



ANNUAL REPORT
2020

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FINANCIAL HIGHLIGHTS

Rupees in million	2020	2019	Growth (%)
Total Assets	992,517	833,208	19.12
Deposits	791,187	679,299	16.47
Advances - net	395,374	372,914	6.02
Investments	449,687	305,436	47.23
Shareholders' Equity	54,546	42,256	29.09
Profit before taxation	17,767	10,389	71.02
Profit after taxation	10,800	7,017	53.92
Capital adequacy ratio - (%)	15.48	13.38	15.70
Earnings per share - Rupees	8.57	5.57	53.86
Market Value per share - Rupees	23.39	18.54	26.16
Net book value per share - Rupees	43.28	33.53	29.08

Profit
After Tax

2020
10,800

Rs. in million

2019: 7,017

Earnings
Per Share

2020
8.57

Rupees

2019: 5.57

Return
on Equity

2020
25.5%

2019: 20.1%

Return
on Assets

2020
1.2%

2019: 0.9%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik
Chairman / Non-Executive Director

Lt Gen Tariq Khan, HI (M) (Retd)
Non-Executive Director

Mr. Sarfaraz Ahmed Rehman
Non-Executive Director

Dr. Nadeem Inayat
Non-Executive Director

Syed Bakhtiyar Kazmi
Non-Executive Director

Mr. Manzoor Ahmed
Non-Executive Director / NIT Nominee

Mr. Mohammad Aftab Manzoor
Independent Director

Ms. Zoya Mohsin Nathani
Independent Director

Raja Muhammad Abbas
Independent Director

Mr. Mushtaq Malik
Independent Director

Mr. Abid Sattar
President & Chief Executive

BOARD COMMITTEES

AUDIT

Mr. Mohammad Aftab Manzoor - Chairman

Dr. Nadeem Inayat

Syed Bakhtiyar Kazmi

Mr. Manzoor Ahmed

HUMAN RESOURCE & REMUNERATION

Ms. Zoya Mohsin Nathani - Chairperson

Mr. Sarfaraz Ahmed Rehman

Dr. Nadeem Inayat

Mr. Manzoor Ahmed

RISK MANAGEMENT

Mr. Manzoor Ahmed - Chairman

Dr. Nadeem Inayat

Ms. Zoya Mohsin Nathani

Mr. Mushtaq Malik

Mr. Abid Sattar

BOARD INFORMATION TECHNOLOGY

Mr. Mohammad Aftab Manzoor - Chairman

Dr. Nadeem Inayat

Raja Muhammad Abbas

Mr. Abid Sattar

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

M/s RIAA, Barker Gillette
Advocates & Corporate Counselors

SHARIAH BOARD

Mufti Muhammad Zahid – Chairman

Mufti Ismatullah - Member

Dr. Muhammad Tahir Mansoori
Resident Shariah Board Member

COMPANY SECRETARY

Syed Ali Safdar Naqvi, FCA

REGISTERED OFFICE

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

Rawalpindi - 46000, Pakistan

Tel: (92 51) 8092624

UAN: (92 51) 111 000 787

Fax: (92 51) 2857448

Email: ir@askaribank.com.pk

REGISTRAR & SHARE TRANSFER OFFICE

CDC Share Registrar Services Limited (CDCSRSL)

Mezzanine Floor, South Tower, LSE Plaza

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

Tel: Customer Support Services (Toll Free)

0800-CDCPL (23275)

Tel: (92 42) 36362061-66

Fax: (92 42) 36300072

Email: info@cdcsrsl.com

Website: www.cdcsrsl.com

ENTITY RATINGS

Long Term: AA+

Short Term: A1+

By PACRA

WEBSITE

www.askaribank.com

SOCIAL MEDIA

 [askaribankpk](#)

 [askaribankpakistan](#)

 [askari_bank](#)

PRODUCTS & SERVICES

Corporate, Commercial & Investment Banking

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

Corporate Banking

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

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

Commercial Banking

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

Investment Banking

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

tailor the right structured solutions to meet our customers' needs in order to enhance business wealth and market competitiveness.

International Banking

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

China Desk

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

Cash Management Services

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

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

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

Institutional Sales

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

Askari Aasaan Money

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

Branch Banking

Askari Bank aims to provide its customers with a wide array of financial solutions catering to diverse banking needs. We offer Conventional, Corporate, Consumer, Islamic, and Agriculture Banking services through a network of 537 branches / sub-branches in major cities, towns and cantonments.

Current Account

Current Accounts cater to a variety of financial needs of our diverse customer base with added benefits of cheque books, issuance of bankers' cheques, i-Net Banking and much more.

Savings Account

Savings accounts offered by the Bank to both individual and institutional customers include Askari Special Deposit and normal savings account based on profit and loss sharing. Askari savings deposit offer attractive features and competitive returns.

Askari Bachat Account

Askari Bachat Account is a term deposit product for individual and corporate customers with a medium term investment horizon. It is designed to cater to the saving needs of customers who want monthly profits with the option of availing financing facility of up to 90% of the principal amount.

Value Plus Current Account

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

Askari Asaan Account

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

Digital Banking

Askari Bank's digital banking assures convenient banking from the comfort of their home as customers are no longer required to wait in long and worrisome queues

for a financial transaction, balance inquiry, statement of accounts, funds transfer, utility bill payment, etc.

Internet Banking

Askari Bank is the first bank in Pakistan to provide such a service to its valued customers which is absolutely FREE. In addition to account management services, our I-Net banking offers:

- Online Banker's Cheque's delivery at customers doorstep
- Utility bills payment
- Online Insurance premium payment of EFU & JLI
- Online School fee payment
- Online Shopping E-Commerce payments

Mobile Banking

With the objective to enhance user experience, Askari Bank has launched upgraded version of Mobile Banking App(s) with friendly user interface and added security features. Salient features are:

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

SMS Banking

SMS service facilitates customers to access the many services without making a call at AKBL call center such as:

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

PRODUCTS & SERVICES

Cardless Cash Withdrawal

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

Consumer Banking

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

Ask4Car

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

Personal Finance

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

Mortgage Finance

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

Mastercard Credit Card

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

World Mastercard Credit Card

Askari Bank pioneered Pakistan's first ever "World MasterCard" in collaboration with MasterCard International. This credit card is specifically designed for customers seeking high-class service standards and travel privileges worldwide.

Askari-PIA Co-Brand Credit Card

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

Askari Union Pay Debit Card

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

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

Call Center

Our Call Center provides a single point of contact to all callers and offers real-time information on products and services. It also attends customers' requests and handles their queries around the clock.

Automated Teller Machine (ATM)

Askari Bank is a member of two electronic ATM inter-bank connectivity platforms i.e., MNET and 1-link. Through this shared network of more than 14,000 online ATMs, including more than 640 Askari Bank ATMs, we provide services in all major cities of Pakistan.

Small and Medium Enterprises (SME) Banking

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

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

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

Agriculture Banking

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

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

- Askari Kissan Ever Green Finance
- Askari Kissan Tractor Finance
- Askari Kissan Livestock Development Finance
- Askari Kissan Farm Mechanization Finance
- Askari Kissan Aabpashi Finance
- Askari Kissan Farm Storage Finance.
- Askari Kissan Whitepearl Finance

Islamic Banking

Under the guidance of its Shariah Board and professional bankers, Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs. Presently working with 95 dedicated Islamic banking branches (including 3 sub-branches) in 36 cities spread across the country Askari Ikhlas Islamic has managed to increase its share in the banking Industry.

Islamic Deposit Products

Our customers enjoy the freedom to choose from a wide array of Shariah Compliant deposit products that offer flexible term deposit schemes, current accounts and savings accounts. Our Ahsan Munafa / Ahsan Munafa Corporate product is a chequing account that offers higher yields, calculated on a daily product basis. Askari Halal Savings Account is tailored to meet all business requirements of our customers and offers a host of value-added services. Askari Islamic Investment Certificate is a Mudarabah-based term deposit product that allows customers to invest their savings for different tenors ranging from 1 month to 5 years, and earn Halal returns on a periodic basis.

Islamic Consumer Banking Products

Askari Ijarah Bis Sayyarah allows customers to get the car (new/ imported/ used) of their choice. Askari Home Musharakah allows customers to purchase, build or renovate a house. We also provide Shariah Compliant solutions to the customers availing house finance facilities from conventional financial institutions, by transferring their facilities to Askari Ikhlas.

Islamic Corporate Banking

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

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

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

NOTICE OF THE 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Tuesday, March 30, 2021 at 10:00 am at TopiRakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom Link ([refer addendum to this notice](#)) to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 28th Annual General Meeting held on April 22, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank for the year ended December 31, 2020 together with the Directors’ and Auditors’ Reports thereon.
3. To approve, as recommended by the Board of Directors, payment of cash dividend @ 30% i.e., Rs. 3.0 per share for the financial year ended December 31, 2020.
4. To appoint statutory auditors of the Bank for the year ending December 31, 2021 and fix their remuneration. The present auditors of the Bank, M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment and the Board of Directors has recommended their appointment in its meeting held on February 15, 2021.

Special Business:

5. To consider and if thought fit, approve the increase in the Director’s Remuneration for attending the meetings of the Board and Board’s Committees and to pass the ordinary resolution as proposed in the Statement of Material Facts.

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

Any Other Business:

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

By Order of the Board



Syed Ali Safdar Naqvi
Company Secretary

Rawalpindi
March 08, 2021

NOTES:

Coronavirus Contingency Planning for AGM

The Securities and Exchange Commission of Pakistan in terms of its Circular No. 4 of 2021 dated 15 February 2021, has directed the companies to ensure the participation of its Members in general meeting through electronic means as a regular feature. It aims to help in maximization of Members' participation in addition to the requirement of holding physical meeting by following strict SOPs imposed by the Government. Accordingly, the shareholders of the Bank can participate in the AGM in person or through Zoom by following health and safety measures. However, please note that the Bank has also made proper arrangements to hold the meeting through Zoom Link and the shareholders are encouraged to consolidate their attendance and voting at the AGM through proxies or Zoom Link.

Keeping in view the above please note that the Bank has made proper arrangements for the shareholders who will be participating in the 29th AGM proceeding through Zoom Link. Therefore, shareholders are requested to provide their Name, Folio/CDS Account Number, Number of Shares held, Mobile Phone Number (active) & Email address in their names with subject "Registration for 29th AGM of AKBL" at ir@askaribank.com.pk. Zoom Link to join the AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address not less than 48 hours before the time of the AGM. The shareholders can also provide their comments and questions for the agenda items of the AGM on Email at ir@askaribank.com.pk.

1. The Share Transfer books of the Bank will remain closed from March 24, 2021 to March 30, 2021 (both days inclusive). Transfers received at the Bank's Share Registrar Department, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and Share Transfer Office of the Bank at the close of the business hours on March 22, 2021 will be treated in time.
2. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan (GoP) or SBP or corporate entity may appoint a person who is not a member.
3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate

entity (other than GoP and SBP), its common seal should be affixed on the instrument.

4. The instrument appointing a proxy, together with attested copy of Power of Attorney or Board Resolution, if any, under which it is signed or a certified copy thereof duly notarized, should be deposited, with the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad not less than 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be rendered invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.
6. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.
7. In case of individual shareholder, original CNIC or original passport while for the CDC account holder or sub-account holder and for the person whose securities are in group account and their registration details are uploaded as per the regulations, his / her authentication would be made by showing his / her original CNIC or original passport along with participant(s) ID Number and their account numbers. In case of GoP/SBP/corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
8. The National Assembly through the Finance Act, 2020 has made certain amendments in terms of Section 150 of the Income Tax Ordinance, 2001 whereby the rates are enhanced for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as follows:

a) Active taxpayers for income tax	15%
b) Non-active taxpayers for income tax	30%

And to enable the Bank to make tax deductions on the amount of cash dividend @ 15% instead of 30% all shareholders, whose names are not entered in the Active Tax payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised

NOTICE OF THE 29TH ANNUAL GENERAL MEETING

to make sure that their names are entered in ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend (as and when declared) will be deducted @ 30% instead of 15%.

According to FBR, withholding tax will be determined separately on active/non-active status of principal shareholder as well as joint-shareholder(s) based on their shareholding proportions. In case of joint accounts, shareholders, who hold shares jointly, are requested to provide shareholding proportions of principal shareholder and joint-shareholder(s) in respect of shares held by them to the Share Registrar M/s. CDC Share Registrar Services Limited, Lahore, in writing as follows:

Name of Principal Shareholder/ Joint Holders	Shareholding (%age)	CNIC No. (copy attached)	Signature

The required information must reach to Share Registrar by March 25, 2021 otherwise it will be assumed that the shares are equally held.

Special Notes to the Shareholders

9. Submission of Copies of CNIC (Mandatory)

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

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

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

credit of dividend amount in shareholder's IBAN, shareholders are requested to provide relevant information to:

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

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

Annual Audited Financial Statements of the Bank for the financial year ended December 31, 2020 have been placed on the Bank's website i.e; www.askaribank.com.

In line with shareholders' approval accorded in 25th AGM of the Bank held on March 31, 2017, DVDs have been dispatched to all shareholders. In addition, hard copies of Annual Report 2020 have also been dispatched to Shareholders as per their demand.

12. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act 2017, shareholders may avail video conference facility to attend 29th AGM provided the Bank receives consent from the shareholders holding aggregate 10% or more shareholding at least seven days prior to the date of the meeting. Please fill the following form and submit the signed copy with the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad or email signed form at ir@askaribank.com.pk:

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

Signature of Member

13. Change of Address / Particulars

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

14. Zakat Declaration (CZ-50)

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

15. Unclaimed/Unpaid Dividend and Share Certificates

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

16. Postal Ballot/E-voting

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

to the conditions contained in the aforesaid regulations.

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

The following statement sets out the material facts pertaining to the special business to be transacted in the 29th Annual General Meeting of the Bank to be held on Tuesday, March 30, 2021:

Agenda Item No. 5

The Board of Directors, on the recommendations of Board Human Resource & Remuneration Committee (BHR&RC) has decided to increase the Director's Remuneration from Rs. 125,000/- to Rs. 300,000/- per meeting for Non-executive and Independent Directors for attending the meetings of the Board and Board's Committees along with an additional remuneration of Rs. 50,000/- to the Chairman of the Board and Board's Committees w.e.f. July 01, 2020. The decision to increase the remuneration has been made to compensate for the time and efforts required to discharge director's obligations and to value their skills and expertise in managing the affairs of the Board and Board's Committees. The increase in remuneration is well within the limits prescribed under SBP guidelines. In term of the "Board Remuneration Policy", the payments and increase in the director's remuneration is being presented to the Shareholders of the Bank for their approval by passing the following resolution as an Ordinary Resolution, if thought fit:

"Resolved that the director's remuneration for attending meetings of the Board and Board's Committees, be and is hereby increased to Rs. 300,000/- per meeting for Non-Executive and Independent Directors along with an additional remuneration of Rs. 50,000/- to the Chairman of the Board and Board's Committees w.e.f. July 01, 2020 be and is hereby approved."

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

PROFILE OF DIRECTORS



Mr. Waqar Ahmed Malik – Chairman

(Non-Executive Director)

Mr. Waqar Ahmed Malik joined Fauji Foundation as Managing Director and Chief Executive Officer on 9th April 2020. Mr. Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in Netherland.

For around 10 years, he served as the Chief Executive Officer of ICI Pakistan Limited and also the Chief Executive Officer and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and Akzo Nobel, he worked in Europe and Americas in Corporate Finance and Strategy.

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

Earlier, Mr. Malik also served on the following prestigious Boards:

- Pakistan Petroleum Limited – Chairman (Non-Executive & Independent)
- Engro Corporation Limited – Director (Non-Executive & Independent)
- Standard Chartered Bank Pakistan Limited – Director (Non-Executive & Independent)
- Engro Polymer and Chemicals Limited – Director (Non-Executive & Independent)
- TPL Insurance Limited – Director (Non-Executive)

He has been playing an instrumental role in development of Pakistan's Regulatory System as well as for the advocacy to undertake economic reforms. Few of his other engagements have been:

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

Mr. Malik was a member of the visiting faculty of Pakistan Institute of Corporate Governance, Former Member of Board of

Governors of Lahore University of Management Science (LUMS) and Former Member of Board of Indus Valley School of Arts.

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

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

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Non-Executive Director

Membership of Board Committees

None

Other Directorships

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

- Fauji Fertilizer Company Ltd
- Fauji Fertilizer Bin Qasim Ltd
- Fauji Cement Co Ltd
- Mari Petroleum Co Ltd
- Fauji Kabirwala Power Co Ltd
- Foundation Power Co Daharki Ltd
- Daharki Power Holding Co Ltd
- Fauji Akbar Portia Marine Terminal Ltd
- Foundation Wind Energy-I Ltd
- Foundation Wind Energy-II Ltd
- FFC Energy Ltd
- Fauji Fresh n Freeze Ltd
- FFBL Power Company Ltd
- Fauji Oil Terminal & Distribution Co Ltd
- Fauji Trans Terminal Ltd
- Askari Cement Ltd
- Fauji Infravest Foods Ltd
- Foundation Solar Energy Pvt Ltd
- Pakistan Maroc Phosphore
- Pakistan Oxygen Ltd



Lt Gen Tariq Khan, HI (M) (Retd)

(Non-Executive Director)

Lt Gen Tariq Khan, HI (M) (Retd) is Chief Executive & Managing Director of Fauji Fertilizer Company Limited, FFC Energy Limited and Fauji Fresh n Freeze Limited.

The General is Chairman of Fauji Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC) and Sona Welfare Foundation (SWF). He is also member of the Executive Committee & Board of Governors of Foundation University, Islamabad and Director on the Board of International Fertilizer Association (IFA).

The General was commissioned in Pakistan Army in April 1977 with the coveted Sword of Honour. He remained employed on various command, staff and instructional assignments. He is a graduate of Command and Staff College Quetta, National Defence University Islamabad, and remained on the faculty at both institutions. He holds Master Degree in War Studies. Since his retirement, he is on the honorary faculty of National Defence University as a senior mentor. The General possesses vast experience as adviser to the leading corporate entities.

He was awarded Hilal-e-Imtiaz (Military) and is also the first Pakistan Army General who has been conferred on the U.S 'Legion of Merit' by the U.S Government for his meritorious services as a Senior National Representative at U.S CENTCOM in Tampa, Florida.

Term of Office

Joined the Board of Directors on March 27, 2018.

Status

Non-Executive Director

Membership of Board Committees

None

Other Directorships

- Fauji Fertilizer Bin Qasim Limited
- Thar Energy Limited
- FFBL Power Company Limited
- Fauji Foods Limited, Director/Chairman
- Fauji Meat Limited, Director/Chairman
- FFBL Foods Limited, Director/Chairman
- Olive Technical Services (Private) Limited, Director/Chairman
- Philip Morris (Pakistan) Limited
- Pakistan Maroc Phosphore S.A.

PROFILE OF DIRECTORS



Mr. Sarfaraz Ahmed Rehman

(Non-Executive Director)

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

In 2005, Mr. Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Mr. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015. Engro Foods sold 50% of its shares to Royal Friesland Campina for half a billion dollars in 2015. At the time this was the biggest private foreign investment in Pakistan's history.

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

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

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

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

Mr Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated

with Shaukat Khanum Hospital as a member of the Board of Governor and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Term of Office

Joined the Board of Directors on June 10, 2020.

Status

Non-Executive Director

Membership of Board Committees

Human Resource & Remuneration Committee

Other Directorships

- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- FFBL Foods Limited
- Foundation Wind Energy – I Limited
- Foundation Wind Energy – II Limited
- Fauji Fresh n Freez
- Unilever Pakistan Limited
- Pakistan Maroc Phosphore S.A



Dr. Nadeem Inayat

(Non-Executive Director)

Dr. Nadeem Inayat is Senior Director Strategy and Mergers & Acquisitions at Fauji Foundation. He holds a Doctorate in Economics and has over 28 years of diversified experience in the corporate sector particularly in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, and collaboration with donor agencies.

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

Term of Office

Joined the Board of Directors on June 20, 2013.

Status

Non-Executive Director

Membership of Board Committees

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

Other Directorships

- Fauji Fertilizer Co Ltd (FFC)
- Fauji Fertilizer Bin Qasim Ltd (FFBL)
- Pakistan Maroc Phosphore, SA Morocco
- Mari Petroleum Co Ltd (MPCL)
- Askari Bank Ltd (AKBL)
- Fauji Foods Ltd (FFL)
- Hub Power Company Ltd
- Fauji Cement Co Ltd (FCCL)
- Fauji Oil Terminal & Distribution Co Ltd (FOTCO)
- auji Trans Terminal Ltd (FTTL)
- Fauji Meat Ltd (FML)
- FFBL Foods Ltd
- Fauji Akbar Portia Marine Terminal (FAP)
- Fauji Infraavest Foods Ltd (FIFL)
- Fauji Kabirwala Power Co Ltd (FKPCL)
- Foundation Power Co Daharki Ltd (FPCDL)
- Daharki Power Holding Co Ltd (DPHL)
- Fauji Fresh n Freeze Ltd (FFFL)
- Askari Cement Ltd (ACL)
- Foundation Wind Energy-I Ltd (FWEL-I)
- Foundation Wind Energy-II Ltd (FWEL-II)
- Fauji Electric Power Co Ltd (FEPCO)

PROFILE OF DIRECTORS



Syed Bakhtiyar Kazmi

(Non-Executive Director)

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

Mr Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr Kazmi successfully delivered his promise of providing best-in-class and integrity driven services. With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr. Bakhtiyar Kazmi has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation matters and issues, regularly published in reputable dailies. Mr Kazmi is an avid golfer and currently holds the position of captain of Islamabad golf club.

Term of Office

Joined the Board of Directors on November 18, 2020.

Status

Non-Executive Director

Membership of Board Committees

Audit Committee

Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Cement Company Limited
- Mari Petroleum Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Fauji Infravest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Foundation Solar Energy Limited
- Fauji Akbar Portia Marine Terminal Limited
- Askari Cement Limited
- Foundation Power Company Daharki Limited
- Dhaharki Power Holding Company Limited



Mr. Manzoor Ahmed

(Non-Executive Director)

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs.145 bn. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan.

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

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

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

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

Term of Office

Joined the Board of Directors on May 20, 2013.

Status

Non-Executive Director

Membership of Board Committees

Risk Management Committee - Chairman
Audit Committee
Human Resource & Remuneration Committee

Other Directorships

- Hub Power Company Limited
- Lucky Cement Limited
- Soneri Bank Limited
- Siemens (Pakistan) Engineering Company Limited
- Sui Northern Gas Pipelines Limited
- General Tyre & Rubber Company Limited

PROFILE OF DIRECTORS



Mr. Mohammad Aftab Manzoor

(Independent Director)

A senior banker with over 35 years of banking experience of which 19 years in leadership positions including 10 years as the CEO of 2 "big five" banks in Pakistan. He has an MBA Finance degree and has attended training seminars/certifications at Harvard Business School, MIT and IFC.

His most recent position was at Soneri Bank Ltd. where he served as CEO for 9 year. Prior to that he was CEO at Allied Bank Ltd. for 3 years preceded by a 7 years stint as CEO of MCB Bank Ltd. During his tenure at MCB, the bank received the prestigious EuroMoney award for 6 years in a row as best domestic bank of Pakistan and secured the highest Moody's rating in the country.

He started his banking career with Citibank where he worked as Regional Head for Corporate Banking and subsequently as Business Head for the Product Group.

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

Earlier he has served on the Boards of MCB Bank Ltd, Allied Bank Ltd, Habib Allied Bank UK, Allied Asset Management Ltd, Soneri Bank Ltd, SME Bank Ltd, Khushhali Bank Ltd, First Women Bank Ltd, KASB Bank Ltd, Trading Corporation of Pakistan (TCP), Pakistan Institute of Corporate Governance (PICG), Lahore University of Management Sciences (LUMS), Institute of Bankers of Pakistan (IBP), Pakistan Banks Association (PBA) and Competitiveness Support Fund.

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Audit Committee - Chairman
Information Technology Committee - Chairman

Other Directorships

- Hellenic Sun Insurance Brokers (Pvt) Limited



Ms. Zoya Mohsin Nathani

(Independent Director)

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

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

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

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Human Resource & Remuneration Committee - Chairperson
Risk Management Committee

Other Directorships

- MNZ Limited



Raja Muhammad Abbas

(Independent Director)

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

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

During his 33 years long span of illustrious public service, he has worked as Deputy Commissioner of District Jhelum, Gujranwala and Faisalabad where his role included Administration of Criminal Justice, Civil and Revenue legal matters and monitoring of development projects. He also held senior assignments at provincial level, such as Provincial Secretaries of Labor, Transport and Industries in the Government of Sindh, besides being Secretary Social Welfare, Women Development with the Government of the Punjab.

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

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

Membership of Board Committees

Information Technology Committee

Other Directorships

- Sindh Insurance Limited
- Sindh Leasing Company Limited
- M M Management Consultants (Pvt) Limited



Mr. Mushtaq Malik

(Independent Director)

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

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

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

Term of Office

Joined the Board of Directors on March 31, 2017.

Status

Independent Director

Membership of Board Committees

Risk Management Committee

Other Directorships

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

PROFILE OF DIRECTORS



Mr. Abid Sattar **President & Chief Executive**

(Executive Director)

Mr. Abid Sattar has over 38 years of rich and diversified experience covering corporate, institutional, retail and consumer banking, both in Pakistan and overseas. Prior to joining Askari, he was based in Singapore heading International Business for Asia and Africa Regions for Habib Bank Limited. During his previous assignment at HBL Pakistan, he has held the positions of Head of Global Operations and Head of Retail and Consumer Banking. His earlier experience includes senior level positions with Citibank, Standard Chartered and Chase Manhattan banks.

Mr. Sattar has a proven track record of leading and building efficient and excellent teams. He is well known for hiring talent, maintaining highest standards of compliance while expanding and growing businesses.

He holds Masters in Economic and Politics of Development from Cambridge University, UK and is a Gold Medalist in MBA Finance from the Punjab University, Lahore.

Term of Office

Joined as President & Chief Executive of the Bank on August 9, 2018.

Status

Executive Director

Membership of Board Committees

Risk Management Committee
Information Technology Committee

Other Directorships

- Pakistan Petroleum Limited

BOARD COMMITTEES

COMPOSITION AND BRIEF TERMS OF REFERENCE

Board Audit Committee (BAC)

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

Board Human Resource & Remuneration Committee (BHR&RC)

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

Board Risk Management Committee (BRMC)

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

Board Information Technology Committee (BITC)

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

CHAIRMAN'S REVIEW



Dear Shareholders

It is a privilege for me to present my first review report as Chairman of the Board of Directors of Askari Bank.

I was elected as Chairman of the Board in June 2020. We have a highly diverse and competent Board comprising of accomplished professionals and experienced bankers. The Board provides guidance to the management through policy framework and strategic oversight with a focus on challenges and opportunities without indulging in day to day management.

The Board is relentless in its commitment to uphold the highest standards of governance and best practices in the Bank as a financial institution and custodian of depositor's wealth. The Board has setup specialized committees entrusted with specific oversight functions. These committees are chaired by directors who are subject matter experts. Board Audit Committee and Human Resource Committee are chaired by independent directors reflecting Board's commitment to the highest level of governance. An effective and formal mechanism is in place for critical evaluation of the Board,

its committees and individual directors. In my role as Chairman, I continue to ensure that the Board is prioritizing and effectively setting the tasks to deliver strategic direction of the Bank.

The Covid-19 pandemic has been a source of stress and adversity, the world over. Banking sector was challenged due to disruptions to physical operations, impact on liquidity and asset quality, and demand pressure on digital channels. Against these challenges, Askari Bank prioritized to ensure uninterrupted service delivery to the customers. Aligning with the regulator's goal to facilitate lending and bolster the economy against Covid-19, the Bank actively participated in stimulus packages designed to ease borrower's liquidity and continuity of employment.

Going forward, Askari Bank's strategic focus will remain on sustainable and responsible banking to support the goal of building a resilient bank, ensuring the agility, progressive and forward thinking; framing the future to be rich with opportunity, inspiration and value. The Bank is focused on the growth agenda, aiming for a higher market share of businesses with greater attention to sales, supported by innovative technology and analytics, to exceed customer experience and expectation.

To this end, a strategic plan has been crafted aiming for a corporate transformation to perfectly position the Bank to exploit new opportunities and generate even better value in 2021 and beyond. Revalidating the business model and pursuing the right choices to make the brand a truly vibrant, purposeful and powerful, the strategic plan is focusing on good governance, smart technology, cost rationalization, passionate employees and delighted customers in order to drive sustainable growth and higher shareholders returns. Askari Bank is well placed with a clear view of the business priorities going forward, with the determination to carve out its own future and seeking to leverage the spirit to serve the customers and communities in which it operates.

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

A handwritten signature in black ink, appearing to read 'Waqar Ahmed Malik'. Below the signature is a horizontal line.

Waqar Ahmed Malik
Chairman, Board of Directors

February 15, 2021
Rawalpindi

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present the 29th Annual Report of Askari Bank Limited along with the audited unconsolidated and consolidated financial statements of the Bank and Auditors' reports thereon, for the year ended December 31, 2020.

Economy

Pakistan's economy is regaining momentum as Covid related impacts have largely been well managed. There has been a notable pick up in the business and economic activity owing to the support measures implemented by the Government and SBP. Large scale manufacturing is gaining traction, demand indicators recording encouraging growth and the services sector showing buoyancy. However, the impact of the pandemic on Pakistan's economy will remain a challenge in the near term, in line with the trends of global economies.

Pakistan's economy was progressively moving along the stabilization path with twin deficit under control, confidence recovering and prices settling down before hit by the pandemic. By the end of fiscal 20, production and retail activities came near to a standstill and the real, fiscal and external sectors were showing major deterioration. The lower levels of output from the tradable sectors impacted the services sector as well. The Government followed smart lock down policy to avoid the significant impact on the manufacturing to avoid supply chain disruptions. The monetary stance was reversed after twenty-two months and policy rate was reduced by a cumulative 6.25 percent mostly during the second quarter of 2020. SBP further supplemented the monetary steps by rolling out various refinance schemes designed to address the short-term liquidity needs of businesses, households and firms to safeguard employment and facilitate supply of medical equipment. The SBP further introduced certain other measures; reduction in capital conservation buffer by 100 basis points to 11.5 percent, increase in regulatory limit on extension of credit to SMEs up to Rs.180 million and relaxation in debt burden ratio for consumer loans from 50 to 60 percent.

These timely measures provided extra impetus for the resumption of economic activity after lifting of lockdowns and contraction phase was short-lived. Within large scale manufacturing, the growth in cement, food processing and automobiles segments was also reflected by an uptick in demand indicators; all time high cement dispatches, petrol and car sales, power generation, consumer goods and FMCG sales. The external sector performed well as the current account moved to a surplus after a lapse

of over five years, contributed by notable increase in remittances, sharp decline in imports and higher export receipts. Policy measures under the Pakistan Remittance Initiative, promotion of formal and digital channels for remittances further supported the current account and strengthened the exchange rate, along with pandemic related travel restrictions that dampened the country's services imports. The recovery of tax revenues despite fast tracking of refunds and Government adherence to continued fiscal discipline; zero fresh borrowing, are encouraging indicators.

The announcement of incentives for the construction sector are extending to allied manufacturing segments and further supported by the increased focus on housing and construction finance schemes. The outlook for growth in exports is expected to be above target. Imports growth will be driven by the domestic economic activity and food imports, though depressed oil prices may lower import payments. Inflation outlook is expected to be range bound as core inflation has been moderate and supply side factors have been driving the headline inflation down. As the macroeconomic indicators revert to a stable trajectory, the overall growth outcome will be determined by Covid fallout and effective management of vaccination process in the shorter term.

Bank's Performance

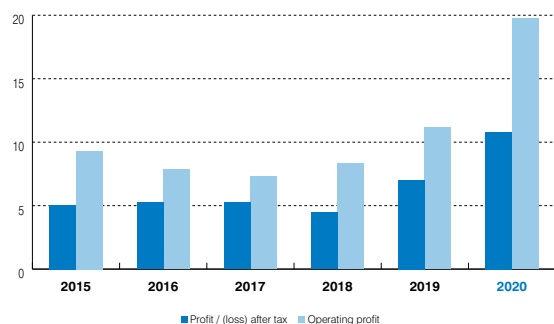
Askari Bank posted strong financial results for the year 2020 amidst unprecedented disruptions caused by the pandemic. The Bank reassessed priorities and aligned operating platform with the new normal maintaining focus on ensuring uninterrupted service while complying with the best health and safety measures for the customers as well as for staff. The convergence of risk factors, sharp decline in market rates and high level of uncertainty necessitated prudent revision of business strategies and the Bank focused on consistent growth by converting opportunities that were a right fit with the long-term priorities.

The Bank's profit after tax is reported at Rs.10.8 billion for the year ended December 31, 2020 compared to Rs.7.01 billion last year, a growth of 54 percent. Operating profit (before provisions and taxation) increased by 77 percent to Rs.19.7 billion from Rs.11.2 billion last year. The earnings per share for the current year are reported at Rs.8.57 against Rs.5.57 for the last year.

DIRECTORS' REPORT TO THE SHAREHOLDERS

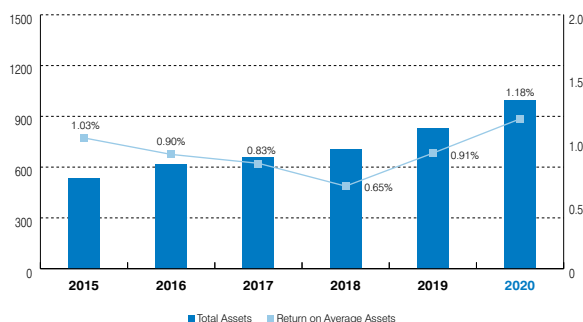
Profit

(Rs. in billion)



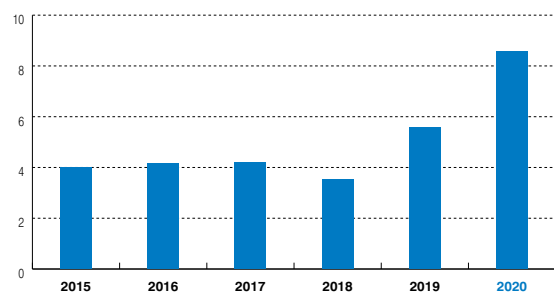
Return on Average Assets

(Rs. in billion)



Earnings per share

(Rupees)



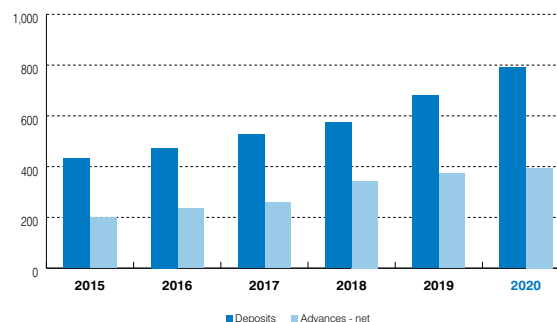
Net aggregate revenues registered a growth of 35 percent to Rs.39.9 billion from Rs.29.5 billion last year. Net mark-up income increased by 37 percent mainly contributed by investment revenues as the wide-ranging monetary policy changes provided opportunities for the fixed income securities. The sharp decline in policy rate in quick successions during the first half of the year aggregating 6.25 percent, also enabled earlier repricing of interest-bearing liabilities than interest earning assets duly supported by overall growth in average balance sheet volumes. Non-mark-up income increased to Rs.9.7 billion from Rs.7.4 billion last year, a 31 percent increase led by gains on sale of fixed income securities. Fee, commissions and income from foreign exchange increased by 6 and 7 percent, respectively. The uptick in

trade and transactional volumes and economic activity during the second half of the year contributed to this increase as the first half had witnessed a pandemic related slowdown. Non-mark-up expenses increased by 10 percent to Rs.20.2 billion mainly due to the impact of investment in human resource and technology as the Bank positions for growth as a future fit organization. Cost to income ratio improved to 50.6 percent as against 62.2 percent last year.

The net provisions against non-performing advances amounted to Rs.1.63 billion against net reversal for the previous year, reflecting stresses in the business environment during the year coupled with Bank's enhanced level of general provision as a matter of prudence. Provision coverage against non-performing loans improved to 93.1 percent at December 31, 2020. The Bank ensured effective awareness of SBP's pandemic related relief schemes and programs amongst its customer. At December 31, 2020, 288 corporate and SME borrowers with aggregate principal and mark up amounting to Rs.75.3 billion were availing the benefit of deferments, restructuring and rescheduling allowed by the SBP. Askari Bank was ranked amongst top five banks to support SBP's Rozgar scheme, a refinance scheme to support continuity of employment under Covid.

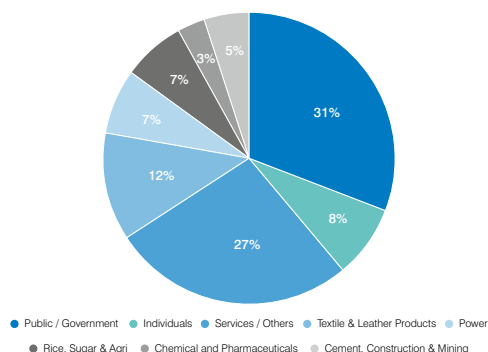
Advances and Deposits

(Rs. in billion)

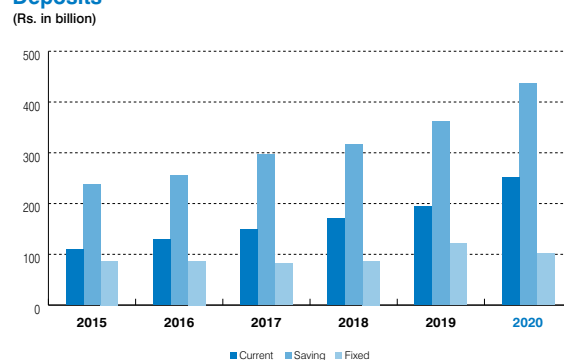


Total assets of the Bank grew by 19 percent to Rs.993 billion at end 2020. Customer deposits increased by 16 percent with current and saving accounts ratio at 87 percent, an improvement from 82 percent last year amidst stiff competition for low cost deposits. The Bank has fully complied with the regulatory pronouncements on Treasury Single Account implemented during the year and will initiate measures / strategies to conform to any further developments. The Bank is confident that any deposit outflows on account of TSA will be manageable through alternative sources. Advances increased by 6 percent as the Bank pursued selective growth strategy in response to the slow-down in business environment during most of the year.

Advances Concentration



Deposits



At December 31, 2020, the Bank is fully compliant with regulatory capital ratios. Tier 1 capital and Total Capital Adequacy Ratio stood at 15.5 percent.

The Board of Directors recommends the following appropriations for the year ended December 31, 2020:

Rupees in '000

2020		2019	Year Ended December 31,	2020		2019
Consolidated				Unconsolidated		
10,846,333	7,028,756		Profit after taxation	10,800,375	7,017,022	
(47,457)	285,215		Effect of recognition of actuarial gains / (losses)	(44,926)	285,311	
-	4,235		Impact of IFRS-9 on discontinued operations	-	-	
78,576	87,627		Transfer from surplus on revaluation	78,575	87,627	
10,877,452	7,405,833		Profit available for appropriation	10,834,024	7,389,960	
(3,780,781)	(1,890,390)		Cash dividend - 30 percent (2019:15%)	(3,780,781)	(1,890,390)	
(2,171,399)	(1,403,580)		Transfer to statutory reserve	(2,160,075)	(1,403,404)	
4,925,272	4,111,863		Accumulated profit carried forward	4,893,168	4,096,166	
8.61	5.58		Earnings per share - Rupees	8.57	5.57	

Entity Rating

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

Distribution and Digital Channels

The branch network remains primary to the delivery of business strategy and core processes are continually reviewed and improved for enhanced customer experiences. The branch network comprises of 536 branches across the country; 441 conventional branches (including 49 sub-branches), 95 Islamic branches (including 3 sub-branches), a Wholesale Bank Branch in Bahrain and a representative office in Beijing, China. The network is supported by digital channels extending outreach to customers and further to unbanked areas.

Given the developments during the year, high priority was assigned to enhancement in digital channels. The timely addition of new features to Askari i-net banking and launch of upgraded mobile app for android and IOS platforms responded well to the emerging demand for remote services with enhanced security for day to day transactions. The Bank also launched various campaigns for staff and customers to improve awareness and utilization of digital services. Customer confidence on Bank's digital initiatives is reflected by 115 percent increase in the volume of digital transactions during the year.

Askari employee banking designed to assist institutional clients' payroll management is gaining traction. The offering includes hassle-free account opening and digital offerings supplements relationship management at the convenience of clients' locations.

Strengthening technology governance remains a key to the delivery of IT strategy as resources and efforts for tech projects grow. Upgrading core banking system and loan origination system are the two key projects of the year under review. Also, pilot implementation of a digital visit management system was

DIRECTORS' REPORT TO THE SHAREHOLDERS

commenced that will enable customers to schedule branch visits through mobile app, text or web. This system will be supported by a business intelligence tool for regular improvement in efficiency and service levels. The Bank's 24/7 call center is being upgraded to compliment digital offerings for a greater customer experience. Moving ahead, data analytics and systems with enhanced predictive capabilities for formulating dynamic business strategies supported by talent development underpins the overall technology strategy.

Cyber security remains a high risk as the number of risk events and their severity continue to hit banking industry. The Bank's technology function works closely with the risk management and information security functions in this regard with responsibility for technology aspects of projects implementation. Information systems and protocols are maintained in accordance with the best practices, ensuring the highest levels of customer information security.

Recognizing that digital is pivotal for future banking and that new technologies will disrupt banking, the Bank is continually upgrading systems and applications and adding security layers. The Bank will continue to invest in this key pillar to realise our vision of making Askari digital banking enjoyable, yet secure.

The Bank's consumer business remained focused on providing value to customers enabling them to achieve their financial aspirations. This business recognizes and actively pursues product innovation and service excellence as real differentiators. During the year, the Bank completed upgradation of entire card base to chip and pin code functionality. Askari Bank and Pakistan International Airlines launched Askari-PIA co-branded Credit Card with exciting features and reward programs for travelers. Also, Askari MasterCard is now protected by 3D secure platform for internet transactions. The features of regular mortgage finance schemes under both conventional and Ikhlas Islamic finance, were extended and aligned with the Government's initiative for the housing sector; Mera Pakistan Mera Ghar and Naya Pakistan Housing Finance. The Bank recognizes the growth opportunities in the housing sector and is committed to increase its contribution in this initiative of national importance.

Ikhlas Islamic Banking

Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant product and service offerings to all customers through its 95 dedicated Islamic banking branches located in 35 cities and towns across the Country. Askari Ikhlas operates within a Shariah's governance framework where all offerings are approved by an independent Shariah Board and a dedicated function ensures strict Shariah compliance at the granular level. The continued guidance and support of both these functions has immensely contributed towards the improvement in Islamic banking skill-base of our staff. This is a strategically important segment and the Bank is focusing on increasing Ikhlas Islamic offerings through introduction of windows model in select conventional branches.

During the year, total assets of Islamic banking grew by 19 percent while its aggregate revenues increased by 31 percent. The Bank actively pursued growth of Shariah compliant offerings and solutions and Askari Ikhlas Islamic banking has established itself as a formidable player and will continue to augment this position in the years to come.

Risk Management and Compliance

The risk management framework was further strengthened during the year through refinements in credit approval process, robust credit underwriting criterion with quantitative and qualitative factors for impact assessment and enhanced monitoring tools for the risk portfolios. Segment-wise risk rating models are supported by transition and migration matrices reflect portfolio performance on a longer term. The implementation of ERM and loan origination systems will enhance efficiency and integrated risk assessment. The risk appetite, key risk indicators and risk asset reviews with well-defined thresholds, policies, processes and controls serve as effective measures in managing identified risks within acceptable levels. The industry / sector concentration limits are continually reviewed and have been instrumental in improving the rating mix of credit portfolios and reducing overall credit and concentration risks.

During the year, in compliance with regulatory directives, the Bank initiated parallel run for transition to IFRS-9 which will be implemented from January 1, 2021. The impact assessment reports have been regularly submitted for regulatory reviews as per prescribed schedules and the project is being supervised by a management level steering committee with representation of risk, finance and technology functions. The project steering committee also provides periodical updates to the Board Risk Management Committee.

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

During the year, the Bank made further improvements in compliance systems and controls as a robust compliance function is consistently pursued as a high priority agenda. This was achieved through upgraded and integrated technology tools, strengthened policy and procedural framework and intense focus on compliance trainings and governance. In addition to improved screening and transactional monitoring systems, the implementation of trade KYC supported by comprehensive mechanism for monitoring of trade transactions as per prescribed guidelines has strengthened effective controls on trade-based money laundering. Periodical reviews on the overall compliance status enabled effective and regular oversight and supervisory expectations were met through specific and structured reporting.

Human Resource

The Bank firmly believes that its committed human resource is the key towards building a sustainable and productive organization. Over the years, the Bank has been nurturing its human capital by acquiring and deploying talent, raising the performance bar, investing extensively in training and development programs and enhancing leadership capacity and capabilities. 2020 was a challenging year for the health and wellness initiatives and demanded agility and transformation at a pace faster than ever experienced before. The Bank moved rapidly to design and implement health and safety protocols for its staff and customers to safeguard them and to minimize the risk of spread of Covid-19 across all locations. Technology tools were swiftly modified for remote access and digital authentication etc. while ensuring highest security standards. A well-coordinated task force ensured compliance of regulatory and other initiatives along with effective awareness at multiple levels. Effective communications ensured regular updates on initiatives and progress through multiple channels including structured meetings, newsletters, intranet and social media.

In view of the social distancing and related SoPs, the learning and development facility switched to e-learning tools, virtual trainings and online webinars for continuous professional development and employee engagement. During the year, 393 training sessions were organized covering 87 percent of our workforce.

Customer Experience

Customer convenience remains a priority as it is key to higher levels of engagement, supporting our relevance to the customer through increased investment in automation, digitisation and expansion of customer touchpoints. The Bank strives to promote a culture that values fair treatment of customers and has implemented through service management program and self-assessment tools to gauge and enhance the overall service delivery. Furthermore, the centralized complaint management system (CMS) is accessible across the bank's network to facilitate the registration and monitoring of complaints. Customers have the option to register their complaints through 24/7 call center, website, email, fax, letter sent directly to complaint management unit or complaint boxes available at branches. The auto escalation matrix defined in CMS assists in stringent monitoring thereby ensuring complaints are handled efficiently. During the year 2020, a total of 55,150 complaints were registered where the average resolution time was 3.46 working days despite the limitations faced due to Covid-19.

Askari Securities Limited (ASL)

During the year, the Bank acquired 26 percent shareholding making ASL a wholly owned subsidiary. ASL is a public limited company incorporated in Pakistan on October 16, 1999. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and a Corporate

Member of Pakistan Mercantile Exchange. The principal activity of the Company includes brokerage, investment advisory and consultancy services.

Corporate Governance

The Board of Directors of Askari Bank is committed to maintain high standards of corporate governance which has underpinned the Bank's long-term competitiveness, growth and sustainability. The requirements of Code of Corporate Governance as set out in Pakistan Stock Exchange Limited Regulations in the rule book for the year ended December 31, 2020 have been fully adopted and have been duly complied with. A statement to this effect is annexed in annual report.

Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Bank present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting, Islamic and Sharia 'a Standards, as applicable to banking companies in Pakistan, have been followed in preparation of these financial statements and there is no departure from the said standards.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Key operating and financial data for the last six years, in a summarized form, is included in this report (Annexure A).
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2020, except as disclosed in annexed financial statements.

