068,562	63,778,517
- Banking Companies	448	102
- Non-Banking Financial Institutions	7,025,757	7,656,072
- Private Sector	258,717,785	166,361,194
	1,015,162,254	790,982,287

16.2 Total deposits include eligible deposits of Rs. 404,645,277 thousand (2020: Rs. 359,362,370 thousand), to be covered under the Deposit protection Insurance arrangement, as required by the Deposit Protection Corporation (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

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Rupees in '000	2021	2020
17. SUBORDINATED DEBTS		
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

- 17.1** The Group has raised unsecured subordinated 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 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 Group'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 Group'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 Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
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 Group'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 Group 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 Group'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.

Rupees in '000	Note	2021	2020
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		4,528,899	3,793,829
Mark-up / return / interest payable in foreign currencies		275,197	217,522
Unearned commission and income on bills discounted		2,293,929	1,726,572
Accrued expenses	18.1	2,960,239	2,275,359
Advance payments		396,609	349,092
Acceptances		14,601,271	11,829,891
Dividend payable		204,537	157,439
Mark to market loss on forward foreign exchange contracts		—	228,034
Branch adjustment account		361,638	753,774
Payable to defined benefit plan		282,866	313,295
Provision for employees' compensated absences		703,222	681,402
Security deposit against lease / Ijarah financing		4,395,134	4,169,841
Levies and taxes payable		353,223	381,105
Workers' Welfare Fund		428,583	215,099
Switch fee payable		—	665,449
Provision against off-balance sheet obligations	18.2	1,143,768	100,356
Lease liability against ROU assets as per IFRS - 16 Leases		7,393,878	8,223,995
Islamic pool management reserve		51,630	—
Others		1,951,735	2,347,380
		42,326,358	38,429,434

18.1 This includes provision against severance cost and related charges amounting to Rs. 1,246,395 thousand (2020: Rs. 750,000 thousand).

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Rupees in '000	2021	2020
18.2 Provision against off-balance sheet obligations		
Opening balance	100,356	101,154
Exchange adjustment	163	49
Charge for the year	1,043,249	—
Reversal for the year	—	(847)
Net charge	1,043,249	(847)
Closing balance	1,143,768	100,356

19. SHARE CAPITAL

19.1 Authorized capital

2021	2020		2021	2020
Number of shares			Rupees in '000	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

19.2 Issued, subscribed and paid up capital

2021	2020		2021	2020
Number of shares		Ordinary shares of Rs. 10 each:	Rupees in '000	
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978
28,273,315	28,273,315	Issued on Askari Leasing Limited merger	282,733	282,733
1,260,260,180	1,260,260,180		12,602,602	12,602,602

Number of shares	2021	2020
19.3 Composition of shares held by the Fauji Consortium is as follows:		
Fauji Foundation	90,629,884	90,629,884
Fauji Fertilizer Company Limited	543,768,024	543,768,024
Fauji Fertilizer Bin Qasim Limited	271,884,009	271,884,009
	906,281,917	906,281,917

Rupees in '000	Note	2021	2020
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	(8,103,605)	120,288
- Fixed assets	20.1	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	20.2	1,719,889	2,442,971
		(1,177,800)	7,707,439
Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities		3,165,776	(36,484)
		1,987,976	7,670,955

Rupees in '000		Note	2021	2020
20.1	Surplus on revaluation of fixed assets			
	Surplus on revaluation of fixed assets as at January, 1		5,144,180	3,614,888
	Recognized during the year		–	1,529,292
	Surplus on non-banking assets transferred to owned property		61,736	–
	Surplus on revaluation of fixed assets as at December, 31		5,205,916	5,144,180
20.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January, 1		2,442,971	2,219,829
	Recognized during the year		168,662	299,944
	Realized on disposal during the year		(830,008)	(72,135)
	Transfer of surplus on non-banking assets to owned property		(61,736)	–
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		–	(14,240)
	Adjustment during the year		–	9,573
	Surplus on revaluation as at December, 31		1,719,889	2,442,971
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	274,886,748	220,222,941
	- Commitments	21.2	396,110,413	373,621,429
	- Other contingent liabilities	21.3	1,095,098	1,151,583
			672,092,259	594,995,953
21.1	Guarantees			
	Financial guarantees		6,015,847	9,952,617
	Performance guarantees		155,588,123	138,751,395
	Other guarantees		113,282,778	71,518,929
			274,886,748	220,222,941
21.2	Commitments			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		190,672,407	159,457,683
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	201,560,195	209,279,794
	- non government securities transactions	21.2.2	3,639,700	4,625,000
	Commitments for acquisition of:			
	- operating fixed assets		31,295	34,298
	- intangible assets		100,444	38,678
	Commitments in respect of future contract transactions of equity securities		106,372	185,976
			396,110,413	373,621,429
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		117,506,977	118,889,979
	Sale		84,053,218	90,389,815
			201,560,195	209,279,794
	The above commitments have maturities falling within one year.			
21.2.2	Commitments in respect of non government securities transactions			
	Purchase		3,639,700	4,625,000

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Rupees in '000	2021	2020
21.3 Other contingent liabilities		
21.3.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favor and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements	1,095,098	1,151,583

21.3.2 ASL has pledged/hypothecated Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) at a notional value of Rs. 2.5 million and 3,034,603 shares of ISE Towers REIT Management Co. Ltd aggregating to Rs. 35.63 million against the Base Minimum Capital (BMC) requirement of Rs. 27.25 million as of year end.

21.4 Tax related contingencies are disclosed in note 32.2 to these consolidated financial statements.

22 DERIVATIVE INSTRUMENTS

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

22.1 Forward exchange contracts

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

FECs is a contract between the obligor and the Group in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favorably, the Group will lose money, and obligor will benefit from that movement because the Group must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Group manages its exposure by hedging forward position in inter-bank foreign exchange.

22.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Group uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Group either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Group, based on prevailing SBP Regulations.

The Risk Management Group monitors the Group's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations. The accounting policies used to recognize and disclose derivatives are given in note 4.23.

Rupees in '000	Note	2021	2020
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		32,688,171	38,976,281
Investments		44,316,288	39,438,002
Lendings to financial institutions		111,572	223,621
Balances with banks		9,378	85,804
Securities purchased under resale agreements		444,034	394,612
		77,569,443	79,118,320
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		36,927,485	40,633,248
Borrowings		3,953,230	3,915,115
Subordinated debts		1,069,673	1,619,010
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,295,223	1,783,189
Interest expense on lease liability against ROU assets		894,286	891,977
		45,139,897	48,842,539
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		672,049	510,681
Consumer finance related fees		112,553	109,946
Card related fees (debit and credit cards)		1,168,379	1,000,077
Credit related fees		240,649	206,644
Investment banking fees		171,588	221,218
Commission on trade		919,680	687,066
Commission on guarantees		910,277	676,367
Commission on remittances including home remittances		247,018	262,892
Commission on Bancassurance		105,325	92,887
Others		237,750	223,507
		4,785,268	3,991,285
26. GAIN ON SECURITIES			
Realized	26.1	814,724	2,555,400
26.1 Realized gain on:			
Federal Government Securities		647,146	2,104,861
Shares		164,578	439,526
Non Government Debt Securities		3,000	11,013
		814,724	2,555,400

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Rupees in '000	Note	2021	2020
27. OTHER INCOME			
Rent on property		23	22
Gain on sale of fixed assets		20,501	23,768
Rent of lockers		50,572	46,279
Gain on sale of non-banking assets	27.1	17,551	12,502
Recovery of expenses from customers		313,721	252,213
Government Grant - foreign branch		–	6,354
Loss termination of lease contracts under IFRS - 16 Leases		(250)	(81)
Gain on acquisition of non controlling interest in subsidiary		–	8,381
		402,118	349,438

27.1 Gain on sale of non-banking assets

	2021				
Name of buyer	Cost	Revalued amount	Cash received	Gain on sale	Mode of disposal
	Rupees '000				
M/s S.H. Haq Noor & Co.	252,250	300,000	315,000	15,000	Buy-back
Mr. Abid Ali	15,190	23,449	26,000	2,551	Tender
M/s DHA Islamabad	608,900	1,381,458	1,381,458	–	Tender
	876,340	1,704,907	1,722,458	17,551	

	2020				
Name of buyer	Cost	Revalued amount	Cash received	Gain on sale	Mode of disposal
	Rupees '000				
M/s Synergy Paper & Board Mills (Private) Limited	387,952	413,447	413,452	5	Buy-back
Mr. Muhammad Idrees	140,500	147,500	147,500	–	Tender
M/s Al Rehmat Traders	55,789	95,429	107,926	12,497	Buy-back
	584,241	656,376	668,878	12,502	

Rupees in '000	Note	2021	2020
28. OPERATING EXPENSES			
Total compensation expenses	28.1	11,810,712	11,623,029
Property expense			
Rent and taxes		125,222	110,080
Insurance		87,074	105,180
Utilities cost		710,562	695,782
Security (including guards)		515,542	525,707
Repair & maintenance		281,484	270,670
Depreciation on ROU assets		1,342,713	1,498,351
Depreciation		318,708	383,658
		3,381,305	3,589,428
Information technology expense			
Software maintenance		436,397	334,099
Hardware maintenance		47,020	59,947
Depreciation		167,305	185,944
Amortization		181,321	227,421
Network charges		240,815	221,163
		1,072,858	1,028,574
Other operating expenses			
Directors' fees, allowances		68,513	25,656
Fees and allowances to Shariah Board		7,453	5,823
Rates, taxes, insurance etc.		201,209	205,866
Legal and professional charges		480,657	92,496
Brokerage and commission		111,557	94,541
NIFT clearing charges		77,642	74,157
Repair and maintenance		304,916	305,785
Communications		530,849	550,085
Stationery and printing		270,819	285,923
Marketing, advertisement and publicity		127,701	148,803
Donations	28.2	390,527	112,390
Auditors' remuneration	28.3	31,934	29,609
Travelling, conveyance and entertainment		223,225	235,773
Depreciation		483,825	533,579
Security service charges		315,547	256,601
Training and development		6,572	21,828
Premium paid to Deposit Protection Corporation		574,980	463,138
Outsourced service cost	28.4	32,324	–
Other expenditure		512,251	534,889
		4,752,501	3,976,942
		21,017,376	20,217,974

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Rupees in '000	Note	2021	2020
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,662,046	4,423,732
ii) Variable			
- Cash bonus / awards etc.		1,333,157	1,241,441
		5,995,203	5,665,173
Charge for defined benefit plans	28.1.1	396,977	469,441
Contribution to defined contribution plan	37	314,518	294,940
Rent and house maintenance		1,911,671	1,801,560
Utilities		416,679	392,731
Medical		676,067	633,741
Conveyance		1,443,311	1,263,303
Other staff cost	28.1.2	656,286	1,102,140
		11,810,712	11,623,029

28.1.1 This includes charge for defined benefit plan and compensated absences.

28.1.2 This mainly includes staff incentives, allowances, health coverage and provision for severance etc.

28.2 This represents:

Group's contribution amounting to Rs. 376,223 thousand (2020: Rs. 109,000 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation;

Cost of vehicle and laptop amounting to Rs. 7,004 thousand (2020: Rs. 3,390 thousand) donated to DC Office Gawadar; and

Contribution amounting to Rs. 7,300 thousand made to District Administration Gawadar for development of Model Village.

