




REPORT FOR THE HALF YEAR
ENDED JUNE 30, 2022

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Corporate Information

Board Of Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Mr. Mohammad Aftab Manzoor Mr. Mushtaq Malik Ms. Zoya Mohsin Nathani Raja Muhammad Abbas Mr. Atif R. Bokhari - President & Chief Executive
Board Audit Committee	Mr. Mohammad Aftab Manzoor - Chairman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas
Shariah Board	Mufti Muhammad Zahid - Chairman Mufti Zakir Hassan Naumani - Member Mufti Dr. Lutfullah Saqib - Member Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	M/s RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Syed Ali Safdar Naqvi, FCA
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi - 46000, Pakistan Tel: (92 51) 8092624, UAN: (92 51) 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  Askari_Bank  askaribankpk  askaribanklimited  AskariBankOfficial

DIRECTORS' REVIEW

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the quarter and half year ended June 30, 2022.

Economy:

Pakistan's economy is witnessing high inflationary and external pressures mainly driven by surging commodity prices in international market, supply chain disruptions and depreciation of Pak Rupee. The political uncertainty further exacerbating economic challenges and reflecting in reduced business confidence.

CPI inflation recorded at 21.3 percent in June 2022 as against 9.7 percent for the same month last year. During fiscal year '22, trade deficit increased to USD 39.5 billion as imports increased by 32.8 percent reflecting TERF imports, rising commodity price and volumetric growth. Exports increased by 26.6 percent to USD 32.5 billion while home remittances recorded a modest growth of 6.1 percent during the same period.

Responding to challenges posed by current account deficit and inflation outlook, SBP increased policy rate by a cumulative 525 bps in three intervals, since January 1, 2022. SBP has further linked export finance schemes and long-term finance facility with the policy rate to strengthen monetary policy transmission while continuing to incentivize exports.

On the fiscal side, tax collection during fiscal year '22 was broad based and surpassed the revised revenue target by 1.3 percent, to Rs.6.13 trillion. For the current fiscal, collection target is set at Rs.7.47 trillion. It is critical that the envisaged fiscal consolidation is delivered and the new taxation measures remain progressive, use technology to improve documentation while broadening the tax base.

The release of loan tranche from IMF will catalyse additional bilateral funding to secure external obligations. Though rising interest rates, gradual decline in growth outlook of country's main exports and FX reserve position will maintain pressure on domestic demand and pose a risk to economic slowdown in the short-run. It is important that the long-term economic policies see through these short-term headwinds and focus on securing a sustainable growth trajectory capable of absorbing human capital while combining effective supply side dynamics with prudent demand management.

Financial Performance:

The financial results of Askari Bank for the for the half year ended June 30, 2022 are summarized as under:

	(Rupees in million)	
	June 30, 2022	June 30, 2021
Net mark-up and non fund income	22,827	20,438
Administrative and other expenses	(10,566)	(10,916)
Operating profit	12,261	9,522
Provisions - net	(110)	(2,780)
Profit before taxation	12,151	6,742
Taxation	(5,841)	(2,631)
Profit after taxation	6,309	4,111
Basic earning per share - Rupees	5.01	3.26

The Bank's operating profit for the six months increased by 29 percent and stood at Rs 12.3 billion compared to Rs.9.5 billion last year. Profit after taxation is reported at Rs.6.3 billion showing a year on year increase of 53 percent despite an extraordinary jump in income tax levy announced in the federal budget 2022-23. The earnings per share is Rs 5.01 compared to Rs 3.26 last year.

Net aggregate revenues increased by 11.7 percent to Rs 22.8 billion; net mark-up income increased by 9.3 percent to Rs.17.2 billion mainly delivered by volumetric growth as average earning assets grew by 32 percent, though net interest spread declined during the period due to lag in re-pricing of earning assets compared to deposits and remunerative liabilities. Amid evolving interest rate risk, the investment portfolio duration was optimized during the period. Non-mark up income increased by 20 percent; fee, commission income recorded a broad-based growth of 26 percent across most revenue lines while foreign exchange income increased to Rs.2.6 billion from Rs.1.4 billion last year. Aggregate non-mark up expenses declined by 3.2 percent mainly reflecting rationalization of compensation expense post implementation of human capital strategy. Compensation expenses declined by 19.2 percent while other administrative expenses increased by 15.6 percent reflecting inflationary impact. Cost to income ratio improved to 46.3 percent for the period in review.

Customer deposits are reported at Rs 1.09 trillion; current and saving accounts constituted 82.1 percent of the total deposit as at June 30, 2022. Current to total deposits ratio improved to 32.8 percent at half year from 30.5 percent at year end. Gross advances stood at Rs 578 billion, an increase of 13.8 percent during the half year. Non-performing loans registered a slight increase of 1 percent while provision coverage ratio improved from 97 to 98 percent at the half year end. Total assets of the Bank increased by 23.0 percent to Rs.1.55 trillion at June 30, 2022.

The elevated market rates driven by inflation and economic stresses, increased the revaluation deficit on investments. Such deficit, coupled with higher tax and balance sheet growth, had an adverse impact on Bank's capital ratios. The Bank has been allowed a relaxation by the SBP to stagger the unrealized revaluation deficit over the next three quarters. The Bank is confident that sufficient capital will be created well within the prescribed timeframe.

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).

Looking ahead, the Bank will continue to drive business growth supported by enhanced governance, compliance, credit and effective risk management. The Bank plans to grow market share in retail segment, particularly low-cost and saving deposits which aligns well with the branch network expansion. Emphasis will remain on boosting trade volumes with primary focus on middle market segment while pursuing digital transformation and process improvements. The Bank is creating a caring culture and as a socially conscious organization taking steps to support the needs for persons with disabilities. The Bank will continue to invest in human capital fostering a service culture that encourages collaboration and innovation.

Acknowledgment:

On behalf of the Board, we would like to place on record our gratitude to our valued customers and shareholders for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to place on record our appreciation for the efforts of the Sharia Board for strengthening sharia compliance and governance framework for Askari Ikhlas Islamic Banking. Lastly, we express our deepest appreciation and gratitude to our staff for the hard work and dedication.

-sd-
Atif R. Bokhari
President & Chief Executive

-sd-
Waqar Ahmed Malik
Chairman, Board of Directors

Rawalpindi: August 17, 2022

بینک کے کل اثاثے 23.0 فیصد بڑھ کر 1.55 ٹریلین روپے ہو گئے۔

افراط زر اور معاشی دباؤ کی وجہ سے بڑھتے ہوئے منڈی کے نرخوں نے سرمایہ کاریوں پر نقصان میں اضافے کا باعث بنے۔ اضافی ٹیکس اور اثاثہ جات میں اضافے کے ساتھ مذکورہ نقصان نے بینک کے سرمایہ جاتی تناسب پر منفی اثر ڈالا۔ اس منفی اثر کو متعین مدت تک ٹالنے کے لیے سٹیٹ بینک آف پاکستان کی طرف سے بینک کو ریویلوایشن کے نقصان کو آنے والی تین ششماہیوں تک مؤخر کرنے کی اجازت دی گئی ہے۔ بینک مجوزہ مدت میں ضرورت کے لیے کافی سرمایہ بنانے میں پراعتماد ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے طویل مدتی کے لیے بینک کی ادارہ جاتی درجہ بندی کی توثیق دوبارہ 'AA+' (ڈبل اے پلس) پر کردی گئی ہے، جس کے آؤٹ لک کو 'مستحکم' قرار دے دیا گیا ہے۔ بینک کا مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وابستگی کو کلیدی درجہ بندی کے محرک کے طور پر گردانا جاتا ہے، جو مارکیٹ میں رسائی، صارفین کے اعتماد، فنڈنگ کے پائیدار ذرائع اور مارک اپ اور نان مارک اپ پر مبنی آمدنی کے سلسلے کے حوالے سے استحکام کی معاونت کرتا دکھائی دیتا ہے۔ مختصر مدت کی درجہ بندی 'A1+' (A One Plus) پر برقرار رکھی گئی ہے۔

مستقبل میں بینک بڑھتی ہوئی ساکھ، کریڈٹ اور موثر رسک مینجمنٹ کی مدد سے کاروباری ترقی کو آگے بڑھاتا رہے گا۔ بینک نے ریٹیل سیگمنٹ میں مارکیٹ شیئر بڑھانے کی منصوبہ بندی کی ہوئی ہے، خاص طور پر کم لاگت اور بچت کے ذخائر جو برانچ نیٹ ورک کی توسیع کے ساتھ اچھی طرح مطابقت رکھتے ہیں۔ ڈیجیٹل تبدیلی اور عمل میں بہتری کے سلسلے میں ڈبل مارکیٹ سیگمنٹ پر بنیادی توجہ کے ساتھ تجارتی حجم کو بڑھانے پر زور دیا جائے گا۔ بینک ہم آہنگی کے کلچر کو فروغ دے رہا ہے اور ایک سماجی طور پر باشعور تنظیم کے طور پر معذور افراد کی ضروریات کی حمایت کے لئے اقدامات کر رہا ہے۔ بینک افراد کے تحفظ اور حقوق کی پاسداری میں اپنی جہد جاری رکھے ہوئے ہے جس سے باہمی اشتراک اور سروس کلچر کو فروغ ملے گا۔

اعترافات:

بورڈ کی جانب سے، ہم عسکری برانڈ کی مسلسل تائید کرنے پر اپنے قابل قدر صارفین کے بے حد مشکور ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم، عسکری اخلاص اسلامی بینکاری کے لیے شریعہ کی تعمیل اور گورنس فریم ورک کو مضبوط بنانے کے لیے شریعہ بورڈ کی کوششوں کو بھی ریکارڈ پر رکھنا چاہیں گے۔ آخر میں، ہم سخت محنت اور لگن کے لیے اپنے عملے کو تہہ دل سے سرہاتے ہیں اور ان کا بھی شکریہ ادا کرتے ہیں۔

دستخط

وقار احمد ملک

چیئر مین، بورڈ آف ڈائریکٹرز

دستخط

عاطف ریاض بخاری

صدر و چیف ایگزیکٹو

راولپنڈی

17 اگست 2022

مالیاتی کارکردگی:

30 جون 2022 کو ختم ہونے والے نصف سال کے لئے عسکری بینک کے مالی نتائج کا خلاصہ یہ ہے

(روپے ملین میں)		
30 جون، 2021	30 جون، 2022	
20,438	22,827	خالص مارک اپ اور نان فنڈ آمدن
(10,916)	(10,566)	انتظامی اور دیگر اخراجات
9,522	12,261	آپریٹنگ منافع
(2,780)	(110)	پروویژنز- نیٹ
6,742	12,151	قبل از ٹیکس منافع
(2,631)	(5,841)	ٹیکس
4,111	6,309	بعد از ٹیکس منافع
3.26	5.01	بنیادی فی حصص آمدن- روپے

بینک کا چھ ماہ کے آپریٹنگ منافع میں 29 فیصد اضافہ ہوا اور یہ 12.3 ارب روپے رہا جبکہ گزشتہ سال یہ 9.5 ارب روپے تھا۔ ٹیکس کے بعد منافع 6.3 ارب روپے بتایا گیا ہے جس میں سال 2022-23 کے فیڈرل بجٹ میں اعلان کردہ ٹیکس کے غیر معمولی اضافی شرح کے باوجود 53 فیصد کا اضافہ دیکھنے میں آیا۔ فی حصص آمدنی 5.01 روپے ہے جبکہ گزشتہ سال یہ 3.26 روپے تھی۔

خالص مجموعی آمدنی 11.7 فیصد اضافے کے ساتھ 22.8 ارب روپے ہو گئی؛ نیٹ مارک اپ آمدنی 9.3 فیصد اضافے کے ساتھ 17.2 ارب روپے رہی جو بنیادی طور پر آمدن والے اوسط اثاثوں کے حجم میں 32 فیصد اضافے کی وجہ سے ممکن ہوا، اگرچہ اس عرصے کے دوران خالص مارک اپ میں کمی آئی جس کی بنیادی وجہ ڈیپازٹ اور معاوضہ والے واجبات کی قیمتوں کے جلد دوبارہ تعین کی نسبت آمدن والے اثاثوں کی قیمتوں کے دوبارہ تعین میں سست روی دیکھنے میں آئی۔ شرح سود کے بڑھتے ہوئے خطرے کے پیش نظر، سرمایہ کاری پورٹ فولیو کے دوران بہتر بنایا گیا۔ غیر مارک اپ آمدنی میں 20 فیصد اضافہ ہوا؛ فیس، کمیشن کی آمدنی میں زیادہ تر یونیوسٹور میں 26 فیصد کی وسیع بنیادوں پر اضافہ ریکارڈ کیا گیا جبکہ زرمبادلہ کی آمدنی گزشتہ سال کے 1.4 ارب روپے سے بڑھ کر 2.6 ارب روپے ہو گئی۔ مجموعی غیر مارک اپ اخراجات میں 3.2 فیصد کمی واقع ہوئی جو بنیادی طور پر افرادی قوت کی حکمت عملی کے نفاذ کے بعد معاوضے کے اخراجات کو معقول بنانے کی عکاسی کرتی ہے۔ معاوضے کے اخراجات میں 19.2 فیصد کمی جبکہ دیگر انتظامی اخراجات میں 15.6 فیصد اضافہ ہوا جو افراط زر کے اثرات کی عکاسی کرتا ہے۔ جائزہ میں اس مدت کے لئے لاگت اور آمدنی کا تناسب 46.3 فیصد تک بہتر ہوا۔

صارفین کے ڈپازٹس 1.09 ٹریلین روپے رپورٹ کیے گئے ہیں؛ 30 جون 2022 تک کرنٹ اور سیونگ اکاؤنٹس کل ڈپازٹ کا 82.1 فیصد تھے۔ موجودہ سے کل ڈپازٹس کا تناسب سال کے آخر میں 30.5 فیصد سے بڑھ کر ششماہی میں 32.8 فیصد ہو گیا۔ مجموعی قرضہ جات 578 ارب روپے رہے جو کہ ششماہی کے دوران 13.8 فیصد زیادہ ہے۔ غیر فعال قرضوں میں 1 فیصد کا معمولی اضافہ ریکارڈ کیا گیا جبکہ پروویژن کوریج ریشو 97 سے 98 فیصد تک بہتر ہو گیا۔ 30 جون 2022 کو

ڈائریکٹرز کا جائزہ

عزیز: حصص داران

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سہ ماہی اور ششماہی مدت کے لئے غیر آڈٹ شدہ مختصر غیر مدغم شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

معیشت:

پاکستان کی معیشت میں افراط زر اور بیرونی دباؤ زیادہ دیکھا گیا جس کی بنیادی وجہ بین الاقوامی مارکیٹ میں اجناس کی قیمتوں میں اضافہ، رسدی ترسیل میں خلل اور پاکستانی روپے کی قدر میں گراوٹ ہے۔ سیاسی غیر یقینی صورتحال معاشی چیلنجوں میں مزید اضافے کا باعث بنتی ہے اور کاروباری اعتماد میں کمی کی عکاسی کرتی ہے۔

جون 2022 میں سی پی آئی افراط زر کی شرح 21.3 فیصد ریکارڈ کی گئی جبکہ گزشتہ سال اسی ماہ کے دوران یہ شرح 9.7 فیصد تھی۔ درآمدات میں 32.8 فیصد اضافہ ٹی ای آر ایف کی درآمدات، اجناس کی قیمتوں میں اضافے اور حجم میں بڑھنا کا عکاس ہے جس کی وجہ سے مالی سال 2022 کے دوران تجارتی خسارہ بڑھ کر 39.5 ارب ڈالر ہو گیا۔ برآمدات 26.6 فیصد اضافے کے ساتھ 32.5 ارب ڈالر جبکہ اسی عرصے کے دوران گھریلو ترسیلات زر میں 6.1 فیصد کمی معمولی نمونہ ریکارڈ کی گئی۔