DIRECTORS' REPORT TO THE SHAREHOLDERS

- Following is the fair value of investments as at December 31, 2020:
 - Provident Fund: Rs.6,114 million, based on un-audited financial statements (December 31, 2019: Rs. 5,286 million, based on audited financial statements)
 - Gratuity Fund: Rs.3,037 million, based on un-audited financial statements (December 31, 2019: Rs. 2,817 million, based on audited financial statements)
- The Board consists of eleven directors including one female director and the CEO as deemed director. During the year, nine meetings of the Board of Directors were held. The record of the meetings attended by the directors, is as follows:

	Board of Directors Meeting	Board Audit Committee	Board Human Resource & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee
Total meetings held	9	11	9	7	4
Name of Directors and their attendance in each meeting					
Mr. Waqar Ahmed Malik (Chairman of BoD)	5	NA	NA	NA	NA
Lt Gen Tariq Khan, (Retd)	7	NA	NA	NA	NA
Mr. Sarfaraz Ahmed Rehman	4	NA	6	NA	NA
Dr. Nadeem Inayat	9	11	7	6	2
Mr. Manzoor Ahmed	9	11	7	4	NA
Mr. Mohammad Aftab Manzoor	6	7	NA	NA	4
Ms. Zoya Mohsin Nathani	6	NA	7	6	NA
Raja Muhammad Abbas	6	NA	NA	NA	4
Mr. Mushtaq Malik	9	NA	2	6	NA
Mr. Abid Sattar (President & Chief Executive)	9	NA	NA	7	4

Former Directors					
Lt Gen Syed Tariq Nadeem Gilani, (Retd)	1	NA	NA	NA	NA
Lt Gen Javed Iqbal, (Retd)	1	NA	2	NA	NA
Mr. Rehan Laiq	6	7	NA	NA	NA
Mr. Kamal A Chinoy	2	NA	NA	NA	NA
Syed Ahmed Iqbal Ashraf	2	4	2	NA	NA
Brig. Saleem Ahmed Moeen, (Retd)	2	NA	NA	1	NA
Mr. Imran Moid	1	NA	NA	NA	NA

(NA) Not Applicable

Board Evaluation

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

The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically. The evaluation is undertaken through a comprehensive questionnaire, bifurcated into different sections; board's composition, scope, functions, performance and process monitoring and objective contributions by individual directors. The evaluation of the board committees is primarily based on the assessment of the compliance with the terms of reference of each committee. The evaluation criteria for individual directors, is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as a board member. The evaluation criteria for the chairman of the board in addition to the general criteria, also encompasses leadership abilities and effective management of meetings.

This exercise in critical self assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank to new heights of success is discharged effectively and efficiently. The SBP Guidelines require that at least once in every three years, the evaluation should be conducted by an external independent evaluator. The Bank engaged Pakistan Institute of Corporate Governance (PICG), during the year as an independent evaluator to conduct this evaluation.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2020 is included in the annual report.

Trading in Shares

No trades in the shares of the Bank were carried out by the President & CE, CFO, Company Secretary their spouses and minor children during the year 2020.

Statement on Internal Controls

The Board of Directors of the Bank is responsible for ensuring that an adequate and effective internal control system exists in the Bank and that the management of the Bank assumes responsibility of establishing and maintaining effective internal controls throughout the Bank and has made a statement on internal control in this annual report. The management's statement on internal control has been endorsed by the Board of Directors.

Auditors

The present auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee has recommended the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2021. The appointment is subject to approval in the 29th Annual General Meeting.

Events after the Date of Statement of Financial Position

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

Three Years Strategy (2021-23)

Askari Bank has put in place strategies and processes to drive the performance forward. During the year, the management worked closely with the new Board members and has crafted a three years strategic plan (2021-23) for the Bank. The plan sets priorities for high growth areas; digital, Islamic and consumer banking. Focusing on refinements in our business and operating model; to make it more robust, efficient and service oriented, the plan is aiming for cost optimization across all major lines of administrative expenses along with technology advancements for digitizing processes to enable improved customer experience. Fostering a culture supportive of the growth journey is a critical component of the strategic plan and of the transformation process. As the plan's business philosophy strives for a more customer centric, innovative bank of the future, a more result-oriented performance management process, open and effective communication and an inclusive culture provides the necessary guiding values of the

DIRECTORS' REPORT TO THE SHAREHOLDERS

human capital strategy. A well-defined tracking process of key indicators adjusting for industry trends is also part of the strategic plan. A summary of strategic plan deliverables and KPIs is attached as Annexure B to this report. Pursuing these agendas will transform the Bank as stronger for our customers and staff, and above all for our shareholders.

Looking Ahead

The economy is showing encouraging signs of recovery particularly in the manufacturing and construction sectors, as the government's extensive measures have helped it move progressively on the adjustment path in a stabilization process. Domestic recovery has gained some further traction, most economic activity data and indicators of consumer and business sentiment have shown continued improvement. Inflation expectations of both businesses and consumers remain well-anchored and have declined in recent months. Despite a difficult

environment, the government's credit profile is stable due to ongoing reforms and increasing policy effectiveness. The banking system reflects solid funding and liquidity, however a challenging but improving operating environment will weigh on asset quality and profitability.

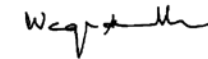
Acknowledgements:

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



Abid Sattar
President & Chief Executive

February 15, 2021
Rawalpindi



Waqar Ahmed Malik
Chairman Board of Directors

SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

ANNEXURE A




	Rupees in million					
December 31	2015	2016	2017	2018	2019	2020
Assets						
Advances - net	199,931	235,164	258,693	343,107	372,914	395,374
Investments - net	268,021	295,846	314,957	260,234	305,436	449,687
Cash, short term funds and statutory deposits with SBP	38,794	55,250	49,683	53,281	91,332	81,371
Fixed / intangible assets	9,230	11,020	10,729	13,533	20,506	22,357
Assets held for sale	-	262	81	81	81	-
Other assets	19,891	21,597	22,566	36,296	42,939	43,728
Total assets	535,867	619,139	656,708	706,532	833,208	992,517
Non-performing loans	31,484	28,535	26,753	26,657	28,134	28,411
Provisions for non-performing loans	28,482	26,959	25,647	26,152	25,635	26,446
Liabilities						
Deposits and other accounts	433,172	472,811	525,808	573,636	679,299	791,187
Refinance borrowings from SBP	10,327	12,891	16,839	18,967	19,713	38,644
Sub-ordinated loans	4,997	4,995	4,993	9,994	9,992	12,000
Borrowings / other liabilities	60,518	95,866	76,632	70,426	81,948	96,140
Total liabilities	509,014	586,562	624,273	673,023	790,952	937,971
Shareholders' funds						
Share capital	12,603	12,603	12,603	12,603	12,603	12,603
Reserves	9,209	12,755	14,798	19,257	25,353	34,306
Surplus on revaluation of assets – net of tax	5,041	7,219	5,035	1,649	4,300	7,638
Total shareholders' funds	26,853	32,577	32,435	33,509	42,256	54,546
Profitability						
Interest income	36,592	35,512	36,267	43,670	71,704	77,322
Interest expenditure	21,690	20,497	20,072	25,060	49,569	47,059
Net interest income	14,902	15,016	16,195	18,610	22,136	30,263
Fee and commission income	1,732	2,156	2,707	3,116	3,617	3,851
Other income	4,958	4,951	3,549	2,506	3,787	5,843
Non-markup expenses	12,281	14,304	15,164	15,892	18,377	20,215
(Reversal) / provision and impairment against non-performing assets	879	(659)	(1,205)	1,461	773	1,975
Operating profit	9,311	7,818	7,287	8,340	11,163	19,742
Profit before taxation	8,432	8,477	8,492	6,879	10,389	17,767
Taxation	3,388	3,256	3,224	2,448	3,372	6,967
Profit after taxation	5,043	5,221	5,268	4,431	7,017	10,800
Business transacted						
						Rupees in billion
Imports	200	279	358	394	334	371
Exports	144	124	155	215	248	206
Guarantees	78	132	137	150	156	112
Profitability ratios						
						Percentage
Return on average shareholders' equity (RoE)	24.54	22.14	19.97	14.98	20.10	25.45
Return on average assets (RoA)	1.03	0.90	0.83	0.65	0.91	1.18
Return on average capital employed	18.65	18.27	16.79	11.95	15.63	20.21
Cost to income (CIR)	56.88	64.66	67.54	65.58	62.21	50.59
Gross yield on average earning assets	7.90	6.71	6.42	7.14	10.62	9.44
Weighted average cost of deposits	4.64	3.70	3.42	3.97	6.96	5.54
Advance to deposits (CDR)	46.16	49.74	49.20	59.81	54.90	49.97
NPLs to gross advances	13.78	10.89	9.41	7.22	7.06	6.74
NPLs coverage	90.46	94.48	95.87	98.11	91.12	93.08
Current accounts to total deposits	25.24	27.44	28.37	29.56	28.68	31.78
Earning assets to total assets - gross	89.52	88.28	88.63	86.65	85.56	86.50
Capital Adequacy (CAR)	12.51	12.50	12.09	12.51	13.38	15.48
Share information						
Price earning (PE) - times	5.44	6.03	4.62	6.80	3.33	2.73
Price to book - times	1.02	0.97	0.75	0.90	0.55	0.54
Dividend yield (%)	10.35	6.01	5.18	4.18	8.09	12.83
Dividend payout - times	0.56	0.36	0.24	0.28	0.27	0.35
Cash dividends - Interim (%)	10.00	-	10.00	-	-	-
- Final* (%)	12.50	15.00	-	10.00	15.00	30.00
Earnings per share (EPS) - Rupees	4.00	4.14	4.18	3.52	5.57	8.57
Market value per share - year end - Rupees	21.74	24.95	19.31	23.92	18.54	23.39
Market value per share - high - Rupees	25.54	25.61	28.03	26.49	24.46	23.59
Market value per share - low - Rupees	16.26	17.50	17.75	19.20	15.53	13.00
Net asset per share	21.31	25.85	25.74	26.59	33.53	43.28
Other information						
Number of employees	6,781	7,252	7,534	7,538	7,848	7,949
Female staff - (%)	13.00	13.40	12.80	12.90	13.70	14.00
Number of branches	424	501	516	516	535	537




* post balance sheet event

THREE YEARS STRATEGIC PLAN (2021-23)

DELIVERABLES / ACTIONS ALONG WITH KPIs AND CURRENT SCORES

ANNEXURE B

Strategy Pillars	Shareholders value, Governance & Risk Management 	Business Growth 	Improve Customer Experience 
KPIs Tracked	Total Shareholders Return	Deposit Growth	Net Promoter Score
	Capital Adequacy	Ratio of Current & Savings accounts	Number Of Complaints
	Leverage	Earning Assets Growth	Complaint Resolution Time
	Infection	Return On Assets and Equity	Conduct Assessment Framework
Planned Deliverables	Improve Shareholders Value	Refine Sales Culture	Improving Service Standards
	Improve Credit Culture and Asset Quality	Modify Operating Model	Reduce Turn-Around-Time
	Enhance Governance	Fit For Purpose Digital Offerings	Enhance Digital Offerings
	Improve Compliance Culture	Improve Product Profile Drive Cross Sell Improve Retail Penetration	Leverage Emerging Technologies
Challenges	Economic Growth	Stiff Competition For Low Cost Deposits	Access to Technology
	Covid Fallout	Treasury Single Account	Digital literacy of customers
	Industry-wide Asset Quality Concerns	Low Demand For Credit Growth	Cybersecurity
	Markets Stability	Trade Volumes	Lagecy Systems
Current Scores	TSR = 133.2%	Deposit = 16.5%	NPS = 83%
	CAR = 15.5%	CASA = 87%	CAF score
	LR = 3.6%	RoA = 1.2%	
		RoE (T) = 22.3%	

Strategy Pillars	Productivity improvement 	People Development 	Technology Enablers 
KPIs Tracked	Cost to Income Ratio	Employee Engagement Scores	Systems Upgraded / implemented
	Revenues Per Branch & Per employee	Training Days Per Employee	Systems / Channels Downtimes
		Employee Attrition Ratio	Info Sec breaches
Planned Deliverables	The Right Structure	Continually Refine Performance Management	Optimize Core Systems
	Streamline Processes	Talent Fitment	Improve Stability and Reliability of Systems
	Cost and revenue optimization	Future Ready Leadership	Develop Enabling Systems
	Drive Alternate Channel Usage	Enhance Capabilities	Improve MI and Analytics
			Proactive Information and Cyber Security Management
Challenges	Legacy Processes	Large and diverse skill base and competencies	Rapid Advancements
	People Mindsets	Customized trainings programs	Costs
	System Limitations		Time to Realize Promised Benefit
Current Scores	CIR = 50.6%	Training Days Per Employee = 8.9	Signup for Digital Channels
			System / ATM uptimes

شیر ہولڈنگ کا پیرن

31 دسمبر 2020 کے اختتام پر شیر ہولڈنگ کا پیرن اس سالانہ رپورٹ میں شامل ہے۔

شیرز میں فریڈنگ

سال 2020 کے دوران صدر و چیف ایگزیکٹو، ہی ایف او، کینی بکری اور ان کے اہل خانہ اور چھوٹے بچوں کی طرف سے بینک کے حصص میں کوئی کاروبار نہیں کیا گیا۔

ہمارے کاروبار اور آپریٹنگ ماڈل میں بہتری پر توجہ مرکوز کرتے ہوئے، اسے مزید مستحکم، موثر اور خدمات پر مبنی بنانے کیلئے اس منصوبے کا مقصد صارفین کے تجربے میں بہتری لانے کیلئے ڈیجیٹل پراسسز سے لینا لو جی میں جدت لانا ہے۔ اس منصوبے کے کلیدی عناصر انسانی سرمائے کی حکمت عملی ہے جو کہ پیچھے چھوٹ کا محور ہے، اور اس کے ساتھ ساتھ انڈسٹری کے رجحانات کو ترتیب دینے کیلئے اہم اعداد و شماروں کی واضح ٹریکنگ کا عمل ہے۔ سٹرٹیجک پلان کے حوالہ جاتی دستاویزات اور KPIs کا خلاصہ اس رپورٹ کے ضمیمہ بی کے طور پر منسلک ہیں۔ ان ایجنڈوں پر عمل درآمد کرنے سے بینک ہمارے صارفین اور سٹاف اور سب سے بڑھ کر ہمارے حصص داران کیلئے مضبوط ہوگا۔

مستقبل کا جائزہ

چونکہ حکومت کے وسیع اقدامات نے معاشی استحکام کے عمل کی بہتری میں مدد کی ہے تو معیشت بالخصوص مینوفیکچرنگ اور تعمیراتی شعبے میں بہتری کے حوصلہ افزاء علامات ظاہر ہو رہی ہیں۔ کئی ریکوری میں مزید بہتری دیکھنے میں آئی ہے، زیادہ تر معاشی سرگرمی ڈیٹا اور صارف اور کاروباری احساسات کے اعداد و شمار میں مسلسل بہتری ہوئی ہے۔ کاروباری افراد اور صارفین دونوں کی افراط زر کی توقعات درست سمت میں ہیں اور حالیہ مہینوں میں افراط زر میں کمی دیکھنے میں آئی ہے۔ ایک مشکل ماحول کے باوجود، جاری اصلاحات اور حکمت عملی کے بڑھتے ہوئے اثرات کی وجہ سے حکومتی کریڈٹ پروفاٹل میں استحکام ہے۔ بینکاری نظام ٹھوس فنڈنگ اور ٹیکویڈیٹی کی عکاسی کرتا ہے، تاہم ایک مشکلات کا حامل مگر بہتر آپریٹنگ ماحول اثاثہ جات کے معیار اور منافع کی صلاحیت پر اثر انداز رہتا ہے۔

اعتراقات

ہم اس سال کے دوران عسکری بینک کو فراہم کی گئی رہنمائی اور معاونت پر بورڈ کی طرف سے اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے مخلصانہ ساتھ کے معترف ہیں۔ ہم شریعہ کھلائیں اور عسکری اظہام اسلامک بینکنگ کے گورننس فریم ورک کی مضبوطی کیلئے اپنے شریعہ بورڈ کی کاوشوں کو سراہتے ہیں۔ اس مشکل وقت میں وائرس کی منتقلی کے خطرے سے نمٹنے کیلئے نئے پروٹوکولز پر عمل چیرا ہونے اور صارفین کو بلا تھقل خدمات کی فراہمی کو یقینی بنانے کیلئے ہم اپنے سٹاف اور ان کے اہل خانہ کے ساتھ دل سے شکر گزار ہیں۔

انٹرنل کنٹرولز پر بیان

بینک کا بورڈ آف ڈائریکٹرز بینک میں ایک مناسب اور موثر انٹرنل کنٹرول سسٹم کی موجودگی کو یقینی بنانے کا ذمہ دار ہے اور بینک کی انتظامیہ بینک کے اندر موثر انٹرنل کنٹرول کے قیام اور بحالی کی ذمہ داری سنبھالے ہوئے ہے اور اس سالانہ رپورٹ میں انٹرنل کنٹرول پر ایک بیان تیار کیا ہے۔ انٹرنل کنٹرول پر بیان کی بورڈ آف ڈائریکٹرز کی طرف سے توثیق کی گئی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز KPMG تاخیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریناز ہو چکے ہیں اور اپنی اہلیت کی بنیاد پر خود کی دوبارہ ترقی کی پیشکش کی ہے۔ سڈیکوٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شرائط کے مطابق، بورڈ اور آڈٹ کمیٹی نے 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے میسرز KPMG تاخیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی بینک کے آڈیٹرز کے طور پر ترقی کی سفارش کی ہے۔ ترقی انجیسو میں سالانہ اجلاس عام میں منظوری سے شروٹ ہے۔

فنانشل پوزیشن کی سٹیٹمنٹ کی تاریخ کے بعد کے واقعات

ایسے کوئی اہم واقعات نہیں جو فنانشل پوزیشن کی سٹیٹمنٹ کی تاریخ کے بعد رونما ہوئے ہوں اور جنہیں منسلک مالیاتی گوشواروں میں ایڈجسٹ کرنے کی ضرورت ہو۔

تین سالہ حکمت عملی (2021-23)

عسکری بینک نے کارکردگی کو تیز کرنے کیلئے حکمت عملیاں اور عوامل تیار کئے ہیں۔ اس سال کے دوران، انتظامیہ نے نئے بورڈ ممبرز کے ساتھ مل کر کام کیا ہے اور بینک کیلئے تین سالہ حکمت عملی (2021-23) وضع کی ہے۔ یہ منصوبہ اعلیٰ پیداواری شیڈوں، ڈیجیٹل، اسلامک اور کنزیومر بینکنگ کیلئے ترجیحات طے کرتا ہے۔

Waqar

و قار احمد ملک

چیئر مین بورڈ آف ڈائریکٹرز

Waqar

عابد ستار

صدر و چیف ایگزیکٹو

15 فروری 2021

راولپنڈی

تھس داران کے لیے ڈائریکٹرز کی رپورٹ

شمول ایک خاتون، بورڈ گیارہ ڈائریکٹرز پر مشتمل ہے جبکہ سی ای او بھی ایک ڈائریکٹر مانا گیا ہے۔ سال کے دوران، بورڈ آف ڈائریکٹرز کے نو اجلاس منعقد ہوئے۔ موجودہ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

بورڈ آف ڈائریکٹرز کا اجلاس	بورڈ آڈٹ کمیٹی	بورڈ ہیرمن رسورس اینڈ ریمونیشن کمیٹی	بورڈ رسک مینجمنٹ کمیٹی	بورڈ انفارمیشن ٹیکنالوجی کمیٹی	کل منعقد شدہ اجلاس
9	11	9	7	4	ڈائریکٹرز کا نام اور ہر اجلاس میں ان کی حاضری
5	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	جناب وقار احمد ملک (چیئرمین بورڈ آف ڈائریکٹرز)
7	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	لیٹننٹ جنرل طارق خان، (ریٹائرڈ)
4	قابل اطلاق نہیں	6	قابل اطلاق نہیں	قابل اطلاق نہیں	جناب سرفراز احمد رحمان
9	11	7	6	2	ڈاکٹر ندیم عنایت
9	11	7	4	قابل اطلاق نہیں	جناب منظور احمد
6	7	قابل اطلاق نہیں	قابل اطلاق نہیں	4	جناب محمد آفتاب منظور
6	قابل اطلاق نہیں	7	6	قابل اطلاق نہیں	محترمہ ذویبا حسن ناٹھانی
6	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	4	رہجہ عباس
9	قابل اطلاق نہیں	2	6	قابل اطلاق نہیں	جناب مشتاق ملک
9	قابل اطلاق نہیں	قابل اطلاق نہیں	7	4	جناب مابدستار (صدر چیف ایگزیکٹو)

سابقہ ڈائریکٹرز	1	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
لیٹننٹ جنرل سید طارق ندیم گیلانی (ریٹائرڈ)	1	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
لیٹننٹ جنرل جاوید اقبال، (ریٹائرڈ)	1	قابل اطلاق نہیں	2	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب رحمان لائق	6	7	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب کمال اے چٹائے	2	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
سید احمد اقبال اشرف	2	4	2	قابل اطلاق نہیں	قابل اطلاق نہیں
برگیڈیئر سلیم احمد مصمن، (ریٹائرڈ)	2	قابل اطلاق نہیں	قابل اطلاق نہیں	1	قابل اطلاق نہیں
جناب عمران معید	1	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں

عمومی معیار کے علاوہ قائدانہ صلاحیتوں اور اجلاسوں کا موثر انتظام کرنے پر اضافی توجہ مرکوز کرتا ہے۔

بورڈ کی جانچ پڑتال

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیاں اہل اور تجربہ کار ہیں جو کہ متنوع تعلیمی اور پیشہ ورانہ پس منظر کی نمائندگی کرتی ہیں اور ادارے کی مجموعی سہمت کا تعین کرنے کیلئے ممول ہیں۔

خود امتحانی کا یہ اہم عمل بورڈ کو اپنی حکمت عملیاں طے کرنے، کنٹرول کا عمل وضع کرنے، چھوٹے اور بڑے اقتصادی عوامل کی نگرانی کے مارکیٹ کے رجحانات کو پڑھنے اور سمجھنے کے عمل سے گزرتے ہوئے ادارے کے مقصد کو آگے بڑھانے کیلئے حتمی غیر متوقع حالات سے نمٹنے میں اس کی کارکردگی اور مجموعی اثرات کا جائزہ لینے میں معاون ہے۔ یہ عمل اس بات کو بھی یقینی بناتا ہے کہ بورڈ فکری طور پر مسلسل ترقی کر رہا ہے اور بینک کو کامیابی کی نئی بلندیوں پر لے جانے کی ذمہ داری کو مؤثر انداز میں تقویت دیتا ہے۔ اسٹیٹ بینک آف پاکستان کی ہدایات اس بات کا تقاضا کرتی ہیں کہ ہر تین سال میں ایک مرتبہ، جانچ پڑتال کا عمل بیرونی اور آزاد ایویلیوایٹر کے ذریعے کیا جانا چاہئے۔ بینک نے سال کے دوران پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG)، سے بطور آزاد ایویلیوایٹر جانچ پڑتال کا عمل کروایا۔

بورڈ آف ڈائریکٹرز وقتاً فوقتاً اپنی کارکردگی کے اثرات کا جائزہ لینے کے عمل کو یقینی بنانے کیلئے کوشاں ہے۔ جانچ پڑتال کا عمل ایک جامع سوالنامے کے ذریعے کیا جاتا ہے، جو کہ بورڈ کی تشکیل، دائرہ کار، فرائض، منصبی، کارکردگی اور عمل کی نگرانی اور انفرادی ڈائریکٹرز کی جانب سے مقاصد میں شراکت سے متعلق مختلف شعبوں میں تقسیم ہے۔ بورڈ کمیٹیوں کی جانچ پڑتال بنیادی طور پر کمیٹی کے ٹرمز آف ریفرنس کی تعمیل کا جائزہ لینے پر مبنی ہے۔ انفرادی ڈائریکٹرز کی جانچ پڑتال کا معیار بورڈ کے ممبر کے طور پر ان کی صلاحیت سے متعلقہ شعبوں میں حصداری اور ہدایات کی پیشکش اور سمجھ بوجھ پر مبنی ہے۔ بورڈ کے چیئرمین کے لیے جانچ پڑتال کا

ہیومن ریسورس

بینک کو یقین ہے کہ اس کا پرمزیم ہیومن ریسورس منظم اور پائیدار ادارے کی تشکیل میں اہم کردار ادا کرتا ہے۔ گزشتہ برسوں کے دوران، بینک ٹیلنٹ کے حصول اور تیناٹی، کارکردگی کے پیمانہ، تربیت اور ترقیاتی پروگراموں میں بڑے پیمانے پر سرمایہ کاری کے ذریعے اور قائدانہ صلاحیت اور صلاحیتوں کو بڑھانے میں انسانی سرمائے کو فروغ دے رہا ہے۔ 2020 صحت اور فلاح و بہبود کے لحاظ سے ایک مشکل سال تھا اور پہلے سے کئی زیادہ تیزی اور تہذیبی کا متقاضی تھا۔ بینک نے عملے اور صارفین کی حفاظت کی خاطر صحت اور حفاظتی پروڈکٹوں کو ترمیم دینے اور ان پر عمل درآمد کو یقینی بنانے کیلئے تیزی سے اقدامات کیے تاکہ تمام مقامات پر کوئی وائرس کے پھیلاؤ کو کم کیا جاسکے۔ دور دراز علاقوں تک رسائی اور ڈیجیٹل تصدیق کیلئے ٹیکنالوجی کو ترمیم سے ترمیم دیا گیا، جبکہ سیوریٹی کے معیارات کو یقینی بنایا گیا۔ اچھی طرح سے مربوط ٹاسک فورس نے متعدد سطحوں پر موثر آگاہی کے ساتھ ساتھ ریگولیشن اور دیگر اقدامات کو یقینی بنایا۔ موثر کمیونیکیشن نے متعدد چیلنجز کے ذریعے اقدامات اور پیشرفت سے متعلق باقاعدہ اپ ڈیٹس کو یقینی بنایا جس میں سٹرکچر میٹنگز، نیوز لیٹرز، انٹرنیٹ اور سوشل میڈیا شامل ہے۔

سماجی دوری اور اس سے متعلقہ ایس او پیز کے پیش نظر سیکھنے اور ڈیولپمنٹ فیسلیٹی نے پیشہ وارانہ ترقی اور ملازمین کو مصروف رکھنے کیلئے ای آر ٹیک ٹولز، ورچوئل ٹریننگ اور آن لائن ویب سٹریمنگ کی جانب تبدیل کیا۔ سال کے دوران، 393 تربیتی سیشنز کا اہتمام کیا گیا جو ہمارے ادارے کے 87 فیصد عملے کو کوور کرتا ہے۔

صارفین کا تجربہ

صارفین کی سہولت اہم ترجیح رہتی ہے کیونکہ یہ اعلیٰ سطحی مصروفیت کیلئے اہم ہے اور آٹومیشن، ڈیجیٹائزیشن اور کسٹمر کے مابین تعلقات کی وسعت میں اضافی سرمایہ کاری کے ذریعے ہماری مطابقت کیلئے معاون ہے۔ بینک اس کچھ کو فروغ دینے کے لئے کوشاں ہے جو صارفین کے ساتھ مساوی رہتا ہے اور اس نے سروس چیمپئن پروگرام اور خود احتسابی کے ٹولز کے ذریعے خدمات کی مجموعی فراہمی کو چاہنے اور بڑھانے کے لیے نافذ کیا ہے۔ مزید برآں، شکایات کی رجسٹریشن اور نگرانی میں آسانی کیلئے مرکزی کمپلیٹ چیمپئن سسٹم (CMS) پورے بینک کے نیٹ ورک سے قابل رسائی ہے۔ صارفین کو اپنی شکایات 24/7 کا سٹنڈرڈ ویب سائٹ، ای میل، ٹیکسٹ، براہ راست کمپلیٹ چیمپئن ایپٹ کو بھیجے جانے والے لیٹر یا براؤزر میں دستیاب کمپلیٹ بکس کے ذریعے درج کروانے کا اختیار حاصل ہے۔ سی ایم ایس میں واضح کردہ آٹو اسکریپشن میٹریکس کڑی نگرانی میں معاونت کرتا ہے جس کے ذریعے شکایات کا میوٹر انداز میں ازالہ کیا جاتا ہے۔ سال 2020 کے دوران، مجموعی طور پر 55,150 شکایات درج کی گئیں جن کا کوویڈ 19 کے خطرات کے باوجود اوسطاً 3.46 کاروباری ایام کے اندر ازالہ کیا گیا۔

عسکری سکیورٹی لیڈ

سال کے دوران، بینک نے ASL کو مکمل ماتحت ادارہ بناتے ہوئے 26 فیصد شیئر ہولڈنگ حاصل کی۔ عسکری سکیورٹی لیڈ (ASL) 16 اکتوبر 1999 کو پاکستان میں قائم شدہ ایک پبلک لیڈنگ کمپنی ہے۔ یہ کمپنی پاکستان سٹاک ایکسچینج لیڈنگ کارڈنگ رائٹ انٹراکٹو سٹریٹجیکس (TREC) ہولڈر اور پاکستان مرکنٹائل

ایکسچینج کا کارپوریٹ ممبر ہے۔ بروکرینج، انویسٹمنٹ اینڈ وائزری اور کنسلٹنسی خدمات کمپنی کی بنیادی سرگرمیوں میں شامل ہیں۔

کارپوریٹ گورننس

عسکری بینک کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لیے پرمزیم ہے، جس نے بینک کی طویل المدتی مسابقت، ترقی اور استحکام میں معاونت کی ہے۔ 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے رول بک میں پاکستان سٹاک ایکسچینج لیڈنگ ریگولیشنز کی طرف سے مقرر کردہ کارپوریٹ گورننس کے ضابطے کی ضروریات کو عسکری بینک کی جانب سے مکمل طور پر اپنایا گیا اور اس پر عمل بھی کیا گیا۔ اس سلسلے میں ایک سٹیٹمنٹ اس سال رپورٹ میں شامل کر دی گئی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- بینک کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں اس کے مالی معاملات، اس کے آپریشنز کے نتائج، زیر نگرانی نقدی اور ایکٹیوٹی میں تبدیلیوں کو موزوں طور پر ظاہر کیا گیا ہے۔
- بینک کے گورننس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- پاکستان میں بینکاری کمپنیوں میں رائج بین الاقوامی مالیاتی رپورٹنگ، اسلامک اور شریعہ معیارات کی ان مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور ان معیارات سے انحراف نہیں کیا گیا۔
- انٹرنل کنٹرول کا نظام اپنے ڈیزائن میں منظم ہے اور اسے موثر طریقے سے نافذ اور جانچ پڑتال کی گئی ہے۔
- بینک کے کاروباری معاملات جاری رہنے کی صلاحیت پر کوئی نمایاں شک و شبہ نہیں ہے۔
- گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا تخمینہ شدہ صورت میں اس رپورٹ میں شامل ہے (ضمیمہ A)۔
- 31 دسمبر 2020 کو ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی ایسی قانونی ادائیگیاں نہیں جو بتایا ہوں، سوائے ان کے جن کا ذکر مالیاتی گوشواروں میں کیا گیا ہے۔
- 31 دسمبر 2020 تک سرمایہ کاریوں کی منصفانہ قدر درج ذیل ہے:
 - پروڈیونٹ فنڈ: 6,114 ملین روپے، غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر (31 دسمبر 2019: 5,286 ملین روپے، آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر)
 - گریجویٹ فنڈ: 3,037 ملین روپے، غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر (31 دسمبر 2019: 2,817 ملین روپے، آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر)

اسلامک بینکنگ نے خود کو ایک مضبوط کھلاڑی کے طور پر قائم کیا ہے اور آنے والے وقت میں اپنی پوزیشن کے مضبوط تسلسل کو جاری رکھے گا۔

رسک مینجمنٹ اور گھمٹائیس

سال کے دوران رسک مینجمنٹ فریم ورک کو قرضوں کی منظوری کے عمل میں اصلاحات، رسک پورٹ فولیو کیلئے اثراتی جائزہ لینے اور بہتر مانیٹرنگ ٹولز کیلئے مقداری اور معیاری عوامل کے ساتھ مستحکم کریڈٹ انڈر رائٹنگ کے معیار کو مزید استحکام ملا ہے۔ طبقہ دار رسک ریٹنگ ماڈلز میں ردوبدل کی آسانی اور منتقلی کے میٹریکس طویل مدتی طور پر پورٹ فولیو کی کارکردگی کی عکاسی کرتے ہیں۔ ERM اور لون اور مینجمنٹ کے سسٹم سے کارکردگی اور مربوط رسک کے جائزے میں اضافہ ہوگا۔

واضح طور پر متعین کردہ حدود، حکمت عملیاں، عوامل اور کنٹرولز کیساتھ رسک کی ضروریات، اہم رسک انڈیکٹرز اور رسک سے متعلق اثاثوں کے جائزے قابل قبول سطح کے اندر شناخت شدہ رسک کے انتظام میں موثر اقدامات کے طور پر کام کرتے ہیں۔ صنعت/ شعبے میں توجہ کی حامل حدود کا باقاعدگی سے جائزہ لیا جاتا ہے جو کہ کریڈٹ پورٹ فولیو کی ریٹنگ کس کو بہتر بنانے اور مجموعی کریڈٹ اور توجہ کے حامل رسک کو کم کرنے میں اہم کردار ادا کر رہا ہے۔

سال کے دوران، ریگولیشنری ہدایات کی پیروی کرتے ہوئے بینک نے IFRS-9 میں منتقلی کے لئے اقدامات کا آغاز کیا جو کہ یکم جنوری 2021 سے نافذ ہوگا۔ ایمپیک اسٹیمٹ کی رپورٹس باقاعدگی سے مجوزہ شیڈول کے مطابق ریگولیشنری جائزوں کے لئے جمع کروائی جاتی ہیں اور اس منصوبے کی گہرائی مینجمنٹ لیول اسٹیئرنگ کمیٹی کر رہی ہے جس میں رسک، فنانس اور ٹیکنالوجی فنکشنز کی نمائندگی ہوتی ہے۔ پروجیکٹ اسٹیئرنگ کمیٹی بورڈ رسک مینجمنٹ کمیٹی کو وقتاً فوقتاً اپ ڈیٹ بھی فراہم کرتی ہے۔

بینک مفصل تجزیوں اور اس کے ساتھ ساتھ کاروباری اور صنعتی اعداد و شمار کے ذریعے کاروباری نمونہ کو جاری رکھے گا تاکہ اپنی بینکاری خدمات کو بڑھانے کے لیے امکانات پر مبنی کاروباری ممکنہ تجاویز کی نشاندہی کر سکے۔ محتاط رسک مینجمنٹ مجموعی حکمت عملی کی سنگ بنیاد ہے کیونکہ بینک اپنے اسپانسرز اور اہم اسٹیک ہولڈرز کے ساتھ معاہدوں کی پاسداری پر کاربند ہے۔

سال کے دوران، بینک نے گھمٹائیس سسٹم اور کنٹرولز میں مزید بہتری لائی کیونکہ مستحکم گھمٹائیس فنکشن مستقل طور پر اعلیٰ ترین معیار میں شامل ہے۔ یہ جدید اور مربوط ٹیکنالوجی ٹولز، مضبوط پالیسی اور ضابطوں کے فریم ورک اور گھمٹائیس کی ٹریٹنگ اور گورننس کو توجہ کا محور بنا کر حاصل کیا گیا۔ بہتر اسکریننگ اور ٹرانزیکشنل مانیٹرنگ سسٹم کے علاوہ، مجوزہ ہدایات کے مطابق ٹریڈ ٹرانزیکشنز کی گہرائی کے لئے جامع میکانزم کے ذریعے ٹریڈ KYC کے نفاذ سے ٹریڈ پر مبنی مانیٹرنگ پر موثر کنٹرول حاصل ہوا ہے۔ گھمٹائیس کی مجموعی حیثیت پر وقتاً فوقتاً جائزے پر موثر اور مستقل گہرائی اور گہرانہ تو قعات کو مخصوص اور ساختہ رپورٹنگ کے ذریعے پورا کیا گیا۔

صارفین کے بہتر تجربے کیلئے بینک 24/7 کال سینٹر ڈیجیٹل آفرنگز کے مطابق اپ گریڈ کیا جا رہا ہے۔ ٹیلنٹ ڈویلپمنٹ کی مدد سے متحرک کاروباری حکمت عملیوں کو مرتب کرنے کیلئے بہتر پیش گوئی کرنے کی صلاحیتوں کے ساتھ ڈیٹا اینالیٹکس اور سسٹم، مجموعی طور پر ٹیکنالوجی کی حکمت عملی کی حمایت کرتے ہیں۔

سائبر سیورٹی ہائی رسک رہی کیونکہ رسک کے متعدد واقعات اور ان کی شدت بینکنگ انڈسٹری کو مسلسل متاثر کرتی رہی۔ اس سلسلے میں بینک کا ٹیکنالوجی فنکشن رسک مینجمنٹ اور انفارمیشن سکیورٹی کے ساتھ مل کر کام کرتا ہے جو پروجیکٹس کے نفاذ میں ٹیکنیکی پہلوؤں کا ذمہ دار ہوتا ہے۔ انفارمیشن سسٹم اور پروٹوکول بہترین طریقہ کار کے مطابق برقرار رکھے گئے ہیں، جس سے صارفین کی معلومات کی اعلیٰ سطح کی سکیورٹی کو یقینی بنایا جاتا ہے۔

اس بات کو تسلیم کرتے ہوئے کہ مستقبل میں بینکاری کیلئے ڈیجیٹل طریقہ کار بہت اہم ہے اور ٹیکنالوجی بینکاری میں خلل انداز ہو سکتی ہیں، اس سلسلے میں بینک مسلسل سسٹمز اور اپنی کیسٹمز کو اپ گریڈ کر رہا ہے اور سکیورٹی سے متعلق نئے اقدامات اٹھا رہا ہے۔ عسکری ڈیجیٹل بینکنگ کو بڑھانے اور محفوظ بنانے کیلئے بینک اس اہم شعبہ میں سرمایہ کاری کو جاری رکھے گا۔

بینک کا کنزرویٹو برنس توجہ کا مرکز رہا تاکہ صارفین کو اس قابل بنایا جاسکے کہ وہ اپنے فنانشل اہداف کو حاصل کر سکیں۔ یہ کاروبار مصنوعات میں جدت اور خدمات میں بہتری لاکر ایک حقیقی اور منفرد حیثیت رکھنے کا معترف ہے۔ سال کے دوران، بینک نے تمام کارڈز میں کوچپ اور پین کوڈ کی طرز پر اپ گریڈیشن کو مکمل کیا۔ عسکری بینک اور پاکستان انٹرنیشنل ایئر لائنز نے مسافروں کیلئے دلچسپ خصوصیات اور ریوارڈ پروگرامز پر مشتمل عسکری۔ پی آئی اے کو۔ برانڈڈ کریڈٹ کارڈ متعارف کیا۔ بیڑ عسکری ماسٹر کارڈ اب انٹرنیٹ ٹرانزیکشنز کیلئے 3D سکیور پلٹ فارم کے ذریعے محفوظ کیا گیا ہے۔ کوئٹل اور اخلاص اسلامک فنانس کے تحت ریگولیشنری فنانس اسٹیم کی خصوصیات کی میرا پاکستان میرا گھر اور نیا پاکستان ہاؤسنگ فنانس کے حکومتی اقدام کے مطابق توسیع اور ترمیم دی گئی۔

بینک ہاؤسنگ سیکٹرز میں ترقی کے مواقعوں کا معترف ہے اور قومی اہمیت کے اس اقدام میں اپنی شراکت میں اضافے کیلئے پرعزم ہے۔

اخلاص اسلامک بینکنگ

عسکری اخلاص اسلامک بینکنگ ملک بھر میں 35 شہروں اور اور قصبوں میں واقع اپنی 95 وقت کردہ اسلامک برانچز کے ذریعے اپنے تمام صارفین کو شریعہ کے مطابق پراڈکٹس اور سروسز کی متنوع رینج پیش کرتا ہے۔ عسکری اخلاص شریعہ گورننس فریم ورک میں رہتے ہوئے کام کرتا ہے جہاں تمام بینک شریعہ ایک آزاد شریعہ بورڈ کی طرف سے منظوری جاتی ہیں اور ایک وقت کردہ فنکشن عملی سطح تک شریعہ گھمٹائیس کو یقینی بناتا ہے۔ ان دونوں فنکشنز کی مسلسل رہنمائی اور معاونت ہمارے بلازمین کی اسلامی بینکاری میں بہتری میں اہم کردار ادا کرتے ہیں۔ یہ شعبہ حکمت عملی کے لحاظ سے اہمیت رکھتا ہے اور بینک منتخب کوئٹل برانچز میں ونڈو ماڈل متعارف کرانے کے ذریعے اخلاص اسلامک کی اضافی خدمات پیش کرنے پر اپنی توجہ مرکوز رکھے ہوئے ہے۔

دو سال کے دوران، اسلامک بینکنگ کے مجموعی اثاثوں میں 19 فیصد اضافہ ہوا جبکہ مجموعی محصولات میں 31 فیصد اضافہ ہوا۔ بینک شریعہ کے مطابق خدمات کی فراہمی اور سلسلہ کیلئے سرگرم عمل رہا ہے اور اخلاص

طرف سے منظور شدہ تشکیل نو اور ترتیب نو کی وجہ سے تاخیری سہولت کا فائدہ اٹھایا۔ بینک نے اسٹیٹ بینک آف پاکستان کی روزگار سکیم میں فعال حصہ لیا، جو کوویڈ 19 کی وبا کے پیش نظر ملازمتوں کو تحفظ کیلئے اسٹیٹ بینک آف پاکستان نے متعارف کرائی اور عسکری بینک کا شمار اس سکیم میں بہترین کارکردگی دکھانے والے پانچ بڑے بینکوں میں کیا گیا۔

کی مد میں ڈپازٹ کے بھاء کا انتظام متبادل ذرائع سے با آسانی ہوگا۔ ایڈوانسز میں 6 فیصد اضافہ ہوا جیسا کہ بینک نے سال کے پیشتر عرصے کے دوران کاروباری ماحول میں سست روی سے منٹنے کیلئے منتخب ترقیاتی حکمت عملی اپنائی۔

31 دسمبر، 2020 سے، بینک ریگولیٹری سرمائے کی شرح پر پوری طرح تعمیل کر رہا ہے۔ سیر 1 کیسٹبل اور ڈیول کیسٹبل ایڈویسی کی شرح 15.5 فیصد پر برقرار رہی۔

تصرفات

بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے درج ذیل تصرفات کی سفارش کرتا ہے:

2019		2020		31 دسمبر کو اختتام شدہ سال	
مہم شدہ	غیر مہم شدہ	مہم شدہ	غیر مہم شدہ	2019	2020
10,846,333	7,017,022	10,800,375	7,017,022	7,028,756	10,846,333
(47,457)	285,311	(44,926)	285,311	285,215	(47,457)
-	-	-	-	4,235	-
78,576	87,627	78,575	87,627	87,627	78,576
10,877,452	7,389,960	10,834,024	7,389,960	7,405,833	10,877,452
(3,780,781)	(1,890,390)	(3,780,781)	(1,890,390)	(1,890,390)	(3,780,781)
(2,171,399)	(1,403,404)	(2,160,075)	(1,403,404)	(1,403,580)	(2,171,399)
4,925,272	4,096,166	4,893,168	4,096,166	4,111,863	4,925,272
8.61	5.57	8.57	5.57	5.58	8.61

سال کے دوران ہونے والی پیشرفت کو مد نظر رکھتے ہوئے ڈیجیٹل سہولتوں میں بہتری کو اولین ترجیح دی گئی۔ عسکری آئی نیٹ بینکنگ میں نئی خصوصیات کی شمولیت اور ایڈوانسز اور آئی او ایس پیٹ فارم میں اپ گریڈ و موبائل ایپ کے اجراء نے روزمرہ کی ٹرانزیکشنز کیلئے اضافی سیکورٹی کے ساتھ ساتھ ریوٹ سروسز کی اجرائی کو بھی مہم بنایا۔ ڈیجیٹل سہولتوں سے متعلق آگاہی اجاگر کرنے اور ان کے استعمال کو بہتر بنانے کیلئے بینک نے صارفین اور عملے کیلئے مختلف مہمات کا آغاز کیا۔ بینک کے ڈیجیٹل اقدامات پر صارفین کے اعتماد کی وجہ سے سال کے دوران ڈیجیٹل ٹرانزیکشنز کے حجم میں 115 فیصد اضافہ ہوا۔

عسکری ایپلائی بینکنگ جو ادارہ جاتی کلائنٹس کے لیے رول پیئر بننے میں معاونت کیلئے پزیرا بن گیا ہے، کافی مقبولیت حاصل کر رہا ہے۔ اس پیشکش میں کلائنٹ کی لوکیشن کی سہولت کے مطابق بنا پریشانی کا ڈسٹ کنولنا اور ڈیجیٹل خدمات میں ریلیشن شپ مینجمنٹ میں اضافہ کرنا شامل ہے۔

جیسے جیسے ٹیکنالوجی کے پروجیکٹس کیلئے وسائل اور کوششوں میں اضافہ ہو رہا ہے، ٹیکنالوجی گورنس کو مستحکم کرنا آئی ٹی حکمت عملی کی فراہمی کا اہم جزو بن گیا ہے۔ بنیادی بینکنگ سسٹم اور ڈیجیٹل سسٹم کو اپ گریڈ کرنا زیر جائزہ سال کے دو اہم منصوبے ہیں۔ ڈیجیٹل ویز مینجمنٹ سسٹم پر عمل درآمد شروع کرنے سے صارفین کو موبائل ایپ، بینکنگ یا ویب کے ذریعے براؤزنگ ڈسٹ کو ترتیب دینے میں مددگار ثابت ہوگا۔ اس سسٹم کو برنس انٹیلیجنس ٹول کی مدد حاصل ہوگی جو کہ خدمات کی نوعیت اور صلاحیت میں مستقل بہتری کیلئے معاون ہوگا۔

2020 کے اختتام پر بینک کے اثاثہ جات 19 فیصد اضافے کے ساتھ 993 ارب روپے ہو گئے۔ صارفین کی جانب سے جمع کرائی گئی رقم 16 فیصد اضافے کے ساتھ کرنٹ اور سیونگ اکاؤنٹس کے تناسب میں کم لاگت ڈپازٹس میں سخت مقابلہ کے ماحول کے باوجود گزشتہ سال کے 82 فیصد سے بہتر ہو کر 87 فیصد ہو گئی۔ بینک نے سال کے دوران نافذ کردہ ٹریڈری سنگل اکاؤنٹ سے متعلق باقاعدہ اعلانات کی تعمیل کی ہے اور آئندہ کی پیش رفت کے مطابق اقدامات اور حکمت عملیوں کا آغاز کیا ہے۔ بینک پر اعتماد ہے کہ ٹی ایس اے

اسٹیٹ بینک

سال کے دوران، پاکستان کریڈٹ ریٹنگ ایجنسی لیمنڈ (PACRA) کی جانب سے بینک کی اسٹیٹ بینک "AA+" برقرار رکھی گئی۔ ریٹنگ بینک کی تھالی پوزیشن اور کیسٹبل ایڈویسی میں مسلسل بہتری کی عکاس ہے جو عسکری بینک کے مضبوط سپانسرز اور برانڈ، شرح نمو میں مسلسل اضافے، خالص سپریڈز میں بہتری اور اثاثہ جات سے آمدن میں اضافے کی وجہ سے حاصل ہوئی۔ بینک کی مختصر معیاد کی ریٹنگ 'A1+' برقرار رکھی گئی جو اعلیٰ ترین ریٹنگ ہے۔

ڈسٹری بیوٹن اور ڈیجیٹل سہولتوں

برانچ نیٹ ورک کاروباری حکمت عملی کی تریل کیلئے اہمیت کا حامل ہوتا ہے اور صارفین کے بہتر تجربے کیلئے بنیادی عوامل کا متوازن جائزہ لیا جاتا ہے اور اس کو بہتر بنانے کیلئے اقدامات کئے جاتے ہیں۔ برانچ نیٹ ورک ملک بھر میں 536 برانچ پر مشتمل ہے، جن میں 441 کنوشنل برانچ (بشمول 49 سب برانچ)، 95 اسلامک برانچ (بشمول 3 سب برانچ)، بجزین میں ایک ہول سیل بینک برانچ اور بیکنگ میں ایک نمائندہ آفس شامل ہیں۔ ڈیجیٹل سہولتوں کی مدد سے نیٹ ورک کو مہم بنایا گیا ہے جو کہ صارفین تک خدمات کی فراہمی اور دور دراز علاقوں تک رسائی کو ممکن بناتا ہے۔

حصص داران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے عسکری بینک لمیٹڈ کی ایشیو سالانہ رپورٹ بعد بینک کی آڈٹ شدہ غیر مدغم شدہ اور مدغم شدہ مالیاتی کوشاوار سے آڈٹرز کی رپورٹس پیش کرتے ہیں۔