Rupees in '000	2021	2020
28.3 Auditors' remuneration		
Statutory auditors of the Bank		
Audit fee	4,500	4,100
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	7,735	7,560
Tax services	15,000	13,500
	27,235	25,160
Auditors of Wholesale Bank Branch, Bahrain		
Audit fee	3,581	3,186
	30,816	28,346
Statutory auditors of ASL		
Audit fee	600	550
Other assurance and non assurance services	463	663
Out of pocket expenses	55	50
	1,118	1,263
Total	31,934	29,609

28.4 This represents expenses relating to outsourced activities amounting to Rs. 32,324 thousand (2020: Nil) pertaining to the payment to companies incorporated in Pakistan.

Rupees in '000		Note	2021	2020
29. WORKERS' WELFARE FUND				
Opening balance			215,099	172,117
Charge for the year			213,484	42,982
Closing balance			428,583	215,099
30.	This represents penalties imposed by the State Bank of Pakistan.			
31. PROVISIONS AND WRITE OFFS - NET				
Provision for diminution in value of investments	8.3.1		203,298	465,861
Provision against loans and advances	9.4		3,875,215	1,628,470
Reversal of provision against other assets	13.4.1		(33,932)	(323)
Provision / (reversal) of provision against intangible assets			6,491	(5,206)
Provision / (reversal) against off-balance sheet obligations	18.2		1,043,249	(847)
Provision against cash and bank balances			2	–
Recovery of written off / charged off bad debts			(110,379)	(113,208)
			4,983,944	1,974,747
32. TAXATION				
Current			6,258,135	7,045,975
Prior Years			51,927	–
Deferred			(353,594)	(67,903)
			5,956,468	6,978,072
32.1 Relationship between tax expense and accounting profit				
Profit before taxation			15,672,201	17,835,069
Tax at applicable tax rate of 39 percent (2020: 39 percent)			6,112,149	6,955,677
Effect of:				
- Prior years			51,927	–
- Others			(207,608)	22,395
			5,956,468	6,978,072

32.2 Tax status

- i) The Bank has filed tax returns for and up to tax year 2021. The assessments for and up to tax year 2020 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs. 1,086 million, provision for diminution in the value of investments for Rs. 2,197 million, bad debts written off for Rs. 127.53 million, provision for substandard advances for Rs. 74.95 million, Provision against other assets/fixed assets for Rs. 109.43 million, disallowance of employee benefit expenses Rs. 330.87 Million and Other disallowances of expenses/credits for Rs. 180.08 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

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- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

	2021	2020
33. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	9,715,733	10,846,333
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	7.71	8.61

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

Rupees in '000	2021	2020
34. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	89,432,245	73,651,718
Balances with other banks	3,556,223	8,196,153
	92,988,468	81,847,871

	2021		
	Liabilities		
Rupees in '000	Subordinated loan	Lease liability	Dividend payable
34.1 Balances as at January 01, 2021	12,000,000	8,223,995	157,439
Changes from financing cash flows			
Payment of lease liability	—	(1,965,692)	—
Dividend paid	—	—	(3,733,683)
	—	(1,965,692)	(3,733,683)
Other changes			
Additions / renewals of leases	—	507,715	—
Interest expense on lease liability against ROU assets	—	894,286	—
Other adjustments (including termination)	—	(266,426)	—
Final cash dividend for the year ended December 31, 2020	—	—	3,780,781
	—	1,135,575	3,780,781
Balances as at December 31, 2021	12,000,000	7,393,878	204,537

Rupees in '000	2020		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
Balances as at January 01, 2020	9,992,000	7,358,016	138,446
Changes from financing cash flows			
Issuance of subordinated debt	6,000,000	–	–
Redemption of subordinated debt	(3,992,000)	–	–
Payment of lease liability	–	(1,549,511)	–
Dividend paid	–	–	(1,871,397)
	2,008,000	(1,549,511)	(1,871,397)
Other changes			
Additions / renewals of leases	–	1,597,508	–
Interest expense on lease liability against ROU assets	–	891,977	–
Other adjustments (including termination)	–	(73,995)	–
Final cash dividend for the year ended December 31, 2019	–	–	1,890,390
	–	2,415,490	1,890,390
	12,000,000	8,223,995	157,439

	2021	2020
	Number of employees	
35. STAFF STRENGTH		
Permanent	6,737	7,057
On Bank's contract	789	942
Total staff strength	7,526	7,999

Out of total employees, 6 (2020: 6) employees are working abroad.

Permanent employees include 48 (2020: 50) employees working for ASL as at December 31, 2021

In addition to the above, 163 domestic employees (2020: Nil) of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

36. DEFINED BENEFIT PLAN

36.1 General description

The Bank and ASL operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

36.2 The number of employees covered under the defined benefit scheme of the Bank are 6,658 employees (2020: 6,984 employees) and ASL are 16 employees (2020: 16 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2021 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

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	2021	2020
Discount rate - per annum	11.75%	9.75%
Expected rate of increase in salaries - per annum	11.25%	9.25%
Expected rate of return on plan assets - per annum	9.75%	13.00%
Duration	9 years	9 years
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

Rupees in '000	2021	2020
36.4 Reconciliation of payable to defined benefit plan:		
Present value of defined benefit obligation	3,678,851	3,347,076
Fair value of plan assets	(3,398,564)	(3,036,762)
Net liability	280,287	310,314

36.4.1 In addition, the net liability in respect of defined benefit plan of ASL is Rs. 2,579 thousand (2020: Rs. 2,984 thousand), expense for the year is Rs. 1,855 thousand (2020: Rs. 1,450 thousand) and effect of remeasurement loss recognized in statement of comprehensive income is Rs. 2,941 thousand (202 Rs. 2,531 thousand).

Rupees in '000	2021	2020
36.5 Movement in defined benefit obligations		
Obligation at beginning of the year	3,347,076	2,733,220
Current service cost	313,143	296,539
Past service cost	(23,627)	26,861
Interest cost	314,271	345,365
Re-measurement (gain) / loss	(10,500)	112,312
Benefits paid by the Bank	(247,575)	(153,137)
Benefits due but not paid	(13,937)	(14,084)
Obligation at end of the year	3,678,851	3,347,076
36.6 Movement in fair value of plan assets		
Fair value at beginning of the year	3,036,762	2,816,595
Interest income on plan assets	299,143	356,203
Actuarial gain on assets	13,857	43,196
Contributions by employer	310,314	—
Benefits paid	(247,575)	(165,148)
Benefits due but not paid	(13,937)	(14,084)
Fair value at end of the year	3,398,564	3,036,762
36.7 Movement in payable under defined benefit schemes		
Opening balance	310,314	(71,365)
Charge for the year	304,644	312,562
Contribution by the Bank	(310,314)	—
Re-measurement (gain) / loss recognized in OCI during the year - note 36.8.2	(24,357)	69,117
Closing balance	280,287	310,314

Rupees in '000	2021	2020
36.8 Charge for defined benefit plan		
36.8.1 Cost recognized in profit and loss		
Current service cost	313,143	296,539
Past service cost	(23,627)	26,861
Net interest cost on defined benefit liability	15,128	(10,838)
	304,644	312,562
36.8.2 Re-measurements recognized in OCI during the year		
(Gain) / loss on obligation		
- Experience adjustment	(23,223)	20,904
- Demographic assumptions	–	37,311
- Financial assumptions	12,723	54,098
	(10,500)	112,313
Actuarial gain on plan assets	(13,857)	(43,196)
Total re-measurements recognized in OCI	(24,357)	69,117
36.9 Components of plan assets		
Cash and cash equivalents	2,438,114	30,889
Government securities	260,000	2,477,000
Term Finance Certificates	176,000	156,000
Shares	87,566	92,801
Mutual funds	450,988	294,156
Payables	(14,104)	(14,084)
	3,398,564	3,036,762

In addition to above Rs. 17,562 thousand were kept in cash & cash equivalent (2020: Rs. 6,449 thousand in cash & cash equivalent and Rs. 11,470 thousand in equity) by ASL.

The fund of the Bank primarily invested in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.00%	3,384,995	(4,013,899)
Salary increase	1.00%	4,017,476	(3,376,584)
Mortality rate change	1 year	3,680,779	3,677,075

36.11 Expected charge for the next financial year is Rs. 344,120 thousand.

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36.12 Maturity profile

The average duration of defined benefit obligation is 9 years (2020: 9 years).

36.13 Funding Policy

The Bank and ASL carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

36.14 Significant risk associated with the staff retirement benefit scheme:

Longevity Risks	The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.
Salary Increase Risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Withdrawal Risk	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

37. DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 312,404 thousand (2020: Rs. 293,209 thousand) each. The fund covers 6,330 employees (2020: 6,092 employees).

ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made by ASL and the employees at the rate of 10% of basic salary of the employee. Contribution to the fund made by ASL and its employees during the year amounts to Rs. 2,114 thousand (2020: Rs. 1,731 thousand) each.