کرنٹ اکاؤنٹ خسارے اور افراط زر کے باعث پیدا ہونے والے چیلنجوں کا جواب دیتے ہوئے اسٹیٹ بینک نے یکم جنوری 2022 سے تین وقفوں میں پالیسی کی شرح میں مجموعی طور پر 525 بی پی ایس کا اضافہ کیا۔ اسٹیٹ بینک نے ایکسپورٹ فنانس اسکیموں اور طویل مدتی فنانس کی سہولت کو پالیسی ریٹ سے مزید منسلک کیا ہے تاکہ برآمدات کی حوصلہ افزائی جاری رکھتے ہوئے مالیاتی پالیسی ٹرانسمیشن کو مستحکم کیا جاسکے۔

مالی سال 2022 کے دوران ٹیکس وصولی وسیع بنیادوں پر تھی اور نظر ثانی شدہ آمدنی کے ہدف کو 1.3 فیصد سے پیچھے چھوڑ کر 6.13 ٹریلین روپے ہو گئی۔ رواں مالی سال کے لئے وصولی کا ہدف 7.47 ٹریلین روپے مقرر کیا گیا ہے۔ یہ انتہائی اہم ہے کہ مختص کردہ مالی استحکام کو یقینی بنایا جائے اور ٹیکس کے نئے اقدامات ترقی پسند رہیں، ٹیکس کی بنیاد کو وسیع کرتے ہوئے دستاویزات کو بہتر بنانے کے لئے ٹیکنالوجی کا استعمال کریں۔

آئی ایم ایف سے قرض کی قسط کے اجراء سے بیرونی ذمہ داریوں کو محفوظ بنانے کے لئے اضافی دوطرفہ فنڈنگ کو ترغیب ملے گی۔ اگرچہ شرح سود میں اضافہ، ملک کی اہم برآمدات اور ایف ایکس ریزرو پوزیشن کی نمو کے نقطہ نظر میں بتدریج کمی سے گھریلو طلب پر دباؤ برقرار رہے گا اور مختصر مدت میں معاشی سست روی کے خطرہ کا باعث ہے لہذا یہ ضروری ہے کہ طویل مدتی اقتصادی پالیسیاں اس طرح مرتب ہوں کہ وہ انکی جھلک قلیل مدتی سرگرمیوں میں دکھائی دیں اور افراد کی صلاحیتوں کو بھرپور انداز میں بروئے کار لا کر پائیدار ترقی کی راہ کو محفوظ بنانے پر توجہ مرکوز کریں جبکہ سپلائی سائیڈ ڈائننامکس کو دانشمندانہ طلب کے انتظام کے ساتھ ملایا جائے۔



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 ("the Bank")

Report on review of the Condensed Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Bank as at 30 June 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures for the unconsolidated condensed interim statement of profit or loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2022 have not been reviewed and we do not express a conclusion on them.

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

Lahore

Date: 26 August 2022

UDIN: RR2022101834KeIVaLqU

KPMG Taseer Hadi & Co.
Chartered Accountants

RR0922

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

		(Un-audited)	(Audited)
		June 30,	December 31,
		2022	2021
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	99,590,566	89,432,245
Balances with other banks	7	24,394,153	3,454,829
Lendings to financial institutions	8	23,500,000	-
Investments	9	778,746,725	616,361,158
Advances	10	546,910,423	477,588,237
Fixed assets	11	20,301,568	20,166,875
Intangible assets	12	1,300,906	1,183,265
Deferred tax assets	13	3,993,976	5,168,183
Other assets	14	50,559,575	45,789,317
		1,549,297,892	1,259,144,109
LIABILITIES			
Bills payable	15	11,153,880	10,235,374
Borrowings	16	327,591,117	123,563,761
Deposits and other accounts	17	1,085,300,422	1,015,430,068
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	48,249,524	42,012,413
		1,484,294,943	1,203,241,616
NET ASSETS		65,002,949	55,902,493
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		42,522,608	32,730,297
Surplus on revaluation of assets - net of tax	20	4,200,259	1,963,619
Unappropriated profit		5,677,480	8,605,975
		65,002,949	55,902,493

CONTINGENCIES AND COMMITMENTS

21

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

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

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Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

		For the quarter ended		For the half year ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Note	(Rupees in '000)			
Mark-up / return / interest earned	23	34,977,997	18,368,675	61,722,284	35,430,806
Mark-up / return / interest expensed	24	26,188,325	10,196,028	44,479,435	19,648,177
Net mark-up / interest income		8,789,672	8,172,647	17,242,849	15,782,629
Non mark-up / interest income					
Fee and commission income	25	1,369,288	1,005,827	2,542,722	2,022,855
Dividend income		80,551	106,371	185,615	193,479
Foreign exchange income		1,589,906	788,604	2,613,199	1,439,460
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	(74,358)	48,096	15,829	790,539
Other income	27	90,917	111,473	226,668	209,064
Total non-markup / interest income		3,056,304	2,060,371	5,584,033	4,655,397
Total income		11,845,976	10,233,018	22,826,882	20,438,026
Non mark-up / interest expenses					
Operating expenses	28	5,330,742	5,015,491	10,218,365	10,889,920
Workers' Welfare Fund		106,333	15,899	194,193	20,157
Other charges	29	73,081	1,415	153,621	5,611
Total non-markup / interest expenses		5,510,156	5,032,805	10,566,179	10,915,688
Profit before provisions		6,335,820	5,200,213	12,260,703	9,522,338
Provisions and write offs - net	30	282,158	2,950,281	110,140	2,780,021
Extraordinary / unusual items		-	-	-	-
Profit before taxation		6,053,662	2,249,932	12,150,563	6,742,317
Taxation	31	3,349,793	881,254	5,841,300	2,630,921
Profit after taxation		2,703,869	1,368,678	6,309,263	4,111,396
		Rupees		Rupees	
Basic earnings per share	32	2.15	1.09	5.01	3.26

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

 -sd-
Chief Financial Officer

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President & Chief Executive

 -sd-
Director

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Director

 -sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

	For the quarter ended		For the half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in '000)			
Profit after taxation	2,703,869	1,368,678	6,309,263	4,111,396
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	427,677	73,403	555,410	(22,604)
Movement in deficit on revaluation of investments - net of tax - note 20.1	3,566,581	1,246,947	2,236,640	(612,666)
	3,994,258	1,320,350	2,792,050	(635,270)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan	(857)	28,813	(857)	28,813
Movement in surplus on revaluation of non-banking assets	-	(33,630)	-	(33,630)
	(857)	(4,817)	(857)	(4,817)
Total comprehensive income	<u>6,697,270</u>	<u>2,684,211</u>	<u>9,100,456</u>	<u>3,471,309</u>

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

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

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
	(Rupees in '000)								
Balance as at January 1, 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 half year ended June 30, 2021									
Net profit for the half year ended June 30, 2021	-	-	-	-	-	-	-	4,111,396	4,111,396
Other comprehensive income related to equity	-	(22,604)	-	-	-	(612,666)	(33,630)	28,813	(640,087)
	-	(22,604)	-	-	-	(612,666)	(33,630)	4,140,209	3,471,309
Transfer to Statutory reserve	-	-	-	822,279	-	-	-	(822,279)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(47,750)	47,750	-
Transfer to General reserve	-	-	-	-	4,893,168	-	-	(4,893,168)	-
Transactions with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
Balance as at June 30, 2021	12,602,602	262,079	234,669	13,080,905	17,747,205	(562,034)	7,505,772	3,365,680	54,236,878
Total comprehensive income for the six months ended December 31, 2021									
Net profit for the six months ended December 31, 2021	-	-	-	-	-	-	-	5,589,990	5,589,990
Other comprehensive income related to equity	-	287,441	-	-	-	(4,400,153)	202,292	(13,955)	(3,924,375)
	-	287,441	-	-	-	(4,400,153)	202,292	5,576,035	1,665,615
Transfer to Statutory reserve	-	-	-	1,117,998	-	-	-	(1,117,998)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(782,258)	782,258	-
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
Total comprehensive income for the half year ended June 30, 2022									
Net profit for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,309,263	6,309,263
Other comprehensive income related to equity	-	555,410	-	-	-	2,236,640	-	(857)	2,791,193
	-	555,410	-	-	-	2,236,640	-	6,308,406	9,100,456
Transfer to Statutory reserve	-	-	-	630,926	-	-	-	(630,926)	-
Transfer to General reserve	-	-	-	-	8,605,975	-	-	(8,605,975)	-
Balance as at June 30, 2022	<u>12,602,602</u>	<u>1,104,930</u>	<u>234,669</u>	<u>14,829,829</u>	<u>26,353,180</u>	<u>(2,725,547)</u>	<u>6,925,806</u>	<u>5,677,480</u>	<u>65,002,949</u>

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

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2022

		For the half year ended	
		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		12,150,563	6,742,317
Less: dividend income		(185,615)	(193,479)
		<u>11,964,948</u>	<u>6,548,838</u>
Adjustments:			
Depreciation		453,841	502,759
Amortization		69,163	110,515
Depreciation on ROU assets		773,035	746,863
Markup expense on lease liability against ROU assets		445,599	456,444
Termination of lease contracts under IFRS - 16 Leases		(13,700)	(2,807)
Charge for defined benefit plan		232,795	203,938
Provisions and write offs - net	30	153,609	2,843,605
Unrealised loss on held for trading securities		18,477	-
Gain on sale of non - banking assets		-	(15,000)
Gain on sale of fixed assets		(37,501)	(5,067)
		<u>2,095,318</u>	<u>4,841,250</u>
		<u>14,060,266</u>	<u>11,390,088</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(23,500,000)	-
Held for trading securities		(3,415,824)	-
Advances		(69,978,127)	(37,431,578)
Other assets (excluding advance taxation)		(5,960,475)	332,989
		<u>(102,854,426)</u>	<u>(37,098,589)</u>
Increase / (decrease) in operating liabilities			
Bills payable		918,506	(3,035)
Borrowings from financial institutions		204,027,356	(5,850,188)
Deposits		69,870,354	135,737,716
Other liabilities (excluding current taxation)		7,016,913	1,243,202
		<u>281,833,129</u>	<u>131,127,695</u>
Net cash flow generated from operations		<u>193,038,969</u>	<u>105,419,194</u>
Payment made to defined benefit plan		(388,062)	(310,314)
Income tax paid		(4,603,534)	(3,246,727)
Net cash flow generated from operating activities		<u>188,047,373</u>	<u>101,862,153</u>
Cash flow from investing activities			
Net investments in available for sale securities		(159,499,413)	(54,607,197)
Net investments in held to maturity securities		3,422,751	(26,256,576)
Dividend received		181,146	160,553
Investments in operating fixed assets - net of adjustments		(560,136)	(520,827)
Investments in intangible assets		(183,909)	(139,662)
Proceeds from sale of fixed assets		50,356	9,938
Effect of translation of net investment in Wholesale Bank Branch		555,410	(22,604)
Net cash used in investing activities		<u>(156,033,795)</u>	<u>(81,376,375)</u>
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		-	-
Payments against lease liabilities		(912,744)	(779,573)
Dividend paid		(3,189)	(3,731,479)
Net cash flow used in financing activities		<u>(915,933)</u>	<u>(4,511,052)</u>
Increase in cash and cash equivalents		<u>31,097,645</u>	<u>15,974,726</u>
Cash and cash equivalents at beginning of the period		<u>92,887,074</u>	<u>81,606,012</u>
Cash and cash equivalents at end of the period		<u>123,984,719</u>	<u>97,580,738</u>

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

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

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2022. The ultimate parent of the Bank is Fauji Foundation. The Bank has 560 branches (2021: 560 branches); 559 in Pakistan and Azad Jammu and Kashmir including 105 (2021: 101) Islamic Banking branches and 56 (2021: 56) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

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

2.2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2.2 The 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 S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 2023. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.
- 2.2.3 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 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 condensed interim financial statements.
- 2.2.4 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2021.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

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

There are certain interpretations and amendments to existing accounting and reporting standards that have become applicable for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter no. 03 dated July 05, 2022, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2023. The impact of the application of IFRS 9 on the Bank's financial statements is being assessed.

There are various amendments to existing accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of audited annual unconsolidated financial statements for the year ended December 31, 2021.

5. **FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended December 31, 2021.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
<i>In hand:</i>		
Local currency	22,228,918	21,150,705
Foreign currencies	6,032,702	4,059,596
	<u>28,261,620</u>	<u>25,210,301</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	51,043,050	46,087,959
Foreign currency current accounts	6,583,836	4,898,891
Foreign currency deposit accounts	10,199,871	9,278,909
	<u>67,826,757</u>	<u>60,265,759</u>
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	3,455,857	3,833,104
Prize Bonds	46,332	123,081
	<u>99,590,566</u>	<u>89,432,245</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	1,248,933	455,110
In deposit accounts	-	-
	<u>1,248,933</u>	<u>455,110</u>
<i>Outside Pakistan</i>		
In current accounts	2,130,007	1,425,930
In deposit accounts	21,015,241	1,573,797
	<u>23,145,248</u>	<u>2,999,727</u>
Provision held against balances with other banks	(28)	(8)
	<u>24,394,153</u>	<u>3,454,829</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	5,500,000	-
Repurchase agreement lendings (Reverse Repo)	18,133,746	148,606
	<u>23,633,746</u>	<u>148,606</u>
Provision held against lending to financial institutions	(133,746)	(148,606)
Lending to financial institutions - net of provision	<u>23,500,000</u>	<u>-</u>

9. **INVESTMENTS**

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
9.1 Investments by type:								
<i>Held for trading securities</i>								
Federal Government Securities	3,276,340	-	(16,096)	3,260,244	-	-	-	-
Fully paid ordinary shares	139,484	-	(2,381)	137,103	-	-	-	-
	3,415,824	-	(18,477)	3,397,347	-	-	-	-
<i>Available for sale securities</i>								
Federal Government Securities	641,412,255	(86,551)	(5,116,447)	636,209,257	482,298,535	(50,489)	(8,400,351)	473,847,695
Shares	5,758,777	(884,357)	61,498	4,935,918	4,870,194	(432,993)	56,617	4,493,818
Units of open end mutual funds	750,000	(141,603)	85,108	693,505	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares	27,314	(11,914)	650	16,050	27,314	(11,914)	651	16,051
Non Government Debt Securities	13,490,137	(1,374,427)	188,972	12,304,682	13,316,295	(1,386,785)	62,687	11,992,197
Foreign securities	614,568	(583)	(1,442)	612,543	530,691	(3,965)	5,469	532,195
	662,053,051	(2,499,435)	(4,781,661)	654,771,955	502,553,638	(2,026,704)	(8,134,733)	492,392,201
<i>Held to maturity securities</i>								
Federal Government Securities	118,935,925	(122,866)	-	118,813,059	120,213,557	(136,355)	-	120,077,202
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	1,612,602	(13,857)	-	1,598,745	3,757,721	(31,585)	-	3,726,136
	120,658,527	(246,723)	-	120,411,804	124,081,278	(277,940)	-	123,803,338
Subsidiary								
Askari Securities Limited	165,619	-	-	165,619	165,619	-	-	165,619
Total investments	786,293,021	(2,746,158)	(4,800,138)	778,746,725	626,800,535	(2,304,644)	(8,134,733)	616,361,158

9.1.1 **Investments given as collateral**

The market value of investment given as collateral is as follows

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
Market Treasury Bills	122,422,088	9,967,040
Pakistan Investment Bonds	138,650,400	31,984,000
Euro Bonds	8,288,993	7,386,911
Turkish Euro Bonds	1,591,741	596,977
Sukuk	1,700,074	4,372,827
Shares	139,964	161,829
	<u>272,793,260</u>	<u>54,469,584</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	2,304,644	2,116,583
Exchange adjustments	32,845	21,835
Charge / (reversals)		
Charge for the period / year	469,492	277,764
Reversal under IFRS 9 related to WBB for the period / year	(31,381)	(38,547)
Reversals for the period / year	(12,359)	(69,986)
Net charge	425,752	169,231
Reversal on disposals	(17,083)	(3,005)
Closing balance	<u>2,746,158</u>	<u>2,304,644</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	NPI	Provision	NPI	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	<u>1,484,427</u>	<u>1,484,427</u>	<u>1,496,785</u>	<u>1,496,785</u>

9.2.3 In addition to the above, Bank's Bahrain branch holds general provision of Rs 223,857 thousand (December 31, 2021: Rs 222,394 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 The market value of securities classified as held to maturity as at June 30, 2022 amounts to Rs. 112,174,056 thousand (2021: Rs. 122,430,448 thousand).

