



REPORT FOR THE HALF YEAR ENDED

JUNE 30, 2021

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Corporate Information

Board of Directors	Mr. Waqar Ahmed Malik - Chairman Lt Gen Tariq Khan, HI (M) (Retd) Mr. Sarfaraz Ahmed Rehman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Mr. Mohammad Aftab Manzoor Ms. Zoya Mohsin Nathani Raja Muhammad Abbas Mr. Mushtaq Malik Mr. Khurshid Zafar - A/President & Chief Executive
Board Audit Committee	Mr. Mohammad Aftab Manzoor - Chairman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed Raja Muhammad Abbas
Shariah Board	Mufti Muhammad Zahid - Chairman Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member Mufti Zaki Hassan Naumani - Member Dr. Lutfullah Saqib - Member
Auditors	M/s KPMG Taseer Hadi & Co Chartered Accountants
Legal Advisors	M/s RIAA, Barker Gillette - Advocates & Corporate Counselors
Company Secretary	Syed Ali Safdar Naqvi, FCA
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi - 46000, Pakistan. Tel: (9251) 8092624 UAN: (9251) 111000787 Fax: (9251) 2857448 Email: ir@askaribank.com.pk
Registrar & Share Transfer Office	CDC Share Registrar Services Limited (CSCSRSL) Mezzanine Floor, South Tower, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore Tel: Customer Support Services (Toll Free) 0800-CDCPL(23275) Tel: (9242) 36362061-66 Fax: (9242) 36300072 Email: info@cdcsrsl.com Website: www.cdcsrsl.com
Entity Rating	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.askaribank.com
Social Media	 /askaribankpk  /askari_bank  /askaribankpakistan

DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim unconsolidated financial statements for the quarter and half year ended June 30, 2021.

The Board of Directors take this opportunity to place on record our appreciation for the services rendered by the outgoing President & CEO, Mr Abid Sattar on completion of his term on August 8, 2021. We also wish to inform that the Board of Directors has appointed Mr Atif R. Bokhari as the new President & CEO, subject to approval of the State Bank of Pakistan and compliance with applicable rules and regulations. The Board has further appointed Mr. Khurshid Zafar, Chief Operating Officer, as Acting President & CEO for the interim period.

Economic Review:

Pakistan's economy gained further traction as reflected by the latest GDP growth estimates above expectations. The recovery was mainly contributed by growth in large-scale manufacturing and services, particularly wholesale and retail trade. The industrial activity also gained on the back of stimulus measures, implemented in the wake of pandemic. CPI inflation decelerated to 9.7 percent for the 2nd consecutive month in June 2021. However, there are multiple upside risks to inflation expectations; international commodity prices, upward adjustments in utility tariffs and withdrawal of exemptions announced in the recent budget.

The SBP has maintained policy rate at 7 percent since July last year and in the recent statement, MPC expects monetary policy to remain accommodative in the near term, and any adjustment to be measured and gradual. Private sector credit has registered a notable uptick, led by fixed investment and consumer loans, primarily due to the low interest rates and regulatory refinance schemes, especially TERF and LTFF.

The recent surge in economic activity coupled with accelerated vaccination process offers some optimism for the economic outlook. Policy driven support for the construction sector along with government's indications for increased PSDP spending, favorable trends in agriculture and industrial sectors with spill-over impact for the services sector, increase in export receipts and buoyant remittances, are positive indicators. On the other hand, higher oil prices and rising trends in global non-energy prices, including food and metal will likely increase import payments. Though, a major downside risk to the overall economic growth is the current fourth and potentially more waves which may warrant mobility restrictions and disrupt ongoing economic momentum.

Financial Performance:

The financial results of Askari Bank for the half year ended June 30, 2021 are summarized as under:

	June 30, 2021	June 30, 2020
Net mark-up and non fund income	20,438	18,770
Administrative and other expenses	(10,916)	(9,990)
Operating profit	9,522	8,780
Provisions against loans and investments	(2,780)	(644)
Profit before taxation	6,742	8,135
Taxation	(2,631)	(3,182)
Profit after taxation	4,111	4,954
Basic earning per share - Rupees	3.26	3.93

The operating profit for the six months ended June 30, 2021 amounted to Rs.9.52 billion, an 8 percent increase over Rs.8.78 billion for the corresponding period last year. Profit after taxation declined by 17 percent and is reported at Rs.4.11 billion mainly due to sharp rise in provisions against non-performing loans; the Bank prudently recorded subjective provisioning for certain stressed accounts during the period in review. The earnings per share at Rs.3.26 for the current period compares with Rs.3.93 last year.

During the current six months, aggregate net revenues increased by 8.9 percent to Rs.20.44 billion from Rs.18.77 billion for the corresponding period last year. Net mark-up income increased by 9.5 percent mainly due to volumetric growth as the interest rates remained stable during the current six months compared to a sharp decline recorded during the same period last year. Aggregate non-mark-up income increased by 6.9 percent mainly contributed by increase in fee, commission and foreign exchange incomes offsetting the 43 percent decline in gain on sale of securities

Customer deposits are reported at Rs.927 billion, a growth of 17 percent during the six months in review. The current and savings accounts constituted 85 percent of the total deposit at June 30, 2021. Gross advances grew by 8.9 percent, from Rs.422 at year end 2020 to Rs.459 billion at June 30, 2021. Non-performing loans and aggregate provision there against, increased by 8.1 percent and 9.5 percent, respectively. Consequently, provision coverage ratio improved to 94.3 percent at the half year end. Administrative and other operating expenses for the current six months increased by 9 percent over the corresponding period last year mainly due to increase in other staff costs.