38. COMPENSATED ABSENCES

38.1 General description

The Bank and ASL grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2021 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2021 was Rs. 701,725 thousand (2020: Rs. 679,452 thousand). Expense for the year of Rs. 86,644 thousand (2020: Rs. 154,064 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2021	2020
Discount rate - per annum	11.75%	13.00%
Expected rate of increase in salaries - per annum	11.25%	9.25%
Leave accumulation factor - days	11	11

38.3 In addition, the net liability in respect of staff compensated absences of ASL is Rs. 1,497 thousand (2020: Rs. 1,950 thousand) and expense for the year is Rs. 3,834 thousand (2020: Rs. 1,365 thousand)

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

For the year ended December 31, 2021							
Items	Chairman	Non Executive Directors	Members Shariah Board	President & CE	Key Management Personnel	Other Material Risk Takers / Controllers	Total
Rupees in '000							
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	3,450	65,063	6,950	37,071	199,428	157,161	469,123
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	12,116	50,484	43,008	105,608
Charge for defined benefit plan	–	–	–	3,620	13,872	13,709	31,201
Contribution to defined contribution plan	–	–	–	2,837	12,482	10,998	26,317
Rent & house maintenance	–	–	–	11,779	78,475	63,216	153,470
Utilities	–	–	–	2,577	18,377	14,741	35,695
Medical	–	–	–	1,545	16,889	13,683	32,117
Conveyance	–	–	503	1,788	46,545	58,088	106,924
Others	–	–	–	38	28,845	12,711	41,594
Total	3,450	65,063	7,453	73,371	465,397	387,315	1,002,049
Number of Persons	1	11	4	1	33	48	98

For the year ended December 31, 2020							
Items	Chairman	Non Executive Directors	Members Shariah Board	President & CE	Key Management Personnel	Other Material Risk Takers / Controllers	Total
Rupees in '000							
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	875	24,781	5,400	24,962	177,194	147,632	380,844
ii) Total Variable of which	–	–	–	–	–	–	–
a) Cash Bonus / Awards	–	–	–	5,569	40,990	30,882	77,441
Charge for defined benefit plan	–	–	–	2,033	13,832	10,527	26,392
Contribution to defined contribution plan	–	–	–	1,872	10,945	10,425	23,242
Rent & house maintenance	–	–	–	10,113	67,883	61,531	139,527
Utilities	–	–	–	2,247	15,010	12,784	30,041
Medical	–	–	–	2,247	14,535	12,784	29,566
Conveyance	–	–	443	–	38,855	48,780	88,078
Others	–	–	–	120	27,912	13,038	41,070
Total	875	24,781	5,843	49,163	407,156	348,383	836,201
Number of Persons	1	15	3	1	30	53	103

The President & CE and certain executives of the Bank are provided with bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives of the Bank.

Total deferred bonus outstanding as at December 31, 2021 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers of the Bank amounts to Rs. 8,824 thousand (2020: Rs. 5,974 thousand).

The key management personnel includes the compensation to chief executive of ASL amounting to Rs. 5,796 thousand (2020: Rs. 3,832 thousand) and two executives amounting to Rs. 4,624 thousand (2020: Rs. 5,643 thousand).

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39.2 Remuneration paid to Directors of the Bank for participation in Board and Committee Meetings

		2021					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	3,450	–	–	–	–	3,450
2	Mr. Sarfaraz Ahmed Rehman	2,675	3,263	–	–	–	5,938
3	Dr. Nadeem Inayat	3,118	2,999	911	2,698	480	10,206
4	Syed Bakhtiyar Kazmi	2,100	–	–	2,100	–	4,200
5	Mr. Manzoor Ahmed	3,118	3,655	2,129	3,016	–	11,918
6	Mr. Muhammad Aftab Manzoor	2,518	–	–	3,857	1,969	8,344
7	Mrs. Zoya Mohsin Nathani	3,118	4,169	2,357	–	–	9,644
8	Mr. Raja Muhammad Abbas	2,819	–	–	1,572	1,703	6,094
9	Mr. Mushtaq Malik	3,118	–	2,291	–	972	6,381
10	Lt Gen Tariq Khan HI (M) Retd	1,475	–	–	–	–	1,475
11	Mr. Imran Moid	144	–	–	–	–	144
12	Mr. Rehan Laiq	288	–	–	431	–	719
Total amount paid		27,941	14,086	7,688	13,674	5,124	68,513

		2020					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	875	–	–	–	–	875
2	Lt Gen Syed Tariq Nadeem Gilani HI (M) Retd	125	–	–	–	–	125
3	Mr. Sarfaraz Ahmed Rehman	625	939	–	–	–	1,564
4	Dr. Nadeem Inayat	1,281	1,070	664	1,352	194	4,561
5	Mr. Imran Moid	156	–	–	–	–	156
6	Mr. Manzoor Ahmed	1,281	1,063	531	1,281	–	4,156
7	Mr. Mushtaq Malik	1,281	240	833	146	–	2,500
8	Mrs. Zoya Mohsin Nathani	906	1,156	969	–	–	3,031
9	Mr. Raja Muhammad Abbas	906	–	–	–	625	1,531
10	Mr. Muhammad Aftab Manzoor	906	–	–	1,219	656	2,781
11	Lt Gen Javed Iqbal HI (M) Retd	125	188	–	94	–	407
12	Lt Gen Tariq Khan HI (M) Retd	1,000	–	–	–	–	1,000
13	Mr. Rehan Laiq	812	–	–	750	–	1,562
14	Mr. Kamal A. Chinoy	250	–	–	–	–	250
15	Syed Ahmed Iqbal Ashraf	250	188	–	375	–	813
16	Brig Saleem Ahmed Moeen SI Retd	250	–	94	–	–	344
Total amount paid		11,029	4,844	3,091	5,217	1,475	25,656

39.3 Remuneration paid to Shariah Board Members

For the year ended December 31,						
	2021			2020		
Items	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
	Rupees in '000					
a. Meeting Fees and Allowances	–	–	–	–	–	–
b. Managerial Remuneration Fixed	2,110	2,110	2,730	1,800	1,800	1,800
c. Fuel	–	503	–	–	443	–
Total Amount	2,110	2,613	2,730	1,800	2,243	1,800
Total Number of Persons	1	1	2	1	1	1

40. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

40.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP and Reuters page.

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

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

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

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The following table provides the fair values of those of the Group financial assets and liabilities that are recognized or disclosed at fair value in these consolidated financial statements:

Rupees in '000	2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	473,847,695	4,382,885	469,464,810	–	473,847,695
Shares	4,179,451	4,143,818	35,633	–	4,179,451
Units of open end mutual funds	1,510,245	–	1,510,245	–	1,510,245
Fully paid preference shares	16,051	16,051	–	–	16,051
Non Government Debt Securities	11,992,197	–	11,992,197	–	11,992,197
Foreign securities	532,195	532,195	–	–	532,195
	492,077,834	9,074,949	483,002,885	–	492,077,834
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Federal Government Securities	120,077,202	12,393,260	106,453,893	–	118,847,153
Foreign Securities	3,726,136	3,583,295	–	–	3,583,295
Cash and balances with treasury banks	89,432,245	–	–	–	–
Balances with other banks	3,556,215	–	–	–	–
Advances	477,673,022	–	–	–	–
Other assets	35,895,799	–	–	–	–
	730,710,619	15,976,555	106,453,893	–	122,430,448
	1,222,788,453	25,051,504	589,456,778	–	614,508,282
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	117,506,977	–	736,508	–	736,508
Forward sale of foreign exchange	84,053,218	–	(394,684)	–	(394,684)

Rupees in '000	2020				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	334,820,766	–	334,820,766	–	334,820,766
Shares	4,493,470	4,437,365	56,105	–	4,493,470
Units of open end mutual funds	1,436,613	–	1,436,613	–	1,436,613
Fully paid preference shares	61,945	61,945	–	–	61,945
Non Government Debt Securities	9,743,656	–	9,743,656	–	9,743,656
Foreign securities	495,878	495,878	–	–	495,878
	351,052,328	4,995,188	346,057,140	–	351,052,328
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Federal Government Securities	94,917,945	11,683,143	89,787,937	–	101,471,080
Foreign Securities	3,291,714	3,159,127	–	–	3,159,127
Cash and balances with treasury banks	73,651,718	–	–	–	–
Balances with other banks	8,196,147	–	–	–	–
Advances	395,416,055	–	–	–	–
Other assets	30,377,973	–	–	–	–
	606,201,552	14,842,270	89,787,937	–	104,630,207
	957,253,880	19,837,458	435,845,077	–	455,682,535
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	118,889,979	–	(2,711,715)	–	(2,711,715)
Forward sale of foreign exchange	90,389,815	–	2,483,681	–	2,483,681

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

Rupees in '000	2021 Level 3	2020 Level 3
40.2 Non-financial assets carried at revalued amounts		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,689,979	9,552,629
Other assets		
Non-banking assets acquired in satisfaction of claims	3,166,857	4,869,214

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41. SEGMENT INFORMATION

41.1 Segment details with respect to Business Activities

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

Rupees in '000	2021							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(23,138,002)	12,779,676	36,485,550	2,642,225	3,716,576	1,417,147	(1,473,626)	32,429,546
Inter segment revenue - net	38,154,117	(9,502,656)	(31,276,976)	(1,379,999)	–	(87,839)	4,093,353	–
Non mark-up / return / interest income	1,930,845	2,659,780	3,696,806	488,405	454,406	16,512	300,844	9,547,598
Total income	16,946,960	5,936,800	8,905,380	1,750,631	4,170,982	1,345,820	2,920,571	41,977,144
Segment direct expenses	11,514,501	754,085	293,661	1,069,556	2,329,818	119,612	5,239,766	21,320,999
Inter segment expense allocation	1,051,525	868,139	10,229	164,265	–	–	(2,094,158)	–
Total expenses	12,566,026	1,622,224	303,890	1,233,821	2,329,818	119,612	3,145,608	21,320,999
(Reversal of provisions) / provisions	307,704	3,599,278	277,761	119,073	642,649	(42,539)	80,018	4,983,944
Profit / (loss) before tax	4,073,230	715,298	8,323,729	397,737	1,198,515	1,268,747	(305,055)	15,672,201
Statement of financial position								
Cash and bank balances	38,294,869	3,233,876	43,286,336	151,401	7,797,848	122,302	101,828	92,988,460
Investments	–	8,521,775	555,083,246	–	31,274,749	20,725,609	625,793	616,231,172
Advances - performing - net of provision	15,233,937	346,926,181	–	21,054,155	69,933,549	14,986,172	6,892,631	475,026,625
Advances - non-performing - net of provision	463,099	563,226	–	248,084	1,182,984	189,004	–	2,646,397
Others	538,831	19,513,936	8,897,467	541,821	5,537,167	436,039	36,970,695	72,435,956
Total assets	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,590,947	1,259,328,610
Borrowings	1,904,256	40,118,695	42,309,124	2,372,387	16,529,289	20,330,010	–	123,563,761
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	683,963,786	257,131,733	–	4,042	73,585,947	646,139	(169,393)	1,015,162,254
Net inter segment balances - net	(642,233,536)	61,032,726	564,466,433	18,886,136	11,291,769	12,386,371	(25,829,899)	–
Others	10,896,230	20,475,840	491,492	732,896	6,452,020	3,096,606	10,416,648	52,561,732
Total liabilities	54,530,736	378,758,994	607,267,049	21,995,461	107,859,025	36,459,126	(3,582,644)	1,203,287,747
Equity	–	–	–	–	7,867,272	–	48,173,591	56,040,863
Total equity and liabilities	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,590,947	1,259,328,610
Contingencies and commitments	5,956,056	446,725,804	204,173,657	16,278	13,885,398	6,859	1,328,207	672,092,259