معیشت

کوویڈ سے متعلقہ اثرات سے موثر انداز میں نمٹا گیا جس کی وجہ سے معیشت میں بہتری کے آثار نے استحکام بکرا۔ حکومت اور انسٹیٹ بینک آف پاکستان کی جانب سے موثر اقدامات اٹھانے کی وجہ سے کاروباری اور معاشی سرگرمیوں میں نمایاں اضافہ ہوا ہے۔ بڑے پیمانے پر مینوفیکچرنگ کا شعبہ مضبوطی حاصل کر رہا ہے، طلب کے اعشاریہ جات میں حوصلہ افزاء اضافہ اور سروس سیکٹر میں تباہی دیکھنے میں آیا ہے۔ تاہم، عالمی معیشت کے رجحانات کے مطابق، پاکستان کی معیشت پر وبائی مرض کے اثرات مستقبل قریب میں بھی ایک چیلنج بنے رہیں گے۔

کوویڈ-19 کی وبا سے قبل دو ہرے اعشاریہ کے خسارے پر قابو پانے، اعتماد کی بحالی اور قیمتوں میں کمی ہونے سے پاکستان کی معیشت رفتہ رفتہ استحکام کی راہ پر گامزن تھی۔ مالی سال 2020 کے اختتام تک، پیداوار اور ریشٹل ایکٹیوٹیز بحال سکوت کے قریب پہنچ گئیں تھیں اور حقیقی، مالیاتی اور بیرونی شعبہ جات میں بڑے پیمانے پر تیزی دیکھنے کو ملی۔ تجارت کے اہم شعبوں میں کم پیداوار کی سطح نے سروس سیکٹر کو بھی متاثر کیا۔ سپلائی چینز کو رکاوٹوں سے محفوظ رکھنے کیلئے حکومت نے مینوفیکچرنگ کے شعبے پر پڑنے والے اثرات سے بچنے کیلئے سمارٹ لاک ڈاؤن کی پالیسی اختیار کی۔ مالیاتی مؤقف میں بائیس ماہ کے بعد تہدیلی ہوئی اور 2020 کی دوسری سہ ماہی کے دوران پالیسی کی شرح میں مجموعی طور پر 6.25 فیصد تک کی واقع ہوئی۔ انسٹیٹ بینک آف پاکستان نے کاروبار، گھریلو اور فرموں کے افرادی اخراجات کی معاشی ضروریات کو مد نظر رکھتے ہوئے مختلف ری فنانس سکیمنس متعارف کروائیں جس سے روزگار کے تحفظ اور ملٹی آڈٹ کی رسد کو یقینی بنانے میں مدد ملی۔ ایس بی پی نے مزید دیگر اقدامات متعارف کروائے، جن میں سرمائے کے تحفظ کے شعبے میں 100 بنیادی پوائنٹس میں کمی سے 11.5 فیصد تک کی کمی گئی، SMEs کے قرضہ کی حد میں 180 ملین روپے تک ریگولیٹری حد میں اضافہ اور صارفین کے قرضوں کیلئے قرضوں کے بوجھ کی شرح میں 50 سے بڑھا کر 60 فیصد تک کی گئی۔

ان بروقت اقدامات کی وجہ سے لاک ڈاؤن کو ختم کرنے کے بعد معاشی سرگرمیوں کو دوبارہ شروع کرنے میں اضافی تحریک ملی اور کئی کاروبار تیزی سے بحال ہوئے۔ بڑے پیمانے پر مینوفیکچرنگ جیسا کہ سینٹ فوڈ پروڈیوٹس اور آکومو ہائلز کے شعبوں میں ہونے والی افزائش طلب کے اعشاریہ میں اضافہ کو ظاہر کرتی ہے، جیسا کہ ہمیشہ سے زیادہ ریکارڈ سینٹ کی ترسیل، پیٹرول اور کاروں کی فروخت، بجلی کی پیداوار، صارفین کی مصنوعات اور ایف ایم سی بی کی فروخت میں اضافہ ہوا ہے۔ بیرونی شعبے نے اچھی کارکردگی کا مظاہرہ کیا اور پانچ سالوں کے وقفے کے بعد کرنٹ اکاؤنٹ سرپلس میں چلا گیا، جس کی بڑی وجہ تریلا ز میں نمایاں اضافہ، درآمدات میں تیزی سے کمی ہوئی اور برآمدات میں خاطر خواہ اضافہ ہوا۔ وبائی مرض سے متعلق سفری پابندیوں نے ملکی خدماتی درآمدات میں کمی کے ساتھ ساتھ پاکستان ریٹینینس ایشیو کے تحت پالیسی اقدامات اور تریلا ز کیلئے ہاشا بل اور ڈیجیٹل جوائنٹ کو فروغ دینے کی وجہ سے کرنٹ اکاؤنٹ اور ایکٹیوٹیز کو مستحکم کرنے میں مدد ملی۔ ٹیکس روم کی واپسی میں تیزی اور مالی نظم و ضبط حکومت کی بے پروی کے باوجود ٹیکس محصولات کی وصولی میں تیزی، نئے قرضے نہ لینا، حوصلہ افزاء علامات ہیں۔

تعمیراتی شعبے کیلئے مراعات کا اعلان ملحقہ مینوفیکچرنگ شعبہ جات تک بڑھ رہا ہے اور ہڈنگ اور تعمیراتی فنانس اسکیموں پر بڑھتی ہوئی توجہ کی وجہ سے اس کو معاون مل رہی ہے۔ بادی انٹرنل میں برآمدات میں اضافہ ہدف سے زیادہ متوقع ہے۔ درآمدات میں اضافہ ملکی معاشی سرگرمی اور کھانے پینے کی اشیاء میں درآمدات کی وجہ سے

ہوگا، اگرچہ تیل کی قیمتوں میں مندی کی وجہ سے درآمدی ادائیگی میں کمی آسکتی ہے۔ افراط زر کا منظر نامہ محدود رہنے کی توقع ہے کیونکہ بنیادی افراط زر متوسط رہا ہے اور سپلائی کے عوامل افراط زر کے اعشاریہ کو نیچے لے جا رہے ہیں۔ جیسا کہ بڑے معاشی اعشاریہ مستحکم رفتار کی طرف لوٹ رہے ہیں، مجموعی طور پر نمو کا نتیجہ کوویڈ کے اثرات اور مختصر مدت میں ویکسینیشن کے عمل کا موثر انتظام کے ذریعے ملے کرے گا۔

بینک کی کارکردگی

عسکری بینک نے وبائی مرض سے پیدا کردہ بے شمار رکاوٹوں کے باوجود مالی سال 2020 کے دوران بہترین مالی نتائج پیش کیے۔ بینک نے ترجیحات کا از سر نو جائزہ لیا اور آپریٹنگ پلیٹ فارم کو نئے معمول پر بحال کرنے پر توجہ مرکوز کرنے کے ساتھ صارفین اور عملیاتی صحت اور حفاظتی اقدامات کو موثر بناتے ہوئے بلا تعلق خدمات کو یقینی بنایا۔ رسک ٹیکنرژکات متحرک ہونا، مارکیٹ ریش میں تیزی سے کمی اور بڑے پیمانے پر غیر یقینی کی صورتحال کی وجہ سے کاروباری حکمت عملیوں پر محتاط انداز میں نظر ثانی کی ضرورت تھی اور بینک نے طویل مدتی ترجیحات کے مطابق مناسب مواقعوں میں رو بہ دل کرتے ہوئے مستحکم نمو پر توجہ مرکوز کی۔

31 دسمبر، 2020 کو ختم ہونے والے سال میں بینک کا بعد از ٹیکس منافع گزشتہ سال کے 17.01 ارب روپے کے مقابلے میں 10.8 ارب روپے رہا اور اس میں 54 فیصد اضافہ ہوا۔ آپریٹنگ منافع (پروڈیون اور قبل از ٹیکس) 77 فیصد کے اضافے کے ساتھ 11.2 ارب روپے سے بڑھ کر 19.7 ارب روپے ہو گیا۔ رواں سال کیلئے آمدنی کی حصص گزشتہ سال کے 5.57 روپے کے مقابلے میں 8.57 روپے رہی۔

مجموعی خالص آمدنی گزشتہ سال کے 29.5 ارب روپے سے 39.9 ارب روپے تک اضافہ ہوا جس میں 35 فیصد بہتری دیکھنے میں آئی۔ خالص مارک اپ آمدنی میں 37 فیصد اضافہ ہوا جو بنیادی طور پر سرمایہ کاری پر نیوز پورٹس ہے، جیسا کہ وسیع پیمانے پر مائیکرو پالیسی میں تبدیلیوں کی وجہ سے طے کر وہ کسٹڈ آف سیکورٹیز کیلئے مواقع فراہم کیے۔ سال کی پہلی ششماہی کے دوران پالیسی شرح میں تیزی سے مجموعی طور پر 6.25 فیصد کی ہوئی، جس سے انٹرنسٹ حاصل کرنے والے اثاثہ جات کے مقابلے میں انٹرنسٹ کی حامل لائبلٹیوں کی قبل از وقت دوبارہ لاگت طے کرنے اور اس کے ساتھ ساتھ اوسط بلینڈ سٹیٹ کے حجم میں مجموعی نمو کو فعال کیا گیا۔

نان مارگ اپ آمدنی گزشتہ سال کے 7.4 ارب روپے سے بڑھ کر 9.7 ارب روپے ہو گئی، اس 31 فیصد اضافہ کی وجہ سے مزید آف سیکورٹیز کی فروخت کی وجہ سے ہوائی فیس، کمیشن اور غیر ملکی زرمبادلہ سے حاصل ہونے والی آمدنی میں بہتر تیب 6 اور 7 فیصد اضافہ ہوا۔ دوسری سہ ماہی کے دوران تجارت اور ٹرانزیکشن کے حجم اور معاشی سرگرمیوں میں اضافے نے اس میں اضافہ کیا ہے جیسا کہ پہلی سہ ماہی کے دوران وبائی مرض کی وجہ سے یہ اضافہ سست روی کا شکار رہا۔ نان مارگ اپ اخراجات 10 فیصد اضافے کے ساتھ 120.2 ارب روپے ہو گئے جس کی بڑی وجہ ہوئیں ریورس اور ٹیکنالوجی میں سرمایہ کاری کے اثرات کی وجہ سے ہے، جیسا کہ بینک مستقبل میں ترقی میں پرمزم ہے۔ لاگت سے آمدنی کا تناسب گزشتہ سال کے 62.2 فیصد سے بہتر ہو کر 50.6 فیصد ہو گیا۔

گزشتہ سال کیلئے خالص ریورسل کے مقابلے میں غیر فعال ایڈوانسز کے عوض پروڈیونز 1.63 ارب روپے رہی، جو کہ سال کے دوران کاروباری ماحول میں وبا کی عکاسی کے ساتھ بینک کی عمومی پروڈیونز کی سطح میں بہتری و اشد انداز اقدام کی عکاس ہے۔ 31 دسمبر، 2020 کو غیر فعال قرضہ جات کے عوض پروڈیونز کو ترجیح بہتر ہو کر 93.1 فیصد ہو گئی۔ بینک نے اپنے صارفین کو ایس بی پی کی وبائی امراض سے متعلق امدادی اسکیموں اور پروگرامز سے متعلق موثر آگاہی کو یقینی بنایا۔ 31 دسمبر 2020 تک 75.3 ارب روپے کے مجموعی پرنسپل اور مارگ اپ کے حامل 288 کارپوریٹ اور ایس ایم ای قرضہ دہندگان نے انسٹیٹ بینک آف پاکستان کی

HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis

	2020	2019	2018	2017	2016	2015	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014
Rupees in million												
Variance												
Balance Sheet												
Assets												
Cash and balances with treasury banks	73,652	63,039	49,188	44,239	42,568	29,685	17%	28%	11%	4%	43%	55%
Balances with other banks	7,720	7,887	4,093	3,194	5,846	8,296	-2%	93%	28%	-45%	-30%	17%
Lendings to financial institutions	-	20,406	-	2,250	6,837	813	-100%	0%	-100%	-67%	741%	-76%
Investments	449,687	305,436	260,234	314,957	295,846	268,021	47%	17%	-17%	6%	10%	23%
Advances	395,374	372,914	343,107	258,693	235,164	199,931	6%	9%	33%	10%	18%	17%
Operating fixed assets	22,357	20,506	13,533	10,729	11,020	9,230	9%	52%	26%	-3%	19%	11%
Assets held for sale	-	81	81	81	262	-	-100%	0%	0%	-69%	0%	-100%
Deferred tax assets	1,623	2,490	3,774	101	-	-	-35%	-34%	3646%	0%	0%	-100%
Other assets	42,105	40,451	32,522	22,465	21,597	19,891	4%	24%	45%	4%	9%	-3%
	992,517	833,208	706,532	666,708	619,139	535,867	19%	18%	8%	6%	16%	20%
Liabilities												
Bills payable	12,630	15,769	15,513	10,769	8,580	6,095	-20%	2%	44%	26%	41%	-11%
Borrowings	84,164	51,188	52,702	71,587	89,262	57,323	64%	-3%	-26%	-20%	56%	317%
Deposits and other accounts	791,187	679,299	573,636	525,808	472,811	433,172	16%	18%	9%	11%	9%	12%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	0%	0%	0%	0%	0%	0%
Sub-ordinated loans	12,000	9,992	9,994	4,993	4,995	4,997	20%	0%	100%	0%	0%	-37%
Deferred tax liabilities	-	-	-	-	526	96	0%	0%	0%	-100%	446%	0%
Other liabilities	37,990	34,704	21,178	11,115	10,388	7,330	9%	64%	91%	7%	42%	2%
	937,971	790,952	673,023	624,273	586,562	509,014	19%	18%	8%	6%	15%	20%
Net Assets	54,546	42,256	33,509	32,435	32,577	26,853	29%	26%	3%	0%	21%	13%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	0%	0%	0%	0%	0%	0%
Reserves	25,632	19,366	15,543	11,948	8,671	6,446	32%	25%	30%	36%	35%	34%
Surplus on revaluation of assets - net of tax	7,638	4,300	1,649	5,035	7,219	5,041	78%	161%	-67%	-30%	43%	14%
Unappropriated profit	8,674	5,987	3,714	2,850	4,084	2,763	45%	61%	30%	-30%	48%	48%
	54,546	42,256	33,509	32,435	32,577	26,853	29%	26%	3%	0%	21%	13%
Profit and Loss												
Mark-up / return / interest earned	77,322	71,704	43,670	36,267	35,512	36,592	8%	64%	20%	2%	-3%	6%
Mark-up / return / interest expensed	47,059	49,569	25,060	20,072	20,497	21,690	-5%	98%	25%	-2%	-6%	-4%
Net mark-up / interest income	30,263	22,136	18,610	16,195	15,016	14,902	37%	19%	15%	8%	1%	25%
Non mark-up/interest income												
Fee and commission income	3,851	3,617	3,116	2,707	2,156	1,732	6%	16%	15%	26%	24%	21%
Dividend income	273	274	231	303	305	303	-1%	19%	-24%	-1%	1%	-13%
Foreign exchange income	2,673	2,508	1,596	843	640	835	7%	57%	89%	32%	-23%	-15%
Gain on securities	2,556	739	260	2,055	3,527	3,246	246%	184%	-87%	-42%	9%	80%
Other income	341	266	418	347	479	573	28%	-36%	20%	-27%	-16%	-23%
Total non-markup / interest income	9,694	7,404	5,622	6,255	7,106	6,690	31%	32%	-10%	-12%	6%	26%
Total Income	39,957	29,540	24,232	22,451	22,122	21,591	35%	22%	8%	1%	2%	25%
Non mark-up/interest expenses												
Operating expenses	20,123	18,235	16,241	14,949	14,079	12,014	10%	12%	9%	6%	17%	10%
Workers' welfare fund / other provisions	43	42	(540)	22	3	50	2%	-108%	-2574%	570%	-93%	6%
Other charges	48	100	191	193	222	217	-52%	-48%	-1%	-13%	2%	72%
Total non-markup / interest expenses	20,215	18,377	15,892	15,164	14,304	12,281	10%	16%	5%	6%	16%	11%
Profit before provisions and tax	19,742	11,163	8,340	7,287	7,818	9,311	77%	34%	14%	-7%	-16%	53%
Provisions / (reversals)	1,975	773	1,461	(1,205)	(659)	879	155%	-47%	-221%	83%	-175%	173%
Profit before taxation	17,767	10,389	6,879	8,492	8,477	8,432	71%	51%	-19%	0%	1%	46%
Taxation	(6,967)	(3,372)	(2,448)	(3,224)	(3,256)	(3,388)	107%	38%	-24%	-1%	-4%	92%
Profit after taxation	10,800	7,017	4,431	5,268	5,221	5,043	54%	58%	-16%	1%	4%	26%
Basic / diluted earnings per share - Rupees	8.57	5.57	3.52	4.18	4.14	4.00						

Vertical Analysis

	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
	Rupees in million						Composition					
Balance Sheet												
Assets												
Cash and balances with treasury banks	73,652	63,039	49,188	44,239	42,568	29,685	7%	8%	7%	7%	7%	6%
Balances with other banks	7,720	7,887	4,093	3,194	5,846	8,296	1%	1%	1%	0%	1%	2%
Lendings to financial institutions	0	20,406	-	2,250	6,837	813	0%	2%	0%	0%	1%	0%
Investments	449,687	305,436	260,234	314,957	295,846	268,021	45%	37%	37%	48%	48%	50%
Advances	395,374	372,914	343,107	258,693	235,164	199,931	40%	45%	49%	39%	38%	37%
Operating fixed assets	22,357	20,506	13,533	10,729	11,020	9,230	2%	2%	2%	2%	2%	2%
Assets held for sale	0	81	81	81	262	-	0%	0%	0%	0%	0%	0%
Deferred tax assets	1,623	2,490	3,774	101	-	-	0%	0%	1%	0%	0%	0%
Other assets	42,105	40,451	32,522	22,465	21,597	19,891	4%	5%	5%	3%	3%	4%
	992,517	833,208	706,532	656,708	619,139	535,867	100%	100%	100%	100%	100%	100%
Liabilities												
Bills payable	12,630	15,769	15,513	10,769	8,580	6,095	1%	2%	2%	2%	1%	1%
Borrowings	84,164	51,188	52,702	71,587	89,262	57,323	8%	6%	7%	11%	14%	11%
Deposits and other accounts	791,187	679,299	573,636	525,808	472,811	433,172	80%	82%	81%	80%	76%	81%
Liabilities against assets subject to finance lease	0	0	-	-	-	-	0%	0%	0%	0%	0%	0%
Sub-ordinated loans	12,000	9,992	9,994	4,993	4,995	4,997	1%	1%	1%	1%	1%	1%
Deferred tax liabilities	0	0	-	-	526	96	0%	0%	0%	0%	0%	0%
Other liabilities	37,990	34,704	21,178	11,115	10,388	7,330	4%	4%	3%	2%	2%	1%
	937,971	790,952	673,023	624,273	586,562	509,014	95%	95%	95%	95%	95%	95%
Net Assets	54,546	42,256	33,509	32,435	32,577	26,853	5%	5%	5%	5%	5%	5%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	1%	2%	2%	2%	2%	2%
Reserves	25,632	19,366	15,543	11,948	8,671	6,446	3%	2%	2%	2%	1%	1%
Surplus on revaluation of assets - net of tax	7,638	4,300	1,649	5,035	7,219	5,041	1%	1%	0%	1%	1%	1%
Unappropriated profit	8,674	5,987	3,714	2,850	4,084	2,763	1%	1%	1%	0%	1%	1%
	54,546	42,256	33,509	32,435	32,577	26,853	5%	5%	5%	5%	5%	5%
Profit and Loss												
Mark-up / return / interest earned	77,322	71,704	43,670	36,267	35,512	36,592	100%	100%	100%	100%	100%	100%
Mark-up / return / interest expensed	47,059	49,569	25,060	20,072	20,497	21,690	61%	69%	57%	55%	58%	59%
Net mark-up / interest income	30,263	22,136	18,610	16,195	15,016	14,902	39%	31%	43%	45%	42%	41%
Non mark-up/interest income												
Fee and commission income	3,851	3,617	3,116	2,707	2,156	1,732	5%	5%	7%	7%	6%	5%
Dividend income	273	274	231	303	305	303	0%	0%	1%	1%	1%	1%
Foreign exchange income	2,673	2,508	1,596	843	640	835	3%	3%	4%	2%	2%	2%
Gain on securities	2,566	739	260	2,055	3,527	3,246	3%	1%	1%	6%	10%	9%
Other income	341	266	418	347	479	573	0%	0%	1%	1%	1%	2%
Total non-markup / interest income	9,694	7,404	5,622	6,255	7,106	6,690	13%	10%	13%	17%	20%	18%
Total income	39,957	29,540	24,232	22,451	22,122	21,591	52%	41%	55%	62%	62%	59%
Non mark-up/interest expenses												
Operating expenses	20,123	18,235	16,241	14,949	14,079	12,014	26%	25%	37%	41%	40%	33%
Workers' welfare fund / other provisions	43	42	(540)	22	3	50	0%	0%	-1%	0%	0%	0%
Other charges	48	100	191	193	222	217	0%	0%	0%	1%	1%	1%
Total non-markup / interest expenses	20,215	18,377	15,892	15,164	14,304	12,281	26%	26%	36%	42%	40%	34%
Profit before provisions and tax	19,742	11,163	8,340	7,287	7,818	9,311	26%	16%	19%	20%	22%	25%
Provisions / (reversals)	1,975	773	1,461	(1,205)	(659)	879	3%	1%	3%	-3%	-2%	2%
Profit before taxation	17,767	10,389	6,879	8,492	8,477	8,432	23%	14%	16%	23%	24%	23%
Taxation	(6,967)	(3,372)	(2,448)	(3,224)	(3,256)	(3,388)	-9%	-5%	-6%	-9%	-9%	-9%
Profit after taxation	10,800	7,017	4,431	5,268	5,221	5,043	14%	10%	10%	15%	15%	14%

SHARE & DEBT INFORMATION

1. Share Information

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

1.2 Market symbols

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

1.3 Share price and volume - last 10 years

Year	Shares (in Numbers)	Shareholders' funds (equity)	Market capitalization (in Billion)	KSE's market capitalization	share in market capitalization (Percent)	Share Price			shares traded during the year (in Numbers)
						High During the year	Low During the year	Close at December 31	
2011	707,018,400	17.78	7.09	2,945.78	0.24%	19.25	8.50	10.03	110,231,037
2012	813,071,084	19.69	14.00	4,242.28	0.33%	17.75	17.05	17.22	462,420,623
2013	1,260,260,180	18.73	17.64	6,056.51	0.29%	19.69	10.76	14.00	373,297,000
2014	1,260,260,180	23.71	29.07	7,380.53	0.39%	23.14	13.37	23.07	590,931,000
2015	1,260,260,180	26.85	27.40	6,947.36	0.39%	25.54	16.26	21.74	427,049,500
2016	1,260,260,180	32.58	31.44	9,628.51	0.33%	25.61	17.50	24.95	329,016,500
2017	1,260,260,180	32.44	24.34	8,570.93	0.28%	28.03	17.75	19.31	341,523,000
2018	1,260,260,180	33.51	30.15	7,692.79	0.39%	26.49	19.20	23.92	208,231,500
2019	1,260,260,180	42.26	23.37	7,811.81	0.30%	24.46	15.53	18.54	90,865,500
2020	1,260,260,180	54.55	29.48	8,035.36	0.37%	23.59	13.00	23.39	241,054,000

1.4 Record of share issues

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

2. Debts Information

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

(Rupees in million)	TFC - VI	TFC - VII
IPO investors	6,000	6,000
General Public	-	-
Underwriters	-	-
	6,000	6,000
Market Symbols / IDs at LSE	AKBLTFC6	AKBLTFC7
Rating by PACRA	AA-	AA
Market Price as at December 31, 2020 (based on marketable lots of Rs. 1,000,000)	6,000	6,000
Applicable Interest Rate (p.a.) as at December 31, 2020	8.45%	8.49%

UNCONSOLIDATED FINANCIAL STATEMENTS OF
ASKARI BANK LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2020

STATEMENT OF INTERNAL CONTROLS

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

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

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

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR) on September 30, 2012. This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. Consequent to grant of exemption by the State Bank of Pakistan (SBP) from the requirement of submission of Long Form Report (LFR), the documentation including the testing results have been reviewed by internal auditors of the Bank, on the basis of which Annual Assessment Report duly approved by the Audit Committee is submitted to the SBP. Annual Assessment Report for the year 2020 is due for submission by March 31, 2021.

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

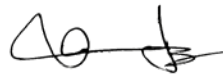
While an internal controls system is implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material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



Saleem Anwar
Chief Financial Officer



Syed Ali Raza Zaidi
Chief Compliance Officer



Irfan Johar
Chief Internal Auditor



Abid Sattar
President & Chief Executive

February 15, 2021
Islamabad

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

- a. Male: 10
- b. Female: 01

2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Mushtaq Malik Ms. Zoya Mohsin Nathani Raja Muhammad Abbas Mr. Mohammad Aftab Manzoor
Non-Executive Directors	Mr. Waqar Ahmed Malik - Chairman Lt Gen Tariq Khan, HI (M) (Retd) Mr. Sarfaraz Ahmed Rehman Dr. Nadeem Inayat * Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed - Nominee NIT
Executive Director / President & CE	Mr. Abid Sattar
Female Director	Ms. Zoya Mohsin Nathani

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

a) Board Audit Committee (BAC)

1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	* Syed Bakhtiyar Kazmi	Member
4	Mr. Manzoor Ahmed	Member

** (Fit & Proper test by SBP cleared on February 16, 2021)*

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

c) Board Risk Management Committee (BRMC)

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

d) Board Information Technology Committee (BITC)

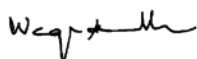
1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	Raja Muhammad Abbas	Member
4	Mr. Abid Sattar	Member

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

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

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

For and on behalf of the Board



Waqar Ahmed Malik
Chairman

Rawalpindi
February 15, 2021



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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ASKARI BANK LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Askari Bank Limited for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2020.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
March 8, 2021



KPMG Taseer Hadi & Co.
Chartered Accountants
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Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Askari Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2020, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for 24 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2020 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis of Opinion

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

Key Audit Matter(s)

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



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Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the matter was addressed in our audit
1	<p>Provision against advances (Refer Note 9.4 to the unconsolidated financial statements)</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring all non-performing loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Bank to recognize general provision against advances portfolio. The Bank has recognized a net provision of Rs 1.6 billion against advances in the current year. As at 31 December 2020 the Bank holds a provision of Rs 26.4 billion against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"> Reviewed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> verified repayments of loan / markup installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue; examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file; and



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S. No	Key Audit Matter(s)	How the matter was addressed in our audit
		<ul style="list-style-type: none"> checked the accuracy of specific provision made against non-performing advances and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value (FSV), if any, in accordance with the criteria prescribed under the PRs. Also engaged expert, on sample basis, for the determination of FSV of collateral held by the Bank against which FSV benefit is adjusted by the Bank.
2	Valuation of Investments (Refer Note 8 to the unconsolidated financial statements)	
	<p>The carrying value of investments held by the Bank amounted to Rs. 449.7 billion, which constitutes 45% of the Bank's total assets as at 31 December 2020.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; Checked on a sample basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; and Evaluated the Bank's assessment of available for sale and held to maturity financial assets for any impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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



KPMG Taseer Hadi & Co.

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

Report on Other Legal and Regulatory Requirements

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

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

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

Other Matter

The unconsolidated financial statements of the Bank for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those unconsolidated financial statements on 28 February 2020.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
March 8, 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION




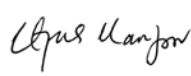
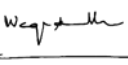
AS AT DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Assets			
Cash and balances with treasury banks	5	73,651,718	63,039,290
Balances with other banks	6	7,719,615	7,886,702
Lendings to financial institutions	7	–	20,405,972
Investments	8	449,687,240	305,435,633
Advances	9	395,373,840	372,913,863
Fixed assets	10	21,213,709	19,696,568
Intangible assets	11	1,143,146	808,994
Assets held for sale		–	80,720
Deferred tax assets	12	1,623,001	2,489,752
Other assets	13	42,104,793	40,450,512
		992,517,062	833,208,006
Liabilities			
Bills payable	14	12,629,996	15,768,947
Borrowings	15	84,163,669	51,187,681
Deposits and other accounts	16	791,186,883	679,299,486
Liabilities against assets subject to finance lease		–	–
Subordinated debts	17	12,000,000	9,992,000
Deferred tax liabilities		–	–
Other liabilities	18	37,990,164	34,704,048
		937,970,712	790,952,162
Net Assets		54,546,350	42,255,844
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		25,632,015	19,366,260
Surplus on revaluation of assets - net of tax	20	7,637,784	4,300,426
Unappropriated profit		8,673,949	5,986,556
		54,546,350	42,255,844

Contingencies And Commitments

21

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

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Mark-up / return / interest earned	23	77,321,906	71,704,373
Mark-up / return / interest expensed	24	47,059,096	49,568,569
Net mark-up / interest income		30,262,810	22,135,804
Non mark-up / interest income			
Fee and commission income	25	3,851,224	3,616,593
Dividend income		272,522	274,440
Foreign exchange income		2,673,493	2,507,707
Income / (loss) from derivatives		–	–
Gain on securities	26	2,555,512	739,351
Other income	27	341,057	266,102
Total non-markup / interest income		9,693,808	7,404,193
Total income		39,956,618	29,539,997
Non mark-up / interest expenses			
Operating expenses	28	20,123,495	18,235,387
Workers' welfare fund	29	42,982	42,117
Other charges	30	48,149	99,947
Total non-markup / interest expenses		20,214,626	18,377,451
Profit before provisions		19,741,992	11,162,546
Provisions and write offs - net	31	1,974,747	773,275
Extraordinary / unusual items		–	–
Profit before taxation		17,767,245	10,389,271
Taxation	32	(6,966,870)	(3,372,249)
Profit after taxation		10,800,375	7,017,022
Rupees			
Basic and diluted earnings per share	33	8.57	5.57

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



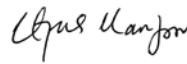
Abid Sattar
President & Chief Executive



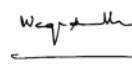
Saleem Anwar
Chief Financial Officer



Dr. Nadeem Inayat
Director



Mohammad Aftab Manzoor
Director






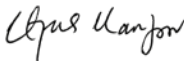
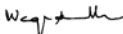
Waqar Ahmed Malik
Chairman

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	2020	2019
Profit after taxation for the year	10,800,375	7,017,022
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branch	9,514	(33,992)
Movement in deficit on revaluation of investments - net of tax	1,584,923	2,563,232
	1,594,437	2,529,240
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement (loss) / gain on defined benefit plan - net of tax	(44,926)	285,311
Movement in surplus on revaluation of operating fixed assets	1,529,292	(34,687)
Movement in surplus on revaluation of non-banking assets	223,143	122,684
	1,707,509	373,308
Total comprehensive income	14,102,321	9,919,570

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

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit / (loss)	Total
						Investments	Fixed / non-banking assets		
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,304,202	(4,097,523)	5,746,720	3,713,929	33,508,907
Total comprehensive income for the year ended December 31, 2019									
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	-	7,017,022	7,017,022
Other comprehensive income related to equity	-	(33,992)	-	-	-	2,563,232	87,997	285,311	2,902,548
Transfer to:									
Statutory reserve	-	-	-	1,403,404	-	-	-	(1,403,404)	-
General reserve	-	-	-	-	2,453,669	-	-	(2,453,669)	-
	-	-	-	1,403,404	2,453,669	-	-	(3,857,073)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	87,627	87,627
Transaction with owners, recorded directly in equity									
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at January 1, 2020	12,602,602	275,169	234,669	10,098,551	8,757,871	(1,534,291)	5,834,717	5,986,556	42,255,844
Total comprehensive income for the year ended December 31, 2020									
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	10,800,375	10,800,375
Other comprehensive income related to equity	-	9,514	-	-	-	1,584,923	1,752,435	(44,926)	3,301,946
Transfer to:									
Statutory reserve	-	-	-	2,160,075	-	-	-	(2,160,075)	-
General reserve	-	-	-	-	4,096,166	-	-	(4,096,166)	-
	-	-	-	2,160,075	4,096,166	-	-	(6,256,241)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	78,575	78,575
Transaction with owners, recorded directly in equity									
Final dividend 2019: Rs. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)
Balance as at December 31, 2020	12,602,602	284,683	234,669	12,258,626	12,854,037	50,632	7,587,152	8,673,949	54,546,350

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



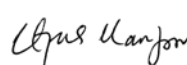
Abid Sattar
President & Chief Executive



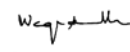
Saleem Anwar
Chief Financial Officer



Dr. Nadeem Inayat
Director



Mohammad Aftab Manzoor
Director




Waqar Ahmed Malik
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT


FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Cash flow from operating activities			
Profit before taxation		17,767,245	10,389,271
Less: dividend income		(272,522)	(274,440)
		17,494,723	10,114,831
Adjustments:			
Depreciation		1,101,398	1,383,858
Amortization		226,911	206,420
Depreciation on ROU assets		1,498,351	1,497,366
Markup expense on lease liability against ROU assets		891,977	970,082
Termination of lease contracts under IFRS - 16 Leases		81	(49,422)
Charge for defined benefit plans		466,626	359,011
Provisions and write offs - net	31	2,087,955	890,345
Unrealised loss on held for trading securities		–	1,503
(Gain) / loss on sale of fixed assets		(23,768)	60,406
		6,249,531	5,319,569
		23,744,254	15,434,400
(Increase) / decrease in operating assets			
Lendings to financial institutions		14,075,190	(14,075,190)
Held for trading securities		41,591	(41,591)
Advances		(23,271,079)	(29,020,740)
Other assets (excluding advance taxation)		(2,428,539)	(7,964,051)
		(11,582,837)	(51,101,572)
Increase / (decrease) in operating liabilities			
Bills payable		(3,138,951)	256,067
Borrowings from financial institutions		32,975,988	(1,514,642)
Deposits		111,887,397	105,663,630
Other liabilities (excluding current taxation)		(213,836)	4,656,765
		141,510,598	109,061,820
		153,672,015	73,394,648
Payment made to defined benefit plan		–	–
Income tax paid		(6,586,750)	(4,256,330)
Net cash flow generated from operating activities		147,085,265	69,138,318
Cash flow from investing activities			
Net investments in available for sale securities		(122,115,655)	27,475,288
Net investments in held to maturity securities		(18,133,770)	(68,984,101)
Acquisition of further interest in subsidiary		(50,830)	–
Dividend received		267,061	273,675
Investments in operating fixed assets		(1,011,376)	(774,064)
Investments in intangible assets		(555,767)	(268,623)
Proceeds from sale of fixed assets		33,025	83,591
Effect of translation of net investment in foreign branch		9,514	(33,992)
Net cash flow used in investing activities		(141,557,798)	(42,228,226)
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		2,008,000	(1,600)
Payments against lease liabilities		(1,549,511)	(1,683,902)
Dividend paid		(1,871,397)	(1,248,867)
Net cash flow used in financing activities		(1,412,908)	(2,934,369)
Increase in cash and cash equivalents		4,114,559	23,975,723
Cash and cash equivalents at beginning of the year	34	77,256,780	53,281,057
Cash and cash equivalents at end of the year	34	81,371,339	77,256,780

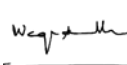
The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.


Abid Sattar
President & Chief Executive


Saleem Anwar
Chief Financial Officer


Dr. Nadeem Inayat
Director


Mohammad Aftab Manzoor
Director


Waqar Ahmed Malik
Chairman

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2019: 71.91) percent shares of the Bank as on December 31, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (2019: 535 branches); 536 in Pakistan and Azad Jammu and Kashmir including 95 (2019: 94) Islamic Banking branches and 49 (2019: 50) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PRESENTATION

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

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

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

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

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

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

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

		Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021
IFRS 9	Financial Instruments	January 1, 2021
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IAS 16	Property, plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures (Amendments)	Not yet finalized

The management does not anticipate early adoption of above standards and amendments. The application of standards is not likely to have material impact on Bank's financial statements except IFRS 9 for which the Bank is in process of assessing its impact.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2.4 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The Bank uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follow:

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

3. BASIS OF MEASUREMENT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Changes in accounting policies

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

4.2 Cash and cash equivalents

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

4.3 Lending (reverse repo)

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

4.4 Bai Muajjal receivable from other financial institutions

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

4.5 Investments

Investments are classified as follows:

Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements.

Available for sale

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

Held to maturity

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

4.5.1 Initial measurement

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

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

4.5.2 Subsequent measurement

Held for trading

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

Available for sale

In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD circular 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income (OCI)" and is shown in the shareholders' equity in the unconsolidated statement of financial position.

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

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

Held to maturity

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Investment in subsidiaries and associates

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

4.6 Advances

Advances are stated net of specific and general provisions. Provision for advances is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances other than consumer and small entities advances. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

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

4.6.1 Finance lease receivables

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

4.6.2 Islamic financing and related assets

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

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

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Bank and all documents relating to purchase are in customers' name.

In Salam, the seller undertakes to supply specific goods to the Bank at a future date in consideration of a price fully paid in advance at the time the contract of sale is made.

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

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

In Istisna, a contract of sale is made whereby the Bank places an order, to manufacture, assemble or construct, specific commodity to be delivered at a future date.

4.7 Fixed assets and depreciation

Capital work in progress

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

Property and equipment

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

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

Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Depreciation / amortization

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

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

4.8 Assets held for sale

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

4.9 IFRS 16 - Leases

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

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The ROU assets are measured based on the initial amount of the lease liability plus any initial direct costs incurred. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4.10 Borrowings (Repo)

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

4.11 Deposits

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

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

4.12 Subordinated debts

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

4.13 Staff retirement benefits

Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Defined contribution plan

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

Compensated absences

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to unconsolidated profit and loss account. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations.

4.14 Foreign currencies

Foreign currency transactions

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

Foreign operation

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

Translation gains and losses

Translation gains and losses arising on revaluation of net investment in foreign operations are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in unconsolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange contracts are valued at the rates applicable to the remaining maturities.

4.15 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

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

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

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

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

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

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

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

Revenue on Salam finance is recognized at the time of sale of al-muslim fihi (salam goods).

The rentals received / receivable on Ijarahs under IFAS-2 are recorded as income / revenue.

The Bank recognizes revenue on Istisna finance at the time of sale of Al-Masnoo (Istisna goods).

4.16 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the unconsolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Current

Provision for current tax is the expected tax payable on the taxable profit for the year using tax rates applicable at the date of unconsolidated statement of financial position.

Prior years

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

Deferred

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

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

4.17 Impairment

Available for sale

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

Non-financial assets

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

4.18 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

4.19 Other provisions

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance

sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

4.20 Off-setting

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

4.21 Financial assets and liabilities

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

4.22 Derivative financial instruments

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

4.23 Appropriations subsequent to date of unconsolidated statement of financial position

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

4.24 Dividend distribution and appropriation

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

4.25 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.26 Segment reporting

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

4.26.1 Business segment

Branch banking

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Corporate banking

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

Treasury

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

Consumer banking

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

Islamic banking

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

Foreign operations

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

Head office / others

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

4.26.2 Geographical segments

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

4.27 Acceptances

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

Rupees in '000	Note	2020	2019
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		17,290,446	11,990,404
Foreign currencies		4,030,731	2,441,156
		21,321,177	14,431,560
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	37,199,449	34,638,383
Foreign currency current account	5.1	4,513,312	3,107,745
Foreign currency deposit account	5.2	7,501,569	8,684,787
		49,214,330	46,430,915
With National Bank of Pakistan in:			
Local currency current accounts		2,260,681	1,899,188
Prize Bonds		855,530	277,627
		73,651,718	63,039,290

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

5.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 0.00% (2019: 0.76%).

Rupees in '000	Note	2020	2019
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		230,682	467,346
In deposit accounts	6.1	151	2,749
		230,833	470,095
Outside Pakistan			
In current accounts		1,971,347	753,774
In deposit accounts	6.2	5,517,441	6,662,839
		7,488,788	7,416,613
Provision held against balances with other banks	6.3	(6)	(6)
		7,719,615	7,886,702

6.1 These represent placements with local banks, carrying interest rate of 5.5% (2019: 11.25%) per annum.

6.2 These represent placements with international correspondent banks, carrying interest rates upto 0.45% (2019: upto 1.05%) per annum.

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Rupees in '000	2020	2019
6.3 Provision held against balances with other banks		
Opening balance	6	10
Reversal of provision under IFRS 9 related to WBB	–	(4)
Closing balance	6	6
7. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	–	6,330,782
Repurchase agreement lendings (reverse repo)	–	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	148,606	20,554,578
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	–	20,405,972
7.1 Particulars of lending		
In local currency	148,606	20,554,578

7.2 Securities held as collateral against lending to financial institutions

Rupees in '000	2020			2019		
	Held by the Bank	Further given as collateral	Total	Held by the Bank	Further given as collateral	Total
Pakistan Investment Bonds	–	–	–	14,075,190	–	14,075,190

7.3 Category of classification

Rupees in '000	2020		2019	
	Classified lending	Provision held	Classified lending	Provision held
Domestic				
Loss	148,606	148,606	148,606	148,606

8. INVESTMENTS

Rupees in '000	Note	2020				2019			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:									
Held for trading securities									
Fully paid ordinary shares		-	-	-	-	41,591	-	(1,503)	40,088
Available for sale securities									
Federal Government Securities		335,378,424	(31,877)	(525,781)	334,820,766	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares		4,696,428	(158,232)	249,169	4,787,365	6,048,578	(1,607,285)	490,064	4,931,357
Units of open end mutual funds		1,405,036	(140,558)	171,942	1,436,420	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares		27,314	(11,914)	46,545	61,945	27,314	(9,189)	43,820	61,945
Non Government Debt Securities		11,048,874	(1,422,704)	117,486	9,743,656	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities		482,547	(5,203)	18,534	495,878	159,646	(1,881)	7,202	164,967
		353,038,623	(1,770,488)	77,895	351,346,030	230,922,968	(3,291,898)	(2,360,448)	225,270,622
Held to maturity securities									
Federal Government Securities		95,034,902	(116,957)	-	94,917,945	77,030,069	(133,887)	-	76,896,182
Non Government Debt Securities		110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities		3,376,784	(85,070)	-	3,291,714	3,247,847	(19,106)	-	3,228,741
		98,521,686	(312,027)	-	98,209,659	80,387,916	(262,993)	-	80,124,923
Subsidiary									
Askari Securities Limited	8.1.1	165,619	(34,068)	-	131,551	-	-	-	-
Total investments		451,725,928	(2,116,583)	77,895	449,687,240	311,352,475	(3,554,891)	(2,361,951)	305,435,633

Rupees in '000	Note	2020				2019			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:									
Federal Government Securities									
Market Treasury Bills		122,065,700	-	320,229	122,385,929	129,093,836	-	(71,269)	129,022,567
Pakistan Investment Bonds		282,938,195	-	(831,857)	282,106,338	138,589,333	-	(3,084,302)	135,505,031
Euro Bonds		6,748,006	(115,622)	27,446	6,659,830	6,629,340	(139,991)	36,217	6,525,566
GOP Bai Mujjal		5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
Ijarah Sukuks		13,415,279	(33,212)	(41,599)	13,340,468	8,638,413	(31,265)	9,690	8,616,838
		430,413,326	(148,834)	(525,781)	429,738,711	288,197,068	(171,256)	(3,109,664)	284,916,148
Shares									
Listed companies		4,340,748	(152,552)	249,169	4,437,365	5,784,489	(1,601,605)	488,561	4,671,445
Unlisted companies		355,680	(5,680)	-	350,000	305,680	(5,680)	-	300,000
		4,696,428	(158,232)	249,169	4,787,365	6,090,169	(1,607,285)	488,561	4,971,445
Units of open end mutual funds		1,405,036	(140,558)	171,942	1,436,420	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares		27,314	(11,914)	46,545	61,945	27,314	(9,189)	43,820	61,945
Non Government Debt Securities									
Listed		2,136,636	(221,636)	107,325	2,022,325	2,439,636	(221,636)	(1,974)	2,216,026
Unlisted		9,022,238	(1,311,068)	10,161	7,721,331	9,885,759	(1,377,626)	95,967	8,604,100
		11,158,874	(1,532,704)	117,486	9,743,656	12,325,395	(1,599,262)	93,993	10,820,126
Foreign Securities									
Government securities		3,859,331	(90,273)	18,534	3,787,592	3,407,493	(20,987)	7,202	3,393,708
Subsidiary									
Askari Securities Limited	8.1.1	165,619	(34,068)	-	131,551	-	-	-	-
Total investments		451,725,928	(2,116,583)	77,895	449,687,240	311,352,475	(3,554,891)	(2,361,951)	305,435,633

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8.1.1 During the year the Bank acquired further 26% (5,980,000 Ordinary Shares) interest in ASL from Army Welfare Trust which increased the Bank's controlling interest from 74% to 100% making it a wholly owned subsidiary of the Bank. Subsequent to further acquisition, the Bank has classified the investment in ASL from assets held for sale to investments.

Rupees in '000	2020	2019
8.2.1 Investments given as collateral		
The market value of investments given as collateral is as follows:		
Market Treasury Bills	13,715,612	12,480,754
Pakistan Investment Bonds	7,005,600	–
Euro Bonds	6,442,504	5,527,143
Bahrain International Bonds	501,081	–
Sri Lankan Investment Bonds	–	166,848
Turkish Euro Bonds	–	445,961
Turkish Sukuks	973,391	956,958
Ijarah Sukuks	5,069,713	5,586,569
Shares	191,168	203,388
	33,899,069	25,367,621
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	5,614	19,368
Charge / (reversals)		
Charge for the year	506,776	976,751
Charge for the year under IFRS 9 related to WBB	41,248	6,197
Reversals for the year	(82,163)	(51,586)
Net charge	465,861	931,362
Reversal on disposals	(1,943,851)	(660,041)
Transfer of provision against assets held for sale	34,068	–
Closing balance	2,116,583	3,554,891

8.3.2 Particulars of provision against debt securities

Rupees in '000	2020		2019	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,532,704	1,532,704	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	–	239,107	–	192,244
Total	1,532,704	1,771,811	1,599,262	1,791,506

8.4 Quality of available for sale securities

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

Rupees in '000	2020		2019	
	Cost	Breakup value	Cost	Breakup value
Federal Government Securities - Government guaranteed				
Market Treasury Bills	122,065,700		121,652,726	
Pakistan Investment Bonds	204,536,354		85,342,730	
Euro Bonds	1,712,032		1,688,321	
Ijarah Sukuks	7,064,338		2,483,222	
	335,378,424		211,166,999	
Shares				
Listed				
Commercial banks	795,604		899,663	
Chemicals	455,887		503,234	
Fertilizer	143,172		224,782	
Cement	363,261		294,112	
Power generation and distribution	598,158		1,061,821	
Investment banks / investment companies	–		12,956	
Leasing companies	26,560		38,162	
Paper and board	55,806		154,515	
Glass and ceramics	–		79,411	
Automobile parts and accessories	–		42,847	
Cable and electrical goods	–		31,125	
Automobile assembler	–		57,046	
Engineering	198,585		127,834	
Insurance	26,080		110,112	
Oil and gas marketing companies	651,804		842,047	
Oil and gas exploration	235,135		280,694	
Textile composite	153,685		192,646	
Pharmaceuticals	46,251		87,330	
Real estate investment trust	572,760		572,760	
Technology and communication	18,000		16,949	
Vanaspati and allied industries	–		15,722	
Industrial metals and mining	–		97,130	
	4,340,748		5,742,898	
Unlisted				
DHA Cogen Limited	–	–	–	–
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	230,850	–	–
Pakistan Mortgage Refinance Company Limited	300,000	486,300	300,000	352,200
	355,680	717,150	305,680	352,200

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

Rupees in '000	2020	2019
	Cost	
Units of Open end mutual funds		
Listed		
NIT NIUT	500,000	500,000
NIT Islamic Equity Fund	50,000	50,000
NIT Asset Allocation Fund	100,000	–
Askari Asset Allocation Fund	100,846	100,846
Askari High Yield Scheme	173,565	173,565
Askari Sovereign Yield Enhancer Fund	100,000	100,000
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	337,509	337,509
Pak Oman Islamic Asset Allocation Fund	42,705	42,705
Pak Oman Advantage Islamic Income Fund	411	411
	1,405,036	1,305,036
Fully Paid Preference Shares		
Listed		
Banks	2,214	2,214
Textile	25,100	25,100
	27,314	27,314
Non Government Debt Securities		
Listed		
AAA	750,000	–
AA+, AA, AA-	890,000	1,918,000
A+, A, A-	275,000	300,000
CCC and below	221,636	221,636
	2,136,636	2,439,636
Unlisted		
AAA	4,649,310	7,072,920
AA+, AA, AA-	600,750	600,850
A+, A, A-	725,000	725,000
CCC and below	1,201,068	761,474
Unrated	1,736,110	615,515
	8,912,238	9,775,759

Rupees in '000	2020		2019	
	Cost	Rating	Cost	Rating
Foreign Securities				
Government Securities Bahrain	482,547	B+	159,646	B+
	482,547		159,646	

Rupees in '000	2020		2019	
	Cost		Cost	
8.5 Particulars relating to Held to Maturity securities are as follows:				
Federal Government Securities - Government guaranteed				
Market Treasury Bills			–	7,441,110
Pakistan Investment Bonds		78,401,841		53,246,603
Government of Pakistan Euro Bonds		5,035,974		4,941,019
Ijarah Sukuks		6,350,941		6,155,191
GOP Bai Muajjal		5,246,146		5,246,146
		95,034,902		77,030,069

Non Government Debt Securities

Unlisted

CCC and below		110,000		110,000
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Rupees in '000	2020		2019	
	Cost	Rating	Cost	Rating
Foreign Securities				
Turkish Sukuk	961,594	BB-	933,737	BB-
Turkish Euro Bonds	1,218,628	BB-	1,156,717	BB-
Sri Lankan Euro Bond	1,196,562	CCC+	1,157,393	BB-
	3,376,784		3,247,847	

8.5.1 Market value of held to maturity securities other than classified investments as at December 31, 2020 is Rs. 104,630,207 thousand (2019: Rs. 83,778,547 thousand).