10. **ADVANCES**

Loans, cash credits, running finances, etc.
Islamic financing and related assets
Bills discounted and purchased
Advances - gross

Provision against advances

- Specific
- General

Advances - net of provision

Performing		Non Performing		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
(Rupees in '000)					
438,522,555	383,720,771	26,827,064	25,413,635	465,349,619	409,134,406
86,848,617	69,979,661	2,827,340	2,885,460	89,675,957	72,865,121
20,970,998	22,950,694	1,798,006	2,866,232	22,769,004	25,816,926
546,342,170	476,651,126	31,452,410	31,165,327	577,794,580	507,816,453
-	-	(29,135,489)	(28,518,930)	(29,135,489)	(28,518,930)
(1,748,668)	(1,709,286)	-	-	(1,748,668)	(1,709,286)
(1,748,668)	(1,709,286)	(29,135,489)	(28,518,930)	(30,884,157)	(30,228,216)
544,593,502	474,941,840	2,316,921	2,646,397	546,910,423	477,588,237

10.1 **Particulars of advances (Gross)**

In local currency

In foreign currencies

(Un-audited)	(Audited)
June 30, 2022	December 31, 2021
(Rupees in '000)	
528,167,920	465,203,559
49,626,660	42,612,894
577,794,580	507,816,453

10.2 Advances include Rs. 31,452,410 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

Category of classification

Domestic
Other Assets Especially Mentioned
Substandard
Doubtful
Loss

Overseas

Not past due but impaired
Overdue by
181 to 365 days

June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)			
166,469	992	140,824	445
1,854,166	378,028	1,576,529	308,449
376,078	157,781	1,223,288	570,556
28,923,024	28,571,573	28,012,320	27,616,118
31,319,737	29,108,374	30,952,961	28,495,568
132,673	27,115	212,366	23,362
-	-	-	-
132,673	27,115	212,366	23,362
31,452,410	29,135,489	31,165,327	28,518,930

10.3 **Particulars of provision against advances**

Particulars of provision against advances	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Specific	General	Consumer	Total	Specific	General	Consumer	Total
		(note 10.3.1)	financing-General				financing-General	
	(Rupees in '000)							
Opening balance	28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050
Exchange adjustment	3,750	22,408	-	26,158	2,207	15,826	-	18,033
Charge for the period / year	1,643,171	86,277	15,129	1,744,577	6,382,786	76,663	93,912	6,553,361
Reversal under IFRS 9 related to WBB	-	(47,228)	-	(47,228)	-	(5,555)	-	(5,555)
Reversal for the period / year	(1,030,164)	(15,505)	(21,699)	(1,067,368)	(2,597,059)	(854)	(74,678)	(2,672,591)
	613,007	23,544	(6,570)	629,981	3,785,727	70,254	19,234	3,875,215
Amounts written off	(198)	-	-	(198)	(55,851)	-	-	(55,851)
Amounts charged off- agriculture financing	-	-	-	-	(55,231)	-	-	(55,231)
Closing balance	29,135,489	1,019,978	728,690	30,884,157	28,518,930	974,026	735,260	30,228,216

10.3.1 General provision includes Rs 374,851 thousand (December 31, 2021: Rs 374,851 thousand) due to deferment / restructuring & rescheduling relief allowed by SBP.

10.3.2 The net FSV benefit already availed has reduced by Rs. 81,046 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 81,046 thousand (June 30, 2021: lower by Rs. 152,888 thousand) and Rs. 41,333 thousand (June 30, 2021: lower by Rs. 93,262 thousand) respectively. Further, at June 30, 2022, net of tax benefit for Forced Sales Value (FSV) availed by the Bank under BSD circular No. 1 of 2011 dated October 21, 2011 stood at Rs. 226,209 thousand (December 31, 2021: Rs.320,002 thousand) . Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress - note 11.1	178,247	111,038
Property and equipment	13,627,766	13,601,560
Right of use asset - IFRS 16	6,495,555	6,454,277
	<u>20,301,568</u>	<u>20,166,875</u>

11.1 This represents civil works in progress during the period.

	(Un-audited) Period ended June 30, 2022	Period ended June 30, 2021
	(Rupees in '000)	
11.2 Additions to fixed assets		

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

Capital work-in-progress	104,711	35,955
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Property and equipment

Land - freehold	16,970	137,350
Buildings on leasehold	-	1,103
Renovation of premises	46,375	77,775
Furniture, fixtures and office equipment	81,662	85,432
Machine and equipments	134,957	94,157
Computer equipments	155,091	79,458
Vehicles	20,370	9,597
	455,425	484,872
Right of use assets under IFRS 16	392,138	113,094
Total	<u>952,274</u>	<u>633,921</u>

11.3 Disposal of fixed assets

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

Renovation of premises	168	579
Furniture, fixtures and office equipment	4,453	2,796
Machine and equipments	3,110	1,377
Computer equipments	-	51
Vehicles	5,124	68
Total	<u>12,855</u>	<u>4,871</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	

12. INTANGIBLE ASSETS

Computer software	1,008,841	948,523
Less: Provision against intangibles	-	(1,225)
	1,008,841	947,298
Capital work in progress	292,065	235,967
	<u>1,300,906</u>	<u>1,183,265</u>

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
The following additions have been made to intangible assets during the period:			
	Capital work-in-progress	117,807	92,719
	Directly purchased	66,102	46,943
		<u>183,909</u>	<u>139,662</u>
		(Un-audited)	(Audited)
		June 30, 2022	December 31, 2021
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
Deductible temporary differences on			
	- Post retirement employee benefits	29,320	24,663
	- Accelerated tax depreciation	102,906	100,837
	- Deficit on revaluation of investments	2,056,114	3,172,546
	- Provision against advances	1,805,636	1,870,137
		<u>3,993,976</u>	<u>5,168,183</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	26,207,975	18,861,858
	Income / mark-up accrued in foreign currencies	938,088	694,389
	Advances, deposits, advance rent and other prepayments	730,716	441,073
	Advance taxation (payments less provisions)	5,049,278	6,224,368
	Non-banking assets acquired in satisfaction of claims	1,439,094	1,446,968
	Due from State Bank of Pakistan	1,017,985	667,793
	Mark to market gain on forward foreign exchange contracts - net	-	341,824
	Stationary and stamps in hand	104,900	74,065
	Dividend receivable	5,690	1,221
	Acceptances	12,856,190	14,601,271
	Clearing and settlement accounts	-	359,687
	Others	677,336	530,755
		<u>49,027,252</u>	<u>44,245,272</u>
	Provision held against other assets - note 14.1	<u>(187,567)</u>	<u>(175,845)</u>
	Other assets - net of provision	48,839,685	44,069,427
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,719,890	1,719,890
	Other assets - total	<u>50,559,575</u>	<u>45,789,317</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,837	4,838
	Others	182,730	171,008
		<u>187,567</u>	<u>175,846</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	175,845	209,778
Charge for the period / year	11,795	415
Reversals for the period / year	(73)	(34,348)
Net charge / (reversal) for the period / year	11,722	(33,933)
Closing balance	187,567	175,845

15. **BILLS PAYABLE**

In Pakistan	11,153,880	10,235,374
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16. **BORROWINGS**

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	21,573,532	20,497,570
Long term financing facility	10,379,490	9,725,125
Financing facility for storage of agricultural produce	59,082	73,853
Renewable energy financing facility	3,664,218	3,672,929
Credit guarantee scheme for women entrepreneurs	291	606
Payment of wages and salaries	4,259,551	7,485,233
Temporary economic relief	7,765,853	5,506,824
Modernisation of SME	13,979	10,743
Combating COVID-19	645,336	279,357
Working capital financing of small enterprises and low-end medium enterprises	12,000	-
Rupee based discounting of export bills / receivable	159,092	-
	48,532,424	47,252,240

Repurchase agreement borrowings

State Bank of Pakistan	261,996,494	32,000,000
Financial institutions	7,709,533	18,910,076
	269,706,027	50,910,076

Refinance from Pakistan Mortgage Refinance Company

	3,470,704	2,372,387
Total secured	321,709,155	100,534,703

Unsecured

Call borrowings	4,096,934	21,713,480
Financial institutions	1,741,197	970,824
Overdrawn nostro accounts	43,831	344,754
Total unsecured	5,881,962	23,029,058
	327,591,117	123,563,761

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current accounts	326,227,540	27,105,115	353,332,655	282,967,438	24,864,069	307,831,507
Savings deposits	477,651,716	56,299,303	533,951,019	447,108,954	50,866,257	497,975,211
Fixed deposits	166,660,818	23,072,065	189,732,883	183,802,414	18,794,731	202,597,145
	970,540,074	106,476,483	1,077,016,557	913,878,806	94,525,057	1,008,403,863
Financial institutions						
Current accounts	1,627,439	110,110	1,737,549	1,449,604	62,980	1,512,584
Savings deposits	1,451,249	-	1,451,249	1,931,912	-	1,931,912
Fixed deposits	5,095,067	-	5,095,067	3,581,709	-	3,581,709
	8,173,755	110,110	8,283,865	6,963,225	62,980	7,026,205
	978,713,829	106,586,593	1,085,300,422	920,842,031	94,588,037	1,015,430,068

	(Un-audited)	(Audited)
	June 30, 2022	December 31, 2021
18. SUBORDINATED DEBTS	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

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

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	117-120th month (4 equal quarterly installments of 25% each)
Profit Rate	Base Rate plus 1.50% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate plus 1.20% Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	9,916,144	4,528,899
Mark-up / return / interest payable in foreign currencies	393,549	275,197
Unearned commission and income on bills discounted	2,035,923	2,293,929
Accrued expenses	1,469,710	2,959,114
Advance payments	448,618	396,609
Acceptances	12,856,190	14,601,271
Dividends payable	201,348	204,537
Branch adjustment account	1,388,358	361,638
Payable to defined benefit plan	170,496	280,287
Provision for employees compensated absences	661,198	701,725
Mark to market loss on forward foreign exchange contracts - net	1,043,330	-
Security deposit against lease / ljarah financing	4,402,350	4,395,134
Levies and taxes payable	503,994	353,223
Workers' Welfare Fund	622,776	428,583
Clearing and settlement accounts	891,341	-
Provision against off-balance sheet obligations - note 19.1	246,295	1,143,768
Lease liability against ROU assets as per IFRS - 16 Leases	7,676,159	7,393,878
Islamic pool management reserve	-	51,630
Others	3,321,745	1,642,991
	<u>48,249,524</u>	<u>42,012,413</u>

19.1 Provision against off-balance sheet obligations

Opening balance	1,143,768	100,356
Exchange adjustment	304	163
Charge for the period / year	-	1,043,249
Reversal for the period / year	(897,777)	-
Net (reversal) / charge	(897,777)	1,043,249
Closing balance	<u>246,295</u>	<u>1,143,768</u>

20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:

- Available for sale securities - note 20.1	(4,781,661)	(8,134,733)
- Fixed Assets	5,205,916	5,205,916
- Non-banking assets acquired in satisfaction of claims	1,719,890	1,719,890
	2,144,145	(1,208,927)

Deferred tax on deficit on revaluation of:

- Available for sale securities	2,056,114	3,172,546
	<u>4,200,259</u>	<u>1,963,619</u>

- 20.1 Pursuant to relaxation provided by the SBP, the Bank has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at 30 June 2022. Accordingly, the Bank has reversed the entire amount of revaluation loss of Rs. 10,166 million upto 30 June 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these unconsolidated condensed interim financial statements the carrying value of investments as at 30 June 2022 would have been lower by Rs. 10,166 million, other comprehensive income for the period ended 30 June 2022 and surplus on revaluation of assets - net of tax at 30 June 2022 would have been lower by Rs. 5,795 million and deferred tax asset at 30 June 2022 would have been higher by Rs. 4,371 million.

Pursuant to relaxation, the Bank is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	285,100,956	274,886,748
- Commitments - note 21.2	502,010,115	396,004,041
- Other contingent liabilities - note 21.3	1,185,501	1,095,098
	<u>788,296,572</u>	<u>671,985,887</u>
21.1 Guarantees		
Financial guarantees	7,309,244	6,015,847
Performance guarantees	169,259,463	155,588,123
Other guarantees	108,532,249	113,282,778
	<u>285,100,956</u>	<u>274,886,748</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	225,824,083	190,672,407
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	271,689,848	201,560,195
- non government securities transactions - note 21.2.2	4,316,048	3,639,700
Commitments for acquisition of:		
- operating fixed assets	52,259	31,295
- intangible assets	127,877	100,444
	<u>502,010,115</u>	<u>396,004,041</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	136,756,370	117,506,977
Sale	134,933,478	84,053,218
	<u>271,689,848</u>	<u>201,560,195</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of non government securities transactions		
Purchase	4,299,275	3,639,700
Sale	16,773	-
	<u>4,316,048</u>	<u>3,639,700</u>
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 accordingly no provision has been made in these condensed interim unconsolidated financial statements.	1,185,501	1,095,098

22. DERIVATIVE INSTRUMENTS

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

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
23.	MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
	On:		
	Loans and advances	25,186,060	15,480,177
	Investments	36,074,142	19,757,944
	Lendings to financial institutions	78,222	43,915
	Balances with banks	1,829	3,279
	Securities purchased under resale agreements	382,031	145,491
		<u>61,722,284</u>	<u>35,430,806</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	31,389,502	15,906,837
	Borrowings	10,318,338	1,519,528
	Subordinated debts	760,075	520,790
	Cost of foreign currency swaps against foreign currency deposits / borrowings	1,565,921	1,244,578
	Interest expense on lease liability against ROU assets	445,599	456,444
		<u>44,479,435</u>	<u>19,648,177</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	402,848	284,924
	Consumer finance related fees	55,184	55,365
	Card related fees (debit and credit cards)	549,179	403,010
	Credit related fees	270,934	147,558
	Investment banking fees	115,127	64,457
	Commission on trade	496,025	401,199
	Commission on guarantees	488,053	408,510
	Commission on remittances including home remittances	104,949	161,104
	Commission on bancassurance	42,632	62,546
	Others	17,791	34,182
		<u>2,542,722</u>	<u>2,022,855</u>
26.	GAIN ON SECURITIES		
	Realised - note 26.1	34,446	790,539
	Unrealised	(18,617)	-
		<u>15,829</u>	<u>790,539</u>
26.1	Realised gain on:		
	Federal Government Securities	12,187	652,107
	Shares	9,101	135,432
	Non Government Debt Securities	300	3,000
	Mutual Funds	12,858	-
		<u>34,446</u>	<u>790,539</u>