Rupees in '000	2020							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
Profit and loss								
Net mark-up / return / profit	(26,656,103)	18,632,163	32,173,633	2,994,940	3,974,759	1,222,306	(2,065,917)	30,275,781
Inter segment revenue - net	39,566,158	(13,507,134)	(28,107,774)	(1,648,046)	–	(158,354)	3,855,150	–
Non mark-up / return / interest income	1,502,950	2,359,808	2,982,748	395,210	384,683	10,109	2,207,632	9,843,140
Total income	14,413,005	7,484,837	7,048,607	1,742,104	4,359,442	1,074,061	3,996,865	40,118,921
Segment direct expenses	11,233,312	800,115	315,756	954,513	2,157,676	113,515	4,734,218	20,309,105
Inter segment expense allocation	561,797	952,795	5,414	182,059	–	–	(1,702,065)	–
Total expenses	11,795,109	1,752,910	321,170	1,136,572	2,157,676	113,515	3,032,153	20,309,105
Provisions / (reversal of provisions)	(61,334)	473,360	491,171	232,521	438,931	(43,506)	443,604	1,974,747
Profit before tax	2,679,230	5,258,567	6,236,266	373,011	1,762,835	1,004,052	521,108	17,835,069
Statement of financial position								
Cash and bank balances	30,938,859	2,174,588	39,690,446	234,673	6,313,535	135,415	2,360,349	81,847,865
Investments	–	8,559,870	409,207,953	–	12,216,340	18,307,234	1,320,590	449,611,987
Advances - performing - net of provision	12,987,203	280,191,484	–	18,522,780	62,598,616	10,348,869	6,872,782	391,521,734
Advances - non-performing - net of provision	563,642	921,775	–	433,395	1,671,075	304,434	–	3,894,321
Others	1,806,853	15,698,490	7,491,899	528,352	5,754,115	280,853	34,450,192	66,010,754
Total assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	45,003,913	992,886,661
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	84,163,669
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	564,565,481	160,149,553	–	21,935	65,305,888	858,355	81,075	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	11,011,284	51,059,430
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	81,556,970	27,339,724	(643,570)	938,205,386
Equity	–	–	–	–	6,996,711	2,037,081	45,647,483	54,681,275
Total equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	45,003,913	992,886,661
Contingencies and commitments	4,929,608	368,782,235	198,781,152	–	11,741,980	9,352,213	1,408,765	594,995,953

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41.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2021		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	31,012,399	1,417,147	32,429,546
Inter segment revenue - net	87,839	(87,839)	—
Non mark-up / return / interest income	9,531,086	16,512	9,547,598
Total income	40,631,324	1,345,820	41,977,144
Segment direct expenses	21,201,387	119,612	21,320,999
Inter segment expense allocation	—	—	—
Total expenses	21,201,387	119,612	21,320,999
Provisions / (reversals)	5,026,483	(42,539)	4,983,944
Profit before tax	14,403,454	1,268,747	15,672,201
Statement of financial position			
Cash and bank balances	92,866,158	122,302	92,988,460
Investments	595,505,563	20,725,609	616,231,172
Advances - performing - net of provision	460,040,453	14,986,172	475,026,625
Advances - non-performing - net of provision	2,457,393	189,004	2,646,397
Others	71,999,917	436,039	72,435,956
Total Assets	1,222,869,484	36,459,126	1,259,328,610
Borrowings	103,233,751	20,330,010	123,563,761
Subordinated debts	12,000,000	—	12,000,000
Deposits and other accounts	1,014,516,115	646,139	1,015,162,254
Net inter segment balances - net	(12,386,371)	12,386,371	—
Others	49,465,126	3,096,606	52,561,732
Total liabilities	1,166,828,621	36,459,126	1,203,287,747
Equity	56,040,863	—	56,040,863
Total equity and liabilities	1,222,869,484	36,459,126	1,259,328,610
Contingencies and commitments	672,085,400	6,859	672,092,259

Rupees in '000	2020		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	29,053,475	1,222,306	30,275,781
Inter segment revenue - net	158,354	(158,354)	–
Non mark-up / return / interest income	9,833,031	10,109	9,843,140
Total income	39,044,860	1,074,061	40,118,921
Segment direct expenses	20,195,590	113,515	20,309,105
Inter segment expense allocation	–	–	–
Total expenses	20,195,590	113,515	20,309,105
Provisions	2,018,253	(43,506)	1,974,747
Profit before tax	16,831,017	1,004,052	17,835,069
Statement of financial position			
Cash and bank balances	81,712,450	135,415	81,847,865
Investments	431,304,753	18,307,234	449,611,987
Advances - performing - net of provision	381,172,865	10,348,869	391,521,734
Advances - non-performing - net of provision	3,589,887	304,434	3,894,321
Others	65,729,901	280,853	66,010,754
Total Assets	963,509,856	29,376,805	992,886,661
Borrowings	72,216,796	11,946,873	84,163,669
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	790,123,932	858,355	790,982,287
Net inter segment balances - net	(11,188,408)	11,188,408	–
Others	47,713,342	3,346,088	51,059,430
Total liabilities	910,865,662	27,339,724	938,205,386
Equity	52,644,194	2,037,081	54,681,275
Total equity and liabilities	963,509,856	29,376,805	992,886,661
Contingencies and commitments	585,643,740	9,352,213	594,995,953

42. TRUST ACTIVITIES

The Group acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the consolidated statement of financial position

43. 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 Group's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Group. The Group also has related party relationships with its directors, key management personnel 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.

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

Rupees in '000	2021				2020			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Investments								
Opening balance	-	-	-	800,478	-	-	-	1,019,311
Investment made during the year	-	-	-	-	-	-	-	461,454
Investment redeemed / disposed off during the year	-	-	-	(18,449)	-	-	-	(247,268)
Transfer in / (out) - net	-	-	-	(92,688)	-	-	-	(433,019)
Closing balance	-	-	-	689,341	-	-	-	800,478
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 year	85,548,230	438	237,240	12,098,633	121,938,314	59,315	125,382	9,941,779
Repaid during the year	(83,830,101)	(420)	(150,992)	(9,424,006)	(124,168,032)	(50,406)	(93,715)	(10,545,058)
Transfer in / (out) - net	-	(28,646)	(68,764)	3,081,041	-	(9)	27,644	667,845
Closing balance	4,523,915	43	441,248	10,521,710	2,805,786	28,671	423,764	4,766,042
Other Assets								
Interest / mark-up receivable	70,227	-	92,634	492,285	46,571	425	84,087	90,799
Advance rent	1,144	-	-	-	1,081	-	-	-
Borrowings								
Opening balance	-	-	-	1,923,886	-	-	-	1,972,026
Borrowings during the year	-	-	-	1,500,000	-	-	-	1,000,000
Settled during the year	-	-	-	(1,051,499)	-	-	-	(1,048,140)
Closing balance	-	-	-	2,372,387	-	-	-	1,923,886
Subordinated debt								
Opening balance	-	-	-	-	-	-	-	24,950
Issued during the year	-	-	-	-	-	-	-	-
Redemption during the year	-	-	-	-	-	-	-	(5)
Transfer in / (out) - net	-	-	-	-	-	-	-	(24,945)
Closing balance	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	8,018,104	19,379	186,617	17,017,129	4,678,222	64,239	117,562	19,941,993
Received during the year	768,812,177	84,099	1,971,951	404,528,295	584,157,308	211,929	1,095,412	286,741,848
Withdrawn during the year	(720,605,891)	(76,565)	(1,957,873)	(379,499,670)	(580,817,426)	(199,751)	(1,016,580)	(288,220,362)
Transfer in / (out) - net	-	(2,904)	10,564	242,803	-	(57,038)	(9,777)	(1,446,350)
Closing balance	56,224,390	24,009	211,259	42,288,557	8,018,104	19,379	186,617	17,017,129
Other Liabilities								
Interest / mark-up payable	87,473	-	3,413	136,012	19,363	-	1,809	72,941
Payable to staff retirement fund	-	-	-	282,866	-	-	-	313,295
Security deposits payable	-	-	-	308,299	-	-	287	296,198
Others	110,128	-	5,884	-	4,986	-	4,588	-
Contingencies and Commitments	1,233,702	-	42,122	7,649,153	1,313,613	-	-	3,951,782
Others								
Securities held as custodian	6,790,000	-	-	1,219,500	4,590,000	-	-	6,992,500
Securities given as collateral	-	-	-	188,963	-	-	-	-

Rupees in '000	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Income								
Mark-up / return / interest earned	216,765	532	17,578	691,037	209,445	4,353	20,126	536,474
Fee and commission earned	51	–	158	40,924	105	–	–	3,141
Dividend income	–	–	–	48,018	–	–	–	33,788
Gain on sale of fixed assets	–	–	1,975	–	–	–	–	–
Expense								
Mark-up / return / interest expensed	1,629,848	318	8,681	1,280,812	639,348	322	6,922	1,984,017
Charge to defined benefit plan	–	–	–	306,499	–	–	–	314,012
Contribution to defined contribution plan	–	–	–	314,518	–	–	–	294,940
Remuneration and allowances	–	–	682,955	7,453	–	–	604,684	5,823
Rent	1,807	–	–	–	12,519	–	–	–
Communications	–	–	–	56,671	–	–	–	33,002
Brokerage and Commission	–	–	–	48,949	–	–	–	13,958
Directors' Fee, Allowances	–	68,513	–	–	–	25,656	–	–
Dividend paid	2,718,846	9	225	42,350	1,359,423	4	113	11,745
Insurance	–	–	–	–	–	–	–	63,436
Donations	376,223	–	–	–	109,000	–	–	–
Others	–	–	–	–	–	–	–	2,364

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 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

During the year ended December 31, 2021, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.3.