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9. ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2020	2019	2020	2019	2020	2019
Loans, cash credits, running finances, etc	9.1	310,114,350	307,069,106	25,666,137	26,257,191	335,780,487	333,326,297
Islamic financing and related assets- note 3 of Annexure II		62,691,358	45,596,566	2,684,267	1,816,376	65,375,625	47,412,942
Bills discounted and purchased		20,603,372	17,749,166	60,406	60,406	20,663,778	17,809,572
Advances - gross		393,409,080	370,414,838	28,410,810	28,133,973	421,819,890	398,548,811
Provision against advances							
- Specific		-	-	(24,820,923)	(24,408,056)	(24,820,923)	(24,408,056)
- General		(1,625,127)	(1,226,892)	-	-	(1,625,127)	(1,226,892)
		(1,625,127)	(1,226,892)	(24,820,923)	(24,408,056)	(26,446,050)	(25,634,948)
Advances - net of provision		391,783,953	369,187,946	3,589,887	3,725,917	395,373,840	372,913,863

9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2020				2019			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,505,400	2,218,605	7,189	4,731,194	2,895,815	2,576,164	2,106	5,474,085
Residual value	1,007,459	1,336,479	28,736	2,372,674	950,981	1,726,078	3,420	2,680,479
Minimum lease payments	3,512,859	3,555,084	35,925	7,103,868	3,846,796	4,302,242	5,526	8,154,564
Financial charges for future periods	(254,200)	(230,039)	(60)	(484,299)	(445,870)	(344,595)	(3)	(790,468)
Present value of minimum lease payments	3,258,659	3,325,045	35,865	6,619,569	3,400,926	3,957,647	5,523	7,364,096

Rupees in '000	2020	2019
9.2 Particulars of advances (Gross)		
In local currency	398,239,110	368,646,263
In foreign currencies	23,580,780	29,902,548
	421,819,890	398,548,811

9.3 Advances include Rs. 28,410,810 thousand (2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	Note	2020		2019	
		Non performing loans	Provision	Non performing loans	Provision
Category of classification					
Domestic					
Other Assets Especially Mentioned	9.3.1	1,406,324	–	2,125,144	68
Substandard		480,927	63,119	477,321	50,418
Doubtful		1,956,085	766,400	661,347	209,962
Loss		24,567,474	23,991,404	24,870,161	24,147,608
		28,410,810	24,820,923	28,133,973	24,408,056

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

9.4 Particulars of provision against advances

Rupees in '000	Note	2020				2019			
		Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
Exchange adjustment		–	9,287	–	9,287	–	22,252	–	22,252
Charge for the year	9.4.1	2,249,576	421,751	122,415	2,793,742	1,467,527	22,525	108,884	1,598,936
Provision under IFRS 9 related to WBB		–	(83,906)	–	(83,906)	–	48,525	–	48,525
Reversal for the year		(1,010,054)	(22,176)	(49,136)	(1,081,366)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
Amounts written off	9.5	1,239,522	315,669	73,279	1,628,470	(180,484)	63,464	102,521	(14,499)
Amounts charged off- agriculture financing	9.7	(78,229)	–	–	(78,229)	(122,123)	–	–	(122,123)
Closing balance		24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948

9.4.1 General provision also includes Rs. 374,319 thousand (December 31, 2019: Nil) as discussed in note 45.1

9.4.2 Particulars of provision against advances

Rupees in '000	2020				2019			
	Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	24,461,435	731,882	716,026	25,909,343	24,003,766	332,302	642,747	24,978,815
In foreign currencies	359,488	177,219	–	536,707	404,290	251,843	–	656,133
	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948

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9.4.3 The net FSV benefit already availed has been reduced by Rs. 66,326 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 66,326 thousand (2019: higher by Rs. 108,591 thousand) and Rs. 43,112 thousand (2019: Rs. 70,584 thousand) respectively. Further, at December 31, 2020, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 484,372 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD Circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

9.4.4 The Bank has availed the relaxation of Rs. 101,394 thousand (2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

9.5 Particulars of write-offs

This represents write-off against provision amounting to Rs. 748,426 thousand related to domestic advances (2019: Rs. 402,506 thousand).

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2020 is given at Annexure - I.

9.7 Amounts charged off - Agriculture financing

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

Rupees in '000	Note	2020	2019
10. FIXED ASSETS			
Capital work in progress	10.1	164,343	126,731
Property and equipment	10.2	13,647,546	12,252,877
Right of use asset - IFRS 16	10.3	7,401,820	7,316,960
		21,213,709	19,696,568

10.1 This represents civil works performed during the year.

10.2 Property and equipment

		2020											
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
As at January 1, 2020													
	Cost / Revalued Amount	3,226,063	4,797,275	1,228,823	984,192	3,755,191	1,365,891	56,847	3,425,162	3,043,096	218,696	45,761	22,146,997
	Accumulated Depreciation	-	-	442,905	449,166	3,074,905	699,448	30,056	2,359,732	2,619,244	173,192	45,472	9,894,120
	Net book value	3,226,063	4,797,275	785,918	535,026	680,286	666,443	26,791	1,065,430	423,852	45,504	289	12,252,877
Year ended December 31, 2020													
	Opening net book value	3,226,063	4,797,275	785,918	535,026	680,286	666,443	26,791	1,065,430	423,852	45,504	289	12,252,877
	Additions	-	-	-	-	228,169	259,655	14,853	278,394	169,701	22,992	-	973,764
	Transfers from non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
	Movement in surplus on assets revalued during the year	511,078	1,018,214	-	-	-	-	-	-	-	-	-	1,529,292
	Disposals	-	-	-	-	(3,335)	(3,480)	(1,082)	(1,198)	(162)	-	-	(9,257)
	Depreciation charge	-	-	(38,408)	(26,126)	(318,997)	(130,144)	(10,408)	(371,188)	(185,944)	(20,051)	(132)	(1,101,398)
	Other adjustments / transfers	-	-	-	-	-	2,712	75	10	(529)	-	-	2,268
	Closing net book value	3,737,141	5,815,489	747,510	508,900	586,123	795,186	30,229	971,448	406,918	48,445	157	13,647,546
As at December 31, 2020													
	Cost / Revalued Amount	3,737,141	5,815,489	1,228,823	984,192	3,934,777	1,569,995	61,201	3,592,039	3,059,479	241,688	45,761	24,270,585
	Accumulated Depreciation	-	-	481,313	475,292	3,348,654	774,809	30,972	2,620,591	2,652,561	193,243	45,604	10,623,039
	Net book value	3,737,141	5,815,489	747,510	508,900	586,123	795,186	30,229	971,448	406,918	48,445	157	13,647,546
Rate of depreciation (percentage)		-	-	5	5	20	10	20	10-20	20	20	20	
		2019											
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
As at January 1, 2019													
	Cost / Revalued Amount	3,226,063	4,858,175	887,251	966,160	3,693,653	1,366,715	52,558	3,303,655	2,870,807	207,981	45,761	21,478,779
	Accumulated Depreciation	-	-	420,074	420,462	2,757,589	549,473	31,516	1,924,685	2,429,324	162,227	45,340	8,740,690
	Net book value	3,226,063	4,858,175	467,177	545,698	936,064	817,242	21,042	1,378,970	441,483	45,754	421	12,738,089
Year ended December 31, 2019													
	Opening net book value	3,226,063	4,858,175	467,177	545,698	936,064	817,242	21,042	1,378,970	441,483	45,754	421	12,738,089
	Additions	-	-	-	-	145,239	89,047	14,712	216,375	180,269	24,628	-	670,270
	Transfers from non-banking assets	-	-	341,572	-	-	-	-	-	-	-	-	341,572
	Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-	-	-
	Disposals	-	(60,900)	-	-	(15,250)	(54,871)	(641)	(12,022)	(313)	-	-	(143,997)
	Depreciation charge	-	-	(22,831)	(29,120)	(385,687)	(184,831)	(8,323)	(516,682)	(211,724)	(24,528)	(132)	(1,383,858)
	Other adjustments / transfers	-	-	-	18,448	(80)	(144)	1	(1,211)	14,137	(350)	-	30,801
	Closing net book value	3,226,063	4,797,275	785,918	535,026	680,286	666,443	26,791	1,065,430	423,852	45,504	289	12,252,877
As at December 31, 2019													
	Cost / Revalued Amount	3,226,063	4,797,275	1,228,823	984,192	3,755,191	1,365,891	56,847	3,425,162	3,043,096	218,696	45,761	22,146,997
	Accumulated Depreciation	-	-	442,905	449,166	3,074,905	699,448	30,056	2,359,732	2,619,244	173,192	45,472	9,894,120
	Net book value	3,226,063	4,797,275	785,918	535,026	680,286	666,443	26,791	1,065,430	423,852	45,504	289	12,252,877
Rate of depreciation (percentage)		-	-	5	5	20	10	20	10-20	20	20	20	
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
10.2.1	Cost of fully depreciated property and equipment												
	2020	-	-	-	-	2,224,980	345,902	8,139	1,371,822	2,080,043	80,721	13,542	6,125,149
	2019	-	-	-	-	2,217,900	91,000	11,750	451,138	2,194,867	115,817	56,032	5,138,504

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10.3 Additions to right of use asset during the year amounted to Rs. 1,597,508 thousand (2019: Rs. 1,429,390 thousand).

Rupees in '000	2020	2019
11. INTANGIBLE ASSETS		
Computer software	777,695	682,889
Less: Provision against intangibles	(4,660)	(9,866)
	773,035	673,023
Capital work in progress	370,111	135,971
	1,143,146	808,994
11.1 Software		
As at January 1,		
Cost	2,327,271	2,142,847
Accumulated amortization	1,644,382	1,437,962
Net book value	682,889	704,885
Year ended December 31,		
Opening net book value	682,889	704,885
Additions		
- directly purchased	321,627	193,532
Amortization charge	(226,911)	(206,420)
Other adjustments / transfers	90	(9,108)
Closing net book value	777,695	682,889
As at December 31,		
Cost	2,648,988	2,327,271
Accumulated amortization	1,871,293	1,644,382
Net book value	777,695	682,889
Rate of amortization (percentage)	10	10
Useful life	10 years	10 years

11.1.1 Cost of fully amortized intangible assets still in use amounts to Rs. 310,125 thousand (2019: Rs. 227,739 thousand).

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

2019				
Rupees in '000	At January 1, 2019	Recognized in P&L A/C	Recognized in OCI	At December 31, 2019
Deductible temporary differences on				
- Post retirement employee benefits	163,600	-	(153,629)	9,971
- Deficit on revaluation of investments	2,206,359	-	(1,380,202)	826,157
- Impact under IFRS 9 related to WBB	3,934	-	-	3,934
- Provision against advances	1,568,007	-	-	1,568,007
	3,941,900	-	(1,533,831)	2,408,069
- Impact under IFRS 9 related to WBB	117,937	-	-	117,937
	4,059,837	-	(1,533,831)	2,526,006
Taxable temporary differences on				
- Accelerated tax depreciation	(286,058)	249,804	-	(36,254)
	3,773,779	249,804	(1,533,831)	2,489,752

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Rupees in '000	Note	2020	2019
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	17,403,537	16,320,068
Income / mark-up accrued in foreign currencies		558,371	558,708
Advances, deposits, advance rent and other prepayments		663,604	666,068
Advance taxation (payments less provisions)		6,089,464	6,552,849
Non-banking assets acquired in satisfaction of claims	13.3	2,426,242	2,555,343
Mark to market gain on forward foreign exchange contracts - net		–	396,433
Stationary and stamps in hand		99,829	92,639
Dividend receivable	13.2	7,365	1,904
Acceptances		11,829,891	10,498,594
Receivable from defined benefit plan		–	71,364
Others		793,296	754,802
		39,871,599	38,468,772
Less: Provision held against other assets	13.4	(209,778)	(238,089)
Other assets - net of provision		39,661,821	38,230,683
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,442,972	2,219,829
Other assets - total		42,104,793	40,450,512

13.1 This balance is net of interest in suspense amounting to Rs. 10,139,320 thousand (2019: Rs. 10,110,210 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2019: Rs. 81,020 thousand).

Rupees in '000	2020	2019
13.3 Market value of Non-banking assets acquired in satisfaction of claims	4,869,214	4,775,172

The Bank's Non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2020. The valuation was carried out by M/s SMASCO and M/s Arch-e-Decon on the basis of their professional assessment of the present market value and resulted in increase of Rs. 299,944 thousand. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2020 amounts to Rs. 2,442,971 thousand.

Rupees in '000	2020	2019
13.3.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	4,775,172	5,298,464
Additions	24,764	–
Revaluation	299,944	203,133
Disposals	(656,376)	(281,882)
Transfers to fixed assets	–	(341,572)
Adjustments	476,948	(73,145)
Depreciation	(51,238)	(29,826)
Closing balance	4,869,214	4,775,172

Rupees in '000	2020	2019
13.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	669,487	269,100
Less		
- Carrying value	(656,376)	(281,882)
- Adjustment	(609)	-
- Depreciation	-	12,636
	(656,985)	(269,246)
Gain / (loss)	12,502	(146)
13.4 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	138,745	139,068
Non-banking assets acquired in satisfaction of claims	-	15,952
Stationery and stamps in hand	2,285	14,321
Others	68,748	68,748
	209,778	238,089
13.4.1 Movement in provision held against other assets		
Opening balance	238,089	257,811
Charge for the year	314	14,593
Provision under IFRS 9 related to WBB	-	(447)
Reversals for the year	(637)	(26,759)
Net reversal	(323)	(12,613)
Reversal on disposal	(15,952)	-
Amount written off	(12,036)	(7,109)
Closing balance	209,778	238,089
14. BILLS PAYABLE		
In Pakistan	12,629,996	15,768,947

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Rupees in '000	Note	2020	2019
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1.1	16,903,776	13,656,666
Long term financing facility	15.1.2	8,499,073	5,622,997
Financing facility for storage of agricultural produce	15.1.3	76,399	2,500
Renewable energy financing facility	15.1.4	579,231	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	15.1.5	1,568	–
Refinance from SBP - refinance scheme for payment of wages and salaries	15.1.6	12,583,566	1,618
		38,643,613	19,713,307
Repurchase agreement borrowings			
State Bank of Pakistan	15.1.7	7,000,000	7,666,640
Financial institutions	15.1.8	23,042,628	14,248,475
		30,042,628	21,915,115
Refinance from Pakistan Mortgage Refinance Company	15.1.9	1,923,886	1,972,026
Total secured		70,610,127	43,600,448
Unsecured			
Call borrowings	15.1.10	10,276,937	6,162,763
Financial institutions		3,276,605	1,236,458
Overdrawn nostro accounts		–	188,012
Total unsecured		13,553,542	7,587,233
		84,163,669	51,187,681

15.1.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 2% (2019: 1% to 2%) per annum payable on a quarterly basis.

15.1.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2% to 8.4% (2019: 2% to 8.4%) per annum payable on a quarterly basis.

15.1.3 These are secured against demand promissory note and carry markup of 2% (2019: 3.25%) per annum and have maturities upto May 2024.

15.1.4 These are secured against demand promissory note and carry markup of 2% to 3% (2019: 2%) per annum and have maturities upto July 2032.

15.1.5 These are secured against demand promissory note and carry markup of NIL (2019: NIL) per annum and have maturities upto September 2022

15.1.6 These are secured against demand promissory note and carry markup of 0.4% to 2% (2019: NIL) per annum and have maturities upto April 2023

15.1.7 These are secured against collateral of Government Securities and carry markup of 7.05% (2019: 13.32%) per annum and have maturities upto 3 months (2019: 1 month). The market value of securities given as collateral is given in note 8.2.1.

15.1.8 These are secured against collateral of Government Securities and carry markup of 1.23% to 7% (2019: 2.89% to 13.20%) per annum and have maturities upto 3 months (2019: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.1.9 This is secured against mortgage finance portfolio of the Bank and carry markup of 8.57% to 10.71% (2019: 10% to 11%) per annum and has maturity upto 2023 (2019: upto 2021).

15.1.10 These carry mark-up rate of 0.8% to 7.50% (2019: 1.3% to 13%) per annum and having maturity upto 5 months (2019: upto 5 months).

Rupees in '000	2020	2019
15.2 Particulars of borrowings with respect to currencies		
In local currency	68,940,191	36,883,840
In foreign currencies	15,223,478	14,303,841
	84,163,669	51,187,681

16. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	228,444,308	21,780,570	250,224,878	174,842,702	19,411,555	194,254,257
Savings deposits	388,092,120	48,085,995	436,178,115	326,751,449	34,103,203	360,854,652
Fixed deposits	90,069,109	7,058,608	97,127,717	112,600,623	6,664,632	119,265,255
	706,605,537	76,925,173	783,530,710	614,194,774	60,179,390	674,374,164
Financial institutions						
Current accounts	1,178,086	54,187	1,232,273	547,712	41,087	588,799
Savings deposits	1,253,900	–	1,253,900	1,584,523	–	1,584,523
Fixed deposits	5,170,000	–	5,170,000	2,752,000	–	2,752,000
	7,601,986	54,187	7,656,173	4,884,235	41,087	4,925,322
	714,207,523	76,979,360	791,186,883	619,079,009	60,220,477	679,299,486

Rupees in '000	2020	2019
16.1 Composition of deposits		
- Individuals	295,671,457	245,870,270
- Government (Federal and Provincial)	257,514,945	239,953,178
- Public Sector Entities	63,778,517	48,142,129
- Banking Companies	102	76
- Non-Banking Financial Institutions	7,656,072	4,925,246
- Private Sector	166,565,790	140,408,587
	791,186,883	679,299,486

16.2 Total deposits include eligible deposits of Rs. 359,362,370 thousand (2019: Rs. 289,461,352 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide Circular No. 04 of 2018 dated June 22, 2018.

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Rupees in '000	2020	2019
17. SUBORDINATED DEBTS		
Term Finance Certificates - V	–	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	–
	12,000,000	9,992,000

17.1 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	109-120th month: 100%
Profit rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and / or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

Rupees in '000	Note	2020	2019
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,793,829	5,488,211
Mark-up / return / interest payable in foreign currencies		217,522	229,291
Unearned commission and income on bills discounted		1,726,572	923,438
Accrued expenses		2,955,844	1,724,514
Advance payments		349,092	444,390
Acceptances		11,829,891	10,498,594
Dividends payable		157,439	138,446
Mark to market loss on forward foreign exchange contracts		228,034	–
Branch adjustment account		753,774	498,814
Payable to defined benefit plan		310,314	–
Security deposit against lease / Ijarah financing		4,169,840	4,247,512
Withholding taxes payable		306,972	252,129
Federal excise duty payable		74,133	56,894
Workers' Welfare Fund	29	215,099	172,117
Switch fee payable		665,449	666,416
Provision against off-balance sheet obligations	18.1	100,356	101,154
Lease liability against ROU assets as per IFRS - 16 Leases		8,223,995	7,358,016
Advance against Term Finance Certificate - VII		–	700,000
Others		1,912,009	1,204,112
		37,990,164	34,704,048
18.1 Provision against off-balance sheet obligations			
Opening balance		101,154	108,025
Exchange adjustment		49	–
Charge for the year		–	1,154
Reversal for the year		(847)	(517)
Net (reversal) / charge		(847)	637
Amount written off		–	(7,508)
Closing balance		100,356	101,154

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19. SHARE CAPITAL

19.1 Authorized capital

2020		2019	
Number of shares		Rupees in '000	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000
			20,000,000

19.2 Issued, subscribed and paid up capital

2020		2019	
Number of shares		Rupees in '000	
		Ordinary shares of Rs. 10 each	
514,689,096	514,689,096	Fully paid in cash	5,146,891
717,297,769	717,297,769	Issued as bonus shares	7,172,978
		Issued on Askari Leasing	
28,273,315	28,273,315	Limited merger	282,733
1,260,260,180	1,260,260,180		12,602,602
			12,602,602

19.3 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 of ordinary shares of the Bank as on December 31, 2020.

Rupees in '000	Note	2020	2019
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	77,895	(2,360,448)
- Fixed Assets	20.1	5,144,180	3,614,888
- Non-banking assets acquired in satisfaction of claims	20.2	2,442,972	2,219,829
		7,665,047	3,474,269
Deferred tax on (surplus) / deficit on revaluation of available for sale securities		(27,263)	826,157
		7,637,784	4,300,426
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January, 1		3,614,888	3,649,575
Recognised during the year		1,529,292	-
Realised on disposal during the year		-	(34,687)
Surplus on revaluation of fixed assets as at December, 31		5,144,180	3,614,888
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January, 1		2,219,829	2,097,145
Recognised during the year		299,944	203,133
Realised on disposal / transfers during the year		(72,135)	(83,073)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(14,240)	-
Adjustment during the year		9,574	2,624
Surplus on revaluation as at December, 31		2,442,972	2,219,829

Rupees in '000	Note	2020	2019
21. CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	220,222,941	188,434,387
- Commitments	21.2	412,616,066	314,542,303
- Other contingent liabilities	21.3	724,374	721,349
		633,563,381	503,698,039

21.1 Guarantees

Financial guarantees		9,952,617	5,908,830
Performance guarantees		138,751,395	124,661,353
Other guarantees		71,518,929	57,864,204
		220,222,941	188,434,387

21.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		159,457,683	162,130,911
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	209,279,794	94,380,989
- forward government securities transactions	21.2.2	–	14,500,000
- forward lending	21.2.3	43,805,613	43,352,110
Commitments for acquisition of:			
- operating fixed assets		34,298	65,963
- intangible assets		38,678	112,330
		412,616,066	314,542,303

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		118,889,979	50,072,221
Sale		90,389,815	44,308,768
		209,279,794	94,380,989

The above commitments have maturities falling within one year.

Rupees in '000	Note	2020	2019
21.2.2 Commitments in respect of forward government securities transactions			
Purchase		–	14,500,000
21.2.3 Commitments in respect of forward lending			
Forward repurchase agreement lending		30,084,187	36,096,228
Undrawn commitments	21.2.3.1	13,721,426	7,255,882
		43,805,613	43,352,110

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21.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

Rupees in '000	2020	2019
21.3 Other contingent liabilities		
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	724,374	721,349

22. DERIVATIVE INSTRUMENTS

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

22.1 Forward exchange contracts

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

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

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

22.2 Equity futures

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

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

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

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

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

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

Rupees in '000	Note	2020	2019
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		38,969,854	42,674,869
Investments		37,650,020	27,125,698
Lendings to financial institutions		223,621	371,146
Balances with banks		83,799	142,505
Securities purchased under resale agreements (reverse repo)		394,612	1,390,155
		77,321,906	71,704,373
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		40,633,285	42,790,655
Borrowings		3,914,824	4,505,643
Subordinated debts		1,619,010	1,302,189
Interest expense on lease liability against ROU assets		891,977	970,082
		47,059,096	49,568,569
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		510,681	558,747
Consumer finance related fees		109,946	106,306
Card related fees (debit and credit cards)		1,132,975	874,269
Credit related fees		206,644	141,884
Investment banking fees		221,218	271,506
Commission on trade		687,066	632,504
Commission on guarantees		676,367	561,947
Commission on remittances including home remittances		129,994	236,234
Commission on bancassurance		92,887	156,241
Others		83,446	76,955
		3,851,224	3,616,593
26. GAIN ON SECURITIES			
Realised	26.1	2,555,512	740,854
Unrealised - held for trading	8.1	–	(1,503)
		2,555,512	739,351
26.1 Realised gain / (loss) on:			
Federal Government Securities		2,104,861	566,789
Shares		439,638	176,471
Non Government Debt Securities		11,013	88
Mutual Funds		–	(2,494)
		2,555,512	740,854

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Rupees in '000	Note	2020	2019
27. OTHER INCOME			
Rent on property		22	1,292
Gain / (loss) on sale of fixed assets		23,768	(60,406)
Rent of lockers		46,279	41,416
Gain / (loss) on sale of non-banking assets	27.1	12,502	(146)
Recovery of expenses from customers		252,213	234,524
Government Grant - foreign branch	27.2	6,354	-
(Loss) / gain on termination of lease contracts under IFRS - 16 Leases		(81)	49,422
		341,057	266,102

27.1 Gain / (loss) on sale of non-banking assets

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

Name of party	2019				
	Cost	Revalued amount	Cash received	Gain / (loss) on sale	Mode of disposal
Rupees '000					
Mr. Aamer Mehmood	85,539	103,148	105,600	2,452	Tender
M/s Sajid Textiles	154,749	166,098	163,500	(2,598)	Tender
	240,288	269,246	269,100	(146)	

27.2 This represents financial and economic package launched by the Government of Bahrain to counter the effect of COVID-19. The package covers support for payment of salaries, employee compensations and utility bills etc.

Rupees in '000	Note	2020	2019
28. OPERATING EXPENSES			
Total compensation expenses	28.1	11,551,156	9,651,696
Property expense			
Rent and taxes		105,882	278,966
Insurance		105,148	131,180
Utilities cost		694,070	634,301
Security (including guards)		525,707	489,076
Repair & maintenance		270,670	255,476
Depreciation on ROU assets		1,498,351	1,497,366
Depreciation		383,658	437,629
		3,583,486	3,723,994
Information technology expense			
Software maintenance		334,099	250,650
Hardware maintenance		59,947	45,081
Depreciation		185,944	211,737
Amortisation		226,911	206,420
Network charges		221,163	208,178
		1,028,064	922,066
Other operating expenses			
Directors' fees, allowances		25,656	11,375
Fees and allowances to shariah board		5,823	5,847
Rates, taxes, insurance etc.		205,866	214,936
Legal and professional charges		90,575	112,554
Brokerage and commission		96,725	80,466
NIFT clearing charges		74,157	62,030
Repair and maintenance		305,785	284,191
Communications		546,454	507,406
Stationery and printing		285,024	351,474
Marketing, advertisement and publicity		148,803	164,839
Donations	28.2	112,390	60,600
Auditors' remuneration	28.3	28,706	16,537
Travelling, conveyance and entertainment		234,495	280,881
Depreciation		531,796	734,492
Security service charges		256,601	246,384
Training and development		21,828	40,571
Deposit premium expense		463,138	415,325
Other expenditure		526,967	347,723
		3,960,789	3,937,631
		20,123,495	18,235,387

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Rupees in '000	Note	2020	2019
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,078,665	3,694,226
ii) variable			
- Cash bonus / awards etc.		1,521,880	1,358,110
		5,600,545	5,052,336
Charge for defined benefit plans	28.1.1	466,626	359,011
Contribution to defined contribution plan	36	293,209	269,660
Rent and house maintenance		1,801,560	1,640,820
Utilities		392,731	357,433
Medical		633,741	501,094
Conveyance		1,260,603	1,200,077
Other staff cost	28.1.2	1,102,141	271,265
		11,551,156	9,651,696

28.1.1 This includes charge of gratuity fund and leave encashment.

28.1.2 This includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.

28.2 This includes Rs. 109,000 thousand (2019: Nil) as Bank's contribution for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation and Rs. 3,390 thousand (2019: Nil) as cost of school van donated to DC Office Gawadar.

Rupees in '000		2020	2019
28.3 Auditors' remuneration			
Statutory auditors of the Bank			
Audit fee		4,100	3,795
Fee for the audit of provident and gratuity funds		360	360
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services		7,560	6,638
Tax services		13,500	–
Out of pocket expenses		–	1,425
		25,520	12,218
Auditors of Wholesale Bank Branch, Bahrain			
Audit fee		3,186	4,319
		28,706	16,537
29. WORKERS' WELFARE FUND			
Opening balance		172,117	130,000
Charge for the year		42,982	42,117
Reversal for the prior periods		–	–
		42,982	42,117
Closing balance		215,099	172,117

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

Rupees in '000	Note	2020	2019
31. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3.1	465,861	931,362
Provision / (reversal) of provision against loans and advances	9.4	1,628,470	(14,499)
Reversal of provision against other assets	13.4.1	(323)	(12,613)
Reversal of provision against intangible assets		(5,206)	(14,538)
(Reversal) / provision against off-balance sheet obligations	18.1	(847)	637
Reversal of provision against cash and bank balances	6.3	–	(4)
Recovery of written off / charged off bad debts		(113,208)	(117,070)
		1,974,747	773,275
32. TAXATION			
Current		7,050,135	4,329,226
Prior years		–	(707,173)
Deferred		(83,265)	(249,804)
		6,966,870	3,372,249
32.1 Relationship between tax expense and accounting profit			
Profit before taxation		17,767,245	10,389,271
Tax at applicable tax rate of 39 percent (2019: 39 percent)		6,929,226	4,051,816
Effect of:			
- charge for prior year		–	(717,002)
- permanent differences		37,644	37,435
		6,966,870	3,372,249

32.2 Tax status

- i) The Bank has filed tax returns for and up to tax year 2020 (year ended 31 December 2019). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

Tax payments made in relation to the matters currently pending are being carried forward as receivable, as management is confident of their realization as and when the appeals are decided.

- 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 favourable decision of the High Court in a parallel case.

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	2020	2019
33. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	10,800,375	7,017,022
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	8.57	5.57

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

Rupees in '000	2020	2019
34. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	73,651,718	63,039,290
Balances with other banks	7,719,621	7,886,708
Call money lendings	-	6,330,782
	81,371,339	77,256,780

	2020	2019
	Number of employees	
35. STAFF STRENGTH		
Permanent	7,007	6,921
On Bank's contract	942	927
Total staff strength	7,949	7,848

Out of total employees, 6 (2019: 6) employees are working abroad.

36. DEFINED BENEFIT PLAN

36.1 General description

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

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

36.2 The number of employees covered under the defined benefit scheme are 7,001 employees (2019: 6,916 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2020 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2020	2019
Discount rate - per annum	9.75%	13.00%
Expected rate of increase in salaries - per annum	9.25%	10.0% - 12.5%
Expected rate of return on plan assets - per annum	13.00%	13.00%
Duration	9 years	10.21 years
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

Rupees in '000	Note	2020	2019
36.4 Reconciliation of payable to / (receivable) from defined benefit plan:			
Present value of defined benefit obligation		3,347,076	2,733,220
Fair value of plan assets		(3,036,762)	(2,816,595)
Benefits payable		–	12,011
Net liability / (asset)		310,314	(71,364)
36.5 Movement in defined benefit obligations			
Obligation at the beginning of the year		2,733,220	2,782,116
Current service cost		296,539	302,411
Past service cost		26,861	–
Interest cost		345,365	299,771
Re-measurement loss / (gain)		112,312	(503,532)
Benefits paid by the Bank		(153,137)	(147,546)
Benefits payable		(14,084)	–
Obligation at the end of the year		3,347,076	2,733,220
36.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		2,816,595	2,741,274
Interest income on plan assets		356,203	287,459
Actuarial gain / (loss) on assets		43,196	(64,592)
Benefits paid		(165,148)	(147,546)
Benefits payable		(14,084)	–
Fair value at the end of the year		3,036,762	2,816,595
36.7 Movement in payable / (receivable) under defined benefit schemes			
Opening balance		(71,364)	52,851
Charge for the year		312,561	314,725
Contribution by the Bank - net		–	–
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2	69,117	(438,940)
Closing balance		310,314	(71,364)
36.8 Charge for defined benefit plan			
36.8.1 Cost recognised in profit and loss			
Current service cost		296,539	302,411
Past service cost		26,861	–
Net interest (income) / expense on defined benefit liability		(10,838)	12,314
		312,562	314,725
36.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Experience adjustment		20,904	(367,950)
- Demographic assumptions		37,311	–
- Financial assumptions		54,098	(135,582)
		112,313	(503,532)
Actuarial (gain) / loss on plan assets		(43,196)	64,592
Total re-measurements recognised in OCI		69,117	(438,940)

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Rupees in '000	2020	2019
36.9 Components of plan assets/ (liabilities)		
Cash and cash equivalents	30,889	39,813
Government securities	2,477,000	2,268,702
Term Finance Certificates	156,000	155,852
Shares	92,801	71,713
Mutual funds	294,156	280,515
Payables	(14,084)	–
	3,036,762	2,816,595

36.10 Amounts for current and previous four annual periods are as follows:

Rupees in '000	2020	2019	2018	2017	2016
As at December 31,					
Defined benefit obligation	3,347,076	2,733,220	2,782,116	2,505,491	2,192,580
Plan assets	(3,036,762)	(2,816,595)	(2,741,274)	(2,042,650)	(1,808,216)
Benefits payable	–	12,011	12,009	26,685	–
Deficit / (surplus)	310,314	(71,364)	52,851	489,526	384,364
Experience adjustments					
Actuarial (loss) / gain on obligation	(112,313)	503,532	47,892	58,839	–
Actuarial gain / (loss) on plan assets	43,196	(64,592)	(43,130)	(116,540)	–

36.11 Sensitivity analysis

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

Assumptions	Impact on Defined Benefit Obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees in '000		
Discount rate	1.00%	3,068,369	(3,666,854)
Salary increase	1.00%	3,670,378	(3,286,720)
Mortality rate change	1 year	1,566	(1,440)

36.12 The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Bank may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

36.13 Expected charge for the next financial year (Rupees in '000) **328,271**

36.14 Maturity profile

Periods	Undiscounted payments Rupees in '000
Year 1	204,525
Year 2	246,781
Year 3	277,114
Year 4	254,267
Year 5	311,949
Year 6 to Year 10	2,787,086
Year 11 and above	22,013,125

36.15 Funding Policy

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

36.16 Significant risk associated with the staff retirement benefit scheme:

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

37 DEFINED CONTRIBUTION PLAN

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

37.1 The details of size and investment of the provident fund is as follows:

Rupees in '000	2020 (Un-audited)	2019 (Audited)
Size of the Fund	6,084,578	5,346,890
Cost of investments	5,852,989	5,284,243
Fair value of investments	6,113,561	5,285,743
Percentage of investments	96.19%	98.83%

37.2 Breakup of provident fund investments

	2020 (Un-audited)		2019 (Audited)	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pakistan Investment Bonds	2,509,834	42.88	3,019,080	57.13
Market Treasury Bills	1,663,354	28.42	951,216	18.00
Term Finance Certificates	419,652	7.17	419,652	7.94
Mutual Funds	1,005,648	17.18	644,664	12.20
Shares	254,501	4.35	249,631	4.73
	5,852,989	100.00	5,284,243	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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38. COMPENSATED ABSENCES

38.1 General description

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

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

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2020 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2020 was Rs. 679,452 thousand (2019: Rs. 569,382 thousand). Expense for the year of Rs. 153,408 thousand (2019: Rs 44,286 thousand) has been included in administrative expenses. The main assumptions used for actuarial valuation are as follows:

	2020	2019
Discount rate - per annum	13.00%	13.00%
Expected rate of increase in salaries - per annum	9.25%	10.00% to 12.50%
Leave accumulation factor - days	11	8

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	For the year ended December 31, 2020						Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Material Risk Takers / Controllers	
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	875	24,781	5,400	23,194	154,875	137,436	346,561
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	7,337	51,448	41,078	99,863
Charge for defined benefit plan	-	-	-	2,033	13,832	10,527	26,392
Contribution to defined contribution plan	-	-	-	1,872	10,507	10,425	22,804
Rent & house maintenance	-	-	-	10,113	63,399	61,531	135,043
Utilities	-	-	-	2,247	13,977	12,784	29,008
Medical	-	-	-	2,247	13,977	12,784	29,008
Conveyance	-	-	443	-	37,678	48,780	86,901
Others	-	-	-	120	11,596	13,038	24,754
Total	875	24,781	5,843	49,163	371,289	348,383	800,334
Number of persons	1	15	3	1	26	53	99

Items	For the year ended December 31, 2019						Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Material Risk Takers / Controllers	
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	625	10,750	5,400	20,717	125,287	120,783	283,562
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	3,422	22,730	26,459	52,611
Charge for defined benefit plan	-	-	-	1,768	8,644	10,665	21,077
Contribution to defined contribution plan	-	-	-	1,666	8,000	9,159	18,825
Rent & house maintenance	-	-	-	8,998	51,480	56,425	116,903
Utilities	-	-	-	2,000	11,339	11,486	24,825
Medical	-	-	-	2,000	11,339	11,486	24,825
Conveyance	-	-	447	-	29,952	42,982	73,381
Others	-	-	-	120	9,067	12,269	21,456
	625	10,750	5,847	40,691	277,838	301,714	637,465
Number of persons	1	9	3	1	24	57	95

For the purposes of the foregoing, the term “Key Management Personnel” means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

Risk Taker is a function of the Bank which takes, or is in a position to take, risk that may result in financial losses as circumstances may change, but also presents an opportunity for a rewarding outcome for the Bank.

Risk Controller is a function of the Bank positioned to proactively identify risks associated with the businesses of the Bank and may advise the mitigation thereof. Risk Controller is independent of the business and support units it monitors and controls.

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

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

		2019					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Lt Gen Syed Tariq Nadeem Gilani HI (M) Retd	625	–	–	–	–	625
2	Lt Gen Javed Iqbal HI (M) Retd	375	375	–	–	–	750
3	Lt Gen Tariq Khan HI (M) Retd	250	–	–	–	–	250
4	Dr. Nadeem Inayat	625	281	375	656	281	2,218
5	Mr. Rehan Laiq	625	–	94	563	–	1,282
6	Mr. Manzoor Ahmed	500	–	375	656	–	1,531
7	Mr. Kamal A. Chinoy	625	188	–	–	–	813
8	Syed Ahmed Iqbal Ashraf	625	375	–	656	–	1,656
9	Mr. Mushtaq Malik	625	375	–	–	–	1,000
10	Brig Saleem Ahmed Moeen SI Retd	500	–	375	–	375	1,250
Total amount paid		5,375	1,594	1,219	2,531	656	11,375

39.3 Remuneration paid to Shariah Board Members

Items	For the year ended December 31,					
	2020			2019		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
Rupees in '000						
a. Meeting Fees and Allowances	–	–	–	–	–	–
b. Managerial Remuneration Fixed	1,800	1,800	1,800	1,800	1,800	1,800
c. Fuel	–	443	–	–	447	–
Total amount	1,800	2,243	1,800	1,800	2,247	1,800
Total number of persons	1	1	1	1	1	1

40. FAIR VALUE MEASUREMENTS

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

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

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

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

40.1 Fair value of financial assets

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.

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

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

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

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

Rupees in '000	2020			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	334,820,766	–	334,820,766
Shares	4,437,365	–	350,000	4,787,365
Units of open end mutual funds	–	1,436,420	–	1,436,420
Fully paid preference shares	61,945	–	–	61,945
Non Government Debt Securities	–	2,022,325	7,721,331	9,743,656
Foreign securities	–	495,878	–	495,878
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	94,917,945	–	94,917,945
Foreign securities	–	3,291,714	–	3,291,714
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	–	118,889,979	–	118,889,979
Forward Sale of foreign exchange	–	90,389,815	–	90,389,815
Forward agreements for borrowing	–	–	30,084,187	30,084,187
2019				
Rupees in '000	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	208,019,966	–	208,019,966
Shares	4,671,445	–	300,000	4,971,445
Units of open end mutual funds	–	1,272,261	–	1,272,261
Fully paid preference shares	61,945	–	–	61,945
Non Government Debt Securities	–	2,216,026	8,604,100	10,820,126
Foreign securities	–	164,967	–	164,967
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	76,896,182	–	76,896,182
Foreign securities	–	3,228,741	–	3,228,741
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	–	50,072,221	–	50,072,221
Forward Sale of foreign exchange	–	44,308,768	–	44,308,768
Forward agreements for borrowing	–	–	36,096,228	36,096,228

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

Rupees in '000	2020 Level 3	2019 Level 3
40.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,552,630	8,023,338
Other assets		
Non-banking assets acquired in satisfaction of claims	4,869,214	4,775,172

41. Segment Information

41.1 Segment details with respect to Business Activities

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

Rupees in '000	2020							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(26,656,103)	18,632,163	32,173,633	2,994,940	3,974,759	1,222,306	(2,078,888)	30,262,810
Inter segment revenue - net	39,566,158	(13,507,134)	(28,107,774)	(1,648,046)	-	(158,354)	3,855,150	-
Non mark-up / return / interest income	1,502,950	2,359,808	2,982,748	395,210	384,683	10,109	2,058,300	9,693,808
Total income / (loss)	14,413,005	7,484,837	7,048,607	1,742,104	4,359,442	1,074,061	3,834,562	39,956,618
Segment direct expenses	11,233,312	800,115	315,756	954,513	2,157,676	113,515	4,639,739	20,214,626
Inter segment expense allocation	561,797	952,795	5,414	182,059	-	-	(1,702,065)	-
Total expenses	11,795,109	1,752,910	321,170	1,136,572	2,157,676	113,515	2,937,674	20,214,626
(Reversal of provisions) / provisions	(61,334)	473,360	491,171	232,521	438,931	(43,506)	443,604	1,974,747
Profit / (loss) before tax	2,679,230	5,258,567	6,236,266	373,011	1,762,835	1,004,052	453,284	17,767,245
Statement of financial position								
Cash and bank balances	30,938,859	2,174,588	39,690,446	-	6,313,535	135,415	2,118,490	81,371,333
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	1,395,843	449,687,240
Lendings to financial institutions	-	-	-	-	-	-	-	-
Advances - performing - net of provision	12,987,203	280,191,484	-	18,522,780	62,598,616	10,653,303	6,830,567	391,783,953
Advances - non-performing - net of provision	563,642	921,775	-	433,395	1,671,075	-	-	3,589,887
Others	1,806,853	15,698,490	7,491,899	763,025	5,754,115	280,853	34,289,414	66,084,649
Total assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	44,634,314	992,517,062
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	84,163,669
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	564,770,077	160,149,553	-	21,935	65,305,888	858,355	81,075	791,186,883
Net inter segment balances - net	(533,524,209)	97,723,672	434,611,006	16,809,062	-	11,188,408	(26,807,939)	-
Others	12,902,600	17,328,364	1,066,600	964,317	4,440,177	3,346,088	10,572,014	50,620,160
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	81,556,970	27,339,724	(878,244)	937,970,712
Equity	-	-	-	-	6,996,711	2,037,081	45,512,558	54,546,350
Total equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	44,634,314	992,517,062
Contingencies and commitments	5,069,575	376,781,193	229,525,637	432,431	11,081,682	9,352,213	1,320,650	633,563,381

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Rupees in '000	2019							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(32,090,991)	26,047,140	22,864,100	2,917,541	3,051,902	1,092,142	(1,746,030)	22,135,804
Inter segment revenue - net	49,037,416	(23,049,100)	(26,360,298)	(2,212,753)	-	(322,279)	2,907,014	-
Non mark-up / return / interest income	1,416,231	2,403,402	2,518,054	312,043	275,680	28,047	450,736	7,404,193
Total income	18,362,656	5,401,442	(978,144)	1,016,831	3,327,582	797,910	1,611,720	29,539,997
Segment direct expenses	9,745,451	801,542	189,844	931,037	2,066,391	96,558	4,546,628	18,377,451
Inter segment expense allocation	578,839	904,057	5,137	126,966	-	-	(1,614,999)	-
Total expenses	10,324,290	1,705,599	194,981	1,058,003	2,066,391	96,558	2,931,628	18,377,451
(Reversal of provisions) / provisions	(27,993)	(468,647)	(728)	71,212	185,407	55,355	958,669	773,275
Profit / (loss) before tax	8,066,359	4,164,490	(1,172,397)	(112,384)	1,075,784	645,997	(2,278,578)	10,389,271
Statement of financial position								
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	16,057,756	70,925,992
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	6,004,778	305,435,633
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	-	20,405,972
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,509,349	369,187,946
Advances - non-performing - net of provision	684,502	1,567,268	-	231,813	1,242,334	-	-	3,725,917
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	271,906	33,793,381	63,526,546
Total assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264	833,208,006
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	1,424,471	51,187,681
Subordinated debts	-	-	-	-	-	-	9,992,000	9,992,000
Deposits and other accounts	547,655,118	68,398,729	-	19,187	62,859,181	289,553	77,718	679,299,486
Net inter segment balances - net	(521,324,078)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,159,196	-
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,004,509	50,472,995
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,657,894	790,952,162
Equity	-	-	-	-	5,282,646	1,265,828	35,707,370	42,255,844
Total equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,365,264	833,208,006
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	1,528,686	503,698,039

41.2 Segment details with respect to geographical locations

Rupees in '000	2020		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	29,040,504	1,222,306	30,262,810
Inter segment revenue - net	158,354	(158,354)	–
Non mark-up / return / interest income	9,683,699	10,109	9,693,808
Total income	38,882,557	1,074,061	39,956,618
Segment direct expenses	20,101,111	113,515	20,214,626
Inter segment expense allocation	–	–	–
Total expenses	20,101,111	113,515	20,214,626
Provisions / (reversals)	2,018,253	(43,506)	1,974,747
Profit before tax	16,763,193	1,004,052	17,767,245
Statement of financial position			
Cash and bank balances	81,235,918	135,415	81,371,333
Investments	431,380,006	18,307,234	449,687,240
Lendings to financial institutions	–	–	–
Advances - performing - net of provision	381,130,650	10,653,303	391,783,953
Advances - non-performing - net of provision	3,589,887	–	3,589,887
Others	65,803,796	280,853	66,084,649
Total assets	963,140,257	29,376,805	992,517,062
Borrowings	72,216,796	11,946,873	84,163,669
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	790,328,528	858,355	791,186,883
Net inter segment balances - net	(11,188,408)	11,188,408	–
Others	47,274,072	3,346,088	50,620,160
Total liabilities	910,630,988	27,339,724	937,970,712
Equity	52,509,269	2,037,081	54,546,350
Total equity and liabilities	963,140,257	29,376,805	992,517,062
Contingencies and commitments	624,211,168	9,352,213	633,563,381

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Rupees in '000	2019		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	21,043,662	1,092,142	22,135,804
Inter segment revenue - net	322,279	(322,279)	–
Non mark-up / return / interest income	7,376,146	28,047	7,404,193
Total income	28,742,087	797,910	29,539,997
Segment direct expenses	18,280,893	96,558	18,377,451
Inter segment expense allocation	–	–	–
Total expenses	18,280,893	96,558	18,377,451
Provisions	717,920	55,355	773,275
Profit before tax	9,743,274	645,997	10,389,271
Statement of financial position			
Cash and bank balances	70,755,444	170,548	70,925,992
Investments	287,889,522	17,546,111	305,435,633
Lendings to financial institutions	20,405,972	–	20,405,972
Advances - performing - net of provision	356,684,721	12,503,225	369,187,946
Advances - non-performing - net of provision	3,725,917	–	3,725,917
Others	63,254,640	271,906	63,526,546
Total assets	802,716,216	30,491,790	833,208,006
Borrowings	38,120,298	13,067,383	51,187,681
Subordinated debts	9,992,000	–	9,992,000
Deposits and other accounts	679,009,933	289,553	679,299,486
Net inter segment balances - net	(14,354,373)	14,354,373	–
Others	48,958,342	1,514,653	50,472,995
Total liabilities	761,726,200	29,225,962	790,952,162
Equity	40,990,016	1,265,828	42,255,844
Total equity and liabilities	802,716,216	30,491,790	833,208,006
Contingencies and commitments	494,174,180	9,523,859	503,698,039

42 TRUST ACTIVITIES

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

43 RELATED PARTY TRANSACTIONS

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

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

Details of transactions with related parties and balances as at the year end are as follows:

Rupees in '000	2020						2019					
	Parent	Director	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Director	Key management personnel	Subsidiary	Companies with common directorship	Other related parties
Investments												
Opening balance	-	-	-	114,789	719,311	300,000	-	-	-	-	49,133	-
Investment made during the year	-	-	-	50,830	411,454	50,000	-	-	-	-	364,176	-
Investment redeemed / disposed off during the year	-	-	-	-	(247,268)	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	(433,019)	-	-	-	-	-	306,002	300,000
Closing balance	-	-	-	165,619	450,478	350,000	-	-	-	-	719,311	300,000
Provision for diminution in value of investments	-	-	-	34,068	-	-	-	-	-	-	100,158	-
Advances												
Opening balance	5,035,504	19,771	364,453	-	4,701,476	-	9,581,279	451	332,540	-	3,803,463	-
Addition / adjustment during the year	121,938,314	59,315	125,382	-	9,941,779	-	139,634,599	24,193	156,780	-	23,395,671	-
Repaid / adjusted during the year	(124,168,032)	(50,406)	(93,715)	-	(10,545,058)	-	(144,180,374)	(4,873)	(95,164)	-	(23,386,102)	-
Transfer in / (out) - net	-	(9)	27,644	-	667,845	-	-	-	(29,703)	-	888,444	-
Closing balance	2,805,786	28,671	423,764	-	4,766,042	-	5,035,504	19,771	364,453	-	4,701,476	-
Other Assets												
Interest / mark-up receivable	46,571	425	84,087	-	90,799	-	106,869	261	71,401	-	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	-	-	58,420	-
Advance rent	1,081	-	-	-	-	-	982	-	-	-	-	-
Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	80,720	-	-
Borrowings												
Opening balance	-	-	-	-	-	1,972,026	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000
Settled during the year	-	-	-	-	-	(1,048,140)	-	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	-	1,923,886	-	-	-	-	-	1,972,026
Subordinated debt												
Opening balance	-	-	-	-	24,950	-	-	-	-	-	24,950	-
Issued during the year	-	-	-	-	-	-	-	-	-	-	-	-
Redemption during the year	-	-	-	-	(5)	-	-	-	-	-	(10)	-
Transfer in / (out) - net	-	-	-	-	(24,945)	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	24,950	-
Deposits and other accounts												
Opening balance	4,678,222	64,239	117,562	53,174	15,124,817	4,811,176	9,809,885	24,892	159,716	28,930	5,187,631	3,194,361
Received / adjusted during the year	584,157,308	211,929	1,095,412	980,756	256,093,596	30,648,252	496,469,213	257,541	853,208	426,844	307,604,618	37,960,371
Withdrawn / adjusted during the year	(580,817,426)	(199,751)	(1,016,580)	(832,134)	(257,566,215)	(30,654,147)	(501,600,876)	(218,194)	(879,966)	(402,600)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(57,038)	(9,777)	-	(1,446,350)	-	-	-	(15,396)	-	42,883	-
Closing balance	8,018,104	19,379	186,617	201,796	12,205,848	4,811,281	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Other Liabilities												
Interest / mark-up payable	19,363	-	1,809	-	34,000	38,941	30,293	113	2,750	-	54,079	79,885
Acceptances	-	-	-	-	-	-	-	-	-	58,420	-	-
Payable to staff retirement fund	-	-	-	-	-	310,314	-	-	-	-	-	-
Security deposits payable	-	-	287	-	296,198	-	-	-	287	-	210,172	-
Others	4,986	-	-	-	-	-	4,021	-	-	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	1,313,613	-	-	40,000	3,951,782	-	124,565	-	-	40,000	2,239,471	-
Others												
Securities held as custodian	4,590,000	-	-	-	-	6,992,500	2,465,000	-	-	50,000	-	6,632,750

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Rupees in '000	For the year ended December 31, 2020						For the year ended December 31, 2019					
	Parent	Director	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Director	Key management personnel	Subsidiary	Companies with common directorship	Other related parties
Income												
Mark-up / return / interest earned	209,445	4,353	20,126	-	536,474	-	325,946	753	18,445	-	576,685	-
Fee and commission received	105	-	-	-	3,141	-	209	-	-	165	18,189	-
Dividend income	-	-	-	-	25,581	8,207	-	-	-	-	2,115	-
Expense												
Mark-up / return / interest expensed	639,348	322	6,922	37	1,345,734	638,283	716,408	1,842	6,761	718	1,114,786	626,918
Contribution to employees funds	-	-	-	-	-	606,203	-	-	-	-	-	584,385
Remuneration and allowances	-	-	595,209	-	-	5,823	-	-	477,160	-	-	5,847
Rent	12,519	-	-	-	-	-	18,646	-	-	-	-	-
Communications	-	-	-	-	-	33,002	-	-	-	-	-	19,684
Brokerage and Commission	-	-	-	3,500	265	13,693	-	-	-	326	138	19,461
Directors' fee, allowances	-	25,656	-	-	-	-	-	11,375	-	-	-	-
Dividend paid	1,359,423	4	113	-	-	11,745	906,282	104	75	-	-	7,830
Insurance	-	-	-	-	63,404	-	-	-	-	-	-	-
Donations	109,000	-	-	-	-	-	50,000	-	-	-	-	10,000
Others	-	-	-	-	2,364	-	-	-	-	-	-	-

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

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

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

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

Rupees in '000	2020	2019
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	44,867,667	36,313,390
Eligible Additional Tier 1 (ADT 1) Capital	5,928,538	5,883,752
Total Eligible Tier 1 Capital	50,796,205	42,197,142
Eligible Tier 2 Capital	13,104,622	6,773,058
Total Eligible Capital (Tier 1 + Tier 2)	63,900,827	48,970,200
Risk Weighted Assets (RWAs):		
Credit Risk	324,807,165	304,482,207
Market Risk	31,566,562	15,988,883
Operational Risk	56,352,087	45,635,240
Total	412,725,814	366,106,330
Common Equity Tier 1 Capital Adequacy ratio	10.87%	9.92%
Tier 1 Capital Adequacy Ratio	12.31%	11.53%
Total Capital Adequacy Ratio	15.48%	13.38%

As of December 2020, the Bank must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% and 11.50% respectively.