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
27.	OTHER INCOME	(Rupees in '000)	
	Gain on sale of fixed assets	37,501	5,067
	Rent of lockers	24,172	26,613
	Gain on sale of non banking assets	-	15,000
	Recovery of expenses from customers	151,295	159,577
	Termination of lease contracts under IFRS - 16 Leases	13,700	2,807
		<u>226,668</u>	<u>209,064</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	5,500,134	6,808,196
	Property expense		
	Rent and taxes	63,367	64,950
	Insurance	42,883	47,558
	Utilities cost	416,398	264,321
	Security (including guards)	285,593	248,687
	Repair & maintenance (including janitorial charges)	160,378	130,623
	Depreciation on ROU assets	773,035	746,863
	Depreciation	141,378	168,727
		<u>1,883,032</u>	<u>1,671,729</u>
	Information technology expenses		
	Software maintenance	245,600	223,580
	Hardware maintenance	30,429	20,600
	Depreciation	87,693	87,496
	Amortisation	69,163	110,515
	Network charges	138,734	105,280
		<u>571,619</u>	<u>547,471</u>
	Other operating expenses		
	Directors' fees, allowances	16,700	44,662
	Fees and allowances to shariah board	4,539	2,981
	Rates, taxes, insurance etc.	104,287	98,734
	Legal and professional charges	56,400	89,419
	Brokerage and commission	73,923	58,458
	NIFT clearing charges	34,423	36,776
	Repair and maintenance	182,467	125,983
	Communications	337,945	238,170
	Stationery and printing	171,123	117,538
	Marketing, advertisement and publicity	81,489	18,881
	Donations	67,150	58,424
	Auditors' remuneration	9,900	9,400
	Travelling, conveyance and entertainment	138,843	87,845
	Depreciation	224,770	246,536
	Security service charges	192,153	136,602
	Training and development	11,841	2,968
	Deposit premium expense	323,717	287,490
	Outsourced service cost	42,280	-
	Other expenditure	189,630	201,657
		<u>2,263,580</u>	<u>1,862,524</u>
		<u>10,218,365</u>	<u>10,889,920</u>
28.1	Total compensation expense		
	Managerial remuneration	4,302,002	4,635,022
	Charge for defined benefit / contribution plan	376,697	363,655
	Other staff cost - note 28.1.1	821,435	1,809,519
		<u>5,500,134</u>	<u>6,808,196</u>

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

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

	(Un-audited)	
	Period ended June 30, 2022	Period ended June 30, 2021
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
Provision / (reversal of provision) for diminution in value of investments	425,752	(59,691)
Provision against loans and advances	629,981	2,524,680
Provision / (reversal of provision) against other assets	11,722	(163)
Reversal of provision against fixed assets	(1,225)	(2,116)
(Reversal of provision) / against off-balance sheet obligations	(897,777)	380,878
Provision against cash and bank balances	17	17
Reversal of provision against repurchase agreement lendings	(14,861)	-
Recovery of written off / charged off bad debts	(43,469)	(63,584)
	<u>110,140</u>	<u>2,780,021</u>
31. TAXATION		
Current	5,778,624	2,681,908
Deferred	62,676	(50,987)
	<u>5,841,300</u>	<u>2,630,921</u>

31.1 Tax Status

i) The Bank has filed tax returns for and up to tax year 2021. The assessments for and up to tax year 2021 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 2,359 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 141.04 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 291.99 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.

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.

	(Un-audited)	
	Period ended June 30, 2022	Period ended June 30, 2021
32. BASIC EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>6,309,263</u>	<u>4,111,396</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>5.01</u>	<u>3.26</u>

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

33. 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 other than investment classified as held to maturity 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 condensed interim financial statements are categorized 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:

33.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or 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 condensed interim unconsolidated financial statements.

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

			June 30, 2022 (Un-audited)		
Carrying /					
Notional Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	639,469,501	6,164,766	633,304,735	-	639,469,501
Shares	4,223,021	4,223,021	-	-	4,223,021
Units of open end mutual funds	693,505	-	693,505	-	693,505
Fully paid preference shares	16,050	16,050	-	-	16,050
Non Government Debt Securities	12,304,682	-	12,304,682	-	12,304,682
Foreign securities	612,543	612,543	-	-	612,543
	657,319,302	11,016,380	646,302,922	-	657,319,302

Financial assets - disclosed but not measured at fair value

Investments					
Unlisted shares	850,000	-	-	-	-
Subsidiary	165,619	-	-	-	-
Federal Government Securities	118,813,059	11,565,645	99,030,527	-	110,596,172
Foreign Securities	1,598,745	1,577,884	-	-	1,577,884
Cash and balances with treasury banks	99,590,566	-	-	-	-
Lending to financial institutions	23,500,000	-	-	-	-
Balances with other banks	24,394,153	-	-	-	-
Advances	546,910,423	-	-	-	-
Other assets	41,520,534	-	-	-	-
	<u>857,343,099</u>	<u>13,143,529</u>	<u>99,030,527</u>	<u>-</u>	<u>112,174,056</u>

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	136,756,370	-	4,560,290	-	4,560,290
Forward sale of foreign exchange	134,933,478	-	(5,603,620)	-	(5,603,620)

December 31, 2021 (Audited)				
Carrying / Notional Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

On balance sheet financial instruments

Financial assets - measured at fair value

Investments					
Federal Government Securities	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
	<u>492,042,201</u>	<u>9,074,949</u>	<u>482,967,252</u>	<u>-</u>	<u>492,042,201</u>

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	-	-	-	-
	<u>730,682,059</u>	<u>15,976,555</u>	<u>106,453,893</u>	<u>-</u>	<u>122,430,448</u>

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)

The Bank'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 takes place. There were no transfers between levels 1 and 2 during the year.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
		Level 3	Level 3
33.2 Fair value of non-financial assets			
Fixed assets			
Property and equipment (freehold and leasehold land)		9,706,950	9,689,980
Other assets			
Non-banking assets acquired in satisfaction of claims		3,158,984	3,166,857

34. Segment Information

34.1 Segment details with respect to Business Activities

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

	June 30, 2022 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(20,632,154)	9,889,774	23,957,135	1,753,684	2,324,068	872,377	(922,035)
Inter segment revenue - net	33,091,009	(7,266,333)	(27,447,342)	(1,129,377)	-	(92,579)	2,844,622
Non mark-up / return / interest income	864,707	1,590,876	2,483,253	265,936	246,835	14,323	118,103
Total income	13,323,562	4,214,317	(1,006,954)	890,243	2,570,903	794,121	2,040,690
Segment direct expenses	5,754,727	436,065	154,751	538,740	1,252,587	69,823	2,359,486
Inter segment expense allocation	446,614	431,517	5,837	69,167	-	-	(953,135)
Total expenses	6,201,341	867,582	160,588	607,907	1,252,587	69,823	1,406,351
Provisions	(59,501)	(320,427)	454,629	(19,043)	51,887	(78,920)	81,515
Profit before tax	7,181,722	3,667,162	(1,622,171)	301,379	1,266,429	803,218	552,824
	June 30, 2022 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Statement of financial position							
Cash and bank balances	43,960,004	3,361,744	69,415,375	55,138	6,701,559	490,487	412
Investments	-	8,519,982	712,932,952	-	34,716,515	22,388,045	189,231
Lendings to financial institutions	-	-	18,000,000	-	5,500,000	-	-
Advances - performing - net of provision	13,595,520	402,793,710	-	21,021,031	86,802,774	13,807,516	6,572,951
Advances - non-performing - net of provision	444,364	498,493	-	195,793	1,072,713	105,558	-
Others	961,407	20,226,948	14,350,601	602,070	5,419,762	458,623	34,136,614
Total Assets	58,961,295	435,400,877	814,698,928	21,874,032	140,213,323	37,250,229	40,899,208
Borrowings	1,774,934	41,699,054	262,040,325	3,470,704	5,058,436	13,547,664	-
Subordinated debts	-	-	-	-	-	-	12,000,000
Deposits and other accounts	763,910,408	237,264,311	-	3,499	82,905,074	1,127,095	90,035
Net inter segment balances - net	(722,591,105)	136,901,237	548,188,067	17,737,681	37,226,199	19,665,283	(37,127,362)
Others	15,867,058	19,536,275	4,470,536	662,147	6,224,804	2,910,187	9,732,397
Total liabilities	58,961,295	435,400,877	814,698,928	21,874,031	131,414,513	37,250,229	(15,304,930)
Equity	-	-	-	-	8,798,811	-	56,204,138
Total Equity and liabilities	58,961,295	435,400,877	814,698,928	21,874,031	140,213,324	37,250,229	40,899,208
Contingencies and commitments	6,850,535	489,453,392	276,005,897	16,714	14,601,136	8,006	1,360,892
	June 30, 2021 (Un-audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(10,884,261)	7,538,585	16,188,220	1,257,936	1,782,981	644,652	(745,484)
Inter segment revenue - net	18,067,288	(5,748,050)	(13,353,086)	(651,370)	-	(41,467)	1,726,685
Non mark-up / return / interest income	673,388	1,351,551	2,015,095	230,179	206,627	1,126	177,431
Total income	7,856,415	3,142,086	4,850,229	836,745	1,989,608	604,311	1,158,632
Segment direct expenses	5,529,775	366,198	157,700	477,745	1,090,744	60,210	3,233,316
Inter segment expense allocation	320,754	450,470	2,012	86,697	-	-	(859,933)
Total expenses	5,850,529	816,668	159,712	564,442	1,090,744	60,210	2,373,383
Provisions	1,786	2,514,327	25,671	57,252	235,444	(54,548)	89
Profit before tax	2,004,100	(188,909)	4,664,846	215,051	663,420	598,649	(1,214,840)
	December 31, 2021 (Audited)						
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others
	(Rupees in '000)						
Statement of financial position							
Cash and bank balances	38,294,869	3,233,876	43,286,336	151,401	7,797,848	122,302	442
Investments	-	8,521,775	555,083,246	-	31,274,749	20,725,609	755,779
Advances - performing - net of provision	15,233,937	346,926,181	-	21,054,155	69,933,549	14,986,172	6,807,846
Advances - non-performing - net of provision	463,099	563,226	-	248,084	1,182,984	189,004	-
Others	538,831	19,513,936	8,897,467	541,821	5,537,167	436,039	36,842,379
Total Assets	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,406,446
Borrowings	1,904,256	40,118,695	42,309,124	2,372,387	16,529,289	20,330,010	-
Subordinated debts	-	-	-	-	-	-	12,000,000
Deposits and other accounts	683,963,786	257,131,733	-	4,042	73,585,947	646,139	98,421
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
Total liabilities	54,530,736	378,758,994	607,267,049	21,995,461	107,859,025	36,459,126	(3,628,775)
Equity	-	-	-	-	7,867,272	-	48,035,221
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
Contingencies and commitments	5,956,056	446,725,804	204,173,657	16,278	13,885,398	6,859	1,221,835

35. **RELATED PARTY TRANSACTIONS**

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank 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.

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

	As at June 30, 2022 (Un-audited)					As at December 31, 2021 (Audited)				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	-	165,619	1,189,341	-	-	-	165,619	800,478
Investment made during the period / year	-	-	-	-	125,285	-	-	-	-	500,000
Investment redeemed / disposed off during the period / year	-	-	-	-	(82,307)	-	-	-	-	(18,449)
Revaluation difference	-	-	-	-	(51,731)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(92,688)
Closing balance	-	-	-	165,619	1,180,588	-	-	-	165,619	1,189,341
Advances										
Opening balance	4,523,915	43	441,248	-	10,521,710	2,805,786	28,671	423,764	-	4,766,042
Addition during the period / year	85,034,407	280	83,871	-	8,281,083	85,548,230	438	237,240	2,898	12,098,633
Repaid during the period / year	(77,212,634)	(314)	(172,958)	-	(2,047,237)	(83,830,101)	(420)	(150,992)	(2,898)	(9,424,006)
Transfer in / (out) - net	-	-	(12,986)	-	-	-	(28,646)	(68,764)	-	3,081,041
Closing balance	12,345,688	9	339,175	-	16,755,556	4,523,915	43	441,248	-	10,521,710
Other Assets			53,922							
Interest / mark-up receivable	148,092	-	79,745	-	550,118	70,227	-	92,634	-	492,285
Advance rent	258	-	-	-	-	1,144	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	2,372,387	-	-	-	-	1,923,886
Borrowings during the period / year	-	-	-	-	1,116,667	-	-	-	-	1,500,000
Settled during the period / year	-	-	-	-	(18,350)	-	-	-	-	(1,051,499)
Closing balance	-	-	-	-	3,470,704	-	-	-	-	2,372,387
Deposits and other accounts										
Opening 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
Received during the period / year	414,596,692	29,213	1,135,854	507,699	323,442,126	768,812,177	84,099	1,971,951	1,232,716	404,528,295
Withdrawn during the period / year	(431,484,841)	(38,635)	(1,118,951)	(592,398)	(341,525,069)	(720,605,891)	(76,565)	(1,957,873)	(1,166,304)	(379,499,670)
Transfer in / (out) - net	-	-	(7,456)	-	-	-	(2,904)	10,564	-	242,803
Closing balance	39,336,241	14,587	220,706	183,509	24,205,614	56,224,390	24,009	211,259	268,208	42,288,557
Other Liabilities										
Interest / mark-up payable	190,119	-	5,865	-	691,759	87,473	-	3,413	-	136,012
Payable to staff retirement fund	-	-	-	-	170,496	-	-	-	-	280,287
Security deposits payable	-	-	-	-	397,822	-	-	-	-	308,299
Others	-	-	16,839	-	-	110,128	-	5,884	-	-
Contingencies and Commitments	1,195,041	-	-	40,000	2,084,343	1,233,702	-	42,122	40,000	7,649,153
Others										
Securities held as custodian	4,590,000	-	59,000	100,000	5,208,500	6,790,000	-	-	-	1,219,500
Securities given as collateral	-	-	-	-	139,964	-	-	-	-	188,963

For the half year ended June 30, 2022 (Un-Audited)					For the half year ended June 30, 2021 (Un-Audited)				
Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Rupees in '000									

Income

Mark-up / return / interest earned	212,968	-	14,017	-	748,251	65,697	533	10,077	96	247,988
Fee and commission earned	3,284	-	-	39	15,175	10	-	-	40	5,658
Dividend income	-	-	-	-	53,268	-	-	-	-	26,851
Gain on sale of fixed assets	-	-	7,250	-	-	-	-	-	-	-

Expense

Mark-up / return / interest expensed	1,676,168	3	4,702	2,261	1,131,623	545,697	154	3,252	62	522,259
Charge to defined benefit plan	-	-	-	-	165,608	-	-	-	-	134,978
Contribution to defined contribution plan	-	-	-	-	143,902	-	-	-	-	159,716
Remuneration and allowances	-	-	363,812	-	4,539	-	-	352,953	-	2,981
Rent	887	-	-	-	-	850	-	-	-	-
Communications	-	-	-	-	31,664	-	-	-	-	18,619
Brokerage and Commission	-	-	-	-	38,525	-	-	-	1,714	14,040
Directors' Fee, Allowances	4,650	12,050	-	-	-	-	44,662	-	-	-
Dividend paid	-	-	-	-	-	2,718,846	9	225	-	42,350
Donations	177,278	-	-	-	-	51,420	-	-	-	-

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.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

		(Un-audited)	(Audited)
	Note	June 30, 2022	December 31, 2021
(Rupees in '000)			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		12,602,602	12,602,602
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		57,740,432	51,649,517
Eligible Additional Tier 1 (ADT 1) Capital		6,000,000	5,886,339
Total Eligible Tier 1 Capital		63,740,432	57,535,856
Eligible Tier 2 Capital		11,333,967	8,502,535
Total Eligible Capital (Tier 1 + Tier 2)		75,074,399	66,038,391
Risk Weighted Assets (RWAs):			
Credit Risk		414,221,284	397,629,708
Market Risk		12,293,543	28,800,513
Operational Risk		66,981,093	66,981,093
Total		493,495,920	493,411,314
Common Equity Tier 1 Capital Adequacy ratio		11.70%	10.47%
Tier 1 Capital Adequacy Ratio		12.92%	11.66%
Total Capital Adequacy Ratio	36.1	15.21%	13.38%
Leverage Ratio (LR):			
Eligible Tier-1 Capital		63,740,432	57,535,855
Total Exposures		1,996,136,841	1,748,422,535
Leverage Ratio	36.1	3.19%	3.29%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		491,630,735	459,883,554
Total Net Cash Outflow		269,812,660	250,932,186
Liquidity Coverage Ratio		182.21%	183.27%
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		1,069,818,972	986,752,063
Total Required Stable Funding		591,472,278	512,579,835
Net Stable Funding Ratio		180.87%	192.51%

36.1 As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Bank would have been lowered by 1.86% and 0.31% respectively.