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

Looking ahead:

Askari Bank is well-positioned for sustainable growth and building long-term shareholder value. Our focus remains on strategies to improve customer experience by refinements in our business and operating model, to make it more robust, efficient and service oriented. We aim to grow our market share in low cost deposit, trade business, consumer products, SME and commercial segments and home remittances; while expanding our outreach and continually improving our service and offerings profile. Alongside, construction and housing finance including Government's markup subsidy scheme (Mera Pakistan Mera Ghar) to serve housing for low / middle income segments, has been assigned priority. Askari Digital is enabling an efficient alternative for everyday banking offering technology solutions that ensures customer needs are met in an advanced, secure and convenient manner. Digital transformation will be further accelerated in line with the changing dynamics across key segments. The Bank will remain focused on maintaining a stable liquidity profile, protecting capital and safeguarding Bank's assets and earning potential.

Acknowledgment:

On behalf of the Board, we would like to place on record our gratitude to our valued customers for their continued patronage to the Askari brand; our profound thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance and assistance. We would also like to express our appreciation for the hard work and dedication of our staff, especially in customer facing business units, who ensured uninterrupted delivery of service in these difficult times.

-sd-

Khurshid Zafar
A/President & Chief Executive

-sd-

Waqar Ahmed Malik
Chairman, Board of Directors

Rawalpindi
August 12, 2021

ڈائریکٹرز کا جائزہ

عزیز بھٹو،

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو ختم ہونے والی ششماہی مدت کے لیے غیر آڈٹ شدہ مختصر عبوری غیر مدغم شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہم پدمسرت ہیں۔

اس موقع پر بورڈ آف ڈائریکٹرز 8 اگست 2021 کو اپنی مدت پوری ہونے پر سبکدوش ہونے والے صدر اور سی ای او جناب عابد ستار کی خدمات کو تہ دل سے سراہتے ہیں۔ ہم یہ بھی مطلع کرتے ہیں کہ بورڈ آف ڈائریکٹرز نے جناب عاطف آربخاری کی نئے صدر اور سی ای او کے طور پر تقرری کی ہے جو کہ اسٹیٹ بینک آف پاکستان کی منظوری اور قابل اطلاق قواعد و ضوابط کی تعمیل سے مشروط ہیں۔ بورڈ کی جانب سے عبوری مدت کے لیے جناب خورشید ظفر، چیف آپریٹنگ آفیسر کو بطور قائم مقام صدر و سی ای او تعینات کیا گیا ہے۔

معاشی جائزہ:

پاکستان کی معیشت میں مزید بہتری آئی جیسا کہ جی ڈی پی گروتھ کے تازہ ترین امید سے زیادہ مثبت اعشاریوں سے ظاہر ہوتا ہے۔ ریکوری میں بنیادی طور پر بڑے پیمانے پر مینوفیکچرنگ اور سروسز اور خصوصاً ہول سیل اور ریٹیل ٹریڈ میں اضافہ دیکھنے میں آیا۔ وبائی مرض کے تناظر میں نافذ العمل متحرک اقدامات کی وجہ سے صنعتی سرگرمی میں تیزی دیکھنے میں آئی۔ سی پی آئی انفراسٹرکچر جون 2021 میں مسلسل دوسرے ماہ 9.7 فیصد تک گھٹ گئی۔ تاہم، افراط زر کی توقعات کے متعدد متضاد خطرات ہیں: مثلاً بین الاقوامی اشیاء کے نرخ، پوٹیلٹی ٹیرف میں بالائی ایڈجسٹمنٹ اور حالیہ بجٹ میں اعلان کردہ استثنائی کی واپسی۔

اسٹیٹ بینک آف پاکستان نے گزشتہ سال جولائی سے پالیسی شرح 7 فیصد پر برقرار رکھی ہے اور حالیہ گوشوارے میں ایم پی سی کو توقع ہے کہ مائیکرو پالیسی مستقبل قریب میں سازگار رہے گی اور کوئی بھی ایڈجسٹمنٹ نہی تلی اور بتدریج کی جائے گی۔ نجی شعبے کے کریڈٹ میں ایک قابل ذکر اضافہ دیکھنے میں آیا ہے، جو کہ فلکسڈ سرمایہ کاری اور کنزرویٹو قرضہ جات، بنیادی طور پر کم شرح سود اور ریگولیٹری فنانس اسکیموں، اور بالخصوص TERF اور LTFF کی وجہ سے ممکن ہوا۔