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

Rupees in '000	2020	2019
Leverage Ratio (LR):		
Eligible Tier-1 Capital	50,796,205	42,197,142
Total Exposures	1,419,666,541	1,222,565,769
Leverage Ratio	3.58%	3.45%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	345,807,337	239,545,379
Total Net Cash Outflow	201,510,814	152,412,055
Liquidity Coverage Ratio	171.61%	157.17%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	812,357,633	679,039,953
Total Required Stable Funding	441,907,178	398,262,301
Net Stable Funding Ratio	183.83%	170.50%

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

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45. RISK MANAGEMENT

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

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

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

45.1 Credit Risk:

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

The Bank has built and maintains a sound loan portfolio in line with a well defined Risk Management Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 40% of the total asset base and is also the largest source of credit risk for the Bank. The Bank's advances portfolio is well diversified across various business segments, industries and geographical locations.

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

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

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

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

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

Due to deferralment / restructuring & rescheduling relief allowed by SBP, the management has responded by creating a time bound general provision of 0.5% amounting to Rs 374,319 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. The provision is in addition and incremental to the 0.10% general provision on all performing loans. At December 31, 2020 the Bank is carrying a general provision amounting to Rs. 731,882 thousand in respect of potential loan losses which are not specifically identified.

IFRS 9 is applicable to the overseas branch of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Bank has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information and recognized provision of Rs. 39,959 thousand against investments.

Credit risk - General disclosures

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

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

Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
Corporates	–	√	–	√	√	–
Banks	√	√	√	√	√	–
Public sector enterprises	–	√	–	√	√	–

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

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Mapping to SBP Rating Grades

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

Long Term Rating Grades mapping

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

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

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Public / Government	—	—	—	—	—	—
Private	148,606	148,606	148,606	148,606	148,606	148,606
	148,606	148,606	148,606	148,606	148,606	148,606

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.2 Investment in debt securities						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	140,000	1,279,351	–	999,351	–	999,351
Textile	311,716	311,716	311,716	311,716	311,716	311,716
Chemical and Pharmaceuticals	999,352	694,189	999,352	56,189	999,352	56,189
Automobile and transportation equipment	–	10,370	–	10,370	–	10,370
Power (electricity), Gas, Water, Sanitary	7,135,420	8,072,920	–	–	–	–
Transport, Storage and Communication	–	109,363	–	–	–	–
Telecommunication	221,636	221,636	221,636	221,636	221,636	221,636
Banks and financial institutions	2,350,750	1,625,850	–	–	–	–
Government	430,413,326	288,197,068	–	–	117,482	171,256
Foreign Government	3,859,331	3,407,493	–	–	81,666	20,987
	445,431,531	303,929,956	1,532,704	1,599,262	1,731,852	1,791,505
Credit risk by public / private sector						
Public / Government	430,413,326	288,197,068	–	–	117,482	171,256
Private	15,018,205	15,732,888	1,532,704	1,599,262	1,614,370	1,620,249
	445,431,531	303,929,956	1,532,704	1,599,262	1,731,852	1,791,505

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	7,730,025	7,611,285	432,214	333,485	135,091	132,134
Mining and Quarrying	6,836,020	5,393,852	–	–	–	–
Textile	51,348,259	49,156,516	10,377,789	11,277,670	10,217,822	10,912,788
Chemical and Pharmaceuticals	12,361,663	13,722,368	794,758	645,386	667,129	616,889
Cement	6,988,030	7,522,947	401	401	401	401
Sugar	12,804,088	11,623,458	–	–	–	–
Footwear and Leather garments	1,407,841	1,568,947	332,234	371,336	332,234	371,336
Automobile and transportation equipment	1,398,593	1,083,407	725,424	730,827	557,853	442,507
Electronics and electrical appliances	5,010,733	3,634,713	1,114,668	1,119,429	1,109,918	1,109,929
Construction	8,317,601	3,983,708	654,219	693,546	605,003	623,249
Power (electricity), Gas, Water, Sanitary	29,093,037	29,342,778	3,140,231	3,570,878	1,421,836	1,629,054
Wholesale and Retail Trade	13,332,550	12,113,996	489,250	544,801	421,089	381,761
Transport, Storage and Communication	3,238,713	2,667,646	499,153	499,153	499,153	343,880
Financial	6,103,625	7,115,600	–	–	–	–
Insurance	130,155	108,622	–	–	–	–
Services	28,775,437	20,244,401	567,031	608,606	562,670	595,710
Individuals	33,989,548	33,553,706	2,662,811	2,166,505	2,185,396	1,937,549
Public / Government	129,318,506	135,487,857	–	–	–	–
Edible oil and ghee	4,723,727	5,660,916	1,681,161	512,951	1,200,857	450,957
Rice Processing (husking, semi-wholly milled etc.)	8,529,132	7,590,986	2,537,505	2,551,252	2,507,507	2,444,601
Basic iron and steel	11,366,619	12,057,155	399,464	431,455	399,464	396,464
Others	39,015,988	27,303,947	2,002,497	2,076,292	1,997,500	2,018,847
	421,819,890	398,548,811	28,410,810	28,133,973	24,820,923	24,408,056
Credit risk by public / private sector						
Public / Government	129,318,506	135,487,857	–	–	–	–
Private	292,501,384	263,060,954	28,410,810	28,133,973	24,820,923	24,408,056
	421,819,890	398,548,811	28,410,810	28,133,973	24,820,923	24,408,056

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Rupees in '000	2020	2019
45.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	693,790	142,716
Mining and Quarrying	6,110,218	96,746
Textile	16,545,502	14,640,603
Chemical and Pharmaceuticals	8,455,670	4,583,914
Cement	2,628,607	1,526,477
Sugar	597,968	56,419
Footwear and Leather garments	883,465	615,171
Automobile and transportation equipment	666,834	192,581
Electronics and electrical appliances	2,839,080	1,479,486
Construction	19,711,987	15,501,045
Power (electricity), Gas, Water, Sanitary	17,640,332	9,186,131
Wholesale and Retail Trade	6,993,222	7,666,282
Exports/Imports	2,436,127	–
Transport, Storage and Communication	435,464	1,884,808
Banks and Financial Institutions	271,312,444	182,448,263
Real Estate	12,550	–
Financial	11,352,214	12,076,312
Insurance	236,959	5,058
Food and allied	17,487,105	4,035,077
Services	15,060,096	7,768,127
Individuals	1,414,782	1,855,212
Public / Government	204,193,634	206,807,858
Engineering	316,965	–
Communication	495,649	–
Others	25,042,717	31,129,753
	633,563,381	503,698,039
Credit risk by public / private sector		
Public / Government	204,193,634	206,807,858
Private	429,369,747	296,890,181
	633,563,381	503,698,039

45.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 211,972,023 thousand (2019: Rs. 245,634,294 thousand) are as following:

Rupees in '000	2020	2019
Funded	105,709,802	124,813,589
Non Funded	106,262,221	120,820,705
Total Exposure	211,972,023	245,634,294

The sanctioned limits against these top 10 exposures aggregated to Rs 314,709,755 thousand (2019: Rs. 303,168,218 thousand).

The above does not include any classified exposure.

45.1.6 Advances - Province / Region-wise disbursement and utilization

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

Province / Region	2019						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan
Rupees in '000							
Punjab	844,250,600	785,467,749	28,610,182	6,196,236	80,875	23,850,552	45,006
Sindh	610,645,549	4,216,326	603,173,646	1,847,490	33,889	1,370,986	3,212
KPK including FATA	9,764,650	101,286	11,006	9,643,737	3,000	2,321	3,300
Baluchistan	765,768	15,810	10,063	5,475	732,819	100	1,501
Islamabad	90,187,102	4,568,113	1,539,507	88,601	36,496	83,931,331	23,054
AJK including Gilgit-Baltistan	715,229	47,553	2,000	86,385	900	51,359	527,032
Total	1,556,328,898	794,416,837	633,346,404	17,867,924	887,979	109,206,649	603,105

45.2 Market Risk:

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

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

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

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

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

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

Total capital charge for market risk is Rs. 2,478,060 thousand (2019: Rs. 1,279,111 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	73,651,718	–	73,651,718	63,039,290	–	63,039,290
Balances with other banks	7,719,615	–	7,719,615	7,886,702	–	7,886,702
Lendings to financial institutions	–	–	–	20,405,972	–	20,405,972
Investments	335,342,200	114,345,040	449,687,240	251,911,694	53,523,939	305,435,633
Advances	395,373,840	–	395,373,840	372,913,863	–	372,913,863
Fixed assets	21,213,709	–	21,213,709	19,696,568	–	19,696,568
Intangible assets	1,143,146	–	1,143,146	808,994	–	808,994
Assets held for sale	–	–	–	80,720	–	80,720
Deferred tax assets	1,623,001	–	1,623,001	2,489,752	–	2,489,752
Other assets	42,104,793	–	42,104,793	40,450,512	–	40,450,512
	878,172,022	114,345,040	992,517,062	779,684,067	53,523,939	833,208,006

45.2.2 Foreign Exchange Risk

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

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

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

Rupees in '000	2019			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	69,341,957	71,272,572	826,102	(1,104,513)
Pound Sterling	765,166	4,802,138	4,012,952	(24,020)
Euro	1,057,255	1,667,512	575,055	(35,202)
Other European currencies	43,967	–	11,778	55,745
Other currencies	765,193	594,312	337,567	508,448
	71,973,538	78,336,534	5,763,454	(599,542)

Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rate on				
- Profit and loss account	-	282,293	-	61,028

45.2.3 Equity position risk

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

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

At the end of FY 2020 Bank's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	(2,004)
- Other comprehensive income	(217,649)	-	(228,076)	-

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

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

Key IRRBB measures include:

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

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Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	198,700	(1,855,847)	165,200	(555,021)
- Other comprehensive income	(1,302,000)	–	(826,000)	–

45.2.5 Mismatch of interest rate sensitive assets and liabilities

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

Rupees in '000	Effective Yield / Interest rate	2020										Non-interest bearing financial instruments
		Total	Exposed to yield / interest risk									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.02%	73,651,718	7,501,569	–	–	–	–	–	–	–	–	66,150,149
Balances with other banks	0.76%	7,719,615	5,517,529	–	–	–	–	–	–	–	–	2,202,086
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–	–	–
Investments	9.50%	449,687,240	15,622,941	58,751,580	120,070,417	61,770,424	40,920,325	33,955,440	54,255,063	54,943,986	2,979,782	6,417,282
Advances	9.59%	395,373,840	102,188,676	90,346,678	62,054,860	55,656,168	16,195,531	28,636,248	17,130,621	18,185,100	4,979,958	–
Assets held for sale	–	–	–	–	–	–	–	–	–	–	–	–
Other assets	–	17,969,273	–	–	–	–	–	–	–	–	–	17,969,273
		944,401,686	130,830,715	149,098,258	182,125,277	117,426,592	57,115,856	62,591,688	71,385,684	73,129,086	7,959,740	92,738,790
Liabilities												
Bills payable	–	12,629,996	–	–	–	–	–	–	–	–	–	12,629,996
Borrowings	5.28%	84,163,669	49,154,031	11,325,742	2,269,358	932,385	4,921,250	5,797,687	4,881,608	4,184,236	697,372	–
Deposits and other accounts	5.54%	791,186,883	44,231,276	27,758,618	14,973,898	32,548,775	103,410,010	101,094,323	109,372,558	86,691,947	14,393,710	256,711,768
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated loans	10.67%	12,000,000	–	6,000,000	6,000,000	–	–	–	–	–	–	–
Other liabilities	–	4,168,790	–	–	–	–	–	–	–	–	–	4,168,790
		904,149,338	93,385,307	45,084,360	23,243,256	33,481,160	108,331,260	106,892,010	114,254,166	90,876,183	15,091,082	273,510,554
On-balance sheet gap		40,252,348	37,445,408	104,013,898	158,882,021	83,945,432	(51,215,404)	(44,300,322)	(42,868,482)	(17,747,097)	(7,131,342)	(180,771,764)
Off-balance sheet financial instruments												
Sale and repurchase agreements	5.50%	30,084,187	30,084,187	–	–	–	–	–	–	–	–	–
Commitments to extend credits	–	13,721,426	13,721,426	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		(43,805,613)	(43,805,613)	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			81,251,021	104,013,898	158,882,021	83,945,432	(51,215,404)	(44,300,322)	(42,868,482)	(17,747,097)	(7,131,342)	(180,771,764)
Cumulative yield / interest risk sensitivity gap			81,251,021	185,264,919	344,146,940	428,092,372	376,876,968	332,576,646	289,708,164	271,961,067	264,829,725	–

Mismatch of interest rate sensitive assets and liabilities

		2019											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Upto 1					Over 1			Over 5		Non-interest bearing financial instruments
			Month	Months	Months	Months to 6	Months to 1	Years	Years	Years	Years	Above 10	
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.17%	63,039,290	8,684,787	-	-	-	-	-	-	-	-	54,354,503	
Balances with other banks	1.02%	7,886,702	6,550,373	-	-	-	-	-	-	-	-	1,336,329	
Lendings to financial institutions	10.77%	20,405,972	16,535,190	3,870,782	-	-	-	-	-	-	-	-	
Investments	9.70%	305,435,633	997,773	34,989,307	34,806,967	103,978,486	34,961,505	32,179,773	37,748,536	19,467,644	-	6,305,642	
Advances	11.38%	372,913,863	98,250,996	119,136,062	50,125,061	70,802,714	14,312,861	5,964,061	6,606,518	7,006,055	709,535	-	
Assets held for sale	-	80,720	-	-	-	-	-	-	-	-	-	80,720	
Other assets	-	16,880,680	-	-	-	-	-	-	-	-	-	16,880,680	
		786,642,860	131,019,119	157,996,151	84,932,028	174,781,200	49,274,366	38,143,834	44,355,054	26,473,699	709,535	78,957,874	
Liabilities													
Bills payable	-	15,768,947	-	-	-	-	-	-	-	-	-	15,768,947	
Borrowings	7.31%	51,187,681	27,568,097	11,126,324	4,414,020	1,018,350	2,421,248	1,483,877	1,483,877	1,271,895	211,982	188,011	
Deposits and other accounts	6.96%	679,299,486	30,762,454	34,847,055	20,780,524	45,333,793	84,452,419	84,808,111	93,283,552	71,353,579	11,898,613	201,779,386	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	13.03%	9,992,000	-	3,992,000	6,000,000	-	-	-	-	-	-	-	
Other liabilities	-	6,555,948	-	700,000	-	-	-	-	-	-	-	5,855,948	
		762,804,062	58,330,551	50,665,379	31,194,544	46,352,143	86,873,667	86,291,988	94,767,429	72,625,474	12,110,595	223,592,292	
On-balance sheet gap		23,838,798	72,688,568	107,330,772	53,737,484	128,429,057	(37,599,301)	(48,148,154)	(50,412,375)	(46,151,775)	(11,401,060)	(144,634,418)	
Off-balance sheet financial instruments													
Purchase and resale agreements	11.75%	14,084,250	14,084,250	-	-	-	-	-	-	-	-	-	
Sale and repurchase agreements	9.62%	22,011,978	22,011,978	-	-	-	-	-	-	-	-	-	
Commitments to extend credits	-	7,255,882	7,255,882	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap		(15,183,610)	(15,183,610)	-	-	-	-	-	-	-	-	-	
Total yield / interest risk sensitivity gap			57,504,958	107,330,772	53,737,484	128,429,057	(37,599,301)	(48,148,154)	(50,412,375)	(46,151,775)	(11,401,060)	(144,634,418)	
Cumulative yield / interest risk sensitivity gap			57,504,958	164,835,730	218,573,214	347,002,271	309,402,970	261,254,816	210,842,441	164,690,666	153,289,606	-	

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

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

45.2.5.3 Assets do not include fixed assets of Rs. 21,213,709 thousand (2019: Rs. 19,696,568 thousand), Intangible assets of Rs. 1,143,146 thousand (2019: Rs. 808,994 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, unrealized gain on forward foreign exchange contracts-net and stationary ,stamps in hand and acceptances of Rs. 21,087,768 thousand (2019: Rs. 21,259,789 thousand).

45.2.5.4 Liabilities do not include other liabilities consisting of unearned income / commission, advance payments, acceptances, branch adjustment account, withholding taxes payable, federal excise duty, provision against off-balance sheet items and Worker's Welfare Fund of Rs. 15,355,889 thousand (2019: Rs. 12,947,530 thousand).

45.3 OPERATIONAL RISK

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

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

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

45.3.1 Operational Risk-Disclosures Basel II specific

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

45.4 Liquidity Risk

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

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

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

		2020													
			Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3		
			to 7	to 14	days to 1	to 2	to 3	to 6	to 9	months	to 2	to 3	to 5	Over	
			days	days	month	months	months	months	months	to 1 year	years	years	years	5 years	
Rupees in '000		Total	Upto 1 day												
Assets															
	Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Investments	443,269,959	23,492	4,987,560	9,888,531	34,710,657	7,206,369	50,749,318	57,777,838	4,069,791	42,013,253	73,347,380	80,055,302	78,440,468	
	Advances	395,373,840	1,603,171	10,684,368	10,269,668	96,987,680	28,436,461	18,245,501	36,809,132	10,541,459	15,165,006	19,985,644	35,700,890	41,312,581	69,632,279
	Fixed assets	21,213,709	6,635	42,529	46,445	107,359	190,184	201,257	572,564	547,878	563,203	2,031,929	1,743,704	2,389,507	12,770,515
	Intangible assets	1,143,146	652	4,562	4,562	9,776	19,469	19,469	48,944	29,779	29,779	103,746	97,213	169,189	606,006
	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Deferred tax assets	1,623,001	-	-	-	-	-	-	-	-	-	-	-	1,623,001	-
	Other assets	11,831,162	21,775	744,560	767,891	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	45,334	930,453	188,087	-
		874,454,817	1,655,725	11,476,019	16,076,126	111,170,016	64,322,276	26,443,021	89,392,340	69,994,603	20,738,210	64,179,906	111,819,640	125,737,667	161,449,268
Liabilities															
	Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Borrowings	45,520,055	-	28,011,681	3,436,751	6,275,140	4,124,151	584,508	1,199,719	-	932,385	39,641	916,079	-	-
	Deposits and other accounts	102,297,716	94,116	1,228,834	3,769,568	9,301,325	13,596,332	14,420,886	15,247,170	8,002,728	24,747,710	2,657,342	340,682	8,559,840	331,183
	Liabilities against assets subject to														
	finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
	Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	11,831,162	21,775	744,561	767,891	4,176,669	965,505	770,425	1,212,382	1,097,649	910,431	45,334	930,453	188,087	-
		171,648,933	115,891	29,985,076	7,974,210	19,753,134	18,685,988	15,775,819	17,659,271	9,100,377	26,590,526	2,742,317	2,187,214	8,747,927	12,331,183
	Net assets	702,805,884	1,539,834	(16,509,057)	8,101,916	91,416,882	45,636,288	10,667,202	71,733,069	60,894,226	(5,852,316)	61,437,589	109,632,426	116,989,740	149,118,085

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

		2019													
		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets															
Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	20,405,972	-	14,935,190	-	1,600,000	3,870,782	-	-	-	-	-	-	-	-	-
Investments	299,129,110	28,220	-	-	-	109,363	33,242,894	31,943,517	58,349,991	41,226,012	35,871,497	33,321,202	41,121,121	23,915,293	
Advances	372,913,863	338,054	534,250	749,780	98,107,424	29,675,476	3,446,254	50,891,687	21,112,198	17,231,765	18,102,205	12,150,568	53,823,256	66,750,946	
Fixed assets	19,696,568	6,863	43,916	48,045	237,943	222,072	181,088	587,170	555,103	558,828	1,926,926	1,689,803	2,486,369	11,152,442	
Intangible assets	808,994	584	4,086	4,086	144,727	23,331	11,666	52,159	51,102	51,102	134,814	71,569	118,873	140,895	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax assets	2,489,752	-	-	-	-	-	-	-	-	-	-	-	2,489,752	-	
Other assets	10,498,514	-	-	-	5,075,563	879,045	-	3,283,890	90,759	1,169,257	-	-	-	-	
	725,942,773	373,721	15,517,442	801,911	105,165,657	34,780,069	36,881,902	86,758,423	80,159,153	60,236,964	56,035,442	47,233,142	100,039,371	101,959,576	
Liabilities															
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	31,286,362	-	13,665,065	4,721,703	926,763	4,230,460	2,153,012	3,633,639	-	1,018,350	937,370	-	-	-	
Deposits and other accounts	122,017,254	301,237	596,783	2,541,852	4,421,964	10,184,942	24,808,450	20,674,637	9,483,529	36,076,111	1,247,276	1,564,031	10,047,200	69,242	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	9,992,000	-	-	-	-	-	800	-	800	-	1,600	1,600	3,987,200	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	10,498,514	-	-	-	5,075,563	879,045	-	3,283,890	90,759	1,169,257	-	-	-	-	
	173,794,130	301,237	14,261,848	7,263,555	10,424,290	15,294,447	26,962,262	27,592,166	9,575,088	38,263,718	2,186,246	1,565,631	14,034,400	6,069,242	
Net assets	552,148,643	72,484	1,255,594	(6,461,644)	94,741,367	19,485,622	9,919,640	59,166,257	70,584,065	21,973,246	53,849,196	45,667,511	86,004,971	95,890,334	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

		2020									
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets											
Cash and balances with treasury banks	73,651,718	22,832,033	-	-	-	12,704,921	12,704,921	12,704,921	10,889,933	1,814,989	
Balances with other banks	7,719,615	2,603,054	2,846,994	1,296,895	972,672	-	-	-	-	-	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	
Investments	449,687,240	16,503,545	42,300,261	50,962,381	61,954,161	42,995,488	74,329,614	81,134,364	75,984,598	3,522,828	
Advances	395,373,840	119,544,886	46,681,961	36,809,131	25,706,464	19,985,643	35,700,889	41,312,582	38,054,933	31,577,351	
Fixed assets	21,213,709	202,969	391,440	572,564	1,111,081	2,031,929	1,743,704	2,389,507	2,163,528	10,606,987	
Intangible assets	1,143,146	19,552	38,938	48,944	59,558	103,746	97,213	169,190	606,005	-	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	
Deferred tax assets	1,623,001	990,031	-	-	64,706	64,853	185,632	317,779	-	-	
Other assets	42,104,793	12,068,359	1,735,930	1,212,382	2,008,080	6,024,376	6,909,495	6,167,129	5,124,893	854,149	
	992,517,062	174,764,429	93,995,524	90,902,297	91,876,722	83,910,956	131,671,468	144,195,472	132,823,890	48,376,304	
Liabilities											
Bills payable	12,629,996	6,153,334	5,014,190	835,698	626,774	-	-	-	-	-	
Borrowings	84,163,669	49,154,031	11,325,742	2,269,358	932,385	4,921,250	5,797,687	4,881,608	4,184,236	697,372	
Deposits and other accounts	791,186,883	134,848,881	37,616,031	14,973,898	32,548,775	142,469,198	140,153,510	148,431,745	120,171,251	19,973,594	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	
Other liabilities	37,990,164	20,098,348	1,735,930	1,212,382	2,008,080	2,988,222	3,873,341	3,130,974	2,522,475	420,412	
	937,970,712	210,254,594	55,691,893	19,291,336	36,116,014	150,378,670	149,824,538	156,444,327	132,877,962	27,091,378	
Net assets	54,546,350	(35,490,165)	38,303,631	71,610,961	55,760,708	(66,467,714)	(18,153,070)	(12,248,855)	(54,072)	21,284,926	
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	
Reserves	25,632,015	-	-	-	-	-	-	-	-	-	
Unappropriated profit	8,673,949	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	7,637,784	-	-	-	-	-	-	-	-	-	
	54,546,350	-	-	-	-	-	-	-	-	-	

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

		2019									
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets											
Cash and balances with treasury banks	63,039,290	19,542,180	-	-	-	10,874,278	10,874,278	10,874,278	9,320,809	1,553,467	
Balances with other banks	7,886,702	2,659,396	2,908,616	1,324,966	993,724	-	-	-	-	-	
Lendings to financial institutions	20,405,972	16,535,190	3,870,782	-	-	-	-	-	-	-	
Investments	305,435,633	1,611,663	33,735,819	32,091,095	99,649,791	36,826,035	34,275,740	42,235,659	24,203,306	806,525	
Advances	372,913,863	99,729,508	33,121,731	50,891,687	38,343,963	18,102,205	12,150,568	53,823,256	35,869,131	30,881,814	
Fixed assets	19,696,568	336,768	411,388	594,587	1,101,934	1,926,643	1,689,517	2,486,884	1,939,869	9,208,978	
Intangible assets	808,994	153,440	34,997	52,159	102,205	134,814	71,569	118,873	140,937	-	
Assets held for sale	80,720	-	-	-	80,720	-	-	-	-	-	
Deferred tax assets	2,489,752	1,518,749	-	-	99,261	99,488	284,767	487,487	-	-	
Other assets	40,450,512	11,365,547	879,045	3,283,890	1,260,016	5,915,504	5,915,504	5,915,504	5,070,432	845,070	
	833,208,006	153,452,441	74,962,378	88,238,384	141,631,614	73,878,967	65,261,943	115,941,941	76,544,484	43,295,854	
Liabilities											
Bills payable	15,768,947	7,682,631	6,260,374	1,043,396	782,546	-	-	-	-	-	
Borrowings	51,187,681	27,680,904	11,190,785	4,424,763	1,018,350	2,421,248	1,483,877	1,483,877	1,271,895	211,982	
Deposits and other accounts	679,299,486	102,774,906	42,554,900	20,769,033	45,308,154	114,977,575	115,333,115	123,803,769	97,518,590	16,259,444	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	9,992,000	-	800	-	800	1,600	1,600	3,987,200	-	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	
Other liabilities	34,704,048	18,388,607	879,045	3,283,890	1,260,016	2,723,123	2,723,123	2,723,123	2,334,103	389,018	
	790,952,162	156,527,048	60,885,904	29,521,082	48,369,866	120,123,546	119,541,715	131,997,969	101,124,588	22,860,444	
Net assets	42,255,844	(3,074,607)	14,076,474	58,717,302	93,261,748	(46,244,579)	(54,279,772)	(16,056,028)	(24,580,104)	20,435,410	
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	
Reserves	19,366,260	-	-	-	-	-	-	-	-	-	
Unappropriated profit	5,986,556	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	4,300,426	-	-	-	-	-	-	-	-	-	
	42,255,844	-	-	-	-	-	-	-	-	-	

45.5 Derivative Risk

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

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

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

46. GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2021 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2020 do not include the effect of the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2021 as follows:

Rupees in '000	2020	2019
Transfer from unappropriated profit to:		
Proposed final cash dividend - Rs. 3 per share (2019: Rs. 1.5 per share)	3,780,781	1,890,390
General reserve	4,893,168	4,096,166




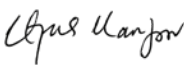
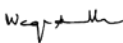
46.2 Captions as prescribed by BSD Circular No. 4 dated February 17, 2006 issued by the SBP in respect of which there are no amounts have not been reproduced in these unconsolidated financial statements except for the unconsolidated statement of financial position and unconsolidated profit and loss account.

47. RECLASSIFICATION OF COMPARATIVE FIGURES

Where necessary, corresponding figures have been regrouped to conform to the presentation of current year amounts. Such regrouping does not have an impact on previously reported unconsolidated statement of financial position or unconsolidated profit and loss account.

48. DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 15, 2021 by the Board of Directors of the Bank.

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

ANNEXURE-1

Statement Showing Written-Off Loans Or Any Other Financial Reliefs Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2020

Statement in terms of sub-section (3) of section 33-A of Banking Companies Ordinance, 1962 in respect of written off loans or any other financial reliefs of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2020 as referred to in note 9.6 to these financial statements

Rupees in '000											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
1	Shahab Saqib House No.256, Street No.5, Gulraiz Housing Scheme, Phase-II, Rawalpindi.	Shahab Saqib 37405-9510858-5	Sadeeq Hassan Malik	-	3,614	-	3,614	-	3,537	-	3,537
2	Mirza Muhammad Asif Baig House No 145, Block "Q" Phase-2 DHA Lahore Cantt	Mirza Muhammad Asif Baig 35201-1614793-9	Mirza Aslam Baig	-	2,556	-	2,556	-	1,916	-	1,916
3	Diamond Industry Plot # WSA-31, Block-16, F.B.Area, Karachi	Taju Dowla (Mst.) 42201-0441818-8	W/O Abbas Bhai	31,991	2,756	-	34,747	-	2,756	-	2,756
4	Farrukh Masood Khan H # 16, Street # 04, Safari Villas 1, Bahria Town Rawalpindi	Farrukh Masood Khan 37405-1945270-3	M Afzal Khan	3,499	687	323	4,509	-	687	295	982
5	Qudrat Ullah Purana Narang Road, Near Govt. Girls High School, Muridke, Dist. Sheikhpura.	Qudrat Ullah 35401-1761772-5	Inayat Ali	1,500	1,948	-	3,448	-	1,461	-	1,461
6	Raza Anjum Mohallah Rasool Nagar, Molvee Zahoor Wali, Sheikhpura.	Raza Anjum 35404-1572990-9	Mughal Khan	475	720	-	1,195	-	502	-	502
7	Nasir Ali Chak No. 13 JB,Williamawala, Tehsil and Distt. Chiniot.	Nasir Ali 33201-1711950-5	Sardar Ali	1,991	2,273	-	4,264	-	1,689	-	1,689
8	Ali Associates 70/1, Civil Lines, Kachehry Road, Sargodha	Shakeel Jahangir 38403-5101471-5	Ahmed Ali	14,100	783	-	14,883	-	783	-	783
9	DHA Cogen Limited D-35, Block-5, Clifton, Karachi	Haseeb Khan 35201-1261577-3 Colin Shiutung Tam PP No.711346883 (American) Samson Shung Lai Ng PP No.BA296405 (Canadian) Muhammad Waqas Mohsin 42301-8916034-1 Lt.Col. (Retd) Najam Ul Islam Rishi 42301-1108277-3 Eric D' Esparbes PP No.BC259387 (Canadian) Noman Ansari 42301-1092328-5 Khalid Nazir 36302-8398627-7	Sardar Abdul Muqet Hung-ye Tam Wing Ng Muhammad Yusuf Mohsin Naseer Ahmed Rishi Patrick D' Esparbes Fahim Ansari Mian Nazir Ahmad	401,144	39,863	296,753	737,760	374,707	39,864	296,753	711,324
10	Saleem Ullah Khan Phool Nagar, Kasur	Saleem Ullah Khan 35103-1347663-5	Abdul Karim Khan	825	1,137	-	1,962	-	852	-	852
11	Saeed Ullah Khan Major Saadullah Khan Koruna Ulmanzai, Tehsil and Distt. Charsadda.	Saeed Ullah Khan 17101-3676667-9	Inayat Ullah Khan	1,953	816	-	2,769	-	612	-	612

Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
12	Sohaib Akbar 9A, Garden Area Satellite Town Bahawalpur	Sohaib Akbar 35202-2679009-5	Abdul Hakeem Sindher	1,995	2,048	285	4,328	-	1,023	221	1,244
13	Asif Ali Dharam Kot PO Ali Pur Chattha Tehsil Wazirabad Distt Gujranwala	Asif Ali 34104-2299050-3	Munir Ahmed	3,500	480	274	4,254	-	329	238	567
14	Abdul Mannan H # 172 B/1 Johar Town Lahore	Abdul Mannan 35202-3246786-7	Sh Ahmed Ullah	239	488	21	748	-	487	21	508
15	Salman Sheikh House # 19, St # 29 Sector F-8/1 Islamabad	Salman Sheikh 61101-9881268-9	Sheikh Ghulam Sarwar	1,462	2,368	95	3,925	-	1,524	82	1,606
16	Basit Ikram House # 928, Nizam Block Allama Iqbal Town Lahore	Basit Ikram 35202-2199989-1	Muhammad Ikram	386	837	44	1,267	-	837	44	881
17	Ali Cotton Ginners 31-A, Altaf Town, Tariq Road, Multan 265, Shamsabad Colony, Multan	Mian Amjad Ali 36302-9697677-7 Mian Nadeem Akhtar 36302-0687107-1 Muzaffar 36302-5927051-1	Mian Muhammad Ramzan Mian Muhammad Ramzan Mian Muhammad Ramzan	1,500	7,585	-	9,085	-	3,688	-	3,688
18	Abrah Cotton Industries 31-A, Altaf Town, Tariq Road, Multan 265, Shamsabad Colony, Multan	Mian Amjad Ali 36302-9697677-7 Mian Liaqat Ali 36301-9240694-3 Mian Nadeem Akhtar 36302-0687107-1 Mian Asghar Ali 36301-0707589-3	Mian Muhammad Ramzan Mian Muhammad Ramzan Mian Muhammad Ramzan	17,604	7,274	-	24,878	-	7,274	-	7,274
19	Amjad Ali 265, Shamsabad Colony, Multan	Mian Amjad Ali 36302-9697677-7	Mian Muhammad Ramzan	10,000	5,251	-	15,251	-	4,252	-	4,252
20	Jeeva Textiles Mills (Pvt) Ltd. 301-A, Regency Arcade, 3rd Floor, The Mall D, Faisalabad	Asad Majeed 33100-0960341-5 Ahsen Majeed 33100-9266595-7 Nazli Asad (Mrs.) 33100-2400903-0	Sheikh Abdul Majeed Asad Majeed Asad Majeed	369,087	213,646	388,698	971,431	373,719	214,564	388,698	976,981
21	Hope Enterprises 86- Chamberlain Road Lahore	Aurangzaib Aslam 35201-8013506-9	Muhammad Aslam	8,989	3,927	-	12,916	-	3,927	-	3,927
22	Sohail Zafar Moza Saldara Tehsil Burewala Distt. Vehari	Sohail Zafar 35202-2347270-9	Zafar Hayat Khan	1,270	924	-	2,194	-	693	-	693
23	Malik Muhammad Nawaz Meer Pur Bhattian P.O. Kot Hussain Khan, Tehsil Nankana Sahib	Malik Muhammad Nawaz 35402-3223489-9	Muhammad Mansha	500	853	-	1,353	-	640	-	640
24	Itikhar Hussain Shah Village Syedan, PO Tehsil Fateh Jangh, Distt. Attock	Itikhar Hussain Shah 37406-7963542-9	Majeed Hussain Shah	751	1,018	-	1,769	-	509	-	509
25	Faisal Amin Mouza Koiki Bahwal, Tehsil Depalpur, Distt. Okara	Faisal Amin 35301-686844-1	Muhammad Amin Khan	3,000	3,586	-	6,586	-	2,675	-	2,675

ANNEXURE-1

Statement Showing Written-Off Loans Or Any Other Financial Reliefs Of Five Hundred Thousand Rupees Or Above Provided During The Year Ended December 31, 2020

Rupees in '000											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
26	Miraj Din Saleh Pur PO & Tehsil Kamonki Distt. Gujranwala	Miraj Din 34102-0440187-9	Wali Dad	933	1,693	-	2,626	-	1,185	-	1,185
27	Ch. Muhammad Ashraf Vill. Darvesh Kay PO Dharmo Kay Tehsil Daska, Distt. Sialkot	Ch. Muhammad Ashraf 31103-1160706-9	Haji Muhammad Shafi	729	917	-	1,646	-	637	-	637
28	Nadeem Akhtar Pathan Village Al Mansoor Colony Ghotki Taluka Ghotki	Nadeem Akhtar Pathan 45102-6807422-1	Muhammad Azeem Pathan	500	727	-	1,227	-	509	-	509
29	Malik Zaighum Abbas Chak Mian Ghulam Rasool, Rukan Pura, Tehsil Depalpur, Distt. Okara	Malik Zaighum Abbas 35301-1887475-3	Mian Muhammad Shafi	1,600	2,103	-	3,703	-	946	-	946
30	Adeel Ahmed H. No.111, St. 42, Sector G 11/2, Islamabad	Adeel Ahmed 35202-1862917-1	Muhammad Akram Bhutter	530	881	-	1,411	-	659	-	659
31	Hamid Younas Chak No.7 JB Tehsil & Distt. Faisalabad	Hamid Younas 33100-4280885-1	Muhammad Younis	2,000	2,812	-	4,812	-	1,686	-	1,686
32	Nayyer Abbas Moza Kheertran Wala, Qila Bhattian Wala, PO Khas, Tehsil Muridky, Distt. Shekhupura	Nayyer Abbas 35401-1841438-7	Bashir Ahmed	1,000	680	-	1,680	-	510	-	510
33	Malik Khizar Hayat Rehan Chak No.48, UCC, PO Khas, Tehsil Muridky, Distt. Shekhupura	Malik Khizar Hayat Rehan 35401-7496955-5	Abdul Razzaq	1,800	830	-	2,630	-	539	-	539
34	Rai Muhammad Usman Kot Namdar, Tehsil & Distt. Nankana	Rai Muhammad Usman 35501-0138048-7	Rai Masood Ahmad	435	856	-	1,291	-	642	-	642
35	Merajdin Nai Abadi, Chak Jalalidin, PO Khas, Tehsil & Distt. Rawalpindi	Merajdin 37405-5341917-3	Muhammad Yousaf	740	1,266	-	2,006	-	886	-	886
36	Muhammad Sakhi Bhatti Chah Pakka, Tehsil & Distt. Nankana	Muhammad Sakhi Bhatti 35202-5923859-3	Ameer Khan Bhatti	996	1,930	-	2,926	-	1,448	-	1,448
37	Rai Sheharyar Sakhi Bhatti Chah Pakka, Tehsil & Distt. Nankana	Rai Sheharyar Sakhi Bhatti 35202-3768913-7	Muhammad Sakhi Bhatti	980	1,885	-	2,865	-	1,414	-	1,414
38	Zakia Kausar Talwandi Mahthata Ehsa, Tehsil & Distt. Nankana	Zakia Kausar 35202-8466566-2	Ahsanullah	500	887	-	1,387	-	665	-	665
39	Sardar Muhammad Amanullah Khan Daiman Wala Klan, PO. Buchay Ke, Tehsil & Distt. Nankana	Sardar Muhammad Amanullah Khan 35402-2222802-1	Ch. Bahadur Ali Khan	1,899	2,638	-	4,537	-	1,978	-	1,978

Outstanding liabilities at beginning of the year											
Sr. #	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark - up waived-off / written off	Other financial relief provided	Total
40	Rashid Zafar Ghauri Flat # B-404, Chapal Ocean Centre, Block 4, Clifton Karachi	Rashid Zafar Ghauri 42301-9216894-1	Zafar Asad Ghauri	449	1,344	18	1,811	-	1,093	18	1,111
41	Muhammad Ehtesham Siddiqui H # A-450, 1st Floor Block L North Nazimabad Karachi	Muhammad Ehtesham Siddiqui 37406-1639435-3	Muhammad Naem Siddiqui	1,640	895	386	2,921	-	731	184	915
42	Awan Enterprises House No.58, Tulsaa Road, Lalazar, Rawalpindi	Muhammad Afzal Malik 37405-0338512-3 Sardar Bano Malik 37405-0311783-0 Farhana Javed 37405-0439449-8 Asif Afzal Malik 37405-0338515-1	Malik Noor Khan Walayat Khan Muhammad Afzal Malik Muhammad Afzal Malik	6,300	7,059	-	13,359	-	4,202	-	4,202
43	Sajid Textile Industries (Pvt) Ltd. Plot # 6, Sector-12- AWSA-31, Block-16, FB.Area, Karachi	Zahid Maqbool 42101-3632846-3 Rehana Maqbool 42101-2134568-2 Sajid Maqbool 42101-8642463-9 Farrukh Maqbool 42101-3546491-3 Khurram Maqbool 42101-1766790-5	Maqbool Ahmed Maqbool Ahmed Maqbool Ahmed Maqbool Ahmed Maqbool Ahmed	68,481	114,665	56,440	239,586	-	114,665	56,440	171,105
44	New Mian Traders H. No. 1284/67, St. No. 14, Mohallah Qadirabad, Tareen Road, Near EFU Office, Multan	Mian Aamir Bashir 36302-7125208-1	Bashir Ahmed	2,000	253	368	2,621	-	199	368	567
45	Irfan & Co. Circular Road, Bahawalpur.	Muhammad Aamir Rasheed 31202-0325434-7	Ch. Abdul Rasheed	2,499	437	1,374	4,310	-	337	1,374	1,711
46	Al-Saba Textile Plot#121, Sector-9, Orangi Town, Karachi	Muhammad Nadeem Iqbal 42101-8043518-9	Muhammad Yahya	6,329	7,278	568	14,175	-	7,277	568	7,845
47	National Traders 70 - Agha Qadir Dad Zari Market, Rohri, District Sukkur	Nand Lal 45504-7658567-5	Late Sobhraj	1,529	5,904	4,342	11,775	-	4,902	4,342	9,244
Total				961,630	465,378	749,989	2,196,997	748,426	444,191	749,646	1,942,263

PROFILE OF MEMBERS OF SHARIAH BOARD

Mufti Muhammad Zahid

(Chairman)

Mufti Muhammad Zahid is a notable figure in the field of Shariah and has been teaching various branches of Islam and Arabic language for over 30 years, besides being the Vice President of Jamia Imdadia, Faisalabad and a member of its Dar-ul-Ifita since 1989.

Mufti Muhammad Zahid has authored various publications including اسلامى بينکارى کی بنيادين - ایک تعارف (translation from English to Urdu of the work of Mufti Muhammad Taqi Usmani).

Mufti Muhammad Zahid holds Shahadh Al-Alamiyyah (شهادة العالمية) from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Masters Degree in Arabic from International Islamic University, Islamabad.

Term of Office

Joined the Shariah Board on June 1, 2015.

Other Membership (s)

- Shariah Supervisory Committee of Bank of Khyber – Chairman
- Shariah Board of Bank of Punjab – Chairman

Mufti Ismatullah

(Member)

Mufti Ismatullah holds a PhD in Islamic Finance from Karachi University and did his Takhassus (specialization) in Islamic Fiqh and Fatawa from Jamia Dar ul Uloom, Karachi. Mufti Ismatullah also holds Shahadh Al-Alamiyyah (شهادة العالمية) degree.

Mufti Ismatullah has been teaching Quran, Hadith, Fiqh, Philosophy and Arabic Grammar at Dar-ul-Uloom, Karachi since 1993 and has issued over 25,000 fatawas while serving at Dar-ul-Ifita' of Dar-ul-Uloom, Karachi. Mufti Ismatullah is also involved in research in the fields of Islamic finance, especially Takaful and has compiled a book on Takaful which is very famous and popular in takaful industry.

Term of Office

Joined the Shariah Board on June 1, 2015.