37. Islamic Banking Business

The Bank is operating 105 Islamic banking branches (including 3 sub-branches) and 07 Islamic Banking Windows at June 30, 2022 as compared to 101 Islamic banking branches (including 3 sub-branches) and Nil Islamic Banking Windows at year ended December 31, 2021.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,686,434	7,149,581
Balances with other banks		15,124	648,268
Due from financial Institutions	37.1	5,500,000	-
Investments	37.2	34,716,515	31,274,749
Islamic financing and related assets - net	37.3	87,875,487	71,116,539
Fixed assets		1,790,372	1,477,974
Intangible assets		-	-
Due from Head Office		-	-
Other assets		6,937,257	4,769,976
Total assets		143,521,189	116,437,087
LIABILITIES			
Bills payable		1,116,857	1,769,395
Due to financial institutions		5,058,436	16,529,289
Deposits and other accounts	37.4	82,905,074	73,585,947
Due to head office		40,500,000	12,000,000
Sub-ordinated debt		-	-
Other liabilities		5,142,008	4,659,368
		134,722,375	108,543,999
NET ASSETS			
		8,798,814	7,893,088
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.5	-	25,815
Deficit on revaluation of assets		(720,512)	(385,624)
Unappropriated profit	37.6	4,919,326	3,652,897
		8,798,814	7,893,088
CONTINGENCIES AND COMMITMENTS			
	37.7	17,034,874	13,885,398

The profit and loss account of the Bank's Islamic banking branches for the period ended June 30, 2022 is as follow

		(Un-audited) Period ended June 30, 2022	Period ended June 30, 2021
	Note	(Rupees in '000)	
Profit / return earned	37.9	5,699,106	2,934,478
Profit / return expensed	37.10	3,375,038	1,151,497
Net Profit / return		2,324,068	1,782,981
Other income			
Fee and Commission Income		124,753	116,915
Dividend Income		5,177	-
Foreign Exchange Income		79,692	44,201
Gain / (loss) on securities		-	-
Other Income		37,213	45,512
Total other income		246,835	206,628
Total Income		2,570,903	1,989,609
Other expenses			
Operating expenses		1,252,161	1,090,639
Workers' Welfare Fund		-	-
Other charges		426	106
Total other expenses		1,252,587	1,090,745
Profit before provisions		1,318,316	898,864
Provisions and write offs - net		51,887	321,001
Profit before taxation		1,266,429	577,863

37.1 Due from financial institutions

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)			(Rupees in '000)		
Secured	-	-	-	-	-	-
Unsecured	5,500,000	-	5,500,000	-	-	-
Bai Muajjal Receivable from other Financial Institutions	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-
Bai Muajjal Receivable from other Financial Institutions	-	-	-	-	-	-
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	-	-	-
	<u>5,500,000</u>	<u>-</u>	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

37.2 Investments by segments:

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	28,528,213	-	(720,808)	27,807,405	23,560,581	-	(385,792)	23,174,789
- Islamic Naya Pakistan Certificates	3,024,114	-	-	3,024,114	-	-	-	-
- GOP Bai Muajjal	-	-	-	-	4,215,092	-	-	4,215,092
	<u>31,552,327</u>	<u>-</u>	<u>(720,808)</u>	<u>30,831,519</u>	<u>27,775,673</u>	<u>-</u>	<u>(385,792)</u>	<u>27,389,881</u>
Units of Open end Mutual Fund	100,000	-	296	100,296	100,000	-	168	100,168
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	4,344,663	(559,963)	-	3,784,700	4,344,663	(559,963)	-	3,784,700
	<u>4,344,663</u>	<u>(559,963)</u>	<u>-</u>	<u>3,784,700</u>	<u>4,344,663</u>	<u>(559,963)</u>	<u>-</u>	<u>3,784,700</u>
Total investments	<u>35,996,990</u>	<u>(559,963)</u>	<u>(720,512)</u>	<u>34,716,515</u>	<u>32,220,336</u>	<u>(559,963)</u>	<u>(385,624)</u>	<u>31,274,749</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
37.3 ISLAMIC FINANCING AND RELATED ASSETS		
Ijarah	5,393,132	5,443,351
Murabaha - note 37.3.1	5,804,357	6,496,482
Musharakah	38,040,529	29,064,976
Diminishing Musharakah	15,301,982	14,096,303
Salam	8,284,522	6,207,801
Istisna	3,734,418	4,287,613
Receivable against sale of Istisna / Salam Inventory	3,143,960	1,511,039
Service Ijarah	2,427,176	1,652,175
Other Islamic Modes (Executive Car Finance -Qarz-e-Hasana)	3,072,052	102,193
Advances against Islamic assets - note 37.3.2	2,680,073	2,618,817
Inventory related to Islamic financing - note 37.3.3	1,793,756	1,384,372
Gross Islamic financing and related assets	89,675,957	72,865,122
Less: Provision against Islamic financings		
- Specific	1,754,622	1,702,470
- General	45,848	46,113
	1,800,470	1,748,583
Islamic financing and related assets - net of provision	<u>87,875,487</u>	<u>71,116,539</u>

37.3.1 Includes advance against Murabaha of Rs.1,038,931 thousand (December 31, 2021: Rs.949,535 thousand).

37.3.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2022 (Un-audited)	<u>1,627,594</u>	<u>-</u>	<u>1,052,479</u>	<u>-</u>	<u>-</u>	<u>2,680,073</u>
December 31, 2021 (Audited)	<u>1,356,711</u>	<u>-</u>	<u>1,262,106</u>	<u>-</u>	<u>-</u>	<u>2,618,817</u>

37.3.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2022 (Un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,000</u>	<u>1,391,756</u>	<u>1,793,756</u>
December 31, 2021 (Audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,095</u>	<u>1,245,277</u>	<u>1,384,372</u>

	(Un-audited)	(Audited)
	June 30,	December 31,
	2022	2021
	(Rupees in '000)	
37.4 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	34,074,969	32,221,831
Current deposits - remunerative	2,577,135	939,863
Savings deposits	24,396,383	22,006,695
Term deposits	15,191,648	15,152,962
Others	1,480,721	837,139
	<u>77,720,856</u>	<u>71,158,490</u>
Financial Institutions		
Current deposits - non remunerative	80,904	5,714
Current deposits - remunerative	903	50,001
Savings deposits	317,344	370,033
Term deposits	4,785,067	2,001,709
	<u>5,184,218</u>	<u>2,427,457</u>
	<u>82,905,074</u>	<u>73,585,947</u>
37.5 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve at the end of current period is Nil (December 31, 2021: Rs. 25,815 thousand) which is classified in other liabilities in note 19.		
	(Un-audited)	(Audited)
	June 30,	December 31,
	2022	2021
	(Rupees in '000)	
37.6 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	3,652,897	2,454,381
Add: Islamic banking profit for the period	1,266,429	1,198,516
Closing Balance	<u>4,919,326</u>	<u>3,652,897</u>
37.7 CONTINGENCIES AND COMMITMENTS		
-Guarantees	8,023,649	6,325,748
-Commitments	9,011,225	7,559,650
-Other contingent liabilities	-	-
	<u>17,034,874</u>	<u>13,885,398</u>
37.8 CHARITY FUND		
Opening balance	24,292	20,529
Additions during the period		
- Received from customers on delayed payments	16,781	29,765
- Non Shariah Compliant Income	170	-
- Profit on charity account	5	8
- Others	126	377
	<u>17,082</u>	<u>30,150</u>
Payments / utilization during the period		
- Education	-	(1,519)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	-	(19,447)
- Orphanage	-	(5,421)
	<u>-</u>	<u>(26,387)</u>
Closing balance	<u>41,374</u>	<u>24,292</u>

(Un-audited)	
Period ended	Period ended
June 30,	June 30,
2022	2021
(Rupees in '000)	

**37.9 PROFIT / RETURN EARNED ON FINANCING,
INVESTMENTS AND PLACEMENTS**

Profit earned on:

Financing	3,985,787	2,248,790
Investments	1,702,933	662,806
Placements	10,386	22,882
	<u>5,699,106</u>	<u>2,934,478</u>

37.10 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	1,627,249	915,502
Due to financial institutions	203,533	149,869
Due to head office	1,448,749	1,164
Lease liability against right-of-use assets	95,507	84,962
	<u>3,375,038</u>	<u>1,151,497</u>

38. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 17, 2022.

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



CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2022

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

		(Un-audited)	(Audited)
		June 30,	December 31,
		2022	2021
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	99,590,566	89,432,245
Balances with other banks	7	24,512,019	3,556,215
Lendings to financial institutions	8	23,500,000	-
Investments	9	778,616,739	616,231,172
Advances	10	546,915,694	477,673,022
Fixed assets	11	20,314,111	20,179,222
Intangible assets	12	1,307,257	1,188,985
Deferred tax assets	13	3,987,199	5,161,697
Other assets	14	50,765,983	45,906,052
		<u>1,549,509,568</u>	<u>1,259,328,610</u>
LIABILITIES			
Bills payable	15	11,153,880	10,235,374
Borrowings	16	327,591,117	123,563,761
Deposits and other accounts	17	1,085,116,907	1,015,162,254
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		-	-
Other liabilities	19	48,500,968	42,326,358
		<u>1,484,362,872</u>	<u>1,203,287,747</u>
NET ASSETS			
		<u>65,146,696</u>	<u>56,040,863</u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		42,636,621	32,832,051
Surplus on revaluation of assets - net of tax	20	4,224,617	1,987,976
Unappropriated profit		5,682,856	8,618,234
		<u>65,146,696</u>	<u>56,040,863</u>

CONTINGENCIES AND COMMITMENTS

21

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

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

		For the quarter ended		For the half year ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
Note		(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	23	34,982,545	17,757,405	61,731,116	35,439,983
Mark-up / return / interest expensed	24	26,188,357	9,580,306	44,479,481	19,648,418
Net mark-up / interest income		8,794,188	8,177,099	17,251,635	15,791,565
Non mark-up / interest income					
Fee and commission income	25	1,390,020	1,057,126	2,586,282	2,132,637
Dividend income		80,551	106,371	185,615	193,479
Foreign exchange income		1,589,906	788,604	2,613,199	1,439,460
Income / (loss) from derivatives		-	-	-	-
Gain on securities	26	(74,358)	48,096	15,829	790,539
Other income	27	90,917	111,484	226,668	209,075
Total non-markup / interest income		3,077,036	2,111,681	5,627,593	4,765,190
Total income		11,871,224	10,288,780	22,879,228	20,556,755
Non mark-up / interest expenses					
Operating expenses	28	5,353,488	5,046,472	10,264,562	10,950,546
Workers' Welfare Fund		106,333	15,899	194,193	20,157
Other charges	29	73,081	1,415	153,621	5,611
Total non-markup / interest expenses		5,532,902	5,063,786	10,612,376	10,976,314
Profit before provisions		6,338,322	5,224,994	12,266,852	9,580,441
Provisions and write offs - net	30	282,158	2,989,350	110,140	2,819,090
Extraordinary / unusual items		-	-	-	-
Profit before taxation		6,056,164	2,235,644	12,156,712	6,761,351
Taxation	31	3,351,139	886,159	5,843,256	2,642,431
Profit after taxation		2,705,025	1,349,485	6,313,456	4,118,920
Attributable to:					
Equity holders of the Bank		2,705,025	1,349,485	6,313,456	4,118,920
Non-controlling interest		-	-	-	-
		2,705,025	1,349,485	6,313,456	4,118,920
		Rupees	Rupees	Rupees	Rupees
Basic earnings per share	32	2.15	1.07	5.01	3.27

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

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

	For the quarter ended		For the half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	2,705,025	1,349,485	6,313,456	4,118,920
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in Wholesale Bank Branch	427,677	73,403	555,410	(22,604)
Movement in deficit on revaluation of investments - net of tax	3,566,581	1,246,950	2,236,641	(612,664)
	3,994,258	1,320,353	2,792,051	(635,268)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit plan - net of tax	892	28,813	892	28,813
Movement in surplus on revaluation of non-banking assets	-	(33,630)	-	(33,630)
	892	(4,817)	892	(4,817)
Total comprehensive income	<u>6,700,175</u>	<u>2,665,021</u>	<u>9,106,399</u>	<u>3,478,835</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	6,700,175	2,665,021	9,106,399	3,478,835
Non-controlling interest	-	-	-	-
	<u>6,700,175</u>	<u>2,665,021</u>	<u>9,106,399</u>	<u>3,478,835</u>

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

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

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

	Surplus / (deficit) on revaluation of								
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Investments	Fixed / Non banking assets	Un-appropriated profit / (loss)	Total
	(Rupees in '000)								
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
Total comprehensive income for the half year ended June 30, 2021									
Net profit for the half year ended June 30, 2021	-	-	-	-	-	-	-	4,118,920	4,118,920
Other comprehensive income related to equity	-	(22,604)	-	-	-	(612,664)	(33,630)	-	(668,898)
	-	(22,604)	-	-	-	(612,664)	(33,630)	4,118,920	3,450,022
Transfer to Statutory reserve	-	-	-	553,887	-	-	-	(553,887)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(33,630)	(33,630)
Transfer to General reserve	-	-	-	-	4,925,272	-	-	(4,925,272)	-
Transaction with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
Balance as at June 30, 2021	12,602,602	262,079	234,669	12,824,013	17,837,459	(528,860)	7,553,521	3,531,403	54,316,886
Total comprehensive income for the six months ended December 31, 2021									
Net profit for the six months ended December 31, 2021	-	-	-	-	-	-	-	5,596,813	5,596,813
Other comprehensive income related to equity	-	287,441	-	-	-	(4,408,969)	202,292	12,770	(3,906,466)
	-	287,441	-	-	-	(4,408,969)	202,292	5,609,583	1,690,347
Transfer to Statutory reserve	-	-	-	1,386,390	-	-	-	(1,386,390)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(830,008)	863,638	33,630
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
Total comprehensive income for the half year ended June 30, 2022									
Net profit for the half year ended June 30, 2022	-	-	-	-	-	-	-	6,313,456	6,313,456
Other comprehensive income related to equity	-	555,410	-	-	-	2,236,641	-	326	2,792,377
	-	555,410	-	-	-	2,236,641	-	6,313,782	9,105,833
Transfer to Statutory reserve	-	-	-	630,926	-	-	-	(630,926)	-
Transfer to General reserve	-	-	-	-	8,618,234	-	-	(8,618,234)	-
Balance as at June 30, 2022	12,602,602	1,104,930	234,669	14,841,329	26,455,693	(2,701,188)	6,925,805	5,682,856	65,146,696