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Group's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Group to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group recognizes the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

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

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Rupees in '000	2021	2020
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	51,760,746	44,953,711
Eligible Additional Tier 1 (ADT 1) Capital	5,886,339	5,928,538
Total Eligible Tier 1 Capital	57,647,085	50,882,249
Eligible Tier 2 Capital	8,526,893	13,137,795
Total Eligible Capital (Tier 1 + Tier 2)	66,173,978	64,020,044
Risk Weighted Assets (RWAs):		
Credit Risk	397,474,330	325,175,823
Market Risk	28,800,513	31,566,562
Operational Risk	67,104,701	56,484,088
Total	493,379,544	413,226,473
Common Equity Tier 1 Capital Adequacy ratio	10.49%	10.88%
Tier 1 Capital Adequacy Ratio	11.68%	12.31%
Total Capital Adequacy Ratio	13.41%	15.49%

As of December 2021, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2021	2020
Leverage Ratio (LR):		
Eligible Tier-1 Capital	57,647,085	50,882,249
Total Exposures	1,749,233,676	1,420,206,406
Leverage Ratio	3.30%	3.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	459,883,554	345,807,337
Total Net Cash Outflow	250,932,186	201,510,814
Liquidity Coverage Ratio	183.27%	171.61%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	986,776,859	812,464,916
Total Required Stable Funding	512,679,784	442,061,686
Net Stable Funding Ratio	192.47%	183.79%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through Group's website <http://akbl.com.pk>.

45. RISK MANAGEMENT

The Group believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Group's overall objectives through a well thought out strategy, which enables the Group to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Group's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Group. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Group continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Group has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Group's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

45.1 Credit Risk:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The Group takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of counter parties.

The Group has built and maintains a sound loan portfolio in line with a well defined Risk Management Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 38% of the total asset base and is also the largest source of credit risk for the Group. The Group's advances portfolio is well diversified across various business segments, industries and geographical locations.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective risk management. Accordingly, portfolio monitoring function is in place at the Group with dedicated resources to ensure that risk is not only minimized but is optimized from a risk / return perspective.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as the Group's policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Group. Scope of Pre-Approval Risk Assessment has been enhanced, covering the entire Corporate, Commercial and SME portfolios along with consumer and Agri Finance and Credit is approved under the 4 eye principal with equal ownership from both Business and Risk Management Groups. Audit and inspection division reviews the advances portfolio on a post approval basis.

The Group has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio in respective segments and transition & migration matrices to study the realized default rates and performance of the risk rating models over the years. Based on a validation / back-testing exercise, a Probability of Default has been introduced for each obligor risk rating.

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The Group has implemented an Enterprise Risk Management solution and a Loan Origination System. These systems will not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

Due to deferment / restructuring & rescheduling relief allowed by SBP, the management in last year created a time bound general provision of 0.5% amounting to Rs. 374,851 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. Since the potential impact of COVID - 19 has still not been eradicated, the management on a prudent basis has maintained this general provision at the year end. This provision is in addition and incremental to the 0.10% general provision on all performing loans. At December 31, 2021 the Group is carrying a general provision amounting to Rs. 807,679 thousand in respect of potential loan losses which are not specifically identified.

IFRS 9 is applicable to the overseas branch of the Group and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Group has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information and recognized provision of Rs. 44,128 thousand against investments.

Credit risk - General disclosures

The Group follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Group selects particular ECAIs for each type of exposure. The Group utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
Corporates	✓	✓	✓	✓	✓	1-5
Banks	✓	✓	✓	✓	✓	1-5
Public sector enterprises	–	–	–	✓	✓	1-2

* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0, 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5, 6
6	CCC+ and	Caa1 and	CCC+ and	CCC+ and	CCC+ and	7

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
45.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Private	148,606	148,606	148,606	148,606	148,606	148,606

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	Gross investments		Non-performing investments		Provision held	
Rupees in '000	2021	2020	2021	2020	2021	2020
45.1.2 Investment in debt securities						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	–	140,000	–	–	–	–
Textile	280,643	311,716	280,643	311,716	280,643	311,716
Chemical and Pharmaceuticals	1,279,352	999,352	999,352	999,352	999,352	999,352
Power and energy	7,300,860	7,135,420	–	–	–	–
Telecommunication	216,790	221,636	216,790	221,636	216,790	221,636
Financial	606,860,741	432,764,076	–	–	–	–
Others	4,288,413	3,859,331	–	–	–	–
	620,226,799	445,431,531	1,496,785	1,532,704	1,496,785	1,532,704
Credit risk by public / private sector						
Public/ Government	602,512,092	430,413,326	–	–	–	–
Private	17,714,707	15,018,205	1,496,785	1,532,704	1,496,785	1,532,704
	620,226,799	445,431,531	1,496,785	1,532,704	1,496,785	1,532,704

	Gross advances		Non-performing advances		Provision held	
Rupees in '000	2021	2020	2021	2020	2021	2020
45.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	7,041,920	14,730,025	393,723	432,214	200,630	135,091
Mining and Quarrying	7,935,720	6,836,020	–	–	–	–
Textile	64,650,892	51,348,259	9,573,196	10,377,789	9,462,490	10,217,822
Chemical and Pharmaceuticals	15,521,810	12,361,663	978,988	794,758	845,793	667,129
Cement	8,549,176	6,988,030	401	401	401	401
Sugar	14,988,981	12,804,088	18,203	–	9,102	–
Footwear and Leather garments	1,362,018	1,407,841	299,115	332,234	299,115	332,234
Automobile and transportation equipment	2,778,780	1,398,593	721,355	725,424	648,427	557,853
Electronics and electrical appliances	5,792,865	5,010,733	1,104,739	1,114,668	1,104,739	1,109,918
Food and allied	54,707,437	31,213,168	–	–	–	–
Construction	10,171,702	11,249,072	840,935	654,219	742,383	605,003
Power and energy	60,184,351	52,409,615	3,278,797	3,140,231	2,255,635	1,421,836
Oil and gas	42,835,417	30,471,251	2,199,598	16,303	2,124,778	16,303
Wholesale and Retail Trade	16,204,353	13,332,550	450,205	489,250	369,169	421,089
Transport, Storage and Communication	30,383,605	26,103,971	461,390	499,153	461,390	499,153
Financial	10,546,091	6,103,625	–	–	–	–
Insurance	189,162	130,155	–	–	–	–
Services	37,091,770	28,835,351	779,466	567,031	726,186	562,670
Individuals	37,608,626	33,989,548	2,569,558	2,662,811	2,257,470	2,185,396
Edible oil and ghee	5,510,139	4,723,727	1,668,682	1,681,161	1,623,118	1,200,857
Rice Processing (husking, semi- wholly milled etc.)	10,441,317	8,529,132	2,511,350	2,537,505	2,490,832	2,507,507
Metal and allied	21,765,266	12,886,482	767,907	399,464	702,305	399,464
Others	41,639,840	48,999,206	2,547,719	2,311,783	2,194,967	2,002,352
	507,901,238	421,862,105	31,165,327	28,736,399	28,518,930	24,842,078
Credit risk by public / private sector						
Public/ Government	156,455,831	129,318,506	–	–	–	–
Private	351,445,407	292,543,599	31,165,327	28,736,399	28,518,930	24,842,078
	507,901,238	421,862,105	31,165,327	28,736,399	28,518,930	24,842,078

Rupees in '000	2021	2020
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45.1.4 Contingencies and Commitments

Credit risk by industry sector

Agriculture, Forestry, Hunting and Fishing	188,897	731,121
Mining and Quarrying	5,800,004	7,482,958
Textile	18,491,294	15,734,314
Chemical and Pharmaceuticals	11,735,915	8,435,551
Cement	7,802,463	2,588,584
Sugar	689,143	460,722
Footwear and Leather garments	1,339,250	883,465
Automobile and transportation equipment	680,769	666,809
Electronics and electrical appliances	3,072,967	2,825,575
Real Estate & Construction	27,460,036	22,846,161
Research and development	1,001,757	4,912,644
Power and energy	19,248,478	20,261,159
Wholesale and Retail Trade	7,953,469	6,993,222
Oil and gas	14,750,166	13,467,069
Transport, Storage and Communication	14,063,139	10,418,442
Financial	378,591,274	329,970,714
Insurance	288,303	236,959
Food and allied	6,689,227	17,416,521
Services	8,743,852	14,530,287
Individuals	818,389	449,306
Engineering	60,469,083	36,958,247
Telecommunication	8,922,873	234,347
Metal and allied	10,569,058	11,240,607
Others	62,722,453	65,251,169
	672,092,259	594,995,953

Credit risk by public / private sector

Public / Government	225,305,142	202,630,602
Private	446,787,117	392,365,351
	672,092,259	594,995,953

45.1.5 Concentration of Advances

The Group's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 368,943,908 thousand (2020: Rs. 282,075,320 thousand) are as follows:

Rupees in '000	2021	2020
Funded	110,509,495	87,736,321
Non Funded	258,434,413	194,338,999
Total Exposure	368,943,908	282,075,320

The sanctioned limits against these top 10 exposures aggregated to Rs. 439,936,880 thousand (2020: Rs. 402,237,997 thousand).

The above does not include any classified exposure.