حالیہ معاشی سرگرمیوں میں اضافہ اور اس کے ساتھ ساتھ ویکسینیشن کے عمل میں تیزی معاشی پس منظر کیلئے امید افزا ہے۔ تعمیراتی شعبے کے لیے حکمت عملی پر مبنی معاونت اور اس کے ساتھ پی ایس ڈی پی کیلئے اضافی رقم مختص کرنے کی حکومتی اشاریے، زراعت اور صنعتی شعبوں میں سازگار رجحانات اور سروسز کے شعبے پر زیادہ خرچ کے اثرات، برآمدی وصولیوں میں بڑھوتری اور اضافی ترسیلات زر مثبت اشاریے ہیں۔ دوسری طرف تیل کی قیمتوں میں تیزی اور عالمی نان انرجی اشیاء بشمول خوراک اور دھاتوں کی قیمتوں میں اضافے کے رجحانات درآمدی ادائیگیوں میں اضافے کا سبب بنیں گے۔ اگرچہ کورونا وائرس کی حالیہ چوتھی لہر کی وجہ سے مجموعی معاشی نمو کے لیے ایک بڑا منفی خطرہ لاحق ہونے کے ساتھ مزید وبائی لہروں کے امکانات موجود ہیں جو نقل و حرکت کی پابندیوں اور پمپتی ہوئی معاشی رفتار کو متاثر کرنے کا پیش خیمہ بن سکتی ہیں۔

مالیاتی کارکردگی:

عسکری بینک کے 30 جون 2021 کو ختم ہونے والی ششماہی مدت کے مالی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)		
جون	جون	
7	7	خالص مارک اپ اور نان فنڈ آمدن
37 4	3 7 4	انتظامی اور دیگر اخراجات
7	7	آپریٹنگ منافع
3 4	3 7 4	قرضوں اور سرمایہ کاری کے عوض پروویژن
7	7	قبل از ٹیکس منافع
37 4	3 7 4	ٹیکس
7	7	بعد از ٹیکس منافع
9	9	بنیادی فی حصص آمدن (روپے)

30 جون 2021 کو ختم ہونے والی ششماہی مدت کا آپریٹنگ منافع 9.52 ارب روپے رہا جو گزشتہ سال کی اسی دورانیہ کی مدت میں ہونیوالے منافع 8.78 ارب روپے میں 8 فیصد اضافہ کا عکاس ہے۔ بعد از ٹیکس منافع 17 فیصد کمی کے بعد 4.11 ارب روپے رہا، جس کی بنیادی وجہ نان پر فارمنگ قرضہ جات کے عوض پروویژن میں تیزی سے اضافہ ہے جیسا کہ بینک نے محتاط رہتے ہوئے زیر جائزہ مدت کے دوران بعض سٹریٹجک اکاؤنٹس کی پیچیدگیوں پر ویشن ریکارڈ کی۔ رواں دورانیہ کی مدت کیلئے آمدن فی حصص گزشتہ سال کے اسی دورانیہ کی مدت کے 3.93 روپے کے مقابلے میں 3.26 روپے رہی۔

رواں ششماہی مدت کے دوران مجموعی خالص آمدنی 8.9 فیصد اضافے کے ساتھ 20.44 ارب روپے ہو گئی جو گزشتہ سال کے اسی دورانیہ کی مدت کیلئے 18.77 ارب روپے تھی۔ خالص مارک اپ آمدنی میں 9.5 فیصد اضافہ دیکھنے میں آیا جس کی بنیادی وجہ حجم کی نشوونما میں اضافہ ہے کیونکہ رواں ششماہی مدت کے دوران شرح سود مستحکم رہی جبکہ گزشتہ سال کی اسی دورانیہ کی مدت میں اس میں تیزی کمی دیکھنے میں آئی تھی۔ مجموعی نان مارک اپ آمدنی میں 6.9 فیصد اضافہ ہوا جو بنیادی طور پر فیس، کمیشن اور زر مبادلہ کی آمدنی میں اضافے کی بدولت ہوا جس کی وجہ سے سیکورٹیز کی فروخت سے حاصل ہونے والے منافع میں 43 فیصد کمی کا اثر زائل ہوا۔ رواں ششماہی مدت کے انتظامی اور دیگر آپریٹنگ اخراجات میں گزشتہ سال کی اسی دورانیہ مدت کے مقابلے میں 9 فیصد اضافہ ہوا جس کی بنیادی وجہ سٹاف کے دیگر اخراجات میں اضافہ ہے۔

زیر جائزہ ششماہی مدت میں کھاتہ داران کی جانب سے جمع کرائی گئی رقم 17 فیصد اضافے کے ساتھ 927 ارب روپے تھیں۔ 30 جون 2021 کو کرنٹ اور سیونگ اکاؤنٹس کل ڈپازٹ کے 85 فیصد حصے پر مشتمل ہیں۔ مجموعی ایڈوانسز میں 8.9 فیصد اضافہ ہوا، جو سال 2020 کے اختتام پر 422 روپے تھے اور 30 جون 2021 کو 459 ارب روپے ہو گئے۔ غیر فعال قرضہ جات اور ان کے عوض مجموعی پروویژن میں بالترتیب 8.1 فیصد اور 9.5 فیصد اضافہ دیکھنے میں آیا۔ نتیجتاً پروویژن کوریج کا تناسب ششماہی مدت کے اختتام پر بہتری کے ساتھ 94.3 فیصد رہا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے مقرر کردہ بینک کی طویل مدتی ایٹینیٹی ریٹنگ "+" AA پر برقرار رکھی گئی، اور بینک کی آؤٹ لک کو "مستحکم" قرار دیا گیا۔ اہم ریٹنگ میں بینک کے مضبوط ایٹ اور فوجی فاؤنڈیشن، کے ساتھ اس کی وابستگی کے عناصر کا رفرما ہیں اور اس کے علاوہ مارکیٹ میں رسائی، کسٹمر کا اعتماد، پائیدار