Other Membership (s)

- Shariah Board of Bank Al-Habib – Chairman
- Shariah Board of Pak Qatar Takaful Group – Member
- Shariah Advisor of IGI Window Takaful
- Shariah Advisor of Al-Habib Asset Management Limited

Dr. Muhammad Tahir Mansoori

(Resident Member)

Dr. Muhammad Tahir Mansoori is an eminent scholar and recipient of the President of Pakistan's Medal for Pride of Performance. Dr. Mansoori holds Moulvi Alim and Moulvi Fazil degrees from 'Dar ul-uloom' Mansoorah, LLM Shariah from International Islamic University, Islamabad and PhD in Islamic Studies from Punjab University, Lahore.

Dr. Mansoori has taught and written on Fiqh and Usool-e-Fiqh matters for over three decades. He is the author of numerous publications including, Al-Madkhal-Al-Masrafi (Introduction to Islamic Banking) in Arabic, Islamic Law of Contracts and Business Transactions, and Shariah Maxims on Financial Matters.

Term of Office

Joined the Shariah Board on June 1, 2015.

Other Membership (s)

- Shariah Advisory Committee of Securities and Exchange Commission of Pakistan (SECP) – Member

Shariah Board (SB)- Attendance and Brief Terms of Reference

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

SB Members	Date of Meeting				
	Attendance / Total Meetings	March 18, 2020	June 29, 2020	September 25, 2020	December 29, 2020
Name of Members and their attendance in each meeting					
Mufti Muhammad Zahid (Chairman)	4/4	1	1	1	1
Mufti Ismatullah (Member)	4/4	1	1	1	1
Dr Muhammad Tahir Mansoori (RSBM)	4/4	1	1	1	1

ANNEXURE-2

REPORT OF SHARIAH BOARD FOR THE YEAR ENDED DECEMBER 31, 2020

In the name of Allah, the Beneficent, the Merciful

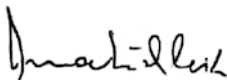
1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Askari *Ikhlas* Islamic Banking are conducted in a manner that comply with Shariah Principles at all times, we are required by the SBP's Shariah Governance Framework to submit a report on the overall Shariah compliance environment of Askari *Ikhlas* Islamic Banking.
2. To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the Shariah audit reports.

Based on above, we are of the view that:

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



Mufti Muhammad Zahid
Chairman Shariah Board



Mufti Ismatullah
Member Shariah Board



Dr. Muhammad Tahir
Resident Shariah Board Member

Date of Report: January 27, 2021

شریعی بورڈ کی رپورٹ

برائے سال 2020ء

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ!

انٹلیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی رو سے یہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ عسکری بینک لیونڈ اسلامی بینکاری سروسز کی تمام سرگرمیاں شریعت کے اصولوں کے مطابق ہیں۔ اسی طرح شریعی بورڈ کی ذمہ داری ہے کہ وہ بورڈ آف ڈائریکٹرز کو اسلامی بینکاری سروسز کی شرعی اصولوں کی مطابقت کے حوالے سے آگاہی فراہم کرے۔ شریعی بورڈ نے اپنی رپورٹ مرتب کرنے کے لیے شریعی ڈیپارٹمنٹ اور آڈٹ ڈیپارٹمنٹ کی رپورٹس کا بغور جائزہ لیا ہے۔ ان حقائق و معلومات سے ہم نے درج ذیل نتائج اخذ کیے ہیں۔

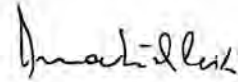
- ۱۔ اسلامک بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لیونڈ نے شریعی بورڈ کے قیام اور ہدایات کو ملحوظ رکھا ہے۔
- ۲۔ اسلامک بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لیونڈ نے انٹلیٹ بینک آف پاکستان اور اس کے شریعی بورڈ کی جاری کردہ ہدایات اور احکامات کی پاسداری کی ہے۔
- ۳۔ شرعی اصول کی پاسداری کے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



مفتی محمد زاہد
چیرمین شریعی بورڈ



ڈاکٹر محمد طاہر
ریزیڈنٹ شریعی بورڈ ممبر



مفتی عصمت اللہ
ممبر شریعی بورڈ

مورخہ: ۲۷ جنوری ۲۰۲۱ء

ANNEXURE-2

AS AT DECEMBER 31, 2020

The Bank is operating 95 Islamic banking branches including 3 sub-branches at the end of 2020 (2019: 94 including 3 sub-branches).

Rupees in '000	Note	2020	2019
ASSETS			
Cash and balances with treasury banks		5,161,165	9,290,046
Balances with other banks		1,152,370	22,019
Due from financial Institutions	1	–	6,330,782
Investments	2	12,216,340	7,796,309
Islamic financing and related assets - net	3	64,269,691	46,802,128
Fixed assets		1,756,603	1,896,420
Intangible		–	–
Other assets		5,562,647	3,469,088
Total assets		90,118,816	75,606,792
LIABILITIES			
Bills payable		1,477,496	1,051,103
Due to financial institutions		11,810,905	2,187,925
Deposits and other accounts	4	65,305,888	62,859,181
Due to head office		–	–
Other liabilities		4,527,816	4,225,937
		83,122,105	70,324,146
NET ASSETS		6,996,711	5,282,646
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Deficit on revaluation of assets		(57,670)	(8,898)
Unappropriated profit	5	2,454,381	691,544
		6,996,711	5,282,646
CONTINGENCIES AND COMMITMENTS	6	11,741,980	8,055,344

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2020 is as follows:

Rupees in '000	Note	2020	2019
Profit / return earned	7	7,247,479	7,042,326
Profit / return expensed	8	3,272,719	3,990,424
Net Profit / return		3,974,760	3,051,902
Other income			
Fee and Commission Income		204,950	191,415
Dividend Income		–	–
Foreign Exchange Income		111,058	39,593
Income / (loss) from derivatives		–	–
Gain / (loss) on securities		1,706	–
Other Income		66,969	44,672
Total other income		384,683	275,680
Total Income		4,359,443	3,327,582
Other expenses			
Operating expenses		2,157,239	2,055,179
Workers Welfare Fund		–	–
Other charges		436	11,212
Total other expenses		2,157,675	2,066,391
Profit / (loss) before provisions		2,201,768	1,261,191
Provisions and write offs - net		438,931	185,407
Profit / (loss) before taxation		1,762,837	1,075,784

ANNEXURE-2

AS AT DECEMBER 31, 2020

Rupees in '000	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
1. DUE FROM FINANCIAL INSTITUTIONS						
Secured	-	-	-	-	-	-
Unsecured	-	-	-	2,960,000	-	2,960,000
Bai Muajjal Receivable from other Financial Institutions	-	-	-	1,491,797	-	1,491,797
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,878,985	-	1,878,985
Others	-	-	-	-	-	-
	-	-	-	6,330,782	-	6,330,782

Rupees in '000	2020				2019			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
2. INVESTMENTS BY SEGMENTS								
Federal Government Securities								
-Ijarah Sukuks	5,538,804	-	(58,148)	5,480,656	1,000,000	-	(10,000)	990,000
-GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	10,784,950	-	(58,148)	10,726,802	6,246,146	-	(10,000)	6,236,146
Non Government Debt Securities								
-Listed	70,000	-	478	70,478	140,000	-	1,102	141,102
-Unlisted	1,979,023	(559,963)	-	1,419,060	2,035,213	(616,152)	-	1,419,061
	2,049,023	(559,963)	478	1,489,538	2,175,213	(616,152)	1,102	1,560,163
Total Investments	12,833,973	(559,963)	(57,670)	12,216,340	8,421,359	(616,152)	(8,898)	7,796,309

Rupees in '000	Note	2020	2019
3. ISLAMIC FINANCING AND RELATED ASSETS			
Ijarah	3.1	4,227,697	4,170,338
Murabaha	3.2	4,379,276	4,008,084
Musharaka		28,545,253	16,173,493
Diminishing Musharaka		16,936,532	13,055,698
Salam		4,935,938	4,590,685
Istisna		2,744,352	2,793,995
Receivable against Sale of Istisna/Salam Inventory		150,000	250,000
Service Ijarah		752,176	519,672
Other Islamic Modes (Executive Car Finance-Qarz-e-Hasana)		93,424	73,025
Advances against Islamic assets	3.3	1,488,133	387,767
Inventory related to Islamic financing	3.4	1,122,844	1,390,185
Gross Islamic financing and related assets		65,375,625	47,412,942
Less: provision against Islamic financings			
- Specific		1,023,192	574,042
- General		82,742	36,772
		1,105,934	610,814
Islamic financing and related assets - net of provision		64,269,691	46,802,128

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

Rupees in '000	2019								Book value as at December 31, 2019
	Cost				Depreciation				
	As at January 1, 2019	Additions	(Deletions)	As at December 31, 2019	As at January 1, 2019	Charge for the year	Adjustments / (Deletions)	As at December 31, 2019	
Plant and machinery	709,242	13,959	(42,232)	680,969	317,654	147,308	(34,586)	430,376	250,593
Vehicles	5,275,275	1,620,502	(1,128,204)	5,767,573	1,614,399	919,393	(598,050)	1,935,742	3,831,831
Equipment	61,925	-	(61,925)	-	43,011	7,654	(50,665)	-	-
Total	6,046,442	1,634,461	(1,232,361)	6,448,542	1,975,064	1,074,355	(683,301)	2,366,118	4,082,424

Rupees in '000	2020				2019			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
	Net investment under Ijarah							
Ijarah rentals receivable	89,767	-	-	89,767	89,767	-	-	89,767
Residual value	1,788	-	-	1,788	1,788	-	-	1,788
Minimum Ijarah payments	91,555	-	-	91,555	91,555	-	-	91,555
Profit for future periods	(3,641)	-	-	(3,641)	(3,641)	-	-	(3,641)
Net Assets / Investments in Ijarah	87,914	-	-	87,914	87,914	-	-	87,914

Rupees in '000	2020				2019			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
	Future Ijarah rental receivable							
Ijarah rentals receivable	1,379,360	2,035,536	64,936	3,479,832	1,537,826	2,275,714	40,352	3,853,892

Rupees in '000		Note	2020	2018
3.2 Murabaha				
Murabaha financing	3.2.1		3,981,697	3,246,465
Inventory for Murabaha			-	-
Advances for Murabaha			397,579	761,619
			4,379,276	4,008,084
3.2.1	Murabaha receivable - gross	3.2.3	4,128,467	3,432,590
	Less: Deferred murabaha income	3.2.4	60,691	89,942
	Profit receivable shown in other assets		86,079	96,183
	Murabaha financings		3,981,697	3,246,465
3.2.2	The movement in Murabaha financing during the year is as follows:			
	Opening balance		3,246,465	3,351,076
	Sales during the year		10,286,457	10,647,999
	Adjusted during the year		(9,551,225)	(10,752,610)
	Closing balance		3,981,697	3,246,465

ANNEXURE-2

AS AT DECEMBER 31, 2020

Rupees in '000	2020	2019
3.2.3 Murabaha sale price	4,128,467	3,432,590
Murabaha purchase price	(3,981,697)	(3,246,465)
	146,770	186,125
3.2.4 Deferred murabaha income		
Opening balance	89,942	54,709
Arising during the year	412,623	507,940
Less: Recognised during the year	441,874	472,707
Closing balance	60,691	89,942

Rupees in '000	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
3.3 Advance against islamic assets						
2020	578,819	-	909,314	-	-	1,488,133
2019	98,679	-	289,088	-	-	387,767

Rupees in '000	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
3.4 Inventory related to islamic financing						
2020	-	-	-	50,073	1,072,771	1,122,844
2019	-	-	-	131,082	1,259,103	1,390,185

Rupees in '000	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
4. DEPOSITS						
Customers						
Current deposits - non remunerative	22,397,739	914,894	23,312,633	17,359,803	604,238	17,964,041
Current deposits - remunerative	975,625	-	975,625	833,812	-	833,812
Savings deposits	22,726,587	892,475	23,619,062	18,388,692	420,421	18,809,113
Term deposits	12,058,779	-	12,058,779	22,768,441	-	22,768,441
Others	563,095	21,634	584,729	441,242	15,576	456,818
	58,721,825	1,829,003	60,550,828	59,791,990	1,040,235	60,832,225
Financial Institutions						
Current deposits - non remunerative	18,991	585	19,576	57,867	567	58,434
Savings deposits	335,484	-	335,484	333,522	-	333,522
Term deposits	4,400,000	-	4,400,000	1,635,000	-	1,635,000
	4,754,475	585	4,755,060	2,026,389	567	2,026,956
	63,476,300	1,829,588	65,305,888	61,818,379	1,040,802	62,859,181

Rupees in '000	2020	2019
4.1 Composition of deposits		
- Individuals	33,402,378	28,115,705
- Government / Public Sector Entities	7,336,967	13,755,110
- Banking Companies	61	37
- Non-Banking Financial Institutions	4,754,999	2,026,919
- Private Sector	19,811,483	18,961,410
	65,305,888	62,859,181

- 4.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 44,110,489 thousand (2019:Rs. 37,922,922 thousand).

Rupees in '000	2020	2019
5. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT / (LOSS)		
Opening Balance	691,544	(384,240)
Add: Islamic Banking profit for the period	1,762,837	1,075,784
Closing Balance	2,454,381	691,544
6. CONTINGENCIES AND COMMITMENTS		
-Guarantees	5,460,329	4,272,245
-Commitments	6,281,651	3,783,099
-Other contingent liabilities	-	-
	11,741,980	8,055,344
7. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	5,881,073	5,825,596
Investments	1,115,975	893,851
Placements	173,907	68,964
Bai Muajjal from SBP & Financial Institutions	76,524	253,915
	7,247,479	7,042,326
8. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	2,889,523	3,094,287
Due to Financial Institutions	199,267	619,205
Due to head office	7,423	81,800
Lease liability against right-of-use assets	176,506	195,132
	3,272,719	3,990,424
9. CHARITY FUND		
Opening Balance	52,137	23,209
Additions during the period		
- Received from customers on account of delayed payment	15,391	49,667
- Non-Shariah compliant income	-	123
- Profit on charity saving account	21	22
- Others	233	70
	15,645	49,882
Payments / utilization during the period		
- Education	(1,055)	(1,366)
- Community welfare	-	-
- Health	(41,270)	(16,991)
- Orphanage	(4,928)	(2,597)
	(47,253)	(20,954)
Closing Balance	20,529	52,137
9.1 Charity in excess of Rs. 500,000 was paid to following institutions:		
Bin Qutab Foundation, Lahore	3,000	-
Bali Memorial Trust, Lahore	4,928	2,347
Cancer Care Hospital & Research Center, Lahore	3,900	-
Chef International, Islamabad	1,600	925
Pakistan Thalassaemia Welfare Society, Rawalpindi	6,523	-
Hamza Foundation Welfare Hospital, Peshawar	1,143	1,066
Pakistan Children's Heart Foundation, Lahore	20,000	15,000
Patient Welfare Foundation-Creek General Hospital, Karachi	500	-
Sundus Foundation, Islamabad / Gujranwala	4,604	-
The Helppcare Society, Lahore	900	900
	47,098	20,238

ANNEXURE-2

AS AT DECEMBER 31, 2020

10. POOL MANAGEMENT

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

1. Qard
2. Mudaraba

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

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

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

a. General Pool

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

b. Foreign Currency Pool

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

c. Financial Institutions (FI) Pool

The objective of the pool is to obtain and invest funds primarily from conventional side of the Bank, on a Shariah Compliant Gross Mudaraba basis, mainly to meet liquidity needs in line with business requirements and banking norms. The FI pool is linked with an earning assets pool comprising mainly of investments in sovereign risk, i.e. GOP guaranteed SLR eligible Sukuk.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion comingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity).

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Board, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee, Brokerage fee paid for placement of funds under Islamic modes, Takaful / Insurance expense, Registration expense and Commission to car ijarah dealers, staff & others. The general and specific provisions created against non-performing financings and diminution in the value of investments shall be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool(s) along with other direct expenses. Provisions/write offs shall revert to Mudarib / pool(s) to which it was originally charged. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

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

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

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

10.2 The Bank managed following General and Specific Pools:

2020

Mudaraba Pool	Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
General Pool	PKR	Monthly	50%	10.00%	6.34%	0.45	1.99	2,034,238,422	25%	513,453,618
Financial Institution Pool	PKR	Monthly	50%	-	-	0.70	2.10	-	-	-
Foreign Currency Pool	USD	Monthly	50%	3.30%	1.37%	1.00	1.00	8,360,833	1%	107,448

2019

Mudaraba Pool	Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
General Pool	PKR	Monthly	50%	12.04%	8.75%	0.93	5.30	1,679,980,256	45%	762,406,545
Financial Institution Pool	PKR	Monthly	50%	7.33%	3.84%	0.70	2.10	33,460,326	5%	1,654,664
Foreign Currency Pool	USD	Monthly	50%	1.62%	0.81%	1.00	1.00	3,581,054	-	-

2020

Musharaka Pool	Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
Interbank borrowing pool	PKR	As required	*	7.13%-14.60%	3.50%-11.20%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	6.22%	2.17%	-	-	-	N/A	N/A
Special Musharaka Certificate pool	PKR	As required	*	7.25%-16.38%	6.00%-13.50%	-	-	-	N/A	N/A

2019

Musharaka Pool	Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
Interbank borrowing pool	PKR	As required	*	10.00%-15.40%	4.75%-13.50%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	7.08%	2.16%	-	-	-	N/A	N/A
Special Musharaka Certificate pool	PKR	As required	*	10.00%-16.10%	4.25%-13.50%	-	-	-	N/A	N/A

* The investment ratio and profit sharing ratio varies on case to case/monthly basis

ANNEXURE-2

AS AT DECEMBER 31, 2020

10.3 Maturity profile of funds mobilised under various modes:

Rupees in '000													2020
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total	
Fixed deposit account	PKR	Mudaraba	2,217,792	1,515,723	2,078,701	2,247,557	66,143	69,215	59,568	-	-	8,254,699	
Savings account	PKR	Mudaraba	1,682,639	-	-	-	5,576,745	5,600,783	5,600,783	4,783,502	793,244	24,037,696	
Savings account	USD	Mudaraba	62,475	-	-	-	207,055	207,946	207,946	177,602	29,451	892,475	
SBP Funds against Various Schemes	PKR	Mudaraba	18,149	18,149	-	-	444,652	444,652	444,652	381,130	63,521	1,814,905	
Interbank borrowing	PKR	Musharka	7,660,000	-	-	-	-	-	-	-	-	7,660,000	
Special Musharaka Certificate	PKR	Musharka	782,080	3,351,000	4,071,000	-	-	-	-	-	-	8,204,080	
IERS borrowing from SBP	PKR	Musharka	1,401,600	800,914	133,486	-	-	-	-	-	-	2,336,000	
			13,824,735	5,685,786	6,283,187	2,247,557	6,294,595	6,322,596	6,312,949	5,342,234	886,216	53,199,855	

Rupees in '000													2019
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total	
Fixed deposit account	PKR	Mudaraba	1,448,419	1,667,202	2,496,384	8,997,894	46,625	112,456	111,443	-	-	14,880,423	
Savings account	PKR	Mudaraba	1,368,919	-	-	-	4,536,998	4,556,555	4,556,555	3,891,650	645,349	19,556,026	
Savings account	USD	Mudaraba	29,428	-	-	-	97,537	97,959	97,959	83,664	13,874	420,421	
Interbank borrowing	PKR	Musharka	1,200,000	-	-	-	-	-	-	-	-	1,200,000	
Special Musharaka Certificate	PKR	Musharka	6,727,129	495,889	2,300,000	-	-	-	-	-	-	9,523,018	
IERS borrowing from SBP	PKR	Musharka	-	120,000	867,925	-	-	-	-	-	-	987,925	
			10,773,895	2,283,091	5,664,309	8,997,894	4,681,160	4,766,970	4,765,957	3,975,314	659,223	46,567,813	

Rupees in '000 2020 2019

10.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

Murabaha	3,981,697	3,246,465
Ijarah	4,951,581	4,660,817
Diminishing Musharaka	16,199,974	12,368,190
Salam	4,935,938	3,591,685
Musharaka	28,545,253	16,173,493
Istisna	2,905,352	1,843,995
Receivables against Sale of Salam/Istisna Inventory	150,000	250,000
Balances with other & treasury Banks	4,045,328	7,949,404
Sukuk	7,027,864	2,615,251
Bai Muajjal-GOP	5,246,146	5,246,146
Due from Financial Institutions	-	6,330,782
	77,989,133	64,276,228

10.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

	2020		2019	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	1,872,706	3.36	1,082,420	2.14
Automobiles & Allied	201,545	0.36	48,857	0.10
Cables / Electronics	278,146	0.50	296,316	0.59
Cements	2,028,493	3.64	1,457,147	2.88
Chemicals / Pharmaceuticals	1,010,610	1.81	1,320,710	2.61
Education	151,226	0.27	83,557	0.17
Fertilizers	70,000	0.13	140,000	0.28
Food and Allied	52,469	0.09	419,150	0.83
Fuel / Energy	419,658	0.75	299,999	0.59
Ghee and Edible Oil	887,052	1.59	582,934	1.15
Glass and Ceramics	853,202	1.53	278,778	0.55
GOP Ijarah Sukuk	5,538,804	9.94	1,000,000	1.97
GOP Bai Muajjal	5,246,146	9.41	5,246,146	10.36
Hotels and Restaurants	49,643	0.09	205,994	0.41
Individuals	3,806,038	6.83	4,007,151	7.91
Investment Banks / Scheduled Banks	551,001	0.99	5,002,798	9.88
Iron / Steel	1,336,827	2.40	1,012,441	2.00
Leather Products and Shoes	127,588	0.23	122,237	0.24
Modarabas	314,121	0.56	131,247	0.26
Paper and Board	643,781	1.16	507,605	1.00
Plastic products	392,255	0.70	317,363	0.63
Production and transmission of energy	4,559,183	8.18	4,813,706	9.51
Real Estate / Construction	2,268,814	4.07	1,067,490	2.11
Rice Processing and trading	90,000	0.16	40,000	0.08
Services (Other than Financial, Hotelling & Traveling)	218,358	0.39	28,884	0.06
Sugar	3,664,965	6.58	4,346,508	8.58
Surgical equipment / Metal Products	6,600	0.01	1,000	0.00
Textile	4,403,427	7.90	2,362,159	4.66
Transport and communication	737,792	1.32	519,164	1.03
Travel Agencies	-	-	308	0.00
Public sector / Government	10,811,204	19.40	12,528,567	24.74
Others	3,135,553	5.63	1,369,330	2.70
	55,727,207	100.00	50,639,966	100.00

10.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

	2020		2019	
	Rupees in '000	Percent	Rupees in '000	Percent
Iron / Steel	-	-	364,146	60.31
Textile	-	-	154,848	25.65
Investment Banks / Scheduled Banks	1,073,721	91.62	38,515	6.38
Public sector / Government	98,172	8.38	46,246	7.66
	1,171,893	100	603,755	100

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CONSOLIDATED FINANCIAL STATEMENTS OF
ASKARI BANK LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2020



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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Askari Bank Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2020 and of its consolidated financial performance and its consolidated cashflows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis of Opinion

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

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the consolidated financial statements wherein it is stated that during the period the Group acquired further 26% (5,980,000 Ordinary Shares) interest in Askari Securities Limited which increased the Group's controlling interest from 74% to 100% making it a wholly owned subsidiary of the Group. Subsequent to further acquisition, the Group has reclassified the investment from discontinued operation to continuing operations and consolidated the financial results of subsidiary on line by line bases. The comparatives have been represented in accordance with the requirement of IFRS 5 – Non - Current Assets Held for Sale and Discontinued Operations. Our opinion is not modified in respect of this matter.

Key Audit Matter(s)

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



KPMG Taseer Hadi & Co.

Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the matter was addressed in our audit
1	<p>Provision against advances (Refer Note 9.4 to the consolidated financial statements)</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring all non-performing loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Group of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Group to recognize general provision against advances portfolio. The Group has recognized a net provision of Rs 1.6 billion against advances in the current year. As at 31st December 2020 the Group holds a provision of Rs 26.4 Billion against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because its significance and inherent risk of material misstatement and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"> Reviewed the design and tested the operating effectiveness of key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> verified repayments of loan / markup installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue; examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file; and

S. No	Key Audit Matter(s)	How the matter was addressed in our audit
		<ul style="list-style-type: none"> checked the accuracy of specific provision made against non-performing advances and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value (FSV), if any, in accordance with the criteria prescribed under the PRs. Also engaged expert, on sample basis, for the determination of FSV of collateral held by the Group against which FSV benefit is adjusted by the Group.
2	Valuation of Investments (Refer Note 8 to the consolidated financial statements)	
	<p>The carrying value of investments held by the Group amounted to Rs. 449.6 billion, which constitutes 45% of the Group's total assets as at 31 December 2020.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; Checked on a sample basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; and Evaluated the Group's assessment of available for sale and held to maturity financial assets for any impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



KPMG Taseer Hadi & Co.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 February 2020.

As part of our audit of the Consolidated financial statements as at and for the year ended 31 December 2020, we audited the adjustments described in Note 2 that were applied to represent the comparative information presented as at and for the year ended 31 December 2019. We were not engaged to audit, review, or apply any procedures to the consolidated financial statement for the year ended 31 December 2019, other than with respect to the adjustments described in Note 2 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 2 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
March 8, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION




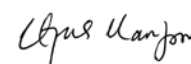
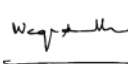
AS AT DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Assets			
Cash and balances with treasury banks	5	73,651,718	63,039,290
Balances with other banks	6	7,961,474	7,988,406
Lendings to financial institutions	7	–	20,405,972
Investments	8	449,611,987	305,542,430
Advances	9	395,416,055	372,939,122
Fixed assets	10	21,232,750	19,711,719
Intangible assets	11	1,158,857	825,183
Deferred tax assets	12	1,597,334	2,468,952
Other assets	13	42,256,486	40,501,153
		992,886,661	833,422,227
Liabilities			
Bills payable	14	12,629,996	15,768,947
Borrowings	15	84,163,669	51,187,681
Deposits and other accounts	16	790,982,287	679,246,312
Liabilities against assets subject to finance lease		–	–
Subordinated debts	17	12,000,000	9,992,000
Deferred tax liabilities		–	–
Other liabilities	18	38,429,433	34,838,918
		938,205,385	791,033,858
Net Assets		54,681,276	42,388,369
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		25,701,665	19,408,889
Surplus on revaluation of assets - net of tax	20	7,670,956	4,326,079
Unappropriated profit		8,706,053	6,002,253
		54,681,276	42,339,823
Non-controlling interest		–	48,546
		54,681,276	42,388,369

Contingencies And Commitments

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The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Mark-up / return / interest earned	23	77,335,131	71,712,211
Mark-up / return / interest expensed	24	47,059,350	49,568,032
Net mark-up / interest income		30,275,781	22,144,179
Non mark-up / interest income			
Fee and commission income	25	3,991,285	3,654,417
Dividend income		273,524	276,572
Foreign exchange income		2,673,493	2,507,707
Income / (loss) from derivatives		–	–
Gain on securities	26	2,555,400	739,918
Other income	27	349,438	266,102
Total non-markup / interest income		9,843,140	7,444,716
Total income		40,118,921	29,588,895
Non mark-up / interest expenses			
Operating expenses	28	20,217,974	18,272,591
Workers' welfare fund	29	42,982	42,117
Other charges	30	48,149	99,947
Total non-markup / interest expenses		20,309,105	18,414,655
Profit before provisions		19,809,816	11,174,240
Provisions and write offs - net	31	1,974,747	773,275
Extraordinary / unusual items		–	–
Profit before taxation		17,835,069	10,400,965
Taxation	32	(6,978,072)	(3,368,395)
Profit after taxation		10,856,997	7,032,570
Attributable to:			
Equity holders of the Bank		10,846,333	7,028,756
Non-controlling interest		10,664	3,814
		10,856,997	7,032,570
Rupees			
Basic and diluted earnings per share	33	8.61	5.58

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



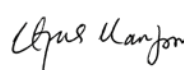
Abid Sattar
President & Chief Executive



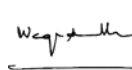
Saleem Anwar
Chief Financial Officer



Dr. Nadeem Inayat
Director



Mohammad Aftab Manzoor
Director






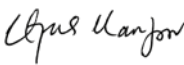
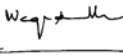
Waqar Ahmed Malik
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	2020	2019
Profit after taxation for the year	10,856,997	7,032,570
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branch	9,514	(33,992)
Movement in deficit on revaluation of investments - net of tax	1,592,443	2,583,162
	1,601,957	2,549,170
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement (loss) / gain on defined benefit plan - net of tax	(47,457)	285,181
Movement in surplus on revaluation of operating fixed assets	1,529,292	(34,687)
Movement in surplus on revaluation of non-banking assets	223,142	122,684
	1,704,977	373,178
Total comprehensive income	14,163,931	9,954,918
Attributable to:		
Equity holders of the Bank	14,153,267	9,959,673
Non-controlling interest	10,664	(4,755)
	14,163,931	9,954,918

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of			Sub total	Non-controlling interest	Total
						Investments	Fixed / non-banking assets	un-appropriated profit / (loss)			
Balance as at January 1, 2019	12,602,602	309,161	234,669	8,695,147	6,349,717	(4,091,800)	5,746,720	3,710,867	33,557,083	43,278	33,600,361
Impact of IFRS 9 ASL	-	-	-	-	-	-	-	4,235	4,235	1,488	5,723
Total comprehensive income for the year ended December 31, 2019											
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	7,028,756	7,028,756	3,814	7,032,570
Other comprehensive income related to equity	-	(33,992)	-	-	-	2,583,162	87,997	285,215	2,922,382	(34)	2,922,348
Transfer to:											
Statutory reserve	-	-	-	1,403,580	-	-	-	(1,403,580)	-	-	-
General reserve	-	-	-	-	2,450,607	-	-	(2,450,607)	-	-	-
	-	-	-	1,403,580	2,450,607	-	-	(3,854,187)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	87,627	87,627	-	87,627
Transaction with owners, recorded directly in equity											
Final dividend 2018: Re. 1 per share	-	-	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Balance as at January 1, 2020	12,602,602	275,169	234,669	10,098,727	8,800,324	(1,508,638)	5,834,717	6,002,253	42,339,823	48,546	42,388,369
Total comprehensive income for the year ended December 31, 2020											
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	10,846,333	10,846,333	10,664	10,856,997
Other comprehensive income related to equity	-	9,514	-	-	-	1,592,443	1,752,434	(47,457)	3,306,934	-	3,306,934
Transfer to:											
Statutory reserve	-	-	-	2,171,399	-	-	-	(2,171,399)	-	-	-
General reserve	-	-	-	-	4,111,863	-	-	(4,111,863)	-	-	-
	-	-	-	2,171,399	4,111,863	-	-	(6,283,262)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	78,576	78,576	-	78,576
Transaction with owners, recorded directly in equity											
Final dividend 2019: Rs. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)	-	(1,890,390)
Acquisition of further interest in subsidiary	-	-	-	-	-	-	-	-	-	(59,210)	(59,210)
Balance as at December 31, 2020	12,602,602	284,683	234,669	12,270,126	12,912,187	83,805	7,587,151	8,706,053	54,681,276	-	54,681,276

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



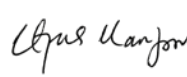
Abid Sattar
President & Chief Executive



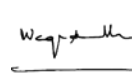
Saleem Anwar
Chief Financial Officer



Dr. Nadeem Inayat
Director



Mohammad Aftab Manzoor
Director






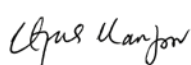
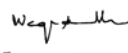
Waqar Ahmed Malik
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

Rupees in '000	Note	2020	2019
Cash flow from operating activities			
Profit before taxation		17,835,069	10,400,965
Less: dividend income		(273,524)	(276,572)
		17,561,545	10,124,393
Adjustments:			
Depreciation		1,103,181	1,385,071
Amortization		227,421	206,927
Depreciation on ROU assets		1,498,351	1,497,366
Markup expense on lease liability against ROU assets		891,977	970,082
Termination of lease contracts under IFRS - 16 Leases		81	(49,422)
Charge for defined benefit plans		468,076	360,438
Provisions and write offs - net	31	2,087,955	890,345
Unrealised loss on held for trading securities		-	1,503
(Gain) / loss on sale of fixed assets		(23,768)	60,406
		6,253,274	5,322,716
		23,814,819	15,447,109
(Increase) / decrease in operating assets			
Lendings to financial institutions		14,075,190	(14,075,190)
Held for trading securities		57,065	(1,645)
Advances		(23,288,035)	(29,045,178)
Other assets (excluding advance taxation)		(2,538,000)	(7,985,095)
		(11,693,780)	(51,107,108)
Increase / (decrease) in operating liabilities			
Bills payable		(3,138,951)	256,067
Borrowings		32,975,988	(1,514,642)
Deposits		111,735,975	105,649,386
Other liabilities (excluding current taxation)		90,838	4,710,988
		141,663,850	109,101,799
		153,784,889	73,441,800
Payment made to defined benefit plan		(2,061)	(3,886)
Income tax paid		(6,589,512)	(4,258,567)
Net cash flow generated from operating activities		147,193,316	69,179,347
Cash flow from investing activities			
Net investments in available for sale securities		(122,124,862)	27,475,288
Net investments in held to maturity securities		(18,087,759)	(69,029,595)
Acquisition of non-controlling interest in subsidiary		(50,830)	-
Dividend received		268,063	275,487
Investments in operating fixed assets		(1,017,039)	(778,586)
Investments in intangible assets		(555,800)	(268,623)
Proceeds from sale of fixed assets		33,025	83,591
Effect of translation of net investment in foreign branch		9,514	(33,992)
Net cash flow used in investing activities		(141,525,688)	(42,276,430)
Cash flow from financing activities			
Receipts / (payments) of subordinated debts - net		2,008,000	(1,600)
Payments against lease liabilities		(1,549,511)	(1,683,902)
Dividend paid		(1,871,397)	(1,248,867)
Net cash flow used in financing activities		(1,412,908)	(2,934,369)
Increase in cash and cash equivalents		4,254,720	23,968,548
Cash and cash equivalents at beginning of the year	34	77,358,478	53,389,930
Cash and cash equivalents at end of the year	34	81,613,198	77,358,478

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

 Abid Sattar President & Chief Executive	 Saleem Anwar Chief Financial Officer	 Dr. Nadeem Inayat Director	 Mohammad Aftab Manzoor Director	 Waqar Ahmed Malik Chairman
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1** The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a partly owned subsidiary.
- 1.2** Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2019: 71.91) percent shares of the Bank as on December 31, 2020. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (2019: 535 branches); 536 in Pakistan and Azad Jammu and Kashmir including 95 (2019: 94) Islamic Banking branches and 49 (2019: 50) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.
- 1.3** Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Group holds 100% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

2. BASIS OF PRESENTATION

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

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

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

During the year, the Bank acquired 100% interest in its subsidiary ASL. Subsequent to acquisition, the Bank reclassified investment in ASL from discontinued operations and consolidated financial results on a line by line addition method under IFRS 10. Accordingly, prior period figures have been represented as per the requirements of IFRS 5.

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

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

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

		Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021
IFRS 9	Financial Instruments	January 1, 2021
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IAS 16	Property, plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures (Amendments)	Not yet finalized

The management does not anticipate early adoption of above standards and amendments. The application of standards is not likely to have material impact on Group's financial statements except IFRS 9 for which the Bank is in process of assessing its impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follow:

- i) classification of investments (note 4.6)
- ii) provision against investments (note 4.6), advances (note 4.7) and fixed assets (note 4.8)
- iii) valuation of available for sale securities (note 4.6)
- iv) impairment of available for sale securities (note 4.18)
- v) useful life of property and equipment, intangible assets and revaluation of land (note 4.8) and non-banking assets acquired in satisfaction of claims (note 4.19)
- vi) staff retirement benefits (note 4.14)
- vii) taxation (note 4.17)
- viii) IFRS 16 - Leases (note 4.10)

3. BASIS OF MEASUREMENT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Changes in accounting policies

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary company, ASL with 100% holding (2019: 74%) collectively referred to as "the Group".

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary company have been accounted for as per the requirements of IFRS 10 - Consolidated Financial Statement and has been consolidated on a line by line addition basis.

Material intra-group balances and transactions have been eliminated.

Non-controlling interests that are part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Group. Non-controlling interests are presented as separate item in the consolidated financial statements.

4.3 Cash and cash equivalents

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

4.4 Lendings (reverse repo)

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

4.5 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Group sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions.

4.6 Investments

Investments are classified as follows:

Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements.

Available for sale

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

Held to maturity

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

4.6.1 Initial measurement

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

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

4.6.2 Subsequent measurement

Held for trading

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

Available for sale

In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD circular 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income (OCI)" and is shown in the shareholders' equity in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Held to maturity

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

4.7 Advances

Advances are stated net of specific and general provisions. Provision for advances is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances other than consumer and small entities advances. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

4.7.1 Finance lease receivables

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

4.7.2 Islamic financing and related assets

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

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Group and all documents relating to purchase are in customers' name.

In Salam, the seller undertakes to supply specific goods to the Group at a future date in consideration of a price fully paid in advance at the time the contract of sale is made.

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

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

In Istisna, a contract of sale is made whereby the Group places an order, to manufacture, assemble or construct, specific commodity to be delivered at a future date.

4.8 Fixed assets and depreciation

Capital work in progress

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

Property and equipment

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

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

Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Depreciation / amortization

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

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

4.9 Assets held for sale

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

4.10 IFRS 16 - Leases

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

Lease liabilities are initially measured at the present value of lease payment, discounted using the Group's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The ROU assets are measured based on the initial amount of the lease liability plus any initial direct costs incurred. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

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4.11 Borrowings (Repo)

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

4.12 Deposits

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

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

4.13 Subordinated debts

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

4.14 Staff retirement benefits

Defined benefit plan

The Bank and ASL operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Defined contribution plan

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

ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made by ASL and the employees at the rate of 10% of basic salary of the employee.

Compensated absences

The Bank and ASL provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to consolidated profit and loss account. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations.

4.15 Foreign currencies

Foreign currency transactions

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

Foreign operation

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

Translation gains and losses

Translation gains and losses arising on revaluation of net investment in foreign operations are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in consolidated profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange contracts are valued at the rates applicable to the remaining maturities.

4.16 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

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

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

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

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

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

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

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

Revenue on Salam finance is recognized at the time of sale of al-muslim fihi (salam goods).

The rentals received / receivable on Ijarahs under IFAS-2 are recorded as income / revenue.

The Group recognizes revenue on Istisna finance at the time of sale of Al-Masnoo (Istisna goods).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4.17 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current

Provision for current tax is the expected tax payable on the taxable profit for the year using tax rates applicable at the date of consolidated statement of financial position.

Prior years

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

Deferred

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

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

4.18 Impairment

Available for sale

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

Non-financial assets

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

4.19 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

4.20 Other provisions

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

4.21 Off-setting

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

4.22 Financial assets and liabilities

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

4.23 Derivative financial instruments

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

4.24 Appropriations subsequent to date of consolidated statement of financial position

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

4.25 Dividend distribution and appropriation

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

4.26 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.27 Segment reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4.27.1 Business segment

Branch banking

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

Corporate banking

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

Treasury

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

Consumer banking

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

Islamic banking

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

Foreign operations

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

Head office / others

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

4.27.2 Geographical segments

The Group operates in two geographic regions; Pakistan and the Middle East.

4.28 Acceptances

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

Rupees in '000	Note	2020	2019
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		17,290,446	11,990,404
Foreign currencies		4,030,731	2,441,156
		21,321,177	14,431,560
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	37,199,449	34,638,383
Foreign currency current account	5.1	4,513,312	3,107,745
Foreign currency deposit account	5.2	7,501,569	8,684,787
		49,214,330	46,430,915
With National Bank of Pakistan in:			
Local currency current accounts		2,260,681	1,899,188
Prize Bonds		855,530	277,627
		73,651,718	63,039,290

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

5.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 0.00% (2019: 0.76%).

Rupees in '000	Note	2020	2019
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		469,080	549,174
In deposit accounts	6.1	3,612	22,625
		472,692	571,799
Outside Pakistan			
In current accounts		1,971,347	753,774
In deposit accounts	6.2	5,517,441	6,662,839
		7,488,788	7,416,613
Provision held against balances with other banks	6.3	(6)	(6)
		7,961,474	7,988,406

6.1 These represent placements with local banks, carrying interest rate of 5.5% (2019: 11.25%) per annum.

6.2 These represent placements with international correspondent banks, carrying interest rates upto 0.45% (2019: upto 1.05%) per annum.

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Rupees in '000	2020	2019
6.3 Provision held against balances with other banks		
Opening balance	6	10
Reversal of provision under IFRS 9 related to WBB	–	(4)
Closing balance	6	6

7. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	–	6,330,782
Repurchase agreement lendings (reverse repo)	–	14,075,190
Purchase under resale arrangement of equity securities	148,606	148,606
	148,606	20,554,578
Provision held against lending to financial institutions	(148,606)	(148,606)
Lending to financial institutions - net of provision	–	20,405,972

7.1 Particulars of lending

In local currency	148,606	20,554,578
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7.2 Securities held as collateral against lending to financial institutions

Rupees in '000	2020			2019		
	Held by the Bank	Further given as collateral	Total	Held by the Bank	Further given as collateral	Total
Pakistan Investment Bonds	–	–	–	14,075,190	–	–

7.3 Category of classification

Rupees in '000	2020		2019	
	Classified lending	Provision held	Classified lending	Provision held
Domestic				
Loss	148,606	148,606	148,606	148,606

8. INVESTMENTS

Rupees in '000	2020				2019			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:								
Held for trading securities								
Fully paid ordinary shares	–	–	–	–	57,080	–	(356)	56,724
Units of open end mutual funds	193	–	–	193	179	–	–	179
	193	–	–	193	57,259	–	(356)	56,903
Available for sale securities								
Federal Government Securities	335,378,424	(31,877)	(525,781)	334,820,766	211,166,999	(37,369)	(3,109,664)	208,019,966
Shares	4,710,140	(158,232)	291,562	4,843,470	6,053,083	(1,607,285)	529,530	4,975,328
Units of open end mutual funds	1,405,036	(140,558)	171,942	1,436,420	1,305,036	(146,912)	114,137	1,272,261
Fully paid preference shares	27,314	(11,914)	46,545	61,945	27,314	(9,189)	43,820	61,945
Non Government Debt Securities	11,048,874	(1,422,704)	117,486	9,743,656	12,215,395	(1,489,262)	93,993	10,820,126
Foreign securities	482,547	(5,203)	18,534	495,878	159,646	(1,881)	7,202	164,967
	353,052,335	(1,770,488)	120,288	351,402,135	230,927,473	(3,291,898)	(2,320,982)	225,314,593
Held to maturity securities								
Federal Government Securities	95,034,902	(116,957)	–	94,917,945	77,076,080	(133,887)	–	76,942,193
Non Government Debt Securities	110,000	(110,000)	–	–	110,000	(110,000)	–	–
Foreign securities	3,376,784	(85,070)	–	3,291,714	3,247,847	(19,106)	–	3,228,741
	98,521,686	(312,027)	–	98,209,659	80,433,927	(262,993)	–	80,170,934
Total investments	451,574,214	(2,082,515)	120,288	449,611,987	311,418,659	(3,554,891)	(2,321,338)	305,542,430

Rupees in '000	2020				2019			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:								
Federal Government Securities								
Market Treasury Bills	122,065,700	–	320,229	122,385,929	129,139,847	–	(71,269)	129,068,578
Pakistan Investment Bonds	282,938,195	–	(831,857)	282,106,338	138,589,333	–	(3,084,302)	135,505,031
Euro Bonds	6,748,006	(115,622)	27,446	6,659,830	6,629,340	(139,991)	36,217	6,525,566
GOP Bai Muajjal	5,246,146	–	–	5,246,146	5,246,146	–	–	5,246,146
Ijarah Sukuks	13,415,279	(33,212)	(41,599)	13,340,468	8,638,413	(31,265)	9,690	8,616,838
	430,413,326	(148,834)	(525,781)	429,738,711	288,243,079	(171,256)	(3,109,664)	284,962,159
Shares								
Listed companies	4,354,460	(152,552)	291,562	4,493,470	5,804,483	(1,601,605)	528,027	4,730,905
Unlisted companies	355,680	(5,680)	–	350,000	305,680	(5,680)	–	300,000
	4,710,140	(158,232)	291,562	4,843,470	6,110,163	(1,607,285)	528,027	5,030,905
Units of open end mutual funds	1,405,229	(140,558)	171,942	1,436,613	1,305,215	(146,912)	115,284	1,273,587
Fully paid preference shares	27,314	(11,914)	46,545	61,945	27,314	(9,189)	43,820	61,945
Non Government Debt Securities								
Listed	2,136,636	(221,636)	107,325	2,022,325	2,439,636	(221,636)	(1,974)	2,216,026
Unlisted	9,022,238	(1,311,068)	10,161	7,721,331	9,885,759	(1,377,626)	95,967	8,604,100
	11,158,874	(1,532,704)	117,486	9,743,656	12,325,395	(1,599,262)	93,993	10,820,126
Foreign Securities								
Government securities	3,859,331	(90,273)	18,534	3,787,592	3,407,493	(20,987)	7,202	3,393,708
Total investments	451,574,214	(2,082,515)	120,288	449,611,987	311,418,659	(3,554,891)	(2,321,338)	305,542,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000	2020	2019
8.2.1 Investments given as collateral		
The market value of investment given as collateral is as follows:		
Market Treasury Bills	13,715,612	12,480,754
Pakistan Investment Bonds	7,005,600	–
Euro Bonds	6,442,504	5,527,143
Bahrain International Bonds	501,081	–
Sri Lankan Investment Bonds	–	166,848
Turkish Euro Bonds	–	445,961
Turkish Sukuks	973,391	956,958
Ijarah Sukuks	5,069,713	5,586,569
Shares	191,168	203,388
	33,899,069	25,367,621
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	3,554,891	3,264,202
Exchange adjustments	5,614	19,368
Charge / (reversals)		
Charge for the year	506,776	976,751
Charge for the year under IFRS 9 related to WBB	41,248	6,197
Reversals for the year	(82,163)	(51,586)
	465,861	931,362
Reversal on disposals	(1,943,851)	(660,041)
Closing balance	2,082,515	3,554,891

8.3.2 Particulars of provision against debt securities

Rupees in '000	2020		2019	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,532,704	1,532,704	1,599,262	1,599,262
Overseas				
Not past due but impaired as per IFRS 9	–	239,107	–	192,244
	1,532,704	1,771,811	1,599,262	1,791,506

8.4 Quality of available for sale securities

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

Rupees in '000	2020		2019	
	Cost	Breakup value	Cost	Breakup value
Federal Government Securities - Government guaranteed				
Market Treasury Bills	122,065,700		121,652,726	
Pakistan Investment Bonds	204,536,354		85,342,730	
Euro Bonds	1,712,032		1,688,321	
Ijarah Sukuks	7,064,338		2,483,222	
	335,378,424		211,166,999	
Shares				
Listed				
Commercial banks	795,604		899,663	
Chemicals	455,887		503,234	
Fertilizer	143,172		224,782	
Cement	363,261		294,112	
Power generation and distribution	598,158		1,061,821	
Investment banks / investment companies	–		12,956	
Leasing companies	26,560		38,162	
Paper and board	55,806		154,515	
Glass and ceramics	–		79,411	
Automobile parts and accessories	–		42,847	
Cable and electrical goods	–		31,125	
Automobile assembler	–		57,046	
Engineering	198,585		127,834	
Insurance	26,080		110,112	
Oil and gas marketing companies	651,804		842,047	
Oil and gas exploration	235,135		280,694	
Textile composite	153,685		192,646	
Pharmaceuticals	46,251		87,330	
Real estate investment trust	586,472		577,265	
Technology and communication	18,000		16,949	
Vanaspati and allied industries	–		15,722	
Industrial metals and mining	–		97,130	
	4,354,460		5,747,403	
Unlisted				
DHA Cogen Limited	–	–	–	–
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	230,850	–	–
Pakistan Mortgage Refinance Company Limited	300,000	486,300	300,000	352,200
	355,680	717,150	305,680	352,200

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

Rupees in '000	2020	2019
	Cost	
Units of Open end mutual funds		
Listed		
NIT NIUT	500,000	500,000
NIT Islamic Equity Fund	50,000	50,000
NIT Asset Allocation Fund	100,000	–
Askari Asset Allocation Fund	100,846	100,846
Askari High Yield Scheme	173,565	173,565
Askari Sovereign Yield Enhancer Fund	100,000	100,000
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	337,509	337,509
Pak Oman Islamic Asset Allocation Fund	42,705	42,705
Pak Oman Advantage Islamic Income Fund	411	411
Others	193	179
	1,405,229	1,305,215
Fully Paid Preference Shares		
Listed		
Banks	2,214	2,214
Textile	25,100	25,100
	27,314	27,314
Non Government Debt Securities		
Listed		
AAA	750,000	–
AA+, AA, AA-	890,000	1,918,000
A+, A, A-	275,000	300,000
CCC and below	221,636	221,636
	2,136,636	2,439,636
Unlisted		
AAA	4,649,310	7,072,920
AA+, AA, AA-	600,750	600,850
A+, A, A-	725,000	725,000
CCC and below	1,201,068	761,474
Unrated	1,736,110	615,515
	8,912,238	9,775,759

Rupees in '000	2020		2019	
	Cost	Rating	Cost	Rating
Foreign Securities				
Government Securities Bahrain	482,547	B+	159,646	B+
	482,547		159,646	

Rupees in '000	2020		2019	
			Cost	
8.5 Particulars relating to Held to Maturity securities are as follows:				
Federal Government Securities - Government guaranteed				
Market Treasury Bills			–	7,441,110
Pakistan Investment Bonds		78,401,841		53,246,603
Government of Pakistan Euro Bonds		5,035,974		4,941,019
Ijarah Sukuks		6,350,941		6,155,191
GOP Bai Muajjal		5,246,146		5,246,146
		95,034,902		77,030,069

Non Government Debt Securities

Unlisted

CCC and below		110,000		110,000
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Rupees in '000	2020		2019	
	Cost	Rating	Cost	Rating
Foreign Securities				
Turkish Sukuk	961,594	BB-	933,737	BB-
Turkish Euro Bonds	1,218,628	BB-	1,156,717	BB-
Sri Lankan Euro Bond	1,196,562	CCC+	1,157,393	BB-
	3,376,784		3,247,847	

8.5.1 Market value of held to maturity securities other than classified investments as at December 31, 2020 is Rs. 104,630,207 thousand (2019: Rs. 83,778,547 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2020	2019	2020	2019	2020	2019
Loans, cash credits, running finances, etc.	9.1	310,156,565	307,094,365	25,666,137	26,257,191	335,822,702	333,351,556
Islamic financing and related assets- note 3 of Annexure II		62,691,358	45,596,566	2,684,267	1,816,376	65,375,625	47,412,942
Bills discounted and purchased		20,603,372	17,749,166	60,406	60,406	20,663,778	17,809,572
Advances - gross		393,451,295	370,440,097	28,410,810	28,133,973	421,862,105	398,574,070
Provision against advances							
- Specific		-	-	(24,820,923)	(24,408,056)	(24,820,923)	(24,408,056)
- General		(1,625,127)	(1,226,892)	-	-	(1,625,127)	(1,226,892)
		(1,625,127)	(1,226,892)	(24,820,923)	(24,408,056)	(26,446,050)	(25,634,948)
Advances - net of provision		391,826,168	369,213,205	3,589,887	3,725,917	395,416,055	372,939,122

9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2020				2019			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,505,400	2,218,605	7,189	4,731,194	2,895,815	2,576,164	2,106	5,474,085
Residual value	1,007,459	1,336,479	28,736	2,372,674	950,981	1,726,078	3,420	2,680,479
Minimum lease payments	3,512,859	3,555,084	35,925	7,103,868	3,846,796	4,302,242	5,526	8,154,564
Financial charges for future periods	(254,200)	(230,039)	(60)	(484,299)	(445,870)	(344,595)	(3)	(790,468)
Present value of minimum lease payments	3,258,659	3,325,045	35,865	6,619,569	3,400,926	3,957,647	5,523	7,364,096

Rupees in '000	2020	2019
9.2 Particulars of advances (Gross)		
In local currency	398,239,110	368,646,263
In foreign currencies	23,580,780	29,902,548
	421,819,890	398,548,811

9.3 Advances include Rs. 28,410,810 thousand (2019: Rs. 28,133,973 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	Note	2020		2019	
		Non performing loans	Provision	Non performing loans	Provision
Category of classification					
Domestic					
Other Assets Especially Mentioned	9.3.1	1,406,324	–	2,125,144	68
Substandard		480,927	63,119	477,321	50,418
Doubtful		1,956,085	766,400	661,347	209,962
Loss		24,567,474	23,991,404	24,870,161	24,147,608
		28,410,810	24,820,923	28,133,973	24,408,056

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

9.4 Particulars of provision against advances

Rupees in '000	Note	2020				2019			
		Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		24,408,056	584,145	642,747	25,634,948	25,113,169	498,429	540,226	26,151,824
Exchange adjustment		–	9,287	–	9,287	–	22,252	–	22,252
Charge for the year	9.4.1	2,249,576	421,751	122,415	2,793,742	1,467,527	22,525	108,884	1,598,936
Provision under IFRS 9 related to WBB		–	(83,906)	–	(83,906)	–	48,525	–	48,525
Reversal for the year		(1,010,054)	(22,176)	(49,136)	(1,081,366)	(1,648,011)	(7,586)	(6,363)	(1,661,960)
Amounts written off	9.5	1,239,522	315,669	73,279	1,628,470	(180,484)	63,464	102,521	(14,499)
Amounts charged off- agriculture financing	9.7	(748,426)	–	–	(748,426)	(402,506)	–	–	(402,506)
Amounts charged off- agriculture financing	9.7	(78,229)	–	–	(78,229)	(122,123)	–	–	(122,123)
Closing balance		24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948

9.4.1 General provision also includes Rs. 374,319 thousand (December 31, 2019: Nil) as discussed in note 45.1

9.4.2 Particulars of provision against advances

Rupees in '000	2020				2019			
	Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	24,461,435	731,882	716,026	25,909,343	24,003,766	332,302	642,747	24,978,815
In foreign currencies	359,488	177,219	–	536,707	404,290	251,843	–	656,133
	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948

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9.4.3 The net FSV benefit already availed has been reduced by Rs. 66,326 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 66,326 thousand (2019: higher by Rs. 108,591 thousand) and Rs. 43,112 thousand (2019: Rs. 70,584 thousand) respectively. Further, at December 31, 2020, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 484,372 thousand (December 31, 2019: Rs. 527,484 thousand) under BSD Circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

9.4.4 The Group has availed the relaxation of Rs. 101,394 thousand (2019: Rs. 101,394 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

9.5 Particulars of write-offs

This represents write-off against provision amounting to Rs. 748,426 thousand related to domestic advances (2019: Rs. 402,506 thousand).