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

 -sd-
Chief Financial Officer

 -sd-
President & Chief Executive

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2022

		For the half year ended	
		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
Cash flow from operating activities			
Profit before taxation		12,156,712	6,761,351
Less: dividend income		(185,615)	(193,479)
		<u>11,971,097</u>	<u>6,567,872</u>
Adjustments:			
Depreciation		455,069	504,063
Amortization		69,372	110,778
Depreciation on ROU assets		773,035	746,863
Markup expense on lease liability against ROU assets		445,599	456,444
Termination of lease contracts under IFRS - 16 Leases		(13,700)	(2,807)
Charge for defined benefit plans		235,395	206,538
Provisions and write offs - net	30	153,609	2,882,674
Unrealised loss on held for trading securities		18,477	-
Gain on sale of non - banking assets		-	(15,000)
Gain on sale of fixed assets		(37,501)	(5,078)
		<u>2,099,355</u>	<u>4,884,475</u>
		<u>14,070,452</u>	<u>11,452,347</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(23,500,000)	-
Held for trading securities		(3,415,824)	(58)
Advances		(69,898,613)	(37,479,034)
Other assets (excluding advance taxation)		(6,051,043)	282,943
		<u>(102,865,480)</u>	<u>(37,196,149)</u>
Increase / (decrease) in operating liabilities			
Bills payable		918,506	(3,035)
Borrowings from financial institutions		204,027,356	(5,850,188)
Deposits		69,954,653	135,712,641
Other liabilities (excluding current taxation)		6,954,461	1,198,109
		<u>281,854,976</u>	<u>131,057,527</u>
Net cash flow generated from operations		<u>193,059,948</u>	<u>105,313,725</u>
Payment made to defined benefit plan		(390,706)	(316,494)
Income tax paid		(4,604,480)	(3,247,910)
Net cash flow generated from operating activities		<u>188,064,762</u>	<u>101,749,321</u>
Cash flow from investing activities			
Net investments in available for sale securities		(159,499,413)	(54,606,597)
Net investments in held to maturity securities		3,422,751	(26,256,576)
Dividend received		181,137	160,553
Investment in fixed assets - net of adjustment		(560,301)	(525,841)
Investment in intangible asset		(184,749)	(140,056)
Proceeds from sale of fixed assets		50,461	10,014
Effect of translation of net investment in Wholesale Bank Branch		555,410	(22,604)
Net cash used in investing activities		<u>(156,034,704)</u>	<u>(81,381,107)</u>
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		-	-
Payments against lease liabilities		(912,744)	(779,573)
Dividend paid		(3,189)	(3,731,479)
Net cash flow used in financing activities		<u>(915,933)</u>	<u>(4,511,052)</u>
Increase in cash and cash equivalents		<u>31,114,125</u>	<u>15,857,162</u>
Cash and cash equivalents at beginning of the period		<u>92,988,460</u>	<u>81,847,871</u>
Cash and cash equivalents at end of the period		<u>124,102,585</u>	<u>97,705,033</u>

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

-sd-
Chief Financial Officer

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2022

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 June 30, 2022. The ultimate parent of the Group is Fauji Foundation. The Bank has 560 branches (2021: 560 branches); 559 in Pakistan and Azad Jammu and Kashmir including 105 (2021: 101) Islamic Banking branches and 56 (2021: 56) 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 PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

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

2.2 STATEMENT OF COMPLIANCE

- 2.2.1 These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2.2 The 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 S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 2023 and finalised the IFRS 9 application instruction. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars.
- 2.2.3 IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 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 condensed interim financial statements.
- 2.2.4 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2021.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

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

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

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

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

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of audited annual consolidated financial statements for the year ended December 31, 2021.

5. **FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
6.	CASH AND BALANCES WITH TREASURY BANKS		
		Rupees in '000	
	<i>In hand:</i>		
	Local currency	22,228,918	21,150,705
	Foreign currencies	6,032,702	4,059,596
		28,261,620	25,210,301
	<i>With the State Bank of Pakistan in:</i>		
	Local currency current accounts	51,043,050	46,087,959
	Foreign currency current account	6,583,836	4,898,891
	Foreign currency deposit account	10,199,871	9,278,909
		67,826,757	60,265,759
	<i>With National Bank of Pakistan in:</i>		
	Local currency current accounts	3,455,857	3,833,104
	Prize Bonds	46,332	123,081
		99,590,566	89,432,245
7.	BALANCES WITH OTHER BANKS		
	<i>In Pakistan</i>		
	In current accounts	1,363,534	552,186
	In deposit accounts	3,265	4,310
		1,366,799	556,496
	<i>Outside Pakistan</i>		
	In current accounts	2,130,007	1,425,930
	In deposit accounts	21,015,241	1,573,797
		23,145,248	2,999,727
	Provision under IFRS 9 related to WBB	(28)	(8)
		24,512,019	3,556,215
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call / clean money lendings	5,500,000	-
	Repurchase agreement lendings (Reverse Repo)	18,133,746	148,606
		23,633,746	148,606
	Provision held against lending to financial institutions	(133,746)	(148,606)
	Lending to financial institutions - net of provision	23,500,000	-
		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
		Classified Lending	Classified Lending
		Provision Held	Provision Held
8.1	Category of classification		
		(Rupees in '000)	
	Domestic		
	Loss	148,606	148,606
		148,606	148,606

9. **INVESTMENTS**

June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							

9.1 **Investments by type:**

Held for trading securities

Federal Government Securities	3,276,340	-	(16,096)	3,260,244	-	-	-	-
Fully paid ordinary shares	139,484	-	(2,381)	137,103	-	-	-	-
	3,415,824	-	(18,477)	3,397,347	-	-	-	-

Available for sale securities

Federal Government Securities	641,412,255	(86,551)	(5,116,447)	636,209,257	482,298,535	(50,489)	(8,400,351)	473,847,695
Shares	5,763,282	(884,357)	92,626	4,971,551	4,874,699	(432,993)	87,745	4,529,451
Units of open end mutual funds	750,000	(141,603)	85,108	693,505	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares	27,314	(11,914)	650	16,050	27,314	(11,914)	651	16,051
Non Government Debt Securities	13,490,137	(1,374,427)	188,972	12,304,682	13,316,295	(1,386,785)	62,687	11,992,197
Foreign securities	614,568	(583)	(1,442)	612,543	530,691	(3,965)	5,469	532,195
	662,057,556	(2,499,435)	(4,750,533)	654,807,588	502,558,143	(2,026,704)	(8,103,605)	492,427,834

Held to maturity securities

Federal Government Securities	118,935,925	(122,866)	-	118,813,059	120,213,557	(136,355)	-	120,077,202
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	1,612,602	(13,857)	-	1,598,745	3,757,721	(31,585)	-	3,726,136
	120,658,527	(246,723)	-	120,411,804	124,081,278	(277,940)	-	123,803,338

Total investments	786,131,907	(2,746,158)	(4,769,010)	778,616,739	626,639,421	(2,304,644)	(8,103,605)	616,231,172
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(Un-audited)	(Audited)
June 30, 2022	December 31, 2021

9.1.1 **Investments given as collateral**

(Rupees in '000)

The market value of investment given as collateral is as follows

Market Treasury Bills	122,422,088	9,967,040
Pakistan Investment Bonds	138,650,400	31,984,000
Euro Bonds	8,288,993	7,386,911
Turkish Euro Bonds	1,591,741	596,977
Sukuk	1,700,074	4,372,827
Shares	139,964	161,829
	272,793,260	54,469,584

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
9.2 Provision for diminution in value of investments	(Rupees in '000)	
9.2.1 Opening balance	2,304,644	2,082,515
Exchange adjustments	32,845	21,836
Charge / (reversals)		
Charge for the period / year	469,492	277,764
Reversal under IFRS 9 related to WBB for the period / year	(31,381)	(38,547)
Reversals for the period / year	(12,359)	(35,919)
Net charge	425,752	203,298
Reversal on disposals	(17,083)	(3,005)
Closing balance	<u>2,746,158</u>	<u>2,304,644</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	NPI	Provision	NPI	Provision
Category of classification	(Rupees in '000)			
Domestic				
Loss	<u>1,484,427</u>	<u>1,484,427</u>	<u>1,496,785</u>	<u>1,496,785</u>

9.2.3 In addition to the above, Group's Bahrain branch holds general provision of Rs 223,857 thousand (December 31, 2020: Rs 222,394 thousand) against investments in accordance with ECL requirement of IFRS 9.

9.3 The market value of securities classified as held to maturity as at June 30, 2022 amounts to Rs. 112,174,056 thousand (2021: Rs. 122,430,448 thousand).

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	438,527,826	383,805,556	26,827,064	25,413,635	465,354,890	409,219,191
Islamic financing and related assets	86,848,617	69,979,661	2,827,340	2,885,460	89,675,957	72,865,121
Bills discounted and purchased	20,970,998	22,950,694	1,798,006	2,866,232	22,769,004	25,816,926
Advances - gross	546,347,441	476,735,911	31,452,410	31,165,327	577,799,851	507,901,238
Provision against advances						
- Specific	-	-	(29,135,489)	(28,518,930)	(29,135,489)	(28,518,930)
- General	(1,748,668)	(1,709,286)	-	-	(1,748,668)	(1,709,286)
	(1,748,668)	(1,709,286)	(29,135,489)	(28,518,930)	(30,884,157)	(30,228,216)
Advances - net of provision	544,598,773	475,026,625	2,316,921	2,646,397	546,915,694	477,673,022
					(Un-audited)	(Audited)
					June 30, 2022	December 31, 2021
					(Rupees in '000)	
10.1 Particulars of advances (Gross)					528,173,191	465,288,344
In local currency					49,626,660	42,612,894
In foreign currencies					577,799,851	507,901,238

10.2 Advances include Rs. 31,452,410 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing	Provision	Non Performing	Provision
	Loans			
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	166,469	992	140,824	445
Substandard	1,854,166	378,028	1,576,529	308,449
Doubtful	376,078	157,781	1,223,288	570,556
Loss	28,923,024	28,571,573	28,012,320	27,616,118
	31,319,737	29,108,374	30,952,961	28,495,568
Overseas				
Not past due but Impaired	132,673	27,115	212,366	23,362
Overdue by				
181 to 365 days	-	-	-	-
	132,673	27,115	212,366	23,362
	31,452,410	29,135,489	31,165,327	28,518,930

10.3	Particulars of provision against advances	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
		Specific	General	Consumer	Total	Specific	General	Consumer	Total
			(note 10.3.1)	financing-General				financing-General	
(Rupees in '000)									
	Opening balance	28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050
	Exchange adjustment	3,750	22,408	-	26,158	2,207	15,826	-	18,033
	Charge for the period / year	1,643,171	86,277	15,129	1,744,577	6,382,786	76,663	93,912	6,553,361
	Provision under IFRS 9 related to WBB	-	(47,228)	-	(47,228)	-	(5,555)	-	(5,555)
	Reversal for the period / year	(1,030,164)	(15,505)	(21,699)	(1,067,368)	(2,597,059)	(854)	(74,678)	(2,672,591)
		613,007	23,544	(6,570)	629,981	3,785,727	70,254	19,234	3,875,215
	Amounts written off	(198)	-	-	(198)	(55,851)	-	-	(55,851)
	Amounts charged off- agriculture financing	-	-	-	-	(55,231)	-	-	(55,231)
	Closing balance	29,135,489	1,019,978	728,690	30,884,157	28,518,930	974,026	735,260	30,228,216

10.3.1 General provision includes Rs 374,851 thousand (December 31, 2021: Rs 374,851 thousand) due to deferment / restructuring & rescheduling relief allowed by SBP.

10.3.2 The net FSV benefit already availed has reduced by Rs. 81,046 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 81,046 thousand (June 30, 2021: lower by Rs. 152,888 thousand) and Rs. 41,333 thousand (June 30, 2021: lower by Rs. 93,262 thousand) respectively. Further, at June 30, 2022, net of tax benefit for Forced Sales Value (FSV) availed by the Bank under BSD circular No. 1 of 2011 dated October 21, 2011 stood at Rs. 226,209 thousand (December 31, 2021: Rs.320,002 thousand) . Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress - note 11.1	178,247	111,038
Property and equipment	13,640,309	13,613,907
Right of use asset - IFRS 16	6,495,555	6,454,277
	<u>20,314,111</u>	<u>20,179,222</u>

11.1 This represents civil works in progress during the period.

	(Un-audited) Period ended June 30, 2022	Period ended June 30, 2021
	(Rupees in '000)	
11.2 Additions to fixed assets		

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

Capital work-in-progress	104,711	35,955
Property and equipment		
Land - freehold	16,970	137,350
Buildings on leasehold	-	1,103
Renovation of premises	46,375	77,775
Furniture, fixtures and office equipment	81,792	85,941
Machine and equipments	134,957	94,157
Computer equipments	155,126	83,963
Vehicles	20,370	9,597
	455,590	489,886
Right of use assets under IFRS 16	392,138	113,094
Total	<u>952,439</u>	<u>638,935</u>

11.3 Disposal of fixed assets

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

Renovation of premises	168	579
Furniture, fixtures and office equipment	4,466	2,796
Machine and equipments	3,110	1,377
Computer equipments	93	51
Vehicles	5,124	-
Total	<u>12,961</u>	<u>4,803</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	

12. INTANGIBLE ASSETS

Computer software	1,010,192	949,243
Pakistan Mercantile Exchange - Membership Card	2,500	2,500
Trading Right Entitlement Certificates	2,500	12,426
Less: Provision against intangibles	-	(11,151)
	1,015,192	953,018
Capital work in progress	292,065	235,967
	<u>1,307,257</u>	<u>1,188,985</u>