فنڈنگ کے ذرائع اور مارک اپ اور نان مارک اپ پر مبنی آمدنی کے ذرائع کا عمل دخل ہے۔ بینک کی مختصر معیاد کی ریٹنگ 'A1'+(A) ون پلس) برقرار رکھی گئی۔ مستقبل کا جائزہ:

عسکری بینک پائیدار ترقی اور حصص داران کی طویل المدتی قدر کی تشکیل کیلئے مستحکم پوزیشن میں ہے۔ ہمارے کاروبار اور انتظامی ماڈل میں اصلاحات لاکر صارفین کے بہتر تجربے کے لئے حکمت عملی وضع کرنا ہماری توجہ کا محور و مرکز ہیں، تاکہ اسے زیادہ مضبوط، مؤثر اور سروس پر مبنی بنایا جاسکے۔ ہمارا مقصد ہماری رسائی کو بڑھاتے ہوئے اور ہماری خدمات اور پیشکشوں کے پروفائل میں بہتری لاتے ہوئے کم لاگت ڈپازٹ، ٹریڈ برنس، کنزرویٹو پروڈکٹس، ایس ایم ای اور کمرشل شعبوں اور ہوم ریٹینینسز میں اپنا مارکیٹ شیئر بڑھانا ہے۔ اس کے ساتھ ساتھ کم / درمیانی آمدنی والے طبقات کو ہاؤسنگ خدمات پیش کرنے کیلئے حکومت کی مارک اپ سبسڈی سکیم (میرا پاکستان میرا گھر) سمیت تعمیراتی اور ہاؤسنگ فنانس ہماری ترجیحات میں شامل ہے۔ عسکری ڈیجیٹل ٹیکنالوجی سلوشنز کے ساتھ روزمرہ بینکنگ کے لیے ایک مؤثر متبادل ذریعہ ہے تاکہ کسٹمر کی ضروریات کو جدید، محفوظ اور آسان طریقے سے پورا کیا جائے۔ ڈیجیٹل تبدیلی کو ہم شعبوں میں بدلتے ہوئے ماحول کے مطابق مزید تیز کیا جائے گا۔ بینک مستحکم لیکویڈیٹی پروفائل کو برقرار رکھنے، سرمائے اور بینک کے اثاثوں کے تحفظ اور آمدنی کے امکانات پر اپنی توجہ مرکوز رکھے گا۔

اعترافات

بورڈ کی جانب سے، ہم عسکری برانڈ کی سرپرستی کرنے پر اپنے گراں قدر صارفین کے بے حد مشکور ہیں۔ ہم اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی جانب سے رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم اپنے عملے خصوصاً براہ راست صارفین کو سہولیات فراہم کرنے والوں کی انتھک محنت اور لگن کے بھی معترف ہیں جنہوں نے اس مشکل وقت میں بلا تعلق خدمات کی فراہمی کو یقینی بنایا۔

دستخط

وقار احمد ملک

چیئر مین، بورڈ آف ڈائریکٹرز

دستخط

خورشید ظفر

قائم مقام صدر و چیف ایگزیکٹو

راولپنڈی

12 اگست 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 REVIEW REPORT

To the members of Askari Bank Limited ("the Bank") Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Bank as at 30 June 2021 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures for the unconsolidated condensed interim statement of profit or loss account and unconsolidated condensed interim statement of comprehensive income for the quarter ended 30 June 2021 have not been reviewed and we do not express a conclusion on them.

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

KPMG Taseer Hadi & Co
Chartered Accountants
Islamabad
Date: 30 August, 2021

ASKARI BANK LIMITED

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2021

		(Un-audited)	(Audited)
		June 30,	December 31,
		2021	2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	91,563,154	73,651,718
Balances with other banks	7	6,017,584	7,954,288
Lendings to financial institutions	8	-	-
Investments	9	529,618,065	449,687,240
Advances	10	430,283,817	395,373,840
Fixed assets	11	20,380,511	21,213,709
Intangible assets	12	1,172,890	1,143,146
Deferred tax assets	13	2,008,543	1,623,001
Other assets	14	42,024,762	41,870,120
		<u>1,123,069,326</u>	<u>992,517,062</u>
LIABILITIES			
Bills payable	15	12,626,961	12,629,996
Borrowings	16	78,313,481	84,163,669
Deposits and other accounts	17	926,924,599	791,186,883
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities	13	-	-
Other liabilities	19	38,967,407	37,990,164
		<u>1,068,832,448</u>	<u>937,970,712</u>
NET ASSETS		<u><u>54,236,878</u></u>	<u><u>54,546,350</u></u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		31,324,858	25,632,015
Surplus on revaluation of assets - net of tax	20	6,942,958	7,637,784
Unappropriated profit		3,366,460	8,673,949
		<u>54,236,878</u>	<u>54,546,350</u>
CONTINGENCIES AND COMMITMENTS	21		