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2020 is given at Annexure - I.

9.7 Amounts charged off - Agriculture financing

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

Rupees in '000	Note	2020	2019
10. FIXED ASSETS			
Capital work in progress	10.1	164,343	126,731
Property and equipment	10.2	13,666,587	12,268,028
Right of use asset - IFRS 16	10.3	7,401,820	7,316,960
		21,232,750	19,711,719

10.1 This represents civil works performed during the year.

10.2 Property and equipment

		2020											
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
As at January 1, 2020													
Cost / Revalued Amount		3,226,063	4,797,275	1,228,823	995,261	3,757,084	1,369,392	56,847	3,425,162	3,048,429	220,603	45,761	22,170,700
Accumulated Depreciation		-	-	442,905	450,697	3,076,798	700,265	30,056	2,359,732	2,623,238	173,510	45,471	9,902,672
Net book value		3,226,063	4,797,275	785,918	544,564	680,286	669,127	26,791	1,065,430	425,191	47,093	290	12,268,028
Year ended December 31, 2020													
Opening net book value		3,226,063	4,797,275	785,918	544,564	680,286	669,127	26,791	1,065,430	425,191	47,093	290	12,268,028
Additions		-	-	-	-	228,169	263,727	14,853	278,394	171,239	23,045	-	979,427
Transfers from non-banking assets		-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on assets revalued during the year		511,078	1,018,214	-	-	-	-	-	-	-	-	-	1,529,292
Disposals		-	-	-	-	(3,335)	(3,480)	(1,082)	(1,197)	(163)	-	-	(9,257)
Depreciation charge		-	-	(38,408)	(27,580)	(318,997)	(130,361)	(10,408)	(370,526)	(186,392)	(20,375)	(134)	(1,103,181)
Other adjustments / transfers		-	-	-	-	-	2,721	75	10	(528)	-	-	2,278
Closing net book value		3,737,141	5,815,489	747,510	516,984	586,123	801,734	30,229	972,111	409,347	49,763	156	13,666,587
As at December 31, 2020													
Cost / Revalued Amount		3,737,141	5,815,489	1,228,823	996,238	3,936,670	1,577,568	61,201	3,592,039	3,066,350	243,648	45,761	24,300,928
Accumulated Depreciation		-	-	481,313	479,254	3,350,547	775,834	30,972	2,619,928	2,657,003	193,885	45,605	10,634,341
Net book value		3,737,141	5,815,489	747,510	516,984	586,123	801,734	30,229	972,111	409,347	49,763	156	13,666,587
Rate of depreciation (percentage)		-	-	5	5	20	10	20	10-20	20	20	20	
		2019											
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
As at January 1, 2019													
Cost / Revalued Amount		3,226,063	4,858,175	887,251	977,229	3,695,546	1,368,005	52,558	3,303,655	2,875,737	207,981	45,761	21,497,961
Accumulated Depreciation		-	-	420,074	420,462	2,759,482	550,163	31,516	1,924,685	2,433,052	162,227	45,340	8,747,001
Net book value		3,226,063	4,858,175	467,177	556,767	936,064	817,842	21,042	1,378,970	442,685	45,754	421	12,750,960
Year ended December 31, 2019													
Opening net book value		3,226,063	4,858,175	467,177	556,767	936,064	817,842	21,042	1,378,970	442,685	45,754	421	12,750,960
Additions		-	-	-	-	145,239	91,258	14,712	216,375	180,673	26,535	-	674,792
Transfers from non-banking assets		-	-	341,572	-	-	-	-	-	-	-	-	341,572
Movement in surplus on assets revalued during the year		-	-	-	-	-	-	-	-	-	-	-	-
Disposals		-	(60,900)	-	-	(15,250)	(54,871)	(641)	(12,022)	(313)	-	-	(143,997)
Depreciation charge		-	-	(22,831)	(30,651)	(385,687)	(184,938)	(8,323)	(516,682)	(212,010)	(24,846)	(131)	(1,386,099)
Other adjustments / transfers		-	-	-	18,448	(80)	(144)	1	(1,211)	14,156	(350)	-	30,800
Closing net book value		3,226,063	4,797,275	785,918	544,564	680,286	669,147	26,791	1,065,430	425,191	47,093	290	12,268,028
As at December 31, 2019													
Cost / Revalued Amount		3,226,063	4,797,275	1,228,823	995,261	3,757,084	1,369,392	56,847	3,425,162	3,048,429	220,603	45,761	22,170,700
Accumulated Depreciation		-	-	442,905	450,697	3,076,798	700,265	30,056	2,359,732	2,623,238	173,510	45,471	9,902,672
Net book value		3,226,063	4,797,275	785,918	544,564	680,286	669,127	26,791	1,065,430	425,191	47,093	290	12,268,028
Rate of depreciation (percentage)		-	-	5	5	20	10	20	10-20	20	20	20	
		Land - freehold	Land - leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Carpets	Machine and equipment	Computer equipment	Vehicles	Other assets	Total
Rupees in '000													
10.2.1	Cost of fully depreciated property and equipment												
	2020	-	-	-	-	2,224,980	345,902	8,139	1,371,822	2,080,043	80,721	13,542	6,125,149
	2019	-	-	-	-	2,217,900	91,000	11,750	451,138	2,194,867	115,817	56,032	5,138,504

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10.3 Additions to right of use asset during the year amounted to Rs. 1,597,508 thousand (2019: Rs. 1,429,390 thousand).

Rupees in '000	2020	2019
11. INTANGIBLE ASSETS		
Software	778,480	684,151
Pakistan Mercantile Exchange - Membership Card	2,500	2,500
Trading Right Entitlement Certificates	12,426	12,426
Less: Provision against intangibles	(4,660)	(9,865)
	788,746	689,212
Capital work in progress	370,111	135,971
	1,158,857	825,183
11.1 Software		
As at January 1,		
Cost	2,327,271	2,142,847
Accumulated amortization	1,644,382	1,437,962
Net book value	682,889	704,885
Year ended December 31,		
Opening net book value	684,151	706,654
Additions		
- directly purchased	321,660	193,532
Amortization charge	(227,421)	(206,927)
Other adjustments / transfers	90	(9,108)
Closing net book value	778,480	684,151
As at December 31,		
Cost	2,650,878	2,329,806
Accumulated amortization	1,872,398	1,645,655
Net book value	778,480	684,151
Rate of amortization (percentage)	10-20	10-20
Useful life	5-10 years	5-10 years

11.1.1 Cost of fully amortized intangible assets still in use amounts to Rs. 310,125 thousand (2019: Rs. 227,739 thousand).

2020				
Rupees in '000	At January 1, 2020	Recognized in P&L A/C	Recognized in OCI	At December 31, 2020
12. DEFERRED TAX ASSETS				
Deductible temporary differences on				
- Post retirement employee benefits	9,971	-	24,191	34,162
- Accelerated tax depreciation	(36,254)	67,903	-	31,649
- Impact under IFRS 9 related to WBB	3,934	-	(3,934)	-
- Provision against advances	1,568,007	-	-	1,568,007
	1,545,658	67,903	20,257	1,633,818
- Impact under IFRS 9 related to WBB	117,937	-	(117,937)	-
	1,663,595	67,903	(97,680)	1,633,818
Taxable temporary differences on				
- Surplus on revaluation of investments	826,157	-	(862,641)	(36,484)
	2,489,752	67,903	(960,321)	1,597,334

2019				
Rupees in '000	At January 1, 2019	Recognized in P&L A/C	Recognized in OCI	At December 31, 2019
Deductible temporary differences on				
- Post retirement employee benefits	163,600	-	(153,629)	9,971
- Deficit on revaluation of investments	2,206,359	-	(1,394,016)	812,343
- Impact under IFRS 9 related to WBB	3,934	-	-	3,934
- Provision against advances	1,568,007	-	-	1,568,007
	3,941,900	-	(1,547,645)	2,394,255
- Impact under IFRS 9 related to WBB	117,937	-	-	117,937
	4,059,837	-	(1,547,645)	2,512,192
Taxable temporary differences on				
- Accelerated tax depreciation	(286,058)	242,818	-	(43,240)
	3,773,779	242,818	(1,547,645)	2,468,952

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Rupees in '000	Note	2020	2019
13. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	17,403,537	16,320,068
Income / mark-up accrued in foreign currencies		558,371	558,708
Advances, deposits, advance rent and other prepayments		803,516	696,431
Advance taxation (payments less provisions)		6,101,241	6,572,817
Non-banking assets acquired in satisfaction of claims	13.3	2,426,242	2,555,343
Mark to market gain on forward foreign exchange contracts - net		–	396,433
Stationary and stamps in hand		99,829	92,639
Dividend receivable	13.2	7,365	1,904
Acceptances		11,829,891	10,498,594
Receivable from defined benefit plan		–	71,364
Others		793,300	755,112
		40,023,292	38,519,413
Less: Provision held against other assets	13.4	(209,778)	(238,089)
Other assets - net of provision		39,813,514	38,281,324
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,442,972	2,219,829
Other assets - total		42,256,486	40,501,153

13.1 This balance is net of interest in suspense amounting to Rs. 10,139,320 thousand (2019: Rs. 10,110,210 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2019: Rs. 81,020 thousand).

Rupees in '000	2020	2019
13.3 Market value of Non-banking assets acquired in satisfaction of claims	4,869,214	4,775,172

The Group's Non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2020. The valuation was carried out by M/s SMASCO and M/s Arch-e-Decon on the basis of their professional assessment of the present market value and resulted in increase of Rs. 299,944 thousand. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2020 amounts to Rs. 2,442,971 thousand.

Rupees in '000	2020	2019
13.3.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	4,775,172	5,298,464
Additions	24,764	–
Revaluation	299,944	203,133
Disposals	(656,376)	(281,882)
Transfers to fixed assets	–	(341,572)
Adjustments	476,948	(73,145)
Depreciation	(51,238)	(29,826)
Closing balance	4,869,214	4,775,172

Rupees in '000	2020	2019
13.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	669,487	269,100
Less		
- Carrying value	(656,376)	(281,882)
- Adjustment	(609)	-
- Depreciation	-	12,636
	(656,985)	(269,246)
Gain / (loss)	12,502	(146)
13.4 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	138,745	139,068
Non-banking assets acquired in satisfaction of claims	-	15,952
Stationery and stamps in hand	2,285	14,321
Others	68,748	68,748
	209,778	238,089
13.4.1 Movement in provision held against other assets		
Opening balance	238,089	257,811
Charge for the year	314	14,593
Provision under IFRS 9 related to WBB	-	(447)
Reversals for the year	(637)	(26,759)
Net reversal	(323)	(12,613)
Reversal on disposal	(15,952)	-
Amount written off	(12,036)	(7,109)
Closing balance	209,778	238,089
14 BILLS PAYABLE		
In Pakistan	12,629,996	15,768,947

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Rupees in '000	Note	2020	2019
15. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1.1	16,903,776	13,656,666
Long term financing facility	15.1.2	8,499,073	5,622,997
Financing facility for storage of agricultural produce	15.1.3	76,399	2,500
Renewable energy financing facility	15.1.4	579,231	429,526
Refinance from SBP - credit guarantee scheme for women entrepreneurs	15.1.5	1,568	1,618
Refinance from SBP - refinance scheme for payment of wages and salaries	15.1.6	12,583,566	–
		38,643,613	19,713,307
Repurchase agreement borrowings			
State Bank of Pakistan	15.1.7	7,000,000	7,666,640
Financial institutions	15.1.8	23,042,628	14,248,475
		30,042,628	21,915,115
Refinance from Pakistan Mortgage Refinance Company	15.1.9	1,923,886	1,972,026
Total secured		70,610,127	43,600,448
Unsecured			
Call borrowings	15.1.10	10,276,937	6,162,763
Financial institutions		3,276,605	1,236,458
Overdrawn nostro accounts		–	188,012
Total unsecured		13,553,542	7,587,233
		84,163,669	51,187,681

15.1.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 2% (2019: 1% to 2%) per annum payable on a quarterly basis..

15.1.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2% to 8.4% (2019: 2% to 8.4%) per annum payable on a quarterly basis.

15.1.3 These are secured against demand promissory note and carry markup of 2% (2019: 3.25%) per annum and have maturities upto May 2024.

15.1.4 These are secured against demand promissory note and carry markup of 2% to 3% (2019: 2%) per annum and have maturities upto July 2032.

15.1.5 These are secured against demand promissory note and carry markup of NIL (2019: NIL) per annum and have maturities upto September 2022

15.1.6 These are secured against demand promissory note and carry markup of 0.4% to 2% (2019: NIL) per annum and have maturities upto April 2023

15.1.7 These are secured against collateral of Government Securities and carry markup of 7.05% (2019: 13.32%) per annum and have maturities upto 3 months (2019: 1 month). The market value of securities given as collateral is given in note 8.2.1.

15.1.8 These are secured against collateral of Government Securities and carry markup of 1.23% to 7% (2019: 2.89% to 13.20%) per annum and have maturities upto 3 months (2019: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.1.9 This is secured against mortgage finance portfolio of the Group and carry markup of 8.57% to 10.71% (2019: 10% to 11%) per annum and has maturity upto 2023 (2019: upto 2021).

15.1.10 These carry mark-up rate of 0.8% to 7.50% (2019: 1.3% to 13%) per annum and having maturity upto 5 months (2019: upto 5 months).

Rupees in '000	2020	2019
15.2 Particulars of borrowings with respect to currencies		
In local currency	68,937,960	36,883,840
In foreign currencies	15,223,478	14,303,841
	84,161,438	51,187,681

16. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	228,444,308	21,780,570	250,224,878	174,842,702	19,411,555	194,254,257
Savings deposits	388,092,120	48,085,995	436,178,115	326,751,449	34,103,203	360,854,652
Fixed deposits	90,069,109	7,058,608	97,127,717	112,600,623	6,664,632	119,265,255
	706,605,537	76,925,173	783,530,710	614,194,774	60,179,390	674,374,164
Financial institutions						
Current accounts	976,402	54,187	1,030,589	494,830	41,087	535,917
Savings deposits	1,250,988	–	1,250,988	1,584,231	–	1,584,231
Fixed deposits	5,170,000	–	5,170,000	2,752,000	–	2,752,000
	7,397,390	54,187	7,451,577	4,831,061	41,087	4,872,148
	714,002,927	76,979,360	790,982,287	619,025,835	60,220,477	679,246,312

Rupees in '000	2020	2019
16.1 Composition of deposits		
- Individuals	295,671,457	245,870,270
- Government (Federal and Provincial)	257,514,945	239,953,178
- Public Sector Entities	63,778,517	48,142,129
- Banking Companies	102	76
- Non-Banking Financial Institutions	7,857,868	4,925,246
- Private Sector	166,159,398	140,355,413
	790,982,287	679,246,312

16.2 Total deposits include eligible deposits of Rs. 359,362,370 thousand (2019: Rs. 289,461,352 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide Circular No. 04 of 2018 dated June 22, 2018.

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Rupees in '000	2020	2019
17. SUBORDINATED DEBTS		
Term Finance Certificates - V	–	3,992,000
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	–
	12,000,000	9,992,000

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

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount - Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and / or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

Rupees in '000	Note	2020	2019
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,793,829	5,488,211
Mark-up / return / interest payable in foreign currencies		217,522	229,291
Unearned commission and income on bills discounted		1,726,572	923,438
Accrued expenses		2,956,761	1,725,580
Advance payments		349,092	444,390
Acceptances		11,829,891	10,498,594
Dividends payable		157,439	138,446
Mark to market loss on forward foreign exchange contracts		228,034	–
Branch adjustment account		753,774	498,814
Payable to defined benefit plan		313,295	3,255
Security deposit against lease / ljarah financing		4,169,840	4,247,512
Withholding taxes payable		306,972	252,129
Federal excise duty payable		74,133	56,894
Workers' Welfare Fund		215,099	172,117
Switch fee payable		665,449	666,416
Provision against off-balance sheet obligations	18.1	100,356	101,154
Lease liability against ROU assets as per IFRS - 16 Leases		8,223,995	7,358,016
Advance against Term Finance Certificate - VII		–	700,000
Others		2,347,380	1,334,661
		38,429,433	34,838,918
18.1 Provision against off-balance sheet obligations			
Opening balance		101,154	108,025
Exchange adjustment		49	–
Charge for the year		–	1,154
Reversal for the year		(847)	(517)
Net charge		(847)	637
Amount written off		–	(7,508)
Closing balance		100,356	101,154

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19. SHARE CAPITAL

19.1 Authorized capital

2020		2019	2020		2019
Number of shares			Rupees in '000		
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000	

19.2 Issued, subscribed and paid up capital

2020		2019	2020		2019
Number of shares		Ordinary shares of Rs. 10 each	Rupees in '000		
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891	
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978	
		Issued on Askari Leasing			
28,273,315	28,273,315	Limited merger	282,733	282,733	
1,260,260,180	1,260,260,180		12,602,602	12,602,602	

19.3 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 of ordinary shares of the Group as on December 31, 2020.

Rupees in '000	Note	2020	2019
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	120,288	(2,320,981)
- Fixed Assets	20.1	5,144,180	3,614,888
- Non-banking assets acquired in satisfaction of claims	20.2	2,442,971	2,219,829
		7,707,439	3,513,736
Deferred tax on (surplus) / deficit on revaluation of available for sale securities		(36,483)	812,343
		7,670,956	4,326,079
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January, 1		3,614,888	3,649,575
Recognised during the year		1,529,292	-
Realised on disposal during the year		-	(34,687)
Surplus on revaluation of fixed assets as at December, 31		5,144,180	3,614,888
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January, 1		2,219,829	2,097,145
Recognised during the year		299,944	203,133
Realised on disposal during the year		(72,135)	(83,073)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(14,240)	-
Adjustment during the year		9,573	2,624
Surplus on revaluation as at December, 31		2,442,971	2,219,829

Rupees in '000	Note	2020	2019
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees - note	21.1	220,222,941	188,434,387
- Commitments	21.2	412,802,042	314,557,897
- Other contingent liabilities	21.3	724,374	721,349
		633,749,357	503,713,633
21.1 Guarantees			
Financial guarantees		9,952,617	5,908,830
Performance guarantees		138,751,395	124,661,353
Other guarantees		71,518,929	57,864,204
		220,222,941	188,434,387
21.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		159,457,683	162,130,911
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	209,279,794	94,380,989
- forward government securities transactions	21.2.2	–	14,500,000
- forward lending	21.2.3	43,805,613	43,352,110
Commitments for acquisition of:			
- operating fixed assets		34,298	65,963
- intangible assets		38,678	112,330
Commitments in respect of future contract transactions of equity securities		185,976	15,594
		412,802,042	314,557,897
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		118,889,979	50,072,221
Sale		90,389,815	44,308,768
		209,279,794	94,380,989

The above commitments have maturities falling within one year.

Rupees in '000	Note	2020	2019
21.2.2 Commitments in respect of forward government securities transactions			
Purchase		–	14,500,000
		–	14,500,000
21.2.3 Commitments in respect of forward lending			
Forward repurchase agreement lending		30,084,187	36,096,228
Undrawn commitments	21.2.3.1	13,721,426	7,255,882
		43,805,613	43,352,110

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21.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.

Rupees in '000	2020	2019
21.3 Other contingent liabilities		
21.3.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	724,374	721,349

21.3.2 ASL has pledged/hypothecated Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (PSX) at a notional value of Rs. 2.5 million and 3,034,603 shares of ISE Towers REIT Management Co. Ltd aggregating to Rs. 46.89 million against the Base Minimum Capital (BMC) requirement of 23 million.

22 DERIVATIVE INSTRUMENTS

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

22.1 Forward exchange contracts

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

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

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

22.2 Equity futures

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

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

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

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

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

The accounting policies used to recognize and disclose derivatives are given in note 4.23.

Rupees in '000	Note	2020	2019
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		38,976,281	42,676,224
Investments		37,654,813	27,129,854
Lendings to financial institutions		223,621	371,146
Balances with banks		85,804	144,832
Securities purchased under resale agreements		394,612	1,390,155
		77,335,131	71,712,211
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		40,633,248	42,789,937
Borrowings		3,915,115	4,505,824
Subordinated debts		1,619,010	1,302,189
Interest expense on lease liability against ROU assets		891,977	970,082
		47,059,350	49,568,032
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		510,681	558,582
Consumer finance related fees		109,946	106,306
Card related fees (debit and credit cards)		1,132,975	874,269
Credit related fees		206,644	141,884
Investment banking fees		221,218	271,506
Commission on trade		687,066	632,504
Commission on guarantees		676,367	561,947
Commission on remittances including home remittances		129,994	236,234
Commission on bancassurance		92,887	156,241
Others		223,507	114,944
		3,991,285	3,654,417
26. GAIN ON SECURITIES			
Realised	26.1	2,555,400	741,228
Unrealised - held for trading	8.1	–	(1,310)
		2,555,400	739,918
26.1 Realised gain / (loss) on:			
Federal Government Securities		2,104,861	566,789
Shares		439,526	176,845
Non Government Debt Securities		11,013	88
Mutual Funds		–	(2,494)
		2,555,400	741,228

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Rupees in '000	Note	2020	2019
27. OTHER INCOME			
Rent on property		22	1,292
Gain / (loss) on sale of fixed assets		23,768	(60,406)
Rent of lockers		46,279	41,416
Gain / (loss) on sale of non-banking assets	27.1	12,502	(146)
Recovery of expenses from customers		252,213	234,524
Government Grant - foreign branch	27.2	6,354	-
(Loss) / gain termination of lease contracts under IFRS - 16 Leases		(81)	49,422
Gain on acquisition of non controlling interest in subsidiary		8,381	-
		349,438	266,102

27.1 Gain on sale of non-banking asset

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

Name of party	2019				
	Cost	Revalued amount	Cash received	Gain / (loss) on sale	Mode of disposal
Rupees '000					
Mr. Aamer Mehmood	85,539	103,148	105,600	2,452	Tender
M/s Sajid Textiles	154,749	166,098	163,500	(2,598)	Tender
	240,288	269,246	269,100	(146)	

27.2 This represents financial and economic package launched by the Government of Bahrain to counter the effect of COVID-19. The package covers support for payment of salaries, employee compensations and utility bills etc.

Rupees in '000	Note	2020	2019
28. OPERATING EXPENSES			
Total compensation expenses	28.1	11,623,029	9,676,727
Property expense			
Rent and taxes		110,080	281,641
Insurance		105,180	131,242
Utilities cost		695,782	635,194
Security (including guards)		525,707	489,076
Repair & maintenance		270,670	255,476
Depreciation on ROU assets		1,498,351	1,497,366
Depreciation		383,658	437,629
		3,589,428	3,727,624
Information technology expense			
Software maintenance		334,099	250,650
Hardware maintenance		59,947	45,081
Depreciation		185,944	211,737
Amortisation		227,421	206,927
Network charges		221,163	208,178
		1,028,574	922,573
Other operating expenses			
Directors' fees, allowances		25,656	11,375
Fees and allowances to shariah board		5,823	5,847
Rates, taxes, insurance etc.		205,866	214,936
Legal and professional charges		92,136	112,554
Brokerage and commission		94,541	81,708
NIFT clearing charges		74,157	62,030
Repair and maintenance		305,785	284,191
Communications		550,085	510,465
Stationery and printing		285,923	351,611
Marketing, advertisement and publicity		148,803	164,839
Donations	28.2	112,390	60,600
Auditors' remuneration	28.3	29,969	17,257
Travelling, conveyance and entertainment		235,773	281,850
Depreciation		533,579	735,705
Security service charges		256,601	246,384
Training and development		21,828	40,571
Premium paid to Deposit Protection Corporation		463,138	415,325
Other expenditure		534,880	348,419
		3,976,943	3,945,667
		20,217,974	18,272,591

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Rupees in '000	Note	2020	2019
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,144,658	3,715,423
ii) variable			
- Cash bonus / awards etc.		1,521,880	1,358,110
		5,666,538	5,073,533
Charge for defined benefit plans	28.1.1	468,076	360,438
Contribution to defined contribution plan	36	294,940	270,620
Rent and house maintenance		1,801,560	1,640,820
Utilities		392,731	357,433
Medical		633,741	501,094
Conveyance		1,263,303	1,201,525
Other staff cost	28.1.2	1,102,140	271,264
		11,623,029	9,676,727

28.1.1 This includes charge of gratuity fund and leave encashment.

28.1.2 This includes incentive to consumer sales staff, dearness allowance, cash handling allowance, staff group insurance, provision for severance etc.

28.2 This includes Rs. 109,000 thousand (2019: Nil) as Group's contribution for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation and Rs. 3,390 thousand (2019: Nil) as cost of school van donated to DC Office Gawadar.

Rupees in '000		2020	2019
28.3 Auditors' remuneration			
Statutory auditors of the Group			
Audit fee		4,650	4,515
Fee for the audit of provident and gratuity funds		360	360
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services		8,065	6,638
Tax services		13,500	–
Out of pocket expenses		208	1,425
		26,783	12,938
Auditors of Wholesale Bank Branch, Bahrain			
Audit fee		3,186	4,319
		29,969	17,257
29. WORKERS' WELFARE FUND			
Opening balance		172,117	130,000
Charge for the year		42,982	42,117
Reversal for the prior periods		–	–
		42,982	42,117
Closing balance		215,099	172,117

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

Rupees in '000	Note	2020	2019
31. PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3.1	465,861	931,362
Provision / (reversal) of provision against loans and advances	9.4	1,628,470	(14,499)
Reversal of provision against other assets	13.4.1	(323)	(12,613)
Reversal of provision against intangible assets		(5,206)	(14,538)
(Reversal) / provision against off-balance sheet obligations	18.1	(847)	637
Reversal of provision against cash and bank balances	6.3	–	(4)
Recovery of written off / charged off bad debts		(113,208)	(117,070)
		1,974,747	773,275
32. TAXATION			
Current		7,061,098	4,325,372
Prior years		–	(707,173)
Deferred		(83,026)	(249,804)
		6,978,072	3,368,395
32.1 Relationship between tax expense and accounting profit			
Profit before taxation		17,835,069	10,400,965
Tax at applicable tax rate of 39 percent (2019: 39 percent)		6,955,677	4,056,376
Effect of:			
- charge for prior year		–	(717,002)
- permanent differences		22,395	29,021
		6,978,072	3,368,395

32.2 Tax status

- i) The Group has filed tax returns for and up to tax year 2020 (year ended 31 December 2019). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

Tax payments made in relation to the matters currently pending are being carried forward as receivable, as management is confident of their realization as and when the appeals are decided.

- ii) Consequent upon the amalgamation with and into the Group, 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 favourable decision of the High Court in a parallel case.

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	2020	2019
33. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	10,846,333	7,028,756
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	8.61	5.58

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

Rupees in '000	2020	2019
34. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	73,651,718	63,039,290
Balances with other banks	7,961,480	7,988,416
Call money lendings	-	6,330,782
	81,613,198	77,358,488

	2020	2019
	Number of employees	
35. STAFF STRENGTH		
Permanent	7,007	6,921
On Bank's contract	942	927
Total staff strength	7,949	7,848

Out of total employees, 6 (2019: 6) employees are working abroad.

Further, a total of 50 (2019: 37) employees are working for ASL as at December 31

36. DEFINED BENEFIT PLAN

36.1 General description

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

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

36.2 The number of employees covered under the defined benefit scheme of the Bank are 7,001 employees (2019: 6,916 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2020 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2020	2019
Discount rate - per annum	9.75%	13.00%
Expected rate of increase in salaries - per annum	9.25%	10.0% - 12.5%
Expected rate of return on plan assets - per annum	13.00%	13.00%
Duration	9 years	10.21 years
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

Rupees in '000	Note	2020	2019
36.4 Reconciliation of payable to / (receivable) from defined benefit plan:			
Present value of defined benefit obligation		3,347,076	2,733,220
Fair value of plan assets		(3,036,762)	(2,816,595)
Benefits payable		–	12,011
Net liability / (asset)		310,314	(71,364)
36.5 Movement in defined benefit obligations			
Obligation at the beginning of the year		2,733,220	2,782,116
Current service cost		296,539	302,411
Past service cost		26,861	–
Interest cost		345,365	299,771
Re-measurement loss / (gain)		112,312	(503,532)
Benefits paid by the Bank		(153,137)	(147,546)
Benefits payable		(14,084)	–
Obligation at the end of the year		3,347,076	2,733,220
36.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		2,816,595	2,741,274
Interest income on plan assets		356,203	287,459
Actuarial gain / (loss) on assets		43,196	(64,592)
Contributions by employer		–	–
Benefits paid		(165,148)	(147,546)
Benefits payable		(14,084)	–
Fair value at the end of the year		3,036,762	2,816,595
36.7 Movement in payable / (receivable) under defined benefit schemes			
Opening balance		(71,364)	52,851
Charge for the year		312,561	314,725
Contribution by the Bank - net		–	–
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2	69,117	(438,940)
Closing balance		310,314	(71,364)
36.8 Charge for defined benefit plan			
36.8.1 Cost recognised in profit and loss			
Current service cost		296,539	302,411
Past service cost		26,861	–
Net interest (income) / expense on defined benefit liability		(10,838)	12,314
		312,562	314,725
36.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Experience adjustment		112,313	(503,532)
Actuarial (gain) / loss on plan assets		(43,196)	64,592
Total re-measurements recognised in OCI		69,117	(438,940)

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Rupees in '000	2020	2019
36.9 Components of plan assets		
Cash and cash equivalents	30,889	39,813
Government securities	2,477,000	2,268,702
Term Finance Certificates	156,000	155,852
Shares	92,801	71,713
Mutual funds	294,156	280,515
Payables	(14,084)	–
	3,036,762	2,816,595

36.10 Amounts for current and previous four annual periods are as follows:

Rupees in '000	2020	2019	2018	2017	2016
As at December 31,					
Defined benefit obligation	3,347,076	2,733,220	2,782,116	2,505,491	2,192,580
Plan assets	(3,036,762)	(2,816,595)	(2,741,274)	(2,042,650)	(1,808,216)
Benefits payable	–	12,011	12,009	26,685	–
Deficit / (surplus)	310,314	(71,364)	52,851	489,526	384,364
Experience adjustments					
Actuarial (loss) / gain on obligation	(112,312)	503,532	47,892	58,839	–
Actuarial gain / (loss) on plan assets	43,196	(64,592)	(43,130)	(116,540)	–

36.11 Sensitivity analysis

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

Assumptions	Impact on Defined Benefit Obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees in '000		
Discount rate	1.00%	3,068,369	(3,666,854)
Salary increase	1.00%	3,670,378	(3,286,720)
Mortality rate change	1 year	1,566	(1,440)

36.12 The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Group may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

36.13 Expected charge for the next financial year (Rupees in '000) 328,271

36.14 Maturity profile

Periods	Undiscounted payments Rupees in '000
Year 1	204,525
Year 2	246,781
Year 3	277,114
Year 4	254,267
Year 5	311,949
Year 6 to Year 10	2,787,086
Year 11 and above	22,013,125

36.15 Funding Policy

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

36.16 Significant risk associated with the staff retirement benefit scheme:

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

36.17 In addition, the liability in respect of defined benefit plan of ASL is Rs. 2,981 thousand (2019: Rs. 1,225 thousand).

37. DEFINED CONTRIBUTION PLAN

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

ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made by ASL and the employees at the rate of 10% of basic salary of the employee.

37.1 The details of size and investment of the provident fund is as follows:

Rupees in '000	2020 (Un-audited)	2019 (Audited)
Size of the Fund	6,084,578	5,346,890
Cost of investments	5,852,989	5,284,243
Fair value of investments	6,113,561	5,285,743
Percentage of investments	96.19%	98.86%

37.2 Breakup of provident fund investments

	2020 (Un-audited)		2019 (Audited)	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pakistan Investment Bonds	2,509,834	42.88	3,019,080	57.13
Market Treasury Bills	1,663,354	28.42	951,216	18.00
Term Finance Certificates	419,652	7.17	419,652	7.94
Mutual Funds	1,005,648	17.18	644,664	12.20
Shares	254,501	4.35	249,631	4.73
	5,852,989	100.00	5,284,243	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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38. COMPENSATED ABSENCES

38.1 General description

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

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

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2020 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2020 was Rs. 679,452 thousand (2019: Rs. 569,382 thousand). Expense for the year of Rs. 153,408 thousand (2019: Rs. 44,286 thousand) has been included in administrative expenses. The main assumptions used for actuarial valuation are as follows:

	2020	2019
Discount rate - per annum	13.00%	13.00%
Expected rate of increase in salaries - per annum	9.25%	10.00% to 12.50%
Leave accumulation factor - days	11	8

38.3 In addition, the net liability in respect of staff compensated absences of ASL is Rs. 1,950 thousand (2019: Rs. 2,029 thousand) and expense for the year is Rs. 1,365 thousand (2019: Rs. 1,412 thousand)

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	For the year ended December 31, 2020							Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Material Risk Takers / Controllers		
	Rupees in '000							
Fees and Allowances etc.								
Managerial Remuneration								
i) Fixed	875	24,781	5,400	23,194	154,874	137,436	346,560	
ii) Total Variable of which								
a) Cash Bonus / Awards	–	–	–	7,337	51,448	41,078	99,863	
Charge for defined benefit plan	–	–	–	2,033	13,832	10,527	26,392	
Contribution to defined contribution plan	–	–	–	1,872	10,507	10,425	22,804	
Rent & house maintenance	–	–	–	10,113	63,399	61,531	135,043	
Utilities	–	–	–	2,247	13,978	12,784	29,009	
Medical	–	–	–	2,247	13,978	12,784	29,009	
Conveyance	–	–	443	–	37,678	48,780	86,901	
Others	–	–	–	120	11,596	13,038	24,754	
Total	875	24,781	5,843	49,163	371,290	348,383	800,335	
Number of persons	1	15	3	1	26	53	99	

Items	For the year ended December 31, 2019						Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Material Risk Takers / Controllers	
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	625	10,750	5,400	20,717	125,287	120,783	283,562
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	3,422	22,730	26,459	52,611
Charge for defined benefit plan	-	-	-	1,768	8,644	10,665	21,077
Contribution to defined contribution plan	-	-	-	1,666	8,000	9,159	18,825
Rent & house maintenance	-	-	-	8,998	51,480	56,425	116,903
Utilities	-	-	-	2,000	11,339	11,486	24,825
Medical	-	-	-	2,000	11,339	11,486	24,825
Conveyance	-	-	447	-	29,952	42,982	73,381
Others	-	-	-	120	9,067	12,269	21,456
	625	10,750	5,847	40,691	277,838	301,714	637,465
Number of persons	1	9	3	1	24	57	95

For the purposes of the foregoing, the term “Key Management Personnel” as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

Risk Taker is a function of the Group which takes, or is in a position to take, risk that may result in financial losses as circumstances may change, but also present an opportunity for a rewarding outcome for the Bank.

Risk Controller is a function of the Group positioned to proactively identify risks associated with the businesses of the Bank and advise the mitigation thereof. Risk Controller is independent of the business and support units it monitors and controls. In addition, the compensation to chief executive of ASL amounts to Rs. 3,832 thousand (2019: Rs. 2,206 thousand).

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

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

		2019					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
		Rupees in '000					
1	Lt Gen Syed Tariq Nadeem Gilani HI (M) Retd	625	–	–	–	–	625
2	Lt Gen Javed Iqbal HI (M) Retd	375	375	–	–	–	750
3	Lt Gen Tariq Khan HI (M) Retd	250	–	–	–	–	250
4	Dr. Nadeem Inayat	625	281	375	656	281	2,218
5	Mr. Rehan Laiq	625	–	94	563	–	1,282
6	Mr. Manzoor Ahmed	500	–	375	656	–	1,531
7	Mr. Kamal A. Chinoy	625	188	–	–	–	813
8	Syed Ahmed Iqbal Ashraf	625	375	–	656	–	1,656
9	Mr. Mushtaq Malik	625	375	–	–	–	1,000
10	Brig Saleem Ahmed Moeen SI Retd	500	–	375	–	375	1,250
Total amount paid		5,375	1,594	1,219	2,531	656	11,375

Further, the remuneration paid to directors of ASL for attending board meetings during the year ended December 31, 2020 amounts to Rs 190 thousand (2019: Rs. 260 thousand)

39.3 Remuneration paid to Shariah Board Members

Items	Meeting fees and allowances paid					
	2020			2019		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
	Rupees in '000					
a. Meeting Fees and Allowances	-	-	-	-	-	-
b. Managerial Remuneration Fixed	1,800	1,800	1,800	1,800	1,800	1,800
c. Fuel	-	443	-	-	447	-
Total amount	1,800	2,243	1,800	1,800	2,247	1,800
Total number of persons	1	1	1	1	1	1

40. FAIR VALUE MEASUREMENTS

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

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

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

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

40.1 Fair value of financial assets

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.