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	118,647	92,719
	Directly purchased	66,102	47,337
		<u>184,749</u>	<u>140,056</u>
		(Un-audited)	(Audited)
		June 30, 2022	December 31, 2021
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	30,489	24,663
	- Accelerated tax depreciation	101,730	101,121
	- Deficit on revaluation of investments	2,049,344	3,165,776
	- Provision against advances	1,805,636	1,870,137
		<u>3,987,199</u>	<u>5,161,697</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	26,207,975	18,861,858
	Income / mark-up accrued in foreign currencies	938,088	694,389
	Advances, deposits, advance rent and other prepayments	827,713	547,562
	Advance taxation (payments less provisions)	5,050,620	6,226,607
	Non-banking assets acquired in satisfaction of claims	1,439,094	1,446,968
	Due from State Bank of Pakistan	1,017,985	667,793
	Mark to market gain on forward foreign exchange contracts - net	-	341,824
	Stationary and stamps in hand	104,900	74,065
	Dividend receivable	5,690	1,221
	Acceptances	12,856,190	14,601,271
	Clearing and settlement accounts	-	359,687
	Others	785,405	538,764
		<u>49,233,660</u>	<u>44,362,009</u>
	Provision held against other assets - note 14.1	<u>(187,567)</u>	<u>(175,846)</u>
	Other assets - net of provision	49,046,093	44,186,163
	Surplus on revaluation of non-banking assets		
	acquired in satisfaction of claims	1,719,890	1,719,889
	Other assets - total	<u>50,765,983</u>	<u>45,906,052</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,837	4,838
	Others	182,730	171,008
		<u>187,567</u>	<u>175,846</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
14.1.1 Movement in provision held against other assets		
Opening balance	175,846	209,778
Charge for the period / year	11,794	416
Reversals for the period / year	(73)	(34,348)
Net charge / (reversal) for the period / year	11,721	(33,932)
Closing balance	187,567	175,846
15. BILLS PAYABLE		
In Pakistan	11,153,880	10,235,374
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	21,573,532	20,497,570
Long term financing facility	10,379,490	9,725,125
Financing facility for storage of agricultural produce	59,082	73,853
Renewable energy financing facility	3,664,218	3,672,929
Credit guarantee scheme for women entrepreneurs	291	606
Payment of wages and salaries	4,259,551	7,485,233
Temporary Economic Relief	7,765,853	5,506,824
Modernization of SME	13,979	10,743
Combating COVID-19	645,336	279,357
Working capital financing of small enterprises and low-end medium enterprises	12,000	-
Rupee based discounting of export bills / receivable	159,092	-
	48,532,424	47,252,240
Repurchase agreement borrowings		
State Bank of Pakistan	261,996,494	32,000,000
Financial institutions	7,709,533	18,910,076
	269,706,027	50,910,076
Refinance from Pakistan Mortgage Refinance Company	3,470,704	2,372,387
Total secured	321,709,155	100,534,703
Unsecured		
Call borrowings	4,096,934	21,713,480
Financial institutions	1,741,197	970,824
Overdrawn nostro accounts	43,831	344,754
Total unsecured	5,881,962	23,029,058
	327,591,117	123,563,761

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER						
	(Rupees in '000)					
Customers						
Current accounts	326,227,540	27,105,115	353,332,655	282,967,438	24,864,069	307,831,507
Savings deposits	477,651,716	56,299,303	533,951,019	447,108,954	50,866,257	497,975,211
Fixed deposits	166,660,818	23,072,065	189,732,883	183,802,414	18,794,731	202,597,145
	970,540,074	106,476,483	1,077,016,557	913,878,806	94,525,057	1,008,403,863
Financial institutions						
Current accounts	1,473,082	110,110	1,583,192	1,228,216	62,980	1,291,196
Savings deposits	1,422,091	-	1,422,091	1,885,486	-	1,885,486
Fixed deposits	5,095,067	-	5,095,067	3,581,709	-	3,581,709
	7,990,240	110,110	8,100,350	6,695,411	62,980	6,758,391
	978,530,314	106,586,593	1,085,116,907	920,574,217	94,588,037	1,015,162,254

18. SUBORDINATED DEBTS

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

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

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity Date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	117-120th month (4 equal quarterly installemnts of 25% each)
Profit Rate	Base Rate plus 1.50% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate plus 1.20% Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / return / interest payable in local currency	9,916,144	4,528,899
Mark-up / return / interest payable in foreign currencies	393,549	275,197
Unearned commission and income on bills discounted	2,035,923	2,293,929
Accrued expenses	1,470,226	2,960,239
Advance payments	448,618	396,609
Acceptances	12,856,190	14,601,271
Dividends payable	201,348	204,537
Branch adjustment account	1,388,358	361,638
Payable to defined benefit plan	171,796	282,866
Provision for employees compensated absences	663,929	703,222
Mark to market gain on forward foreign exchange contracts - net	1,043,330	-
Security deposit against lease / Ijarah financing	4,402,350	4,395,134
Levies and taxes payable	503,994	353,223
Workers' Welfare Fund	622,776	428,583
Clearing and settlement accounts	891,341	-
Provision against off-balance sheet obligations - note 19.1	246,295	1,143,768
Lease liability against ROU assets as per IFRS - 16 Leases	7,676,159	7,393,878
Islamic pool management reserve	-	51,630
Others	3,568,642	1,951,735
	<u>48,500,968</u>	<u>42,326,358</u>

19.1 Provision against off-balance sheet obligations

Opening balance	1,143,768	100,356
Exchange adjustment	304	163
Charge for the period / year	-	1,043,249
Reversal for the period / year	(897,777)	-
Net (reversal) / charge	(897,777)	1,043,249
Closing balance	<u>246,295</u>	<u>1,143,768</u>

20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:

- Available for sale securities - note 20.1	(4,750,533)	(8,103,605)
- Fixed Assets	5,205,916	5,205,916
- Non-banking assets acquired in satisfaction of claims	1,719,890	1,719,889
	2,175,273	(1,177,800)

Deferred tax on deficit on revaluation of:

- Available for sale securities	2,049,344	3,165,776
	<u>4,224,617</u>	<u>1,987,976</u>

- 20.1 Pursuant to relaxation provided by the SBP, the Group has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at 30 June 2022. Accordingly, the Group has reversed the entire amount of revaluation loss of Rs. 10,166 million upto 30 June 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these consolidated condensed interim financial statements the carrying value of investments as at 30 June 2022 would have been lower by Rs. 10,166 million, other comprehensive income for the period ended 30 June 2022 and surplus on revaluation of assets - net of tax at 30 June 2022 would have been lower by Rs. 5,795 million and deferred tax asset at 30 June 2022 would have been higher by Rs. 4,371 million.

Pursuant to relaxation, the Group is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
21. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	285,100,956	274,886,748
- Commitments - note 21.2	502,110,748	396,110,413
- Other contingent liabilities - note 21.3	1,185,501	1,095,098
	<u>788,397,205</u>	<u>672,092,259</u>
21.1 Guarantees		
Financial guarantees	7,309,244	6,015,847
Performance guarantees	169,259,463	155,588,123
Other guarantees	108,532,249	113,282,778
	<u>285,100,956</u>	<u>274,886,748</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	225,824,083	190,672,407
Commitments in respect of:		
- foreign exchange contracts - note 21.2.1	271,689,848	201,560,195
- non government securities transactions - note 21.2.2	4,316,048	3,639,700
Commitments for acquisition of:		
- operating fixed assets	52,259	31,295
- intangible assets	127,877	100,444
Commitments in respect of outstanding future contract transactions of equity securities	100,633	106,372
	<u>502,110,748</u>	<u>396,110,413</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	136,756,370	117,506,977
Sale	134,933,478	84,053,218
	<u>271,689,848</u>	<u>201,560,195</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of non government securities transactions		
Purchase	4,299,275	3,639,700
Sale	16,773	-
	<u>4,316,048</u>	<u>3,639,700</u>
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	1,185,501	1,095,098

22. DERIVATIVE INSTRUMENTS

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

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
		(Rupees in '000)	
23.	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loans and advances	25,188,973	15,488,443
	Investments	36,075,250	19,757,949
	Lendings to financial institutions	78,222	43,915
	Balances with banks	6,640	4,185
	Securities purchased under resale agreements	382,031	145,491
		<u>61,731,116</u>	<u>35,439,983</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	31,389,502	15,906,775
	Borrowings	10,318,384	1,519,831
	Subordinated debts	760,075	520,790
	Cost of foreign currency swaps against foreign currency deposits / borrowings	1,565,921	1,244,578
	Interest expense on lease liability against ROU assets	445,599	456,444
		<u>44,479,481</u>	<u>19,648,418</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	402,848	284,924
	Consumer finance related fees	55,184	55,365
	Card related fees (debit and credit cards)	549,179	403,010
	Credit related fees	270,934	147,558
	Investment banking fees	115,127	64,457
	Commission on trade	496,025	401,199
	Commission on guarantees	488,053	408,510
	Commission on remittances including home remittances	104,949	161,104
	Commission on bancassurance	42,632	62,546
	Others	61,351	143,964
		<u>2,586,282</u>	<u>2,132,637</u>
26.	GAIN ON SECURITIES		
	Realised - note 26.1	34,446	790,539
	Unrealised - note 9.1	(18,617)	-
		<u>15,829</u>	<u>790,539</u>
26.1	Realised gain / (loss) on:		
	Federal Government Securities	12,187	652,107
	Shares	9,101	135,432
	Non Government Debt Securities	300	3,000
	Mutual Funds	12,858	-
		<u>34,446</u>	<u>790,539</u>

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
27.	OTHER INCOME	(Rupees in '000)	
	Gain on sale of fixed assets	37,501	5,078
	Rent of lockers	24,172	26,613
	Gain on sale of non banking assets		15,000
	Recovery of expenses from customers	151,295	159,577
	Termination of lease contracts under IFRS - 16 Leases	13,700	2,807
		<u>226,668</u>	<u>209,075</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	5,531,538	6,852,933
	Property expense		
	Rent and taxes	65,802	67,194
	Insurance	42,883	47,586
	Utilities cost	417,357	265,192
	Security (including guards)	285,593	248,687
	Repair & maintenance (including janitorial charges)	161,203	130,623
	Depreciation on ROU assets	773,035	746,863
	Depreciation	141,378	168,727
		<u>1,887,251</u>	<u>1,674,872</u>
	Information technology expenses		
	Software maintenance	245,600	223,580
	Hardware maintenance	30,429	20,600
	Depreciation	87,693	87,496
	Amortisation	69,372	110,778
	Network charges	138,734	105,280
		<u>571,828</u>	<u>547,734</u>
	Other operating expenses		
	Directors' fees, allowances	16,700	44,662
	Fees and allowances to shariah board	4,539	2,981
	Rates, taxes, insurance etc.	104,287	98,734
	Legal and professional charges	57,373	97,643
	Brokerage and commission	73,923	56,724
	NIFT clearing charges	34,423	36,776
	Repair and maintenance	182,467	126,449
	Communications	339,811	240,073
	Stationery and printing	171,774	118,338
	Marketing, advertisement and publicity	81,489	18,881
	Donations	67,150	58,424
	Auditors' remuneration	10,424	8,239
	Travelling, conveyance and entertainment	140,363	88,223
	Depreciation	225,998	247,840
	Security service charges	192,153	136,602
	Training and development	11,841	2,968
	Deposit premium expense	323,717	287,490
	Outsourced service cost	42,280	-
	Other expenditure	193,233	203,960
		<u>2,273,945</u>	<u>1,875,007</u>
		<u>10,264,562</u>	<u>10,950,546</u>
28.1	Total compensation expense		
	Managerial remuneration	4,331,022	4,372,562
	Charge for defined benefit / contribution plan	379,082	364,752
	Other staff cost - note 28.1.1	821,435	2,115,619
		<u>5,531,538</u>	<u>6,852,933</u>

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

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

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
30.	PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
	Provision / (reversal of provision) for diminution in value of investments	425,752	(25,622)
	Provision against loans and advances	629,981	2,524,680
	Provision / (reversal of provision) against other assets	11,722	(163)
	Reversal of provision against fixed assets	(1,225)	-
	(Reversal of provision) / against off-balance sheet obligations	(897,777)	380,878
	Provision against cash and bank balances	17	17
	Provision against intangible assets	-	2,884
	Reversal of provision against repurchase agreement lendings	(14,861)	-
	Recovery of written off / charged off bad debts	(43,469)	(63,584)
		<u>110,140</u>	<u>2,819,090</u>
31.	TAXATION		
	Current	5,780,467	2,693,608
	Deferred	62,789	(51,177)
		<u>5,843,256</u>	<u>2,642,431</u>

31.1 Tax Status

i)

The Bank has filed tax returns for and up to tax year 2021. The assessments for and up to tax year 2021 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 2,359 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 141.04 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 291.99 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.

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.

		(Un-audited)	
		Period ended June 30, 2022	Period ended June 30, 2021
32.	BASIC EARNINGS PER SHARE		
	Profit for the period - Rupees in '000	<u>6,313,456</u>	<u>4,118,920</u>
	Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
	Basic earnings per share - Rupees	<u>5.01</u>	<u>3.27</u>

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

33. 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.

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

33.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or 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 consolidated condensed interim financial statements.

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognized or disclosed at fair value in these consolidated condensed interim financial statements:

June 30, 2022 (Un-audited)					
Carrying / Notional	Level 1	Level 2	Level 3	Total	
Value				(Rupees in '000)	
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	639,469,501	6,164,766	633,304,735	-	639,469,501
Shares	4,223,021	4,223,021	35,633	-	4,258,654
Units of open end mutual funds	693,505	-	693,505	-	693,505
Fully paid preference shares	16,050	16,050	-	-	16,050
Non Government Debt Securities	12,304,682	-	12,304,682	-	12,304,682
Foreign securities	612,543	612,543	-	-	612,543
	657,319,302	11,016,380	646,338,555	-	657,354,935
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	850,000	-	-	-	-
Federal Government Securities	118,813,059	11,565,645	99,030,527	-	110,596,172
Foreign Securities	1,598,745	1,577,884	-	-	1,577,884
Cash and balances with treasury banks	99,590,566	-	-	-	-
Lending to financial institutions	23,500,000	-	-	-	-
Balances with other banks	24,394,153	-	-	-	-
Advances	546,910,423	-	-	-	-
Other assets	41,520,534	-	-	-	-
	857,177,480	13,143,529	99,030,527	-	112,174,056
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	136,756,370	-	4,560,290	-	4,560,290
Forward Sale of foreign exchange	134,933,478	-	(5,603,620)	-	(5,603,620)
December 31, 2021 (Audited)					
Carrying / Notional	Level 1	Level 2	Level 3	Total	
Value				(Rupees in '000)	
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
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)

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

33.2 Fair value of non-financial assets

	(Un-audited) June 30, 2022 (Rupees in '000) Level 3	(Audited) December 31, 2021 (Rupees in '000) Level 3
Fixed assets		
Property and equipment (freehold and leasehold land)	9,706,950	9,689,979
Other assets		
Non-banking assets acquired in satisfaction of claims	4,865,461	3,166,857