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

-sd-
CFO

-sd-
A/President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	For the quarter ended		For the half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	1,368,678	3,095,127	4,111,396	4,953,752
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	73,403	21,048	(22,604)	134,281
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,246,947	3,165,744	(612,666)	5,317,246
	1,320,350	3,186,792	(635,270)	5,451,527
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	28,813	(9,750)	28,813	(9,750)
Movement in surplus on revaluation of operating fixed assets	61,736	-	61,736	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(143,896)	(25,495)	(143,896)	(32,495)
	(53,347)	(35,245)	(53,347)	(42,245)
Total comprehensive income	2,635,681	6,246,674	3,422,779	10,363,034

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

-sd- CFO	-sd- A/President & CE	-sd- Director	-sd- Director	-sd- Chairman
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ASKARI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2021

	For the half year ended	
	June 30, 2021	June 30, 2020
	(Rupees in '000)	
	Note	
Cash flow from operating activities		
Profit before taxation	6,742,317	8,135,365
Less: dividend income	(193,479)	(122,347)
	6,548,838	8,013,018
Adjustments:		
Depreciation	502,759	561,443
Depreciation on right of use assets	746,863	698,610
Amortization	110,515	112,427
Mark-up expense on lease liability against right of use assets	456,444	440,565
Termination of lease contracts under IFRS - 16 Leases	(2,807)	(2,287)
Charge for defined benefit plan	203,938	171,760
Provisions and write offs - net	2,843,605	684,741
Unrealised gain on held for trading securities	-	(1,002)
Gain on sale of non - banking assets	(15,000)	-
Gain on sale of fixed assets	(5,067)	(3,709)
	4,841,250	2,662,548
	11,390,088	10,675,566
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	14,075,190
Held for trading securities	-	(98,785)
Advances	(37,431,578)	(34,839,907)
Other assets (excluding advance taxation)	332,989	(3,934,726)
	(37,098,589)	(24,798,228)
Increase / (decrease) in operating liabilities		
Bills payable	(3,035)	3,008,733
Borrowings from financial institutions	(5,850,188)	38,063,105
Deposits	135,737,716	54,788,166
Other liabilities (excluding current taxation)	1,243,202	1,209,022
	131,127,695	97,069,026
	105,419,194	82,946,364
Payment made to defined benefit plan	(310,314)	-
Income tax paid	(3,246,727)	(2,434,129)
Net cash flow generated from operating activities	101,862,153	80,512,235
Cash flow from investing activities		
Net investments in available for sale securities	(54,607,197)	(81,786,409)
Net investments in held to maturity securities	(26,256,576)	(8,656,151)
Dividend received	160,553	108,761
Investments in operating fixed assets	(520,827)	(518,551)
Investments in intangible assets	(139,662)	(316,458)
Proceeds from sale of fixed assets	9,938	6,921
Effect of translation of net investment in foreign branch	(22,604)	134,281
Net cash flow used in investing activities	(81,376,375)	(91,027,606)
Cash flow from financing activities		
Receipt of subordinated debts - net	-	5,999,200
Payments against lease liabilities	(779,573)	(719,407)
Dividend paid	(3,731,479)	(1,868,885)
Net cash flow (used in) / generated from financing activities	(4,511,052)	3,410,908
Increase / (Decrease) in cash and cash equivalents	15,974,726	(7,104,463)
Cash and cash equivalents at beginning of the period	81,606,012	77,256,780
Cash and cash equivalents at end of the period	97,580,738	70,152,317

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

-sd-	-sd-	-sd-	-sd-	-sd-
CFO	A/President & CE	Director	Director	Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares (December 2020: 71.91 percent shares) of the Bank as on June 30, 2021. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (December 2020: 537 branches); 536 in Pakistan and Azad Jammu and Kashmir (including 95 (December 2020: 95) Islamic Banking branches and 49 (December 2020: 49) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

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

2.2 STATEMENT OF COMPLIANCE

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

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

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

- 2.2.2 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP vide BPRD Circular Letter No. 24 of 2021 dated July 5, 2021 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.2.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.2.4 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2020 and International Accounting Standard 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements of the Bank for the financial year ended December 31, 2020.

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

5. FINANCIAL RISK MANAGEMENT

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

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	17,440,611	17,290,446
Foreign currencies	4,663,710	4,030,731
	<u>22,104,321</u>	<u>21,321,177</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	51,815,623	37,199,449
Foreign currency current accounts	4,263,632	4,513,312
Foreign currency deposit account	8,102,899	7,501,569
	64,182,154	49,214,330
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	4,382,835	2,260,681
Prize bonds	893,844	855,530
	<u>91,563,154</u>	<u>73,651,718</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	604,544	230,682
In deposit accounts	-	151
	<u>604,544</u>	<u>230,833</u>
<i>Outside Pakistan</i>		
In current accounts	1,592,643	2,206,020
In deposit accounts	3,820,420	5,517,441
	5,413,063	7,723,461
Provision under IFRS 9 related to WBB	(23)	(6)
	<u>6,017,584</u>	<u>7,954,288</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Purchase under resale arrangement of equity securities	148,606	148,606
Provision held against lending to financial institutions	(148,606)	(148,606)
Lendings to financial institutions - net of provision	<u>-</u>	<u>-</u>
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Classified lending	Classified lending
	Provision held	Provision held
	(Rupees in '000)	
8.1 Category of classification		
Domestic		
Loss	<u>148,606</u>	<u>148,606</u>
	<u>148,606</u>	<u>148,606</u>

ASKARI BANK LIMITED

 Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
 For the half year ended June 30, 2021