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

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

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

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

Rupees in '000	2020			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	334,820,766	–	334,820,766
Shares	4,493,470	–	350,000	4,843,470
Units of open end mutual funds	–	1,436,420	–	1,436,420
Fully paid preference shares	61,945	–	–	61,945
Non Government Debt Securities	–	2,022,325	7,721,331	9,743,656
Foreign securities	–	496,932	–	496,932
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	94,942,447	–	94,942,447
Foreign securities	–	3,299,267	–	3,299,267
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	–	118,889,979	–	118,889,979
Forward sale of foreign exchange	–	90,389,815	–	90,389,815
Forward agreements for borrowing	–	–	30,084,187	30,084,187

Rupees in '000	2019			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	208,019,966	–	208,019,966
Shares	4,732,051	–	300,000	5,032,051
Units of open end mutual funds	179	1,272,261	–	1,272,440
Fully paid preference shares	61,945	–	–	61,945
Non Government Debt Securities	–	2,216,026	8,604,100	10,820,126
Foreign securities	–	164,967	–	164,967
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	–	76,896,182	–	76,896,182
Foreign securities	–	3,228,741	–	3,228,741
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	–	50,072,221	–	50,072,221
Forward sale of foreign exchange	–	44,308,768	–	44,308,768
Forward agreements for borrowing	–	–	30,084,187	30,084,187

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

	2020 Level 3	2019 Level 3
Rupees in '000		
40.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,552,630	8,023,338
Other assets		
Non-banking assets acquired in satisfaction of claims	4,869,214	4,775,172

41. Segment Information

41.1 Segment details with respect to Business Activities

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

Rupees in '000	2020							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(26,656,103)	18,632,163	32,173,633	2,994,940	3,974,759	1,222,306	(2,065,917)	30,275,781
Inter segment revenue - net	39,566,158	(13,507,134)	(28,107,774)	(1,648,046)	-	(158,354)	3,855,150	-
Non mark-up / return / interest income	1,502,950	2,359,808	2,982,748	395,210	384,683	10,109	2,207,632	9,843,140
Total income / (loss)	14,413,005	7,484,837	7,048,607	1,742,104	4,359,442	1,074,061	3,996,865	40,118,921
Segment direct expenses	11,233,312	800,115	315,756	954,513	2,157,676	113,515	4,734,218	20,309,105
Inter segment expense allocation	561,797	952,795	5,414	182,059	-	-	(1,702,065)	-
Total expenses	11,795,109	1,752,910	321,170	1,136,572	2,157,676	113,515	3,032,153	20,309,105
(Reversal of provisions) / provisions	(61,334)	473,360	491,171	232,521	438,931	(43,506)	443,604	1,974,747
Profit / (loss) before tax	2,679,230	5,258,567	6,236,266	373,011	1,762,835	1,004,052	521,109	17,835,069
Statement of financial position								
Cash and bank balances	30,938,859	2,174,588	39,690,446	-	6,313,535	135,415	2,360,349	81,613,192
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	1,320,590	449,611,987
Lendings to financial institutions	-	-	-	-	-	-	-	-
Advances - performing - net of provision	12,987,203	280,191,484	-	18,522,780	62,598,616	10,653,303	6,872,782	391,826,168
Advances - non-performing - net of provision	563,642	921,775	-	433,395	1,671,075	-	-	3,589,887
Others	1,806,853	15,698,490	7,491,899	763,025	5,754,115	280,853	34,450,192	66,245,427
Total assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	45,003,913	992,886,661
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	84,163,669
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	564,565,481	160,149,553	-	21,935	65,305,888	858,355	81,075	790,982,287
Net inter segment balances - net	(533,319,613)	97,723,672	434,611,006	16,809,062	-	11,188,408	(27,012,535)	-
Others	12,902,600	17,328,364	1,066,600	964,317	4,440,177	3,346,088	11,011,283	51,059,429
Total liabilities	46,296,557	307,546,207	456,390,298	19,719,200	81,556,970	27,339,724	(643,571)	938,205,385
Equity	-	-	-	-	6,996,711	2,037,081	45,647,484	54,681,276
Total equity and liabilities	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	45,003,913	992,886,661
Contingencies and commitments	5,069,575	376,781,193	229,525,637	432,431	11,081,682	9,352,213	1,506,626	633,749,357

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Rupees in '000	2019							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
Profit and loss								
Net mark-up / return / profit	(32,090,991)	26,047,140	22,864,100	2,917,541	3,051,902	1,092,142	(1,737,654)	22,144,179
Inter segment revenue - net	49,037,416	(23,049,100)	(26,360,298)	(2,212,753)	-	(322,279)	2,907,013	-
Non mark-up / return / interest income	1,416,231	2,403,402	2,518,054	312,044	275,680	28,047	491,258	7,444,716
Total income / (loss)	18,362,656	5,401,442	(978,144)	1,016,832	3,327,582	797,910	1,660,617	29,588,895
Segment direct expenses	9,745,451	801,542	189,844	931,037	2,066,391	96,558	4,583,831	18,414,655
Inter segment expense allocation	578,839	904,057	5,137	126,966	-	-	(1,614,999)	-
Total expenses	10,324,291	1,705,599	194,981	1,058,003	2,066,391	96,558	2,968,832	18,414,655
(Reversal of provisions) / provisions	(27,994)	(468,647)	(728)	71,212	185,407	55,355	958,670	773,275
Profit / (loss) before tax	8,066,359	4,164,490	(1,172,397)	(112,383)	1,075,784	645,997	(2,266,885)	10,400,965
Statement of financial position								
Cash and bank balances	23,658,156	2,731,715	18,995,752	-	9,312,065	170,548	16,159,460	71,027,696
Investments	-	9,560,837	264,527,598	-	7,796,309	17,546,111	6,111,575	305,542,430
Lendings to financial institutions	-	-	14,075,190	-	6,330,782	-	-	20,405,972
Advances - performing - net of provision	12,374,428	274,288,120	-	17,953,030	45,559,794	12,503,225	6,534,608	369,213,205
Advances - non-performing - net of provision	684,502	1,567,268	-	231,813	1,242,334	-	-	3,725,917
Others	1,053,872	17,132,320	5,201,442	708,117	5,365,508	271,906	33,773,842	63,507,007
Total assets	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,579,485	833,422,227
Borrowings	1,352,907	17,372,474	13,810,495	1,972,026	2,187,925	13,067,383	1,424,471	51,187,681
Subordinated debts	-	-	-	-	-	-	9,992,000	9,992,000
Deposits and other accounts	547,601,944	68,398,729	-	19,187	62,859,181	289,553	77,718	679,246,312
Net inter segment balances - net	(521,270,904)	196,917,169	288,295,379	15,597,961	-	14,354,373	6,106,022	-
Others	10,087,011	22,591,888	694,108	1,303,786	5,277,040	1,514,653	9,139,379	50,607,865
Total liabilities	37,770,958	305,280,260	302,799,982	18,892,960	70,324,146	29,225,962	26,739,590	791,033,858
Equity	-	-	-	-	5,282,646	1,265,828	35,839,895	42,388,369
Total equity and liabilities	37,770,958	305,280,260	302,799,982	18,892,960	75,606,792	30,491,790	62,579,485	833,422,227
Contingencies and commitments	5,846,170	342,698,169	135,443,232	602,579	8,055,344	9,523,859	1,544,280	503,713,633

41.2 Segment details with respect to geographical locations

Rupees in '000	2020		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	29,053,475	1,222,306	30,275,781
Inter segment revenue - net	158,354	(158,354)	–
Non mark-up / return / interest income	9,833,031	10,109	9,843,140
Total income	39,044,860	1,074,061	40,118,921
Segment direct expenses	20,195,590	113,515	20,309,105
Inter segment expense allocation	–	–	–
Total expenses	20,195,590	113,515	20,309,105
Provisions / (reversals)	2,018,253	(43,506)	1,974,747
Profit before tax	16,831,017	1,004,052	17,835,069
Statement of financial position			
Cash and bank balances	81,477,777	135,415	81,613,192
Investments	431,304,753	18,307,234	449,611,987
Lendings to financial institutions	–	–	–
Advances - performing - net of provision	381,172,865	10,653,303	391,826,168
Advances - non-performing - net of provision	3,589,887	–	3,589,887
Others	65,964,574	280,853	66,245,427
Total assets	963,509,856	29,376,805	992,886,661
Borrowings	72,216,796	11,946,873	84,163,669
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	790,123,932	858,355	790,982,287
Net inter segment balances - net	(11,188,408)	11,188,408	–
Others	47,713,341	3,346,088	51,059,429
Total liabilities	910,865,661	27,339,724	938,205,385
Equity	52,644,195	2,037,081	54,681,276
Total equity and liabilities	963,509,856	29,376,805	992,886,661
Contingencies and commitments	624,397,144	9,352,213	633,749,357

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Rupees in '000	2019		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	21,052,037	1,092,142	22,144,179
Inter segment revenue - net	322,279	(322,279)	–
Non mark-up / return / interest income	7,416,669	28,047	7,444,716
Total income	28,790,985	797,910	29,588,895
Segment direct expenses	18,318,097	96,558	18,414,655
Inter segment expense allocation	–	–	–
Total expenses	18,318,097	96,558	18,414,655
Provisions	717,920	55,355	773,275
Profit before tax	9,754,968	645,997	10,400,965
Statement of financial position			
Cash and bank balances	70,857,148	170,548	71,027,696
Investments	287,996,319	17,546,111	305,542,430
Lendings to financial institutions	20,405,972	–	20,405,972
Advances - performing - net of provision	356,709,980	12,503,225	369,213,205
Advances - non-performing - net of provision	3,725,917	–	3,725,917
Others	63,235,101	271,906	63,507,007
Total assets	802,930,437	30,491,790	833,422,227
Borrowings	38,120,298	13,067,383	51,187,681
Subordinated debts	9,992,000	–	9,992,000
Deposits and other accounts	678,956,759	289,553	679,246,312
Net inter segment balances - net	(14,354,373)	14,354,373	–
Others	49,093,212	1,514,653	50,607,865
Total liabilities	761,807,896	29,225,962	791,033,858
Equity	41,122,541	1,265,828	42,388,369
Total equity and liabilities	802,930,437	30,491,790	833,422,227
Contingencies and commitments	495,701,653	8,011,980	503,713,633

42 TRUST ACTIVITIES

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

43. RELATED PARTY TRANSACTIONS

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

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

Details of transactions with related parties and balances as at the year end are as follows:

Rupees in '000	2020					2019				
	Parent	Director	Key management personnel	Companies with common directorship	Other related parties	Parent	Director	Key management personnel	Companies with common directorship	Other related parties
Investments										
Opening balance	-	-	-	719,311	300,000	-	-	-	49,133	-
Investment made during the year	-	-	-	411,454	50,000	-	-	-	364,176	-
Investment redeemed / disposed off during the year	-	-	-	(247,268)	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(433,019)	-	-	-	-	306,002	300,000
Closing balance	-	-	-	450,478	350,000	-	-	-	719,311	300,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	100,158	-
Advances										
Opening balance	5,035,504	19,771	364,453	4,701,476	-	9,581,279	451	332,540	3,803,463	-
Addition / adjustment during the year	121,938,314	59,315	125,382	9,941,779	-	139,634,599	24,193	156,780	23,395,671	-
Repaid / adjusted during the year	(124,168,032)	(50,406)	(93,715)	(10,545,058)	-	(144,180,374)	(4,873)	(95,164)	(23,386,102)	-
Transfer in / (out) - net	-	(9)	27,644	667,845	-	-	-	(29,703)	888,444	-
Closing balance	2,805,786	28,671	423,764	4,766,042	-	5,035,504	19,771	364,453	4,701,476	-
Other Assets										
Interest / mark-up receivable	46,571	425	84,087	90,799	-	106,869	261	71,401	128,318	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	71,364
Acceptances	-	-	-	-	-	-	-	-	58,420	-
Advance rent	1,081	-	-	-	-	982	-	-	-	-
Others	-	-	-	-	13	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,972,026	-	-	-	-	-
Borrowings during the year	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Settled during the year	-	-	-	-	(1,048,140)	-	-	-	-	(27,974)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	1,000,000
Closing balance	-	-	-	-	1,923,886	-	-	-	-	1,972,026
Subordinated debt										
Opening balance	-	-	-	24,950	-	-	-	-	24,960	-
Issued during the year	-	-	-	-	-	-	-	-	-	-
Redemption during the year	-	-	-	(5)	-	-	-	-	(10)	-
Transfer in / (out) - net	-	-	-	(24,945)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	24,950	-
Deposits and other accounts										
Opening balance	4,678,222	64,239	117,562	15,124,817	4,817,176	9,809,885	24,892	159,716	5,187,631	3,194,361
Received / adjusted during the year	584,157,308	211,929	1,095,412	256,093,596	30,648,252	496,469,213	257,541	853,208	307,604,618	37,960,371
Withdrawn / adjusted during the year	(580,817,426)	(199,751)	(1,016,580)	(257,566,215)	(30,654,147)	(501,600,876)	(218,194)	(879,966)	(297,710,115)	(36,337,556)
Transfer in / (out) - net	-	(57,038)	(9,777)	(1,446,350)	-	-	-	(15,396)	42,683	-
Closing balance	8,018,104	19,379	186,617	12,205,848	4,811,281	4,678,222	64,239	117,562	15,124,817	4,817,176
Other Liabilities										
Interest / mark-up payable	19,363	-	1,809	34,000	38,941	30,293	113	2,750	54,079	79,885
Acceptances	-	-	-	-	-	-	-	-	58,420	-
Payable to staff retirement fund	-	-	-	-	318,214	-	-	-	-	-
Security deposits payable	-	-	287	296,198	-	-	-	287	210,172	-
Others	4,986	-	-	-	-	4,021	-	-	-	-
Contingencies and Commitments										
Contingencies and Commitments	1,313,613	-	-	3,951,782	-	124,565	-	-	2,239,471	-
Others										
Securities held as custodian	4,590,000	-	-	-	6,992,500	2,465,000	-	-	-	6,632,750

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Rupees in '000	2020					2019				
	Parent	Director	Key management personnel	Companies with common directorship	Other related parties	Parent	Director	Key management personnel	Companies with common directorship	Other related parties
Income										
Mark-up / return / interest earned	209,445	4,353	20,126	536,474	-	325,946	753	18,445	576,685	-
Fee and commission received	105	-	-	3,141	-	209	-	-	18,189	-
Dividend income	-	-	-	25,581	8,207	-	-	-	2,115	-
Expense										
Mark-up / return / interest expensed	639,348	322	6,922	1,345,734	638,283	716,408	1,842	6,761	1,114,786	626,918
Contribution to employees funds	-	-	-	-	609,383	-	-	-	-	584,385
Remuneration and allowances	-	-	604,684	-	5,823	-	-	477,160	-	5,847
Rent	12,519	-	-	-	-	18,646	-	-	-	-
Communications	-	-	-	-	33,002	-	-	-	-	19,684
Brokerage and Commission	-	-	-	265	13,693	-	-	-	138	19,461
Directors' fee, allowances	-	25,846	-	-	-	-	11,375	-	-	-
Dividend paid	1,359,423	4	113	-	11,745	906,282	104	75	-	7,830
Insurance	-	-	-	63,436	-	-	-	-	-	-
Donations	109,000	-	-	-	-	50,000	-	-	-	10,000
Others	-	-	-	2,364	-	-	-	-	-	-

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

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

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

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

Rupees in '000	2020	2019
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	44,953,711	36,371,717
Eligible Additional Tier 1 (ADT 1) Capital	5,928,538	5,883,751
Total Eligible Tier 1 Capital	50,882,249	42,255,468
Eligible Tier 2 Capital	13,137,795	6,798,711
Total Eligible Capital (Tier 1 + Tier 2)	64,020,044	49,054,179
Risk Weighted Assets (RWAs):		
Credit Risk	325,175,823	304,610,002
Market Risk	31,566,562	15,988,883
Operational Risk	56,484,088	45,670,649
Total	413,226,473	366,269,535
Common Equity Tier 1 Capital Adequacy ratio	10.88%	9.93%
Tier 1 Capital Adequacy Ratio	12.31%	11.54%
Total Capital Adequacy Ratio	15.49%	13.39%

As of December 2020, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% and 11.50% respectively.

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

Rupees in '000	2020	2019
Leverage Ratio (LR):		
Eligible Tier-1 Capital	50,882,249	42,255,468
Total Exposures	1,420,206,406	1,222,795,584
Leverage Ratio	3.58%	3.46%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	345,807,337	239,545,379
Total Net Cash Outflow	201,510,814	152,412,055
Liquidity Coverage Ratio	171.61%	157.17%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	812,464,916	679,111,530
Total Required Stable Funding	442,061,686	398,438,688
Net Stable Funding Ratio	183.79%	170.44%

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

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45. RISK MANAGEMENT

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

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

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

45.1 Credit Risk:

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

The Group has built and maintains a sound loan portfolio in line with a well defined Risk Management Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 40% of the total asset base and is also the largest source of credit risk for the Group. The Group's advances portfolio is well diversified across various business segments, industries and geographical locations.

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

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

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

The Group is in the process of implementing an Enterprise Risk Management solution and a Loan Origination System. These systems will not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

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

Due to deferral / restructuring & rescheduling relief allowed by SBP, the management has responded by creating a time bound general provision of 0.5% amounting to Rs 374,319 thousand on domestic funded, performing credit portfolio (Corporate/SME) of the borrowers where regulatory relief has been provided considering it is difficult to estimate the full potential effect of the economic stress due to uncertain economic environment. The provision is in addition and incremental to the 0.10% general provision on all performing loans. At December 31, 2020 the Group is carrying a general provision amounting to Rs. 731,882 thousand in respect of potential loan losses which are not specifically identified.

IFRS 9 is applicable to the overseas branch of the Group and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Group has reviewed the potential impact of the COVID 19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information and recognized provision of Rs 39,959 thousand against investments.

Credit risk - General disclosures

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

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

Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
Corporates	–	√	–	√	√	–
Banks	√	√	√	√	√	–
Public sector enterprises	–	√	–	√	√	–

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

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Mapping to SBP Rating Grades

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

Long Term Rating Grades mapping

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

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

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Public/ Government	—	—	—	—	—	—
Private	148,606	148,606	148,606	148,606	148,606	148,606
	148,606	148,606	148,606	148,606	148,606	148,606

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.2 Investment in debt securities						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	140,000	1,279,351	–	999,351	–	999,351
Textile	311,716	311,716	311,716	311,716	311,716	311,716
Chemical and Pharmaceuticals	999,352	694,189	999,352	56,189	999,352	56,189
Automobile and transportation equipment	–	10,370	–	10,370	–	10,370
Power (electricity), Gas, Water, Sanitary	7,135,420	8,072,920	–	–	–	–
Transport, Storage and Communication	–	109,363	–	–	–	–
Telecommunication	221,636	221,636	221,636	221,636	221,636	221,636
Banks and financial institutions	2,350,750	1,625,850	–	–	–	–
Government	430,413,326	288,197,068	–	–	117,482	171,256
Foreign Government	3,859,331	3,407,493	–	–	81,666	20,987
	445,431,531	303,929,956	1,532,704	1,599,262	1,731,852	1,791,505
Credit risk by public / private sector						
Public/ Government	430,413,326	288,197,068	–	–	117,482	171,256
Private	15,018,205	15,732,888	1,532,704	1,599,262	1,614,370	1,620,249
	445,431,531	303,929,956	1,532,704	1,599,262	1,731,852	1,791,505

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
45.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	7,730,025	7,611,285	432,214	333,485	135,091	132,134
Mining and Quarrying	6,836,020	5,393,852	–	–	–	–
Textile	51,348,259	49,156,516	10,377,789	11,277,670	10,217,822	10,912,788
Chemical and Pharmaceuticals	12,361,663	13,722,368	794,758	645,386	667,129	616,889
Cement	6,988,030	7,522,947	401	401	401	401
Sugar	12,804,088	11,623,458	–	–	–	–
Footwear and Leather garments	1,407,841	1,568,947	332,234	371,336	332,234	371,336
Automobile and transportation equipment	1,398,593	1,083,407	725,424	730,827	557,853	442,507
Electronics and electrical appliances	5,010,733	3,634,713	1,114,668	1,119,429	1,109,918	1,109,929
Construction	8,317,601	3,983,708	654,219	693,546	605,003	623,249
Power (electricity), Gas, Water, Sanitary	29,093,037	29,342,778	3,140,231	3,570,878	1,421,836	1,629,054
Wholesale and Retail Trade	13,332,550	12,113,996	489,250	544,801	421,089	381,761
Transport, Storage and Communication	3,238,713	2,667,646	499,153	499,153	499,153	343,880
Financial	6,103,625	7,115,600	–	–	–	–
Insurance	130,155	108,622	–	–	–	–
Services	28,775,437	20,244,401	567,031	608,606	562,670	595,710
Individuals	33,989,548	33,553,706	2,662,811	2,166,505	2,185,396	1,937,549
Public / Government	129,318,506	135,487,857	–	–	–	–
Edible oil and ghee	4,723,727	5,660,916	1,681,161	512,951	1,200,857	450,957
Rice Processing (husking, semi-wholly milled etc.)	8,529,132	7,590,986	2,537,505	2,551,252	2,507,507	2,444,601
Basic iron and steel	11,366,619	12,057,155	399,464	431,455	399,464	396,464
Others	39,058,203	27,329,206	2,002,497	2,076,292	1,997,500	2,018,847
	421,862,105	398,574,070	28,410,810	28,133,973	24,820,923	24,408,056
Credit risk by public / private sector						
Public/ Government	129,318,506	135,487,857	–	–	–	–
Private	292,543,599	263,086,213	28,410,810	28,133,973	24,820,923	24,408,056
	421,862,105	398,574,070	28,410,810	28,133,973	24,820,923	24,408,056

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Rupees in '000	2020	2019
45.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	693,790	142,716
Mining and Quarrying	6,110,218	96,746
Textile	16,545,502	14,640,603
Chemical and Pharmaceuticals	8,455,670	4,583,914
Cement	2,628,607	1,526,477
Sugar	597,968	56,419
Footwear and Leather garments	883,465	615,171
Automobile and transportation equipment	666,834	192,581
Electronics and electrical appliances	2,839,080	1,479,486
Construction	19,711,987	15,501,045
Power (electricity), Gas, Water, Sanitary	17,640,332	9,186,131
Wholesale and Retail Trade	6,993,222	7,666,282
Exports/Imports	2,436,127	–
Transport, Storage and Communication	435,464	1,884,808
Banks and Financial Institutions	271,312,444	182,448,263
Real Estate	12,550	–
Financial	11,352,214	12,076,312
Insurance	236,959	5,058
Food and allied	17,487,105	4,035,077
Services	15,060,096	7,768,127
Individuals	1,414,782	1,855,212
Public / Government	204,193,634	206,807,858
Engineering	316,965	–
Communication	495,649	–
Others	25,228,693	31,145,347
	633,749,357	503,713,633
Credit risk by public / private sector		
Public / Government	204,193,634	206,807,858
Private	429,555,723	296,905,775
	633,749,357	503,713,633

45.1.5 Concentration of Advances

The Group's top 10 exposures on the basis of total funded and non-funded exposures aggregated to Rs. 211,972,023 thousand (2019: Rs. 245,634,294 thousand) are as following:

Rupees in '000	2020	2019
Funded	105,709,802	124,813,589
Non Funded	106,262,221	120,820,705
Total Exposure	211,972,023	245,634,294

The sanctioned limits against these top 10 exposures aggregated to Rs 314,709,755 thousand (2019: Rs. 303,168,218 thousand).

The above does not include any classified exposure.

45.1.6 Advances - Province / Region-wise disbursement and utilization

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

Province / Region	2019						
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	844,250,600	785,467,749	28,610,182	6,196,236	80,875	23,850,552	45,006
Sindh	610,645,549	4,216,326	603,173,646	1,847,490	33,889	1,370,986	3,212
KPK including FATA	9,764,650	101,286	11,006	9,643,737	3,000	2,321	3,300
Baluchistan	765,768	15,810	10,063	5,475	732,819	100	1,501
Islamabad	90,187,102	4,568,113	1,539,507	88,601	36,496	83,931,331	23,054
AJK including Gilgit-Baltistan	715,229	47,553	2,000	86,385	900	51,359	527,032
Total	1,556,328,898	794,416,837	633,346,404	17,867,924	887,979	109,206,649	603,105

45.2 Market Risk:

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

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

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

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

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

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

Total capital charge for market risk is Rs. 2,478,060 thousand (2019: Rs. 1,279,111 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	73,651,718	–	73,651,718	63,039,290	–	63,039,290
Balances with other banks	7,961,474	–	7,961,474	7,988,406	–	7,988,406
Lendings to financial institutions	–	–	–	20,405,972	–	20,405,972
Investments	335,266,947	114,345,040	449,611,987	252,018,491	53,523,939	305,542,430
Advances	395,416,055	–	395,416,055	372,939,122	–	372,939,122
Fixed assets	21,232,750	–	21,232,750	19,711,719	–	19,711,719
Intangible assets	1,158,857	–	1,158,857	825,183	–	825,183
Deferred tax assets	1,597,334	–	1,597,334	2,468,952	–	2,468,952
Other assets	42,256,486	–	42,256,486	40,501,153	–	40,501,153
	878,541,621	114,345,040	992,886,661	779,898,288	53,523,939	833,422,227

45.2.2 Foreign Exchange Risk

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

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

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

Rupees in '000	2019			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	69,341,957	71,272,572	826,102	(1,104,513)
Pound Sterling	765,166	4,802,138	4,012,952	(24,020)
Euro	1,057,255	1,667,512	575,055	(35,202)
Other European currencies	43,967	–	11,778	55,745
Other currencies	765,193	594,312	337,567	508,448
	71,973,538	78,336,534	5,763,454	(599,542)

Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rate on				
- Profit and loss account	-	282,293	-	61,028

45.2.3 Equity position risk

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

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

At the end of FY 2020 Group's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	(2,836)
- Other comprehensive income	(224,212)	-	(236,545)	-

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

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

Key IRRBB measures include:

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

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Rupees in '000	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	195,700	(1,855,847)	165,200	(555,021)
- Other comprehensive income	(1,304,000)	–	(826,000)	–

45.2.5 Mismatch of interest rate sensitive assets and liabilities

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

Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments	
		Total	2020										
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.02%	73,651,718	7,501,569	–	–	–	–	–	–	–	–	–	66,150,149
Balances with other banks	0.76%	7,961,474	5,517,529	–	–	–	–	–	–	–	–	–	2,443,945
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	9.50%	449,611,987	15,622,941	58,751,580	120,070,417	61,770,426	40,920,325	33,955,440	54,255,063	54,953,206	2,979,782	–	6,332,807
Advances	9.59%	395,416,055	101,982,157	90,388,893	62,261,378	55,656,168	16,195,532	28,636,248	17,130,621	18,185,100	4,979,958	–	–
Other assets	–	17,969,273	–	–	–	–	–	–	–	–	–	–	17,969,273
		944,610,507	130,624,196	149,140,473	182,331,795	117,426,594	57,115,857	62,591,688	71,385,684	73,138,306	7,959,740	–	92,896,174
Liabilities													
Bills payable	–	12,629,996	–	–	–	–	–	–	–	–	–	–	12,629,996
Borrowings	5.28%	84,163,669	49,158,624	11,328,334	2,269,802	932,385	4,919,342	5,795,780	4,879,701	4,182,601	697,100	–	–
Deposits and other accounts	5.54%	790,982,287	44,196,407	27,748,891	14,970,025	32,540,359	103,373,168	101,058,079	109,334,174	86,660,871	14,388,545	–	256,711,768
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated loans	10.67%	12,000,000	–	6,000,000	6,000,000	–	–	–	–	–	–	–	–
Other liabilities	–	4,168,790	–	–	–	–	–	–	–	–	–	–	4,168,790
		903,944,742	93,355,031	45,077,225	23,239,827	33,472,744	108,292,510	106,853,869	114,213,875	90,843,472	15,085,645	–	273,510,554
On-balance sheet gap		40,665,765	37,269,165	104,063,248	159,091,968	83,953,850	(51,176,653)	(44,262,171)	(42,828,191)	(17,705,166)	(7,125,905)	–	(180,614,380)
Off-balance sheet financial instruments													
Purchase and resale agreements	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale and repurchase agreements	5.50%	30,084,187	30,084,187	–	–	–	–	–	–	–	–	–	–
Commitments to extend credits	–	13,721,426	13,721,426	–	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		(43,805,613)	(43,805,613)	–	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			81,074,778	104,063,248	159,091,968	83,953,850	(51,176,653)	(44,262,171)	(42,828,191)	(17,705,166)	(7,125,905)	–	(180,614,380)
Cumulative yield / interest risk sensitivity gap			81,074,778	185,138,026	344,229,994	428,183,844	377,007,191	332,745,020	289,916,829	272,211,663	265,085,758	–	–

Mismatch of interest rate sensitive assets and liabilities

		2019											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Upto 1					Over 1			Over 5		Non-interest bearing financial instruments
			Month	to 3 Months	to 6 Months	to 1 Year	to 2 Years	to 3 Years	to 5 Years	to 10 Years	Above 10 Years		
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.17%	63,039,290	11,662,460	-	-	-	-	-	-	-	-	-	51,376,830
Balances with other banks	1.02%	7,988,406	6,550,373	-	-	-	-	-	-	-	-	-	1,438,033
Lendings to financial institutions	10.77%	20,405,972	16,535,190	3,870,782	-	-	-	-	-	-	-	-	-
Investments	9.70%	305,542,430	997,772	34,989,307	34,806,967	103,978,486	34,961,505	32,179,773	37,748,536	19,467,644	-	-	6,412,440
Advances	11.38%	372,939,122	98,276,253	119,136,062	50,125,061	70,802,714	14,312,861	5,964,061	6,606,518	7,006,055	709,537	-	-
Other assets	-	16,880,680	-	-	-	-	-	-	-	-	-	-	16,880,680
		786,795,900	134,022,048	157,996,151	84,932,028	174,781,200	49,274,366	38,143,834	44,355,054	26,473,699	709,537	-	76,107,983
Liabilities													
Bills payable	-	15,768,947	-	-	-	-	-	-	-	-	-	-	15,768,947
Borrowings	7.31%	51,187,682	27,568,097	11,126,324	4,414,020	1,018,350	2,421,248	1,483,877	1,483,877	1,271,895	211,982	-	188,012
Deposits and other accounts	6.96%	679,246,312	30,754,431	34,843,723	20,778,899	45,330,246	84,443,414	84,799,078	93,273,856	71,345,941	11,897,339	-	201,779,385
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	13.03%	9,992,000	-	3,992,000	6,000,000	-	-	-	-	-	-	-	-
Other liabilities	14.75%	5,855,948	-	-	-	-	-	-	-	-	-	-	5,855,948
		762,050,888	58,322,528	49,962,047	31,192,919	46,348,596	86,864,662	86,282,955	94,757,733	72,617,836	12,109,321	-	223,592,292
On-balance sheet gap		24,745,012	75,699,521	108,034,104	53,739,109	128,432,606	(37,590,296)	(48,139,121)	(50,402,679)	(46,144,137)	(11,399,784)	-	(147,484,309)
Off-balance sheet financial instruments													
Purchase and resale agreements	11.75%	14,084,250	14,084,250	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	9.62%	22,011,978	22,011,978	-	-	-	-	-	-	-	-	-	-
Commitments to extend credits	-	7,255,882	7,255,882	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(15,183,610)	(15,183,610)	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		60,515,911	108,034,104	53,739,109	128,432,606	(37,590,296)	(48,139,121)	(50,402,679)	(46,144,137)	(11,399,785)	-	-	(147,484,309)
Cumulative yield / interest risk sensitivity gap		60,515,911	168,550,015	222,289,124	350,721,730	313,131,434	264,992,313	214,589,634	168,445,497	157,045,712	-	-	-

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

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

45.2.5.3 Assets do not include fixed assets of Rs. 21,232,847 thousand (2019: Rs. 19,711,719 thousand), intangible assets of Rs. 1,158,857 thousand (2019: Rs. 825,183 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, unrealized gain on forward foreign exchange contracts-net and stationary, stamps in hand and acceptances of Rs. 21,260,719 thousand (2019: Rs. 20,812,667 thousand).

45.2.5.4 Liabilities do not include other liabilities consisting of unearned income / commission, advance payments, acceptances, branch adjustment account, withholding taxes payable, federal excise duty, provision against off-balance sheet items and Worker's Welfare Fund of Rs. 15,355,889 thousand (2019: Rs. 12,947,530 thousand).

45.3 OPERATIONAL RISK

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

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

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

45.3.1 Operational Risk-Disclosures Basel II specific

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

45.4 Liquidity Risk

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

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

Rupees in '000	2020													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 year	Over 5 year
Assets														
Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	443,269,961	23,492	4,987,560	9,888,531	34,710,657	7,206,369	50,749,318	57,777,838	4,069,793	42,013,253	73,347,380	80,065,302	78,440,468	
Advances	395,416,055	1,603,171	10,684,368	10,269,668	96,987,680	28,478,676	18,245,501	36,809,132	10,541,459	15,165,006	19,985,644	35,700,890	41,312,581	69,632,279
Fixed assets	21,232,750	6,635	42,529	46,445	107,359	190,184	201,257	572,564	547,878	563,203	2,031,929	1,743,704	2,408,548	12,770,515
Intangible assets	1,158,857	652	4,562	4,562	9,776	19,469	19,469	48,944	29,779	29,779	103,746	97,213	184,900	606,006
Deferred tax assets	1,597,334	-	-	-	-	-	-	-	-	-	-	-	1,597,334	-
Other assets	11,831,163	21,775	744,561	767,891	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	45,334	930,453	188,087	-
	874,506,120	1,665,725	11,476,020	16,076,126	111,170,016	64,364,491	26,443,021	89,392,340	69,994,603	20,738,212	64,179,906	111,819,640	126,746,752	161,449,268
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	45,520,055	-	28,011,681	3,436,751	6,275,140	4,124,151	584,508	1,199,719	-	932,385	39,641	916,079	-	-
Deposits and other accounts	102,297,716	94,116	1,228,834	3,769,568	9,301,325	13,596,332	14,420,886	15,247,170	8,002,728	24,747,710	2,657,342	340,682	8,559,840	331,183
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,831,163	21,775	744,561	767,891	4,176,670	965,505	770,425	1,212,382	1,097,649	910,431	45,334	930,453	188,087	-
	171,648,934	115,891	29,985,076	7,974,210	19,753,135	18,685,988	15,775,819	17,659,271	9,100,377	26,590,526	2,742,317	2,187,214	8,747,927	12,331,183
Net assets	702,857,186	1,539,834	(18,509,056)	8,101,916	91,416,881	45,678,503	10,667,202	71,733,069	60,894,226	(5,852,314)	61,437,589	109,632,426	116,998,825	149,118,085

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

		2019													
		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 year	Over 5 year
Rupees in '000															
Assets															
Cash and balances with treasury banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	20,405,972	-	14,935,190	-	1,600,000	3,870,782	-	-	-	-	-	-	-	-	-
Investments	299,129,110	28,220	-	-	-	109,363	33,242,894	31,943,517	58,349,991	41,226,012	35,871,497	33,321,202	41,121,121	23,915,293	
Advances	372,939,122	338,056	534,250	749,779	98,132,683	29,675,476	3,446,254	50,891,687	21,112,198	17,231,765	18,102,205	12,150,568	53,823,256	66,750,945	
Fixed assets	19,711,719	6,863	43,916	48,045	237,943	222,072	181,088	587,170	555,103	558,828	1,926,926	1,689,803	2,501,520	11,152,442	
Intangible assets	825,183	584	4,086	4,086	144,727	23,331	11,666	52,159	51,102	51,102	134,814	71,569	135,062	140,895	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	10,498,513	-	-	-	5,075,563	879,044	-	3,283,890	90,759	1,169,257	-	-	-	-	
	723,509,618	373,723	15,517,442	801,910	105,190,916	34,780,068	36,881,902	86,758,423	80,159,153	60,236,964	56,035,442	47,233,142	97,580,959	101,959,575	
Liabilities															
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	31,286,362	-	13,665,065	4,721,703	926,763	4,230,460	2,153,012	3,633,639	-	1,018,350	937,370	-	-	-	
Deposits and other accounts	122,017,256	301,239	596,783	2,541,852	4,421,964	10,184,942	24,808,450	20,674,637	9,483,529	36,076,111	1,247,276	1,564,031	10,047,200	69,242	
Liabilities against assets subject to															
finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	9,992,000	-	-	-	-	-	800	-	800	-	1,600	1,600	3,987,200	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	10,498,513	-	-	-	5,075,563	879,045	-	3,283,889	90,759	1,169,257	-	-	-	-	
	173,794,131	301,239	14,261,848	7,263,555	10,424,290	15,294,447	26,962,262	27,592,165	9,575,088	38,263,718	2,186,246	1,565,631	14,034,400	6,069,242	
Net assets	549,715,487	72,484	1,255,594	(6,461,645)	94,766,626	19,485,622	9,919,640	59,166,258	70,584,065	21,973,245	53,849,196	45,667,511	83,546,559	95,890,333	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

		2020									
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets											
Cash and balances with treasury banks	73,651,718	22,832,033	-	-	-	12,704,921	12,704,921	12,704,921	10,889,933	1,814,989	
Balances with other banks	7,961,474	2,684,609	2,936,192	1,337,528	1,003,145	-	-	-	-	-	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	
Investments	449,611,987	16,426,922	42,286,118	50,902,231	61,924,088	42,936,518	74,270,645	81,252,671	76,076,230	3,536,564	
Advances	395,416,055	119,544,887	46,724,177	36,809,132	25,706,465	19,985,644	35,700,890	41,312,583	38,054,926	31,577,351	
Fixed assets	21,232,750	202,969	391,440	572,564	1,111,081	2,031,930	1,743,704	2,389,507	2,182,568	10,606,987	
Intangible assets	1,158,857	19,552	38,938	48,944	59,558	103,746	97,213	169,190	621,716	-	
Deferred tax assets	1,597,334	974,374	-	-	63,682	63,828	182,696	312,754	-	-	
Other assets	42,256,486	12,100,215	1,735,930	1,212,382	2,008,080	6,054,336	6,939,455	6,197,088	5,150,571	858,429	
	992,886,661	174,785,561	94,112,795	90,882,781	91,876,099	83,880,923	131,639,524	144,338,714	132,975,944	48,394,320	
Liabilities											
Bills payable	12,629,996	6,153,334	5,014,190	835,698	626,774	-	-	-	-	-	
Borrowings	84,163,669	49,158,624	11,328,333	2,269,802	932,385	4,919,342	5,795,780	4,879,701	4,182,602	697,100	
Deposits and other accounts	790,982,287	134,814,012	37,606,304	14,970,025	32,540,359	142,432,355	140,117,267	148,393,362	120,140,174	19,968,429	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	
Other liabilities	38,429,433	20,339,946	1,735,930	1,212,382	2,008,080	3,037,639	3,922,759	3,180,392	2,564,833	427,472	
	938,205,385	210,465,916	55,684,757	19,287,907	36,107,598	150,389,336	149,835,806	156,453,455	132,887,609	27,093,001	
Net assets	54,681,276	(35,680,355)	38,428,038	71,594,874	55,768,501	(66,508,413)	(18,196,282)	(12,114,741)	88,335	21,301,319	
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	
Reserves	25,701,665	-	-	-	-	-	-	-	-	-	
Unappropriated profit	8,706,053	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	7,670,956	-	-	-	-	-	-	-	-	-	
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	
	54,681,276	-	-	-	-	-	-	-	-	-	

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

		2019									
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets											
Cash and balances with treasury banks	63,039,290	19,542,180	-	-	-	10,874,278	10,874,278	10,874,278	9,320,809	1,553,467	
Balances with other banks	7,988,406	2,693,691	2,946,124	1,342,052	1,006,539	-	-	-	-	-	
Lendings to financial institutions	20,405,972	16,535,190	3,870,782	-	-	-	-	-	-	-	
Investments	305,542,430	1,641,565	33,743,295	32,091,095	99,649,791	36,843,391	34,293,095	42,253,013	24,218,181	809,004	
Advances	372,939,122	99,754,767	33,121,730	50,891,687	38,343,962	18,102,205	12,150,568	53,823,256	35,869,131	30,881,815	
Fixed assets	19,711,719	336,768	411,388	594,587	1,101,934	1,926,643	1,689,517	2,502,035	1,939,869	9,208,978	
Intangible assets	825,183	153,440	34,997	52,159	102,205	134,814	71,569	135,062	140,937	-	
Deferred tax assets	2,468,952	1,514,487	-	-	98,983	99,208	283,968	472,306	-	-	
Other assets	40,501,153	11,376,181	879,045	3,283,890	1,260,016	5,925,505	5,925,505	5,925,505	5,079,005	846,501	
	833,422,227	153,548,269	75,007,361	88,255,470	141,563,430	73,906,044	65,288,500	115,985,455	76,567,932	43,299,765	
Liabilities											
Bills payable	15,768,947	7,682,631	6,260,374	1,043,395	782,547	-	-	-	-	-	
Borrowings	51,187,681	27,680,904	11,190,785	4,424,763	1,018,350	2,421,248	1,483,877	1,483,877	1,271,895	211,982	
Deposits and other accounts	679,246,312	102,442,285	42,575,250	20,778,899	45,330,245	115,033,415	115,389,079	123,863,857	97,565,942	16,267,340	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	9,992,000	-	800	-	800	1,600	1,600	3,987,200	-	6,000,000	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	
Other liabilities	34,838,918	18,462,786	879,045	3,283,890	1,260,017	2,738,296	2,738,295	2,738,295	2,347,109	391,185	
	791,033,858	156,268,606	60,906,254	29,530,947	48,391,959	120,194,559	119,612,851	132,073,229	101,184,946	22,870,507	
Net assets	42,388,369	(2,720,337)	14,101,107	58,724,523	93,171,471	(46,288,515)	(54,324,351)	(16,087,774)	(24,617,014)	20,429,258	
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	
Reserves	19,408,889	-	-	-	-	-	-	-	-	-	
Unappropriated profit	6,002,253	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	4,326,079	-	-	-	-	-	-	-	-	-	
Non-controlling interest	48,546	-	-	-	-	-	-	-	-	-	
	42,388,369	-	-	-	-	-	-	-	-	-	

45.5 Derivative Risk

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

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

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

46. GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2021 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2020 do not include the effect of the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2021 as follows:

Rupees in '000	2020	2019
Transfer from unappropriated profit to:		
Proposed final cash dividend - Rs. 3 per share (2019: Rs. 1.5 per share)	3,780,781	1,890,390
General reserve	4,925,272	4,111,863




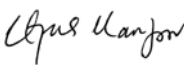
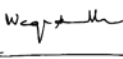
46.2 Captions as prescribed by BSD Circular No. 4 dated February 17, 2006 issued by the SBP in respect of which there are no amounts have not been reproduced in these consolidated financial statements except for the consolidated statement of financial position and consolidated profit and loss account.

47. RECLASSIFICATION OF COMPARATIVE FIGURES

Where necessary, corresponding figures have been regrouped to conform to the presentation of current year amounts. Such regrouping does not have an impact on previously reported consolidated statement of financial position or consolidated profit and loss account.

48. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 15, 2021 by the Board of Directors of the Group.

				
Abid Sattar President & Chief Executive	Saleem Anwar Chief Financial Officer	Dr. Nadeem Inayat Director	Mohammad Aftab Manzoor Director	Waqar Ahmed Malik Chairman

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Number of shareholders	Shareholding		Total shares held
	From	To	
1,920	1	100	76,665
2,853	101	500	818,921
1,935	501	1,000	1,485,826
4,181	1,001	5,000	10,639,216
1,807	5,001	10,000	13,330,359
895	10,001	15,000	11,297,007
840	15,001	50,000	21,978,177
386	50,001	500,000	52,634,301
28	505,001	1,000,000	21,459,456
15	1,070,001	2,000,000	21,361,767
17	2,085,001	5,000,000	60,269,845
7	5,645,001	10,635,000	53,184,000
5	22,925,001	271,885,000	449,157,916
1	542,565,001	542,570,000	542,566,724
14,890			1,260,260,180

Categories of Shareholders	Numbers of shareholders	Shares Held	Percentage
Particulars			
Directors, CEO, Children	6	3,000	0.0002
Associated Companies & Related Parties	9	920,398,417	73.0324
Executives / Employees of the Bank	16	182,699	0.0145
Public Sector Companies & Corporations	17	32,525,015	2.5808
Banks, DFI & NBFI, Insurance Companies, Takaful, modarabas, Pension Funds	32	7,243,947	0.5748
Mutual Funds	12	31,062,611	2.4648
General Public (Local)	14,618	232,480,511	18.4470
General Public (Foreign)	7	85,483	0.0068
Others	168	34,702,220	2.7536
Foreign investors (Foreign Companies)	5	1,576,277	0.1251
Total	14,890	1,260,260,180	100.0000

Associated Companies & Related Parties: 9 920,398,417 73.0324

Fauji Foundation Group

Fauji Foundation	2	90,629,884	7.1914
Fauji Fertilizer Company Limited	2	543,768,024	43.1473
Fauji Fertilizer Bin Qasim Limited	1	271,884,009	21.5736

Related Parties

Trustees of FFC Employees Gratuity Fund	1	4,954,500	0.3931
Trustees Of FFC Mgmt Staff Pension Fund	1	1,332,000	0.1057
Trustees of Askari Bank Limited Employees Gratuity Fund	1	915,000	0.0726
Trustees of Askari Bank Limited Employees Provident Fund	1	6,915,000	0.5487

Mutual Funds 12 31,062,611 2.4648

CDC - Trustee AKD Index Tracker Fund	1	89,813	0.0071
CDC - Trustee NIT-Equity Market Opportunity Fund	1	4,448,442	0.3530
CDC - Trustee National Investment (Unit) Trust	1	23,946,856	1.9002
CDC - Trustee NBP Mahana Amdani Fund - MT	1	56,000	0.0044
CDC - Trustee First Habib Stock Fund	1	120,000	0.0095
CDC - Trustee Faysal MTS Fund - MT	1	13,000	0.0010
CDC - Trustee Pakistan Income Fund - MT	1	72,000	0.0057
CDC - Trustee First Habib Asset Allocation Fund	1	80,000	0.0063
CDC - Trustee NBP Financial Sector Fund	1	325,000	0.0258
CDC - Trustee NIT Asset Allocation Fund	1	105,000	0.0083
CDC - NBP Stock Fund	1	1,300,000	0.1032
CDC - Trustee NBP Financial Sector Income Fund - MT	1	506,500	0.0402

Categories of Shareholders Particulars	Numbers of shareholders	Shares Held	Percentage
Board of Directors Shareholding			
Mr. Sarfaraz Ahmed Rehman	1	500	0.0000
Dr. Nadeem Inayat	1	500	0.0000
Mr. Mushtaq Malik	1	500	0.0000
Ms. Zoya Mohsin Nathani	1	500	0.0000
Raja Muhammad Abbas	1	500	0.0000
Mr. Mohammad Aftab Manzoor	1	500	0.0000
Shareholding Board of Directors	6	3,000	0.0002
Executives/Employees of the Bank	16	182,699	0.0145
Public Sector Companies & Corporations	17	32,525,015	2.5808
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas	32	7,243,947	0.5748
General Public (Local) - Individuals	14,618	232,480,511	18.4470
General Public (Foreign) - Individuals	7	85,483	0.0068
Foreign Companies	5	1,576,277	0.1251
Others	168	34,702,220	2.7536
	14,798	268,844,491	21.3325
Total	14,890	1,260,260,180	100.0000

Note 1: For the purpose of reporting trades in the shares of the Bank, as per requirement of 5.6.1 (d) of Rule Book of Pakistan Stock Exchange Limited, Executive(s) mean person(s), who have access to price sensitive information.

Note 2: During the year, there have been no trades in the shares of the Bank by its Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children.

FORM OF PROXY

ASKARI BANK LIMITED

29TH ANNUAL GENERAL MEETING

I/We _____ S/o/ D/o/ W/o _____ of _____ being member(s) of Askari Bank Limited (the Bank), hold _____ ordinary shares vide Folio/CDC Account No. _____, do hereby appoint Mr./Mrs./Ms. _____ Folio/CDC Account No. _____ of _____ failing him/ her, Mr./Mrs./Ms. _____ Folio/CDC Account No. _____ of _____, as my/our proxy in my/our absence to attend and vote on my/our behalf at the 29th Annual General Meeting of the Bank to be held on Tuesday, March 30, 2021 at 10:00 am at TopiRakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom Link and at any adjournment thereof.

Signed this _____ day of March 2021.

(Please affix revenue stamp of Rs.5)

Signature of Member
(The signature should agree with the specimen registered with the Bank)

Witnesses No. 1: _____
Name: _____
C.N.I.C. No.: _____
Address: _____

Witnesses No. 2: _____
Name: _____
C.N.I.C. No.: _____
Address: _____

IMPORTANT NOTES:

A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan / State Bank of Pakistan / corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad not less than 48 hours before the time of holding the meeting.

4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. Copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
3. In case of Government of Pakistan / State Bank of Pakistan / Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.

The Company Secretary
ASKARI BANK LIMITED
4th Floor, NPT Building
F-8 Markaz
Islamabad - Pakistan

پراکسی کا فارم عسکری بینک لمیٹڈ

میں / ہم _____ ولدیت / بہت ازواج _____ شہر _____ بحیثیت ممبر عسکری بینک لمیٹڈ، حامل عام حشر زب مطابق فوئیو ای ڈی سی اکاؤنٹ نمبر _____
ہمسز / مسز اس _____ فوئیو ای ڈی سی اکاؤنٹ نمبر _____ شہر _____ اسکی ناکامی کی صورت میں، مسز / مسز اس _____ فوئیو ای ڈی سی اکاؤنٹ
نمبر _____ شہر _____ کو اپنے اہمارے ایما، پر بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری طرف سے بینک کے 29 ویں سالانہ اجلاس عام جو بتاریخ 30 مارچ 2021ء بروز
منگل دن بوقت 10:00 بجے بمقام ٹوٹی رکھ کیلیکس (گلیکسی ہال)، آری ہیر شیج فاؤنڈیشن، ایوب نیشنل پارک، جہلم روڈ، راولپنڈی میں اور ذم لنگ کے ذریعے منعقد ہونے والے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے،
بات کرے اور حق رائے دہی استعمال کرے۔
آج بروز _____ بتاریخ _____ مارچ 2021ء کو بطور گواہ دستخط کیے۔

دستخط ممبر
(پانچ روپے کارسیدی ٹکٹ)

گواہ نمبر 1 _____ نام _____ شناختی کارڈ نمبر _____ پتہ _____ نوٹس:-
الف - عام
1- جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کر سکتا ہے۔ گورنمنٹ آف پاکستان، سٹیٹ بینک آف پاکستان یا کاروباری ادارے کے علاوہ کوئی
ایسا شخص پراکسی کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔
2- پراکسی مقرر کرنے کی دستاویز ممبر یا اس کے تحریری طور پر یا اختیار رائے سے دستخط شدہ ہونی چاہیے۔ اگر ممبر (گورنمنٹ آف پاکستان یا سٹیٹ بینک آف پاکستان کے علاوہ) ایک کاروباری ادارہ ہے تو اس کی عام ممبر
دستاویز پر لگی ہوئی چاہیے۔
3- پراکسی مقرر کیے جانے سے متعلق دستاویزات بنام کمیٹی سیکرٹری عسکری بینک لمیٹڈ، فورٹہ فلور، این پی ٹی بلڈنگ، ایف-8 مرکز، اسلام آباد پر اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیے۔
4- پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیے۔ جن کے نام، پتے اور سی این آئی سی نمبر فارم کے اوپر درج ہوں۔
5- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور ایک سے زیادہ پراکسی کے دستاویز جمع کروائے گا تو پراکسی کی تمام دستاویزات کا اہم قرار دی جائیں گی۔

ب - سی ڈی سی اکاؤنٹ رکھنے والوں کے لئے
1- مستفید مالکان کے سی این آئی سی یا سپورٹ کی نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔
2- پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل سپورٹ فراہم کرنا ہوگا۔
3- گورنمنٹ آف پاکستان / سٹیٹ بینک آف پاکستان / کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا پورا آف انارٹی بمعہ نمونہ دستخط پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

The Company Secretary
ASKARI BANK LIMITED
4th Floor, NPT Building
F-8 Markaz
Islamabad - Pakistan

ADDENDUM TO THE NOTICE OF 29TH ANNUAL GENERAL MEETING

Further to the Notice of 29th Annual General Meeting of Askari Bank Limited, following changes have been made in the attached Notice of AGM and the Notes thereto based on Circular No. 06 of 2021 dated March 03, 2021 issued by the Securities & Exchange Commission of Pakistan (“SECP”):

1. Notice is hereby given that the 29th Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Tuesday, March 30, 2021 at 10:00 am through Zoom Link.
2. **Coronavirus Contingency Planning for AGM**

SECP in terms of its Circular No. 6 of 2021 dated March 03, 2021, has clarified that, due to Corona Virus Related Contingency Planning and practical difficulties, listed companies may opt to hold their general meetings through electronic mode. Since, COVID-19 pandemic is still at large therefore, considering continued health and safety measures, and well-being of the shareholders and participants, the AGM of the Bank will be held electronically and shareholders of the Bank can participate in the AGM through Zoom Link.

Keeping in view of the above, please note that the Bank has made proper arrangements for the shareholders who will be participating in the 29th AGM proceedings through Zoom Link. For that purpose, the shareholder are requested to provide their Name, Folio/ CDS Account Number, Number of Share held, Mobile Numbers (active) and Email address in their names with subject “Registration for 29th AGM of AKBL” at ir@askaribank.com.pk. Zoom Link to join the AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address not less than 48 hours before the time of holding the AGM. The shareholders can also provide their comments and questions relating to agenda items of the AGM on email at ir@askaribank.com.pk.

Rawalpindi
March 08, 2021

By Order of the Board



Syed Ali Safdar Naqvi
Company Secretary

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