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45.1.6 Advances - Province / Region-wise disbursement and utilization

Province / Region	2021						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan	
Rupees in '000							
Punjab	670,454,107	657,410,763	7,183,401	200,901	25,694	5,622,571	10,777
Sindh	599,248,029	2,122,114	595,435,142	356,750	383,687	948,625	1,711
KPK including FATA	4,012,224	106,693	1,071	3,609,934	1,812	65,694	227,020
Baluchistan	522,060	6,500	4,775	-	510,785	-	-
Islamabad	86,087,636	8,028,458	544,361	4,387,950	29,844	72,867,316	229,707
AJK including Gilgit Baltistan	443,938	15,150	1,000	1,200	-	25,911	400,677
Total	1,360,767,994	667,689,678	603,169,750	8,556,735	951,822	79,530,117	869,892

Province / Region	2020						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan	
Rupees in '000							
Punjab	770,040,155	742,397,748	15,199,453	992,715	19,600	11,424,305	6,334
Sindh	584,211,974	15,330,594	566,303,118	33,507	274,730	2,266,083	3,942
KPK including FATA	5,328,076	173,254	37,788	4,939,300	500	126,721	50,513
Baluchistan	1,461,988	2,640	27,285	1,100	1,429,778	-	1,185
Islamabad	62,548,723	10,515,859	582,275	5,412,501	7,185	45,743,479	287,424
AJK including Gilgit Baltistan	441,730	28,778	8,200	5,382	-	55,318	344,052
Total	1,424,032,646	768,448,873	582,158,119	11,384,505	1,731,793	59,615,906	693,450

45.2 Market Risk:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Group is exposed to market risk from both its banking and trading books. Trading book for the Group includes all Held for Trading (HFT) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the Banking book.

The Group's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Group makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Group's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 2,304,041 thousand (2020: Rs. 2,478,060 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	89,432,245	–	89,432,245	73,651,718	–	73,651,718
Balances with other banks	3,556,215	–	3,556,215	8,196,147	–	8,196,147
Investments	516,223,197	100,007,975	616,231,172	335,266,947	114,345,040	449,611,987
Advances	477,673,022	–	477,673,022	395,416,055	–	395,416,055
Fixed assets	20,179,222	–	20,179,222	21,232,750	–	21,232,750
Intangible assets	1,188,985	–	1,188,985	1,158,857	–	1,158,857
Deferred tax assets	5,161,697	–	5,161,697	1,597,334	–	1,597,334
Other assets	45,906,052	–	45,906,052	42,021,813	–	42,021,813
	1,159,320,635	100,007,975	1,259,328,610	878,541,621	114,345,040	992,886,661

45.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Group's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Group's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Group's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Group's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2021			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	83,087,836	107,540,707	26,606,423	2,153,552
Pound Sterling	1,619,550	5,665,038	3,932,037	(113,451)
Euro	1,772,425	3,675,471	1,636,015	(267,031)
Other European currencies	183,399	–	(181,564)	1,835
Other currencies	863,444	2,069,471	1,460,847	254,820
	87,526,654	118,950,687	33,453,758	2,029,725

Rupees in '000	2020			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	64,905,509	86,127,444	22,235,297	1,013,362
Pound Sterling	1,140,446	5,123,400	3,963,115	(19,839)
Japanese Yen	–	–	–	–
Euro	1,882,281	3,222,945	1,637,176	296,512
Other European currencies	22,151	–	–	22,151
Other currencies	1,308,122	1,803,003	664,576	169,695
	69,258,509	96,276,792	28,500,164	1,481,881

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Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	–	337,227	–	282,293
- Other comprehensive income	–	–	–	–

45.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Group classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Group, i.e. to build strategic interest in other concerns. The Group may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2021 Group's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account (decrease)	–	(207,191)	–	(217,649)
- Other comprehensive income (increase)	–	207,191	–	217,649

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel III Specific

The Group's interest rate exposure arises out from its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Group's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Group monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the Grouping book from an earnings and economic value perspective.

Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12 months impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

Rupees in '000	2021		2020	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	422,962	(2,462,303)	195,700	(1,855,847)
- Other comprehensive income	(1,768,929)	—	(1,304,000)	—

45.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

2021												
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	89,432,245	9,278,909	-	-	-	-	-	-	-	-	80,153,336
Balances with other banks	0.14%	3,556,215	1,578,107	-	-	-	-	-	-	-	-	1,978,108
Investments	8.30%	616,231,172	85,030,667	138,199,283	133,716,127	50,658,621	69,157,563	46,763,978	39,159,440	44,510,380	2,979,368	6,055,745
Advances	7.41%	477,673,022	132,049,874	83,013,823	88,869,183	123,897,451	13,509,795	6,115,080	15,245,680	9,724,346	5,247,790	-
Other assets	-	35,528,043	-	-	-	-	-	-	-	-	-	35,528,043
		1,222,420,697	227,937,557	221,213,106	222,585,310	174,556,072	82,667,358	52,879,058	54,405,120	54,234,726	8,227,158	123,715,232
Liabilities												
Bills payable	-	10,235,374	-	-	-	-	-	-	-	-	-	10,235,374
Borrowings	6.23%	123,563,761	73,572,263	19,513,580	4,568,715	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632	624,111
Deposits and other accounts	4.18%	1,015,162,254	90,394,668	45,915,350	38,125,967	65,140,960	119,506,180	121,272,584	105,459,784	102,030,479	18,193,579	309,122,703
Subordinated loans	8.91%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities	-	30,675,470	-	-	-	-	-	-	-	-	-	30,675,470
		1,191,636,859	163,966,931	71,428,930	48,694,682	69,002,747	124,972,809	126,928,271	110,123,350	107,003,270	18,858,211	350,657,658
On-balance sheet gap		30,783,838	63,970,626	149,784,176	173,890,628	105,553,325	(42,305,451)	(74,049,213)	(55,718,230)	(52,768,544)	(10,631,053)	(226,942,426)
Off-balance sheet financial instruments												
Forward foreign exchange contracts purchase		117,506,976	45,929,502	28,653,368	41,713,292	1,210,814	-	-	-	-	-	-
Forward foreign exchange contracts sale		84,053,218	44,943,786	14,829,445	24,171,538	108,449	-	-	-	-	-	-
Off-balance sheet gap		33,453,758	985,716	13,823,923	17,541,754	1,102,365	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			64,956,342	163,608,099	191,432,382	106,655,690	(42,305,451)	(74,049,213)	(55,718,230)	(52,768,544)	(10,631,053)	(226,942,426)
Cumulative yield / interest risk sensitivity gap			64,956,342	228,564,441	419,996,823	526,652,513	484,347,062	410,297,849	354,579,619	301,811,075	291,180,022	64,237,596

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Mismatch of interest rate sensitive assets and liabilities

2020												
Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	73,651,718	7,501,569	-	-	-	-	-	-	-	-	66,150,149
Balances with other banks	0.76%	8,196,147	5,521,053	-	-	-	-	-	-	-	-	2,675,094
Investments	9.50%	449,611,987	15,622,941	58,751,580	120,070,417	61,770,426	40,920,325	33,955,440	54,255,063	54,943,986	2,979,781	6,342,028
Advances	9.59%	395,416,055	101,982,157	90,388,893	62,261,378	55,656,168	16,195,531	28,636,248	17,130,621	18,185,100	4,979,959	-
Other assets	-	29,799,164	-	-	-	-	-	-	-	-	-	29,799,164
		966,675,071	130,627,720	149,140,473	182,331,795	117,426,594	57,115,856	62,591,688	71,385,684	73,129,086	7,959,740	104,966,435
Liabilities												
Bills payable	-	12,629,996	-	-	-	-	-	-	-	-	-	12,629,996
Borrowings	5.28%	84,163,669	49,158,624	11,328,334	2,269,802	932,385	4,919,342	5,795,780	4,879,701	4,182,601	697,100	-
Deposits and other accounts	5.54%	790,982,287	44,578,348	27,748,891	14,970,025	32,540,359	104,645,578	102,345,766	110,588,032	87,746,675	14,563,147	251,255,466
Subordinated loans	10.67%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities	-	27,919,912	-	-	-	-	-	-	-	-	-	27,919,912
		927,695,864	93,736,972	45,077,225	23,239,827	33,472,744	109,564,920	108,141,546	115,467,733	91,929,276	15,260,247	291,805,374
On-balance sheet gap		28,979,208	36,890,748	104,063,248	159,091,968	83,953,850	(52,449,064)	(45,549,858)	(44,082,049)	(18,800,190)	(7,300,507)	(186,838,939)
Off-balance sheet financial instruments												
Forward foreign exchange contracts purchase		118,889,979	60,380,442	32,179,415	25,816,868	513,254	-	-	-	-	-	-
Forward foreign exchange contracts sale		90,389,815	36,356,969	35,031,116	18,963,099	38,631	-	-	-	-	-	-
Off-balance sheet gap		28,500,163	24,023,473	(2,851,701)	6,853,769	474,623	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			60,914,221	101,211,547	165,945,737	84,428,473	(52,449,064)	(45,549,858)	(44,082,049)	(18,800,190)	(7,300,507)	(186,838,938)
Cumulative yield / interest risk sensitivity gap			60,914,221	162,125,768	328,071,505	412,499,978	360,050,914	314,501,056	270,419,007	251,618,817	244,318,310	57,479,371

45.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

45.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

45.2.5.3 Assets do not include fixed assets of Rs. 20,179,222 thousand (2020: Rs. 21,232,750 thousand), intangible assets of Rs. 1,188,985 thousand (2020: Rs. 1,158,857 thousand), deferred tax asset or Rs. 5,161,697 thousand (2020: Rs. 1,597,334 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, Stationary & Stamp and Others of Rs. 10,378,009 thousand (2020: Rs. 12,222,649 thousand).

45.2.5.4 Liabilities do not include other liabilities consisting of advance payments, branch adjustment account, security deposit against lease, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 11,650,888 thousand (2020: Rs. 10,509,523 thousand).

45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Group is embedded within three lines of defense: Strategic, Macro and Micro.

Group already has in place an Operational Risk Management framework which is aligned with global best market practices. Group has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

45.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Group's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position ,liquidity ratios, depositors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits and liquidity contingency plans. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Group's overall funding and significant importance is attached to the stability and growth of these deposits.