9. INVESTMENTS

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
9.1 Investments by type:								
Available for sale securities								
Federal Government Securities	390,212,719	(30,528)	(1,560,721)	388,621,470	335,378,424	(31,877)	(525,781)	334,820,766
Shares	4,722,094	(180,901)	313,098	4,854,291	4,696,428	(158,232)	249,169	4,787,365
Units of open end mutual funds	1,405,036	(140,558)	212,448	1,476,926	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares	27,314	(11,914)	233	15,633	27,314	(11,914)	46,545	61,945
Non Government Debt Securities	10,804,001	(1,391,631)	95,513	9,507,883	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities	474,656	(5,515)	18,062	487,203	482,547	(5,203)	18,534	495,878
	407,645,820	(1,761,047)	(921,367)	404,963,406	353,038,623	(1,770,488)	77,895	351,346,030
Held to maturity securities								
Federal Government Securities	121,327,374	(123,297)	-	121,204,077	95,034,902	(116,957)	-	94,917,945
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,340,888	(55,925)	-	3,284,963	3,376,784	(85,070)	-	3,291,714
	124,778,262	(289,222)	-	124,489,040	98,521,686	(312,027)	-	98,209,659
Subsidiary								
Askari Securities Limited	165,619	-	-	165,619	165,619	(34,068)	-	131,551
Total investments	532,589,701	(2,050,269)	(921,367)	529,618,065	451,725,928	(2,116,583)	77,895	449,687,240

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

9.1.1 Investments given as collateral

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

Market Treasury Bills	-	13,715,612
Pakistan Investment Bonds	8,977,154	7,005,600
Euro Bonds	4,593,494	6,442,504
Bahrain International Bonds	-	501,081
Turkish Sukuks	-	973,391
Ijarah Sukuks	6,629,084	5,069,713
Shares	170,803	191,168
	<u>20,370,535</u>	<u>33,899,069</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	2,116,583	3,554,891
Exchange adjustments	(3,618)	5,614
Charge / (reversals)		
Charge for the period / year	25,671	506,776
(Reversal) / provision under IFRS 9 related to WBB	(20,221)	41,248
Reversals for the period / year	(65,141)	(82,163)
Net charge for the period / year	(59,691)	465,861
Reversal on disposals	(3,005)	(1,943,851)
Transfer of provision against assets held for sale	-	34,068
Closing balance	<u>2,050,269</u>	<u>2,116,583</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
(Rupees in '000)				
Category of classification				
Domestic				
Loss	<u>1,501,631</u>	<u>1,501,631</u>	<u>1,532,704</u>	<u>1,532,704</u>

9.2.3 In addition to the above, Bahrain Branch of the Bank holds general provision of Rs. 215,265 thousand (December 31, 2020: Rs 239,107 thousand) against investment in accordance with ECL requirements of IFRS 9.

9.3 Market value of held to maturity securities other than classified investments as at June 30, 2021 is Rs. 129,782,040 thousand (December 31, 2020: Rs. 104,630,207 thousand).

ASKARI BANK LIMITED

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2021

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	340,803,895	310,114,350	27,903,816	25,666,137	368,707,711	335,780,487
Islamic financing and related assets	66,453,103	62,691,358	2,610,675	2,684,267	69,063,778	65,375,625
Bills discounted and purchased	21,288,174	20,603,372	191,805	60,406	21,479,979	20,663,778
Advances - gross	428,545,172	393,409,080	30,706,296	28,410,810	459,251,468	421,819,890
Provision against advances						
- Specific	-	-	(27,337,997)	(24,820,923)	(27,337,997)	(24,820,923)
- General	(1,629,654)	(1,625,127)	-	-	(1,629,654)	(1,625,127)
Advances - net of provision	426,915,518	391,783,953	3,368,299	3,589,887	430,283,817	395,373,840

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
10.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	434,166,569	398,239,110
In foreign currencies	25,084,899	23,580,780
	459,251,468	421,819,890

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

Category of classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing loans	Provision	Non Performing loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	1,343,103	899	1,406,324	-
Substandard	666,765	144,828	480,927	63,119
Doubtful	1,197,436	370,463	1,956,085	766,400
Loss	27,498,992	26,821,807	24,567,474	23,991,404
	30,706,296	27,337,997	28,410,810	24,820,923

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

10.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Specific	General (note 10.3.1)	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustment	-	(2,870)	-	(2,870)	-	9,287	-	9,287
Charge for the period / year	3,298,070	37,124	27,200	3,362,394	2,249,576	421,751	122,415	2,793,742
Reversal of provision under IFRS 9 related to WBB	-	(34,723)	-	(34,723)	-	(83,906)	-	(83,906)
Reversal for the period / year	(780,787)	(850)	(21,354)	(802,991)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
	2,517,283	1,551	5,846	2,524,680	1,239,522	315,669	73,279	1,628,470
Amounts written off	(209)	-	-	(209)	(748,426)	-	-	(748,426)
Amounts charged off- agriculture financing	-	-	-	-	(78,229)	-	-	(78,229)
Closing balance	27,337,997	907,782	721,872	28,967,651	24,820,923	909,101	716,026	26,446,050

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

10.3.2 The net FSV benefit already availed has increased by Rs. 152,888 thousand, which has resulted in reduction in charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 152,888 thousand (2020: higher by Rs. 71,514 thousand) and Rs. 93,262 thousand (2020: Rs.46,484 thousand) respectively. Further, at June 30, 2021, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 547,826 thousand (December 31, 2020: Rs. 484,372 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.