34. Segment Information

34.1 Segment details with respect to Business Activities

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

	June 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(20,632,154)	9,889,774	23,957,135	1,753,684	2,324,068	872,377	(913,249)	17,251,635
Inter segment revenue - net	33,091,009	(7,266,333)	(27,447,342)	(1,129,377)	-	(92,579)	2,844,622	-
Non mark-up / return / interest income	864,707	1,590,876	2,483,253	265,936	246,835	14,323	161,663	5,627,593
Total income	13,323,562	4,214,317	(1,006,954)	890,243	2,570,903	794,121	2,093,036	22,879,228
Segment direct expenses	5,754,727	436,065	154,751	538,740	1,252,587	69,823	2,405,683	10,612,376
Inter segment expense allocation	446,614	431,517	5,837	69,167	-	-	(953,135)	-
Total expenses	6,201,341	867,582	160,588	607,907	1,252,587	69,823	1,452,548	10,612,376
Provisions	(59,501)	(320,427)	454,629	(19,043)	51,884	(78,920)	81,518	110,140
Profit before tax	7,181,722	3,667,162	(1,622,171)	301,379	1,266,432	803,218	558,970	12,156,712
	June 30, 2022 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	43,960,004	3,361,744	69,415,375	55,138	6,701,559	490,487	118,278	124,102,585
Investments	-	8,519,982	712,932,952	-	34,716,515	22,388,045	59,245	778,616,739
Lendings to financial institutions	-	-	18,000,000	-	5,500,000	-	-	23,500,000
Advances - performing - net of provision	13,595,520	402,793,710	-	21,021,031	86,802,774	13,807,516	6,578,222	544,598,773
Advances - non-performing - net of provision	444,364	498,493	-	195,793	1,072,713	105,558	-	2,316,921
Others	961,407	20,226,948	14,350,601	602,070	5,419,762	458,623	34,355,139	76,374,550
Total Assets	58,961,295	435,400,877	814,698,928	21,874,032	140,213,323	37,250,229	41,110,884	1,549,509,568
Borrowings	1,774,934	41,699,054	262,040,325	3,470,704	5,058,436	13,547,664	-	327,591,117
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	763,726,893	237,264,311	-	3,499	82,905,074	1,127,095	90,035	1,085,116,907
Net inter segment balances - net	(722,407,590)	136,901,237	548,188,067	17,737,681	37,226,199	19,665,283	(37,310,877)	-
Others	15,867,058	19,536,275	4,470,536	662,147	6,224,804	2,910,187	9,983,841	59,654,848
Total liabilities	58,961,295	435,400,877	814,698,928	21,874,031	131,414,513	37,250,229	(15,237,001)	1,484,362,872
Equity	-	-	-	-	8,798,811	-	56,347,885	65,146,696
Total Equity and liabilities	58,961,295	435,400,877	814,698,928	21,874,031	140,213,324	37,250,229	41,110,884	1,549,509,568
Contingencies and commitments	6,850,535	489,453,392	276,005,897	16,714	14,601,136	8,006	1,461,525	788,397,205
	June 30, 2021 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(10,884,261)	7,538,585	16,188,220	1,257,936	1,782,981	644,652	(736,548)	15,791,565
Inter segment revenue - net	18,067,288	(5,748,050)	(13,353,086)	(651,370)	-	(41,467)	1,726,685	-
Non mark-up / return / interest income	673,388	1,351,551	2,015,095	230,179	206,627	1,126	287,224	4,765,190
Total income	7,856,415	3,142,086	4,850,229	836,745	1,989,608	604,311	1,277,361	20,556,755
Segment direct expenses	5,529,775	366,198	157,700	477,745	1,090,744	60,210	3,293,942	10,976,314
Inter segment expense allocation	320,754	450,470	2,012	86,697	-	-	(859,933)	-
Total expenses	5,850,529	816,668	159,712	564,442	1,090,744	60,210	2,434,009	10,976,314
Provisions	1,786	2,514,327	25,671	57,252	235,444	(54,548)	39,158	2,819,090
Profit before tax	2,004,100	(188,909)	4,664,846	215,051	663,420	598,649	(1,195,806)	6,761,351
	December 31, 2021 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	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	72,435,566
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

35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the period end. The Bank has related party relationships with 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.

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

	As at June 30, 2022 (Un-audited)				As at December 31, 2021 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Rupees in '000								
Investments								
Opening balance	-	-	-	1,189,341	-	-	-	800,478
Investment made during the period / year	-	-	-	125,285	-	-	-	500,000
Investment redeemed / disposed off during the period / year	-	-	-	(82,307)	-	-	-	(18,449)
Revaluation difference	-	-	-	(51,731)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	(92,688)
Closing balance	-	-	-	1,180,588	-	-	-	1,189,341
Advances								
Opening balance	4,523,915	43	441,248	10,521,710	2,805,786	28,671	423,764	4,766,042
Addition during the period / year	85,034,407	280	83,871	8,281,083	85,548,230	438	237,240	12,098,633
Repaid during the period / year	(77,212,634)	(314)	(172,958)	(2,047,237)	(83,830,101)	(420)	(150,992)	(9,424,006)
Transfer in / (out) - net	-	-	(12,986)	-	-	(28,646)	(68,764)	3,081,041
Closing balance	12,345,688	9	339,175	16,755,556	4,523,915	43	441,248	10,521,710
Other Assets								
Interest / mark-up receivable	148,092	-	79,745	550,118	70,227	-	92,634	492,285
Advance rent	258	-	-	-	1,144	-	-	-
Borrowings								
Opening balance	-	-	-	2,372,387	-	-	-	1,923,886
Borrowings during the period	-	-	-	1,116,667	-	-	-	1,500,000
Settled during the period	-	-	-	(18,350)	-	-	-	(1,051,499)
Closing balance	-	-	-	3,470,704	-	-	-	2,372,387
Deposits and other accounts								
Opening balance	56,224,390	24,009	211,259	42,288,735	8,018,104	19,379	186,617	17,017,129
Received during the period / year	414,596,692	29,213	1,135,854	323,431,472	768,812,177	84,099	1,971,951	404,528,295
Withdrawn during the period / year	(431,484,841)	(38,635)	(1,118,951)	(341,514,593)	(720,605,891)	(76,565)	(1,957,873)	(379,499,670)
Transfer in / (out) - net	-	-	(7,456)	-	-	(2,904)	10,564	242,803
Closing balance	39,336,241	14,587	220,706	24,205,614	56,224,390	24,009	211,259	42,288,557
Other Liabilities								
Interest / mark-up payable	190,119	-	5,865	691,759	87,473	-	3,413	136,012
Payable to staff retirement fund	-	-	-	170,496	-	-	-	282,866
Security deposits payable	-	-	-	397,822	-	-	-	308,299
Others	-	-	16,839	-	110,128	-	5,884	-
Contingencies and Commitments								
	1,195,040	-	-	2,084,343	1,233,702	-	42,122	7,649,153
Others								
Securities held as custodian	4,590,000	-	59,000	5,208,500	6,790,000	-	-	1,219,500
Securities given as collateral	-	-	-	139,964	-	-	-	188,963

For the half year ended June 30, 2022 (Un-Audited)				For the half year ended June 30, 2021 (Un-Audited)			
Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Rupees in '000							

Income

Mark-up / return / interest earned	212,968	-	14,017	-	65,697	533	10,077	247,988
Fee and commission received	3,284	-	-	15,175	10	-	-	5,658
Dividend income	-	-	-	53,268	-	-	-	26,851
Gain on sale of fixed assets	-	-	7,250	-	-	-	-	-

Expense

Mark-up / return / interest expensed	1,676,168	3	4,702	1,131,623	545,697	154	3,252	522,259
Charge to defined benefit plan	-	-	-	165,608	-	-	-	134,978
Contribution to defined contribution plan	-	-	-	143,902	-	-	-	159,716
Remuneration and allowances	-	-	363,812	4,539	-	-	352,953	2,981
Rent	887	-	-	-	850	-	-	-
Communications	-	-	-	31,664	-	-	-	18,619
Brokerage and Commission	-	-	-	38,525	-	-	-	14,040
Directors' Fee, Allowances	4,650	12,050	-	-	-	44,662	-	-
Dividend paid	-	-	-	-	2,718,846	9	225	42,350
Donations	177,278	-	-	-	51,420	-	-	-

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.

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	57,853,470	51,760,746
Eligible Additional Tier 1 (ADT 1) Capital	6,000,000	5,886,339
Total Eligible Tier 1 Capital	63,853,470	57,647,085
Eligible Tier 2 Capital	11,358,325	8,526,893
Total Eligible Capital (Tier 1 + Tier 2)	75,211,795	66,173,978
Risk Weighted Assets (RWAs):		
Credit Risk	414,066,687	397,474,330
Market Risk	12,293,543	28,800,513
Operational Risk	67,104,701	67,104,701
Total	493,464,931	493,379,544
Common Equity Tier 1 Capital Adequacy ratio	11.72%	10.49%
Tier 1 Capital Adequacy Ratio	12.94%	11.68%
Total Capital Adequacy Ratio	15.24%	13.41%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	63,853,470	57,647,085
Total Exposures	1,996,151,533	1,749,233,676
Leverage Ratio	3.20%	3.30%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	491,630,735	459,883,554
Total Net Cash Outflow	269,812,660	250,932,186
Liquidity Coverage Ratio	182.21%	183.27%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,069,891,560	986,776,859
Total Required Stable Funding	591,621,560	512,679,784
Net Stable Funding Ratio	180.84%	192.47%

36.1 As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Group would have been lowered by 1.86% and 0.31% respectively.

37. Islamic Banking Business

The Group is operating 105 Islamic banking branches (including 3 sub-branches) and 07 Islamic Banking Windows at June 30, 2022 as compared to 101 Islamic banking branches (including 3 sub-branches) and Nil Islamic Banking Windows at year ended December 31, 2021.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,686,434	7,149,581
Balances with other banks		15,124	648,268
Due from financial Institutions	37.1	5,500,000	-
Investments	37.2	34,716,515	31,274,749
Islamic financing and related assets - net	37.3	87,875,487	71,116,539
Fixed assets		1,790,372	1,477,974
Intangible assets		-	-
Due from Head Office		-	-
Other assets		6,937,257	4,769,976
Total assets		143,521,189	116,437,087
LIABILITIES			
Bills payable		1,116,857	1,769,395
Due to financial institutions		5,058,436	16,529,289
Deposits and other accounts	37.4	82,905,074	73,585,947
Due to head office		40,500,000	12,000,000
Sub-ordinated debt		-	-
Other liabilities		5,142,008	4,659,368
		134,722,375	108,543,999
NET ASSETS		8,798,814	7,893,088
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.5	-	25,815
Deficit on revaluation of assets		(720,512)	(385,624)
Unappropriated profit	37.6	4,919,326	3,652,897
		8,798,814	7,893,088
CONTINGENCIES AND COMMITMENTS	37.7	17,034,874	13,885,398

The profit and loss account of the Group's Islamic banking branches for the period ended June 30, 2022 is as follow

		(Un-audited) Period ended June 30, 2022	Period ended June 30, 2021
	Note	(Rupees in '000)	
Profit / return earned	37.9	5,699,106	2,934,478
Profit / return expensed	37.10	3,375,038	1,151,497
Net Profit / return		2,324,068	1,782,981
Other income			
Fee and Commission Income		124,753	116,915
Dividend Income		5,177	-
Foreign Exchange Income		79,692	44,201
Gain / (loss) on securities		-	-
Other Income		37,213	45,512
Total other income		246,835	206,628
Total Income		2,570,903	1,989,609
Other expenses			
Operating expenses		1,252,161	1,090,639
Workers' Welfare Fund		-	-
Other charges		426	106
Total other expenses		1,252,587	1,090,745
Profit before provisions		1,318,316	898,864
Provisions and write offs - net		51,887	321,001
Profit before taxation		1,266,429	577,863

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)			(Rupees in '000)		
37.1 Due from financial institutions						
Secured	-	-	-	-	-	-
Unsecured	5,500,000	-	5,500,000	-	-	-
Bai Muajjal Receivable from other Financial Institutions	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-
Bai Muajjal Receivable from other Financial Institutions	-	-	-	-	-	-
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	-	-	-
	<u>5,500,000</u>	<u>-</u>	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
37.2 Investments by segments:								
Federal Government Securities:								
- Ijarah Sukuks	28,528,213	-	(720,808)	27,807,405	23,560,581	-	(385,792)	23,174,789
- Islamic Naya Pakistan Certificates	3,024,114	-	-	3,024,114	-	-	-	-
- GOP Bai Muajjal	-	-	-	-	4,215,092	-	-	4,215,092
	31,552,327	-	(720,808)	30,831,519	27,775,673	-	(385,792)	27,389,881
Units of Open end Mutual Fund	100,000	-	296	100,296	100,000	-	168	100,168
Non Government Debt Securities:								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	4,344,663	(559,963)	-	3,784,700	4,344,663	(559,963)	-	3,784,700
	4,344,663	(559,963)	-	3,784,700	4,344,663	(559,963)	-	3,784,700
Total investments	<u>35,996,990</u>	<u>(559,963)</u>	<u>(720,512)</u>	<u>34,716,515</u>	<u>32,220,336</u>	<u>(559,963)</u>	<u>(385,624)</u>	<u>31,274,749</u>

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
37.3 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	5,393,132	5,443,351
Murabaha - note 37.2.1	5,804,357	6,496,482
Musharakah	38,040,529	29,064,976
Diminishing Musharakah	15,301,982	14,096,303
Salam	8,284,522	6,207,801
Istisna	3,734,418	4,287,613
Receivable against sale of Istisna / Salam Inventory	3,143,960	1,511,039
Service Ijarah	2,427,176	1,652,175
Other Islamic Modes (Executive Car Finance -Qarz-e-Hasana)	3,072,052	102,193
Advances against Islamic assets - note 37.2.2	2,680,073	2,618,817
Inventory related to Islamic financing - note 37.2.3	1,793,756	1,384,372
Gross Islamic financing and related assets	89,675,957	72,865,122
Less: provision against Islamic financings		
- Specific	1,754,622	1,702,470
- General	45,848	46,113
	1,800,470	1,748,583
Islamic financing and related assets - net of provision	87,875,487	71,116,539

37.3.1 Includes advance against Murabaha of Rs.1,038,931 thousand (December 31, 2021: Rs.949,535 thousand).

37.3.2 Advance against Islamic assets

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2022 (Un-audited)	1,627,594	-	1,052,479	-	-	2,680,073
December 31, 2021 (Audited)	1,356,711	-	1,262,106	-	-	2,618,817

37.3.3 Inventory related to Islamic financing

	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2022 (Un-audited)	-	-	-	402,000	1,391,756	1,793,756
December 31, 2021 (Audited)	-	-	-	139,095	1,245,277	1,384,372

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)		
37.4 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	34,074,969	32,221,831
Current deposits - remunerative	2,577,135	939,863
Savings deposits	24,396,383	22,006,695
Term deposits	15,191,648	15,152,962
Others	1,480,721	837,139
	<u>77,720,856</u>	<u>71,158,490</u>
Financial Institutions		
Current deposits - non remunerative	80,904	5,714
Current deposits - remunerative	903	50,001
Savings deposits	317,344	370,033
Term deposits	4,785,067	2,001,709
	<u>5,184,218</u>	<u>2,427,457</u>
	<u>82,905,074</u>	<u>73,585,947</u>
37.5 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve at the end of current period is Nil (December 31, 2021: Rs. 25,815 thousand) which is classified in other liabilities in note 19.		
37.6 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	3,652,897	2,454,381
Add: Islamic banking profit for the period	1,266,429	1,198,516
Closing Balance	<u>4,919,326</u>	<u>3,652,897</u>
37.7 CONTINGENCIES AND COMMITMENTS		
-Guarantees	8,023,649	6,325,748
-Commitments	9,011,225	7,559,650
-Other contingent liabilities	-	-
	<u>17,034,874</u>	<u>13,885,398</u>
37.8 CHARITY FUND		
Opening balance	24,292	20,529
Additions during the period		
- Received from customers on delayed payments	16,781	29,765
- Non Shariah Compliant Income	170	-
- Profit on charity account	5	8
- Others	126	377
	17,082	30,150
Payments / utilization during the period		
- Education	-	(1,519)
- Community Welfare	-	-
- Relief and disaster recovery	-	-
- Health	-	(19,447)
- Orphanage	-	(5,421)
	-	(26,387)
Closing balance	<u>41,374</u>	<u>24,292</u>

		(Un-audited)	
		Period ended	Period ended
		June 30,	June 30,
		2022	2021
		(Rupees in '000)	
37.9	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
	Profit earned on:		
	Financing	3,985,787	2,248,790
	Investments	1,702,933	662,806
	Placements	10,386	22,882
		<u>5,699,106</u>	<u>2,934,478</u>
37.10	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
	Deposits and other accounts	1,627,249	915,502
	Due to financial institutions	203,533	149,869
	Due to head office	1,448,749	1,164
	Lease liability against right-of-use assets	95,507	84,962
		<u>3,375,038</u>	<u>1,151,497</u>

38. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 17, 2022.

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



ASKARI BANK LIMITED