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

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Group

		2021													
Rupees in '000	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	
Assets															
Cash and balances with treasury banks	89,432,245	26,829,674	894,322	-	-	-	-	-	-	-	15,427,062	15,427,062	15,427,062	15,427,063	
Balances with other banks	3,556,215	640,119	324,682	2,489	231,865	116,644	1,194,888	597,444	298,722	149,362	-	-	-	-	
Investments	616,231,172	168,509	632,724	40,782,499	30,266,403	77,056,480	38,574,039	29,107,444	24,490,391	26,221,525	115,219,086	58,814,670	98,515,845	76,381,557	
Advances	477,673,022	4,799,258	6,229,582	9,933,091	109,643,232	36,451,598	35,790,709	63,256,739	13,716,714	16,113,203	36,884,943	26,260,770	48,480,001	70,113,182	
Fixed assets	20,179,222	6,613	39,681	46,294	105,839	190,805	190,878	570,404	555,652	555,774	1,988,583	1,631,114	2,058,917	12,238,668	
Intangible assets	1,188,985	441	2,643	3,084	7,048	13,204	13,204	39,149	38,081	38,081	150,486	143,286	275,339	464,939	
Deferred tax assets	5,161,697	104,955	629,727	839,637	1,574,319	-	-	-	102,893	102,893	206,255	590,372	1,010,646	-	
Other assets	45,906,052	5,036,872	933,760	1,004,260	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	7,113,148	6,182,694	6,370,781	6,182,695	
	1,259,328,610	37,586,441	9,687,121	52,611,354	148,633,652	115,230,846	78,616,617	94,170,432	39,202,453	44,603,468	176,989,563	109,049,968	172,138,591	180,808,104	
Liabilities															
Bills payable	10,235,374	3,275,320	934,490	-	776,865	2,709,006	1,354,503	677,252	338,626	169,312	-	-	-	-	
Borrowings	123,563,761	2,691,567	62,419,610	4,603,563	4,231,989	9,335,303	10,392,258	4,604,378	1,630,044	2,231,744	5,466,629	5,665,687	4,663,566	5,637,423	
Deposits and other accounts	1,015,162,254	34,326,838	33,752,028	23,338,711	109,073,389	33,822,303	23,931,637	38,125,967	24,048,025	41,092,934	166,358,481	168,124,885	152,312,085	166,854,971	
Subordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	42,326,358	6,421,779	7,972,395	1,255,513	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	4,049,526	3,119,072	3,307,159	3,119,072	
	1,203,287,747	46,715,504	105,078,523	29,197,787	120,887,189	47,268,727	38,531,297	44,006,849	26,016,695	44,916,620	175,874,636	176,899,644	160,282,810	187,611,466	
Net assets	56,040,863	(9,129,063)	(95,391,402)	23,413,567	27,746,463	67,962,119	40,085,320	50,163,583	13,185,758	(313,152)	1,114,927	(67,849,676)	11,855,781	(6,803,382)	
Share Capital	12,602,602														
Reserves	32,832,051														
Unappropriated profit	8,618,234														
Surplus on revaluation of assets	1,987,976														
	56,040,863														

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Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Group

		2020												
Rupees in '000	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets														
Cash and balances with treasury banks	73,651,716	22,086,515	736,517	-	-	-	-	-	-	-	12,704,921	12,704,921	12,704,921	12,704,921
Balances with other banks	8,196,146	1,475,306	748,308	5,737	534,389	268,834	2,753,905	1,376,953	688,476	344,238	-	-	-	-
Investments	449,611,989	207,060	616,638	5,442,018	10,161,206	35,028,778	7,257,340	50,902,231	57,816,066	4,108,022	42,936,518	74,270,645	81,257,589	79,607,877
Advances	395,416,055	1,603,171	10,684,368	10,269,668	96,987,680	28,478,676	18,245,501	36,809,132	10,541,459	15,165,006	19,985,644	35,700,890	41,312,583	69,632,277
Fixed assets	21,232,750	6,635	42,529	46,445	107,359	190,184	201,257	572,564	547,878	563,203	2,031,929	1,743,704	2,408,548	12,770,515
Intangible assets	1,158,857	652	4,562	4,562	9,776	19,469	19,469	48,944	29,779	29,779	103,746	97,213	184,900	606,006
Deferred tax assets	1,597,334	32,479	194,875	259,833	487,187	-	-	-	31,841	31,841	63,828	182,696	312,754	-
Other assets	42,021,814	4,873,413	1,405,736	1,595,115	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	6,007,988	6,893,107	6,150,740	5,962,653
	992,886,661	30,294,231	14,433,533	17,623,378	112,464,267	64,951,446	29,247,897	90,922,206	70,753,148	21,152,520	83,834,575	131,583,176	144,332,035	181,284,249
Liabilities														
Bills payable	12,629,997	4,041,599	1,153,119	-	958,617	3,342,793	1,671,397	835,698	417,849	208,925	-	-	-	-
Borrowings	84,163,670	1,685,382	36,873,716	3,987,310	6,612,217	8,603,658	2,724,676	2,289,802	-	932,385	4,919,342	5,795,780	4,879,701	4,879,701
Deposits and other accounts	790,982,286	28,413,479	28,732,772	18,613,035	59,054,725	23,082,831	14,523,473	14,970,025	7,966,613	24,583,746	142,432,355	140,117,267	148,393,362	140,108,603
Subordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Other liabilities	38,429,433	6,176,614	8,154,839	1,831,822	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	3,037,639	3,922,759	3,180,392	2,992,306
	938,205,386	40,317,074	74,914,446	24,432,167	70,802,229	35,994,787	19,689,971	19,287,907	9,472,111	26,635,487	150,389,337	149,835,806	156,453,455	159,980,610
Net assets	54,681,275	(10,022,843)	(60,480,913)	(6,808,789)	41,662,038	28,956,659	9,557,926	71,634,298	61,281,037	(5,482,967)	(66,554,761)	(18,242,630)	(12,121,420)	21,303,639
Share Capital	12,602,602													
Reserves	25,701,665													
Unappropriated profit	8,706,053													
Surplus on revaluation of assets	7,670,955													
	54,681,275													

45.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Group

2021										
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	89,432,245	27,723,996	-	-	-	15,427,062	15,427,062	15,427,062	13,223,196	2,203,867
Balances with other banks	3,556,215	1,199,156	1,311,532	597,444	448,083	-	-	-	-	-
Investments	616,231,172	71,850,135	115,630,519	29,107,444	50,711,916	115,219,086	58,814,670	98,515,845	73,081,656	3,299,901
Advances	477,673,022	130,605,163	72,242,307	63,256,739	29,829,918	36,884,943	26,260,770	48,480,001	33,568,607	36,544,574
Fixed assets	20,179,222	198,427	381,683	570,404	1,111,427	1,988,583	1,631,114	2,058,917	1,698,265	10,540,402
Intangible assets	1,188,985	13,215	26,407	39,149	76,163	150,486	143,286	275,340	464,939	-
Deferred tax assets	5,161,697	3,148,637	-	-	205,786	206,255	590,372	1,010,647	-	-
Other assets	45,906,052	13,779,839	4,255,014	599,252	1,422,630	7,113,148	6,182,694	6,370,780	5,299,452	883,243
	1,259,328,610	248,518,568	193,847,462	94,170,432	83,805,923	176,989,563	109,049,968	172,138,592	127,336,115	53,471,987
Liabilities										
Bills payable	10,235,374	4,986,674	4,063,510	677,252	507,938	-	-	-	-	-
Borrowings	123,563,761	73,946,729	19,727,561	4,604,378	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,633
Deposits and other accounts	1,015,162,254	200,490,966	57,753,939	38,125,967	65,140,960	166,358,481	168,124,885	152,312,085	142,189,594	24,665,377
Subordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	42,326,358	22,454,633	4,255,014	599,252	1,422,630	4,049,526	3,119,072	3,307,159	2,673,491	445,581
	1,203,287,747	301,879,002	85,800,024	44,006,849	70,933,315	175,874,636	176,899,644	160,282,810	155,835,876	31,775,591
Net assets	56,040,863	(53,360,434)	108,047,438	50,163,583	12,872,608	1,114,927	(67,849,676)	11,855,782	(28,499,761)	21,696,396
Share Capital	12,602,602									
Reserves	32,832,051									
Unappropriated profit	8,618,234									
Surplus on revaluation of assets	1,987,976									
	56,040,863									

Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Group

2020										
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	73,651,718	22,832,033	-	-	-	12,704,921	12,704,921	12,704,921	10,889,933	1,814,989
Balances with other banks	8,196,147	2,763,740	3,022,739	1,376,953	1,032,715	-	-	-	-	-
Investments	449,611,987	16,426,922	42,286,118	50,902,231	61,924,088	42,936,518	74,270,645	81,252,671	76,076,230	3,536,564
Advances	395,416,055	119,544,887	46,724,177	36,809,132	25,706,465	19,985,644	35,700,890	41,312,583	38,054,926	31,577,351
Fixed assets	21,232,750	202,969	391,440	572,564	1,111,081	2,031,930	1,743,704	2,389,507	2,182,568	10,606,987
Intangible assets	1,158,857	19,552	38,938	48,944	59,558	103,746	97,213	169,190	621,716	-
Deferred tax assets	1,597,334	974,374	-	-	63,682	63,828	182,696	312,754	-	-
Other assets	42,021,813	12,050,931	1,735,930	1,212,382	2,008,080	6,007,988	6,893,107	6,150,741	5,110,846	851,808
	992,886,661	174,815,408	94,199,342	90,922,206	91,905,669	83,834,575	131,593,176	144,292,367	132,936,219	48,387,699
Liabilities										
Bills payable	12,629,996	6,153,334	5,014,190	835,698	626,774	-	-	-	-	-
Borrowings	84,163,669	49,158,624	11,328,333	2,269,802	932,385	4,919,342	5,795,780	4,879,701	4,182,602	697,100
Deposits and other accounts	790,982,287	134,814,012	37,606,304	14,970,025	32,540,359	142,432,355	140,117,267	148,393,362	120,140,174	19,968,429
Subordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	38,429,434	20,339,943	1,735,930	1,212,382	2,008,080	3,037,639	3,922,759	3,180,392	2,564,833	427,476
	938,205,386	210,465,913	55,684,757	19,287,907	36,107,598	150,389,336	149,835,806	156,453,455	132,887,609	27,093,005
Net assets	54,681,275	(35,650,505)	38,514,585	71,634,299	55,798,071	(66,554,761)	(18,242,630)	(12,161,088)	48,610	21,294,694
Share Capital	12,602,602									
Reserves	25,701,665									
Unappropriated profit	8,706,053									
Surplus on revaluation of assets	7,670,955									
	54,681,275									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

45.5 Derivative Risk

The Group at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Group's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Group's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Group's overall assessment of value at risk (VaR). Further, value at risk (VaR) is also separately monitored for forward exchange contracts. Derivative exposures are also included in Group's capital charge and risk weighted asset calculation in accordance with SBP regulations.

46. GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2022 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2021 do not include the effect of the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2022 as follows:

Rupees in '000	2021	2020
Transfer from unappropriated profit to:		
Proposed final cash dividend - Rs. Nil per share (2020: Rs. 3 per share)	–	3,780,781

47. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Subsequent to the period end, the Board of Directors of the Group, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory and shareholder's approvals.

48. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 15, 2022 by the Board of Directors of the Group.

Saleem Anwar
Chief Financial Officer

Atif R. Bokhari
President & Chief Executive

Dr. Nadeem Inayat
Director

Mohammad Aftab Manzoor
Director

Waqar Ahmed Malik
Chairman

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

Number of shareholders	Shareholding		Total shares held
	From	To	
1,905	1	100	75,867
2,824	101	500	817,541
1,897	501	1,000	1,458,178
4,002	1,001	5,000	10,142,121
1,738	5,001	10,000	12,814,801
854	10,001	15,000	10,780,078
789	15,001	50,000	20,489,194
383	50,001	500,000	53,475,088
28	500,001	1,000,000	20,267,264
19	1,030,001	2,000,000	26,886,267
19	2,085,001	5,000,000	67,415,641
7	5,295,001	10,635,000	48,749,500
5	22,925,001	271,885,000	444,321,916
1	542,565,001	542,570,000	542,566,724
14,471			1,260,260,180

Categories of Shareholders	Numbers of	Shares Held	Percentage
Particulars	shareholders		
Directors, CEO, Children	6	3,000	0.0002
Associated Companies & Related Parties	9	920,398,417	73.0324
Executives / Employees of the Bank	13	86,835	0.0069
Banks, DFI & NBFI, Insurance Companies, Takaful, Modarabas, Pension Funds	34	4,869,696	0.3864
ICP	1	3,737	0.0003
Insurance Companies	10	24,724,153	1.9618
Mutual Funds & Mudarabas	17	30,421,176	2.4139
General Public (Local)	14,197	237,538,153	18.8483
General Public (Foreign)	25	96,127	0.0076
Others	154	37,260,109	2.9565
Foreign investors (Foreign Companies)	5	4,858,777	0.3855
Total	14,471	1,260,260,180	100.0000

Associated Companies & Related Parties:	9	920,398,417	73.0324
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Fauji Foundation Group

Fauji Foundation	2	90,629,884	7.1914
Fauji Fertilizer Company Limited	2	543,768,024	43.1473
Fauji Fertilizer Bin Qasim Limited	1	271,884,009	21.5736

Related Parties

Trustees of FFC Employees Gratuity Fund	1	4,954,500	0.3931
Trustees Of FFC Mgmt Staff Pension Fund	1	1,332,000	0.1057
Trustees of Askari Bank Limited Employees Gratuity Fund	1	915,000	0.0726
Trustees of Askari Bank Limited Employees Provident Fund	1	6,915,000	0.5487

Modarabas & Mutual Funds	17	30,421,176	2.4139
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Safeway Fund (Pvt) Limited	1	496	0.0000
First Tri-Star Modaraba Management	1	89	0.0000
Investec Mutual Fund Limited	1	61	0.0000
Asian Stocks Fund Limited	1	2,893	0.0002
Investec Mutual Fund Limited	1	1	0.0000
First U.D.L. Modaraba	1	359	0.0000
CDC - Trustee AKD Index Tracker Fund	1	89,813	0.0071
Tri-Star Mutual Fund Limited	1	166	0.0000

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

Categories of Shareholders Particulars	Numbers of shareholders	Shares Held	Percentage
CDC - Trustee NBP Stock Fund	1	1,300,000	0.1032
CDC - Trustee APF-Equity Sub Fund	1	119,500	0.0095
CDC - Trustee Alfalah GHP Alpha Fund	1	439,500	0.0349
CDC - Trustee NIT-Equity Market Opportunity Fund	1	4,448,442	0.3530
CDC- Trustee First Habib Stock Fund	1	240,000	0.0190
CDC - Trustee National Investment (Unit) Trust	1	23,126,856	1.8351
CDC - Trustee First Habib Asset Allocation Fund	1	61,000	0.0048
CDC - Trustee NBP Financial Sector Fund	1	462,000	0.0367
CDC - Trustee NIT Asset Allocation Fund	1	130,000	0.0103
Board of Directors Shareholding			
Mr. Arif Ur Rehman	1	500	0.0000
Dr. Nadeem Inayat	1	500	0.0000
Mr. Mohammad Aftab Manzoor	1	500	0.0000
Mr. Mushtaq Malik	1	500	0.0000
Ms. Zoya Mohsin Nathani	1	500	0.0000
Raja Muhammad Abbas	1	500	0.0000
Shareholding Board of Directors	6	3,000	0.0002
Executives / Employees of the Bank	13	86,835	0.0069
ICP	1	3,737	0.0003
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies,	44	29,593,849	2.3482
General Public (Local) - Individuals	14,197	237,538,153	18.8483
General Public (Foreign) - Individuals	25	96,127	0.0076
Foreign Companies	5	4,858,777	0.3855
Others	154	37,260,109	2.9565
	14,381	279,753,166	22.1980
Total	14,471	1,260,260,180	100.0000

Note 1: For the purpose of reporting trades in the shares of the Bank, as per requirement of 5.6.4 of Rule Book of Pakistan Stock Exchange Limited, Executive(s) mean person(s), who have access to price sensitive information.

Note 2: During the year. there have been no trades in the shares of the Bank by it's Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children except sale of 75,000 shares by Mr. Rashid Nawaz Tipu, Executive of the Bank.

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AGM

Thursday, March 24, 2022 at 10:00 am

at Topi Rakh Complex (Galaxy Hall), Army Heritage
Foundation, Ayub National Park, Jhelum Road,
Rawalpindi

FORM OF PROXY

ASKARI BANK LIMITED

30TH ANNUAL GENERAL MEETING

I/We _____ S/o/ D/o/ W/o _____ of _____ being member(s) of Askari Bank Limited (the Bank), hold _____ ordinary shares vide Folio/CDC Account No. _____, do hereby appoint Mr./Mrs./Ms. _____ Folio/CDC Account No. _____ of _____ failing him/ her, Mr./Mrs./Ms. _____ Folio/CDC Account No. _____ of _____, as my/our proxy in my/our absence to attend and vote on my/our behalf at the 30th Annual General Meeting of the Bank to be held on Thursday, March 24, 2022 at 10:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom and at any adjournment thereof.

Signed this _____ day of March 2022. .

(Please affix revenue stamp of Rs. 5)

Signature of Member
(The signature should agree
with the specimen registered
with the Bank)

Witnesses No. 1: _____
Name: _____
C.N.I.C. No.: _____
Address: _____

Witnesses No. 2: _____
Name: _____
C.N.I.C. No.: _____
Address: _____

IMPORTANT NOTES:

A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
3. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.

4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. Copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
3. In case of Corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided along with proxy form to the Bank.

The Company Secretary
ASKARI BANK LIMITED
4th Floor, NPT Building
F-8 Markaz
Islamabad - Pakistan

پراکسی کا فارم عسکری بینک لمیٹڈ

میں / ہم _____ ولدیت / بنت / زوجہ _____ شہر _____ بحیثیت ممبر عسکری بینک لمیٹڈ، حامل عام شیئر زبھ مطابق فولیو / سی ڈی سی اکاؤنٹ نمبر _____
مسٹر / مسز / مس _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ شہر _____ اسکی ناکامی کی صورت میں، مسٹر / مسز / مس _____ فولیو / سی ڈی سی اکاؤنٹ
نمبر _____ شہر _____ کو اپنے / ہمارے ایماء پر بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری طرف سے بینک کے 30 ویں سالانہ اجلاس عام جو بتاریخ 24 مارچ 2022ء بروز
جمعرات دن بوقت 10:00 بجے بمقام ٹوپی رکھ کمپلیکس (گلکسی ہال)، آری بیر شیج فاؤنڈیشن، ایوب نیشنل پارک، جہلم روڈ، راولپنڈی میں اور زوم لنک کے ذریعے منعقد ہونے والے یا اس کے کسی ملتی شدہ اجلاس میں شرکت
کرے، بات کرے اور حق رائے دہی استعمال کرے۔

آج بروز _____ بتاریخ _____ مارچ 2022ء کو بطور گواہ دستخط کیے۔

دستخط ممبر
(پارنچ روپے کا رسیدی ٹکٹ)

گواہ نمبر 1	_____	گواہ نمبر 2	_____
نام	_____	نام	_____
شناختی کارڈ نمبر	_____	شناختی کارڈ نمبر	_____
پتہ	_____	پتہ	_____

اہم نوٹس:-

الف - عام

- 1۔ جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کر سکتا ہے۔ کاروباری ادارے کے علاوہ کوئی ایسا شخص پراکسی کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔
- 2۔ پراکسی مقرر کرنے کی دستاویز ممبر یا اُس کے تحریری طور پر یا اختیار اٹارنی سے دستخط شدہ ہونی چاہیئے۔ اگر ممبر ایک کاروباری ادارہ ہے تو تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو پراکسی مقرر کیا گیا ہے جمع کروانی ہوگی۔
- 3۔ پراکسی مقرر کیے جانے سے متعلق دستاویزات کمپنی سیکریٹری آفس عسکری بینک لمیٹڈ، فورٹھ فلور، این پی ٹی بلڈنگ، ایف - 8 مرکز، اسلام آباد کو اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیئے۔
- 4۔ پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیئے۔ جن کے نام، پتے اور سی این آئی سی نمبر ز فارم کے اوپر درج ہوں۔
- 5۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور ایک سے زیادہ پراکسی کے دستاویز جمع کروائے گا تو پراکسی کی تمام دستاویزات کا عدم قراردی جائیں گی۔

ب۔ سی ڈی سی اکاؤنٹ رکھنے والوں کے لئے

- 1۔ مستفید مالکان کے سی این آئی سی یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔
- 2۔ پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔
- 3۔ کارپوریٹ ادارے کی صورت میں تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو مقرر کیا گیا ہے پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

The Company Secretary
ASKARI BANK LIMITED
4th Floor, NPT Building
F-8 Markaz
Islamabad - Pakistan



ASKARI BANK LIMITED