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	149,179	164,343
Property and equipment	13,624,905	13,647,546
Right of use assets	6,606,427	7,401,820
	<u>20,380,511</u>	<u>21,213,709</u>

11.1 This represents advances to suppliers and contractors.

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
11.2 Additions to fixed assets	(Rupees in '000)	

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

Capital work-in-progress	35,955	58,002
Property and equipment		
Land - freehold	137,350	-
Building on leasehold	1,103	-
Renovation of premises	77,775	98,673
Furniture, fixtures and office equipment	78,381	160,671
Carpets	7,051	11,812
Machine and equipment	94,157	92,447
Computer equipment	79,458	80,783
Vehicles	9,597	16,163
	484,872	460,549
Right of use assets	113,094	856,268
Total	<u>633,921</u>	<u>1,374,819</u>

11.3 Disposal of fixed assets

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

Renovation of premises	579	2
Furniture, fixtures and office equipment	2,207	1,992
Carpets	589	627
Machine and equipment	1,377	556
Computer equipment	51	35
Vehicles	68	-
Total	<u>4,871</u>	<u>3,212</u>

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
12. INTANGIBLE ASSETS	(Rupees in '000)	
Computer Software	794,982	777,695
Less: Provision against intangibles	(2,544)	(4,660)
	792,438	773,035
Capital work-in-progress	380,452	370,111
	<u>1,172,890</u>	<u>1,143,146</u>

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For the half year ended June 30, 2021

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	92,719	164,930
	Directly purchased	46,943	151,528
	Total	<u>139,662</u>	<u>316,458</u>
		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	- Post retirement employee benefits	15,740	34,162
	- Accelerated tax depreciation	59,069	48,095
	- Deficit on revaluation of investments	359,333	-
	- Provision against advances, off balance sheet	1,608,020	1,568,007
		2,042,162	1,650,264
	Taxable Temporary Differences on		
	- Surplus on revaluation of non-banking assets	(33,619)	-
	- Surplus on revaluation of investments	-	(27,263)
		(33,619)	
		<u>2,008,543</u>	<u>1,623,001</u>
14.	OTHER ASSETS		
	Income / Mark-up accrued in local currency - net of provision	17,777,827	17,403,537
	Income / Mark-up accrued in foreign currencies	556,132	558,371
	Advances, deposits, advance rent and other prepayments	436,173	440,767
	Advance taxation (payments less provisions)	6,654,283	6,089,464
	Non banking assets acquired in satisfaction of claims	2,090,616	2,426,242
	Stationary and stamps in hand	92,373	99,829
	Dividend receivable	40,291	7,365
	Acceptances	11,251,519	11,829,891
	Others	1,002,468	781,460
		39,901,682	39,636,926
	Provision held against other assets - note 14.1	(209,615)	(209,778)
	Other assets - net of provision	39,692,067	39,427,148
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,332,695	2,442,972
	Other assets - total	<u>42,024,762</u>	<u>41,870,120</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Suspense account	34,520	34,520
	Stationery and stamps in hand	2,285	2,285
	Others	167,972	168,135
		<u>209,615</u>	<u>209,778</u>

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For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020				
(Rupees in '000)						
14.1.1 Movement in provision held against other assets						
Opening balance	209,778	238,089				
Charge for the period / year	272	314				
Reversals for the period / year	(435)	(637)				
Net charge / (reversal) for the period / year	(163)	(323)				
Reversal on disposal	-	(15,952)				
Amount written off / adjustments	-	(12,036)				
Closing balance	<u>209,615</u>	<u>209,778</u>				
15. BILLS PAYABLE						
In Pakistan	<u>12,626,961</u>	<u>12,629,996</u>				
16. BORROWINGS						
Secured						
Borrowings from the State Bank of Pakistan under:						
Export refinance scheme	18,592,189	16,903,776				
Long term financing facility	9,056,831	8,499,073				
Financing facility for storage of agricultural produce	65,492	76,399				
Renewable energy financing facility	2,476,669	579,231				
Refinance from SBP						
Credit guarantee scheme for women entrepreneurs	1,070	1,568				
Payment of wages and salaries	10,895,965	12,583,566				
Temporary economic relief	2,497,555	-				
Modernisation of SME	11,375	-				
Combating COVID - 19	248,769	-				
	43,845,915	38,643,613				
Repurchase agreement borrowings						
State Bank of Pakistan	9,000,000	7,000,000				
Financial institutions	8,450,695	23,042,628				
	17,450,695	30,042,628				
Refinance from Pakistan Mortgage Refinance Company	2,388,105	1,923,886				
Total secured	<u>63,684,715</u>	<u>70,610,127</u>				
Unsecured						
Call borrowings	8,256,244	10,276,937				
Financial institutions	866,490	3,276,605				
Bai Muajjal Payable	5,506,032	-				
Total unsecured	<u>14,628,766</u>	<u>13,553,542</u>				
	<u>78,313,481</u>	<u>84,163,669</u>				
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)				
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
17. DEPOSITS AND OTHER ACCOUNTS	(Rupees in '000)					
Customers						
Current deposits	276,487,604	23,860,988	300,348,592	228,444,308	21,780,570	250,224,878
Savings deposits	435,235,841	47,322,406	482,558,247	388,092,120	48,085,995	436,178,115
Fixed deposits	120,700,946	13,218,999	133,919,945	90,069,109	7,058,608	97,127,717
	832,424,391	84,402,393	916,826,784	706,605,537	76,925,173	783,530,710
Financial institutions						
Current deposits	1,366,224	23,943	1,390,167	1,178,086	54,187	1,232,273
Savings deposits	1,881,319	-	1,881,319	1,253,900	-	1,253,900
Fixed deposits	6,826,329	-	6,826,329	5,170,000	-	5,170,000
	10,073,872	23,943	10,097,815	7,601,986	54,187	7,656,173
	<u>842,498,263</u>	<u>84,426,336</u>	<u>926,924,599</u>	<u>714,207,523</u>	<u>76,979,360</u>	<u>791,186,883</u>

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

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

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For the half year ended June 30, 2021

	<u>(Un-audited)</u> June 30, 2021	<u>(Audited)</u> December 31, 2020
19. OTHER LIABILITIES	(Rupees in '000)	
Mark-up / Return / Interest payable in local currency	3,304,880	3,793,829
Mark-up / Return / Interest payable in foreign currencies	188,180	217,522
Unearned commission and income on bills discounted	1,698,062	1,726,572
Accrued expenses	3,546,568	2,955,844
Advance payments	358,148	349,092
Acceptances	11,251,519	11,829,891
Dividends payable	206,741	157,439
Mark to market loss on forward foreign exchange contracts - net	600,600	228,034
Branch adjustment account	1,197,871	753,774
Payable to defined benefit plan	87,743	310,314
Security deposit against lease / Ijarah financing	4,264,350	4,169,840
Levies and taxes payable	238,285	381,105
Workers' Welfare Fund	235,256	215,099
Switch fee payable	759,447	665,449
Provision against off-balance sheet obligations - note 19.1	481,233	100,356
Lease liability against ROU assets as per IFRS - 16 Leases	7,720,274	8,223,995
Islamic pool management reserve - note 19.2	30,154	-
Others	2,798,096	1,912,009
	<u>38,967,407</u>	<u>37,990,164</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	100,356	101,154
Exchange adjustment	(1)	49
Charge for the period / year	380,878	-
Reversal for the period / year	-	(847)
Net charge / (reversal) for the period / year	380,878	(847)
Closing balance	<u>481,233</u>	<u>100,356</u>
19.2 This includes equity portion of profit equalisation reserve amounting to Rs 15,077 thousands (December 2020: Nil) which has been presented as reserve in note 37.		
	<u>(Un-audited)</u> June 30, 2021	<u>(Audited)</u> December 31, 2020
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	(Rupees in '000)	
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(921,367)	77,895
- Fixed Assets	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	2,332,695	2,442,972
	6,617,244	7,665,047
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Non-banking assets acquired in satisfaction of claims	(33,619)	-
- Available for sale securities	359,333	(27,263)
	325,714	(27,263)
	<u>6,942,958</u>	<u>7,637,784</u>

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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2021

		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
21	CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
	- Guarantees - note 21.1	256,330,234	220,222,941
	- Commitments - note 21.2	408,822,161	412,616,066
	- Other contingent liabilities - note 21.3	723,200	724,374
		<u>665,875,595</u>	<u>633,563,381</u>
21.1	Guarantees		
	Financial guarantees	5,303,399	9,952,617
	Performance guarantees	146,407,013	138,751,395
	Other guarantees	104,619,822	71,518,929
		<u>256,330,234</u>	<u>220,222,941</u>
21.2	Commitments		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	201,402,989	159,457,683
	Commitments in respect of:		
	- forward foreign exchange contracts - note 21.2.1	166,642,633	209,279,794
	- forward government securities transactions - note 21.2.2	450,000	-
	- forward non government securities transactions - note 21.2.3	4,775,000	-
	- forward lending - note 21.2.4	35,322,280	43,805,613
	Commitments for acquisition of:		
	- fixed assets	34,799	34,298
	- intangible assets	194,460	38,678
		<u>408,822,161</u>	<u>412,616,066</u>
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	99,431,665	118,889,979
	Sale	67,210,968	90,389,815
		<u>166,642,633</u>	<u>209,279,794</u>
	The above commitments have maturities falling within one year.		
21.2.2	Commitments in respect of forward government securities transactions		
	Purchase	450,000	-
21.2.3	Commitments in respect of forward non government securities transactions		
	Purchase	4,775,000	-
21.2.4	Commitments in respect of forward lending		
	Forward repurchase agreement lending	17,480,723	30,084,187
	Undrawn commitments - note 21.2.4.1	17,841,557	13,721,426
		<u>35,322,280</u>	<u>43,805,613</u>
21.2.4.1	These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
21.3	Other contingent liabilities	(Rupees in '000)	
21.3.1	These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank	723,200	724,374

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For the half year ended June 30, 2021

22. DERIVATIVE INSTRUMENTS

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

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
23. MARK-UP / RETURN / INTEREST EARNED	(Rupees in '000)	
On:		
Loans and advances	15,480,177	23,139,754
Investments	19,757,944	19,603,639
Lendings to financial institutions	43,915	202,123
Balances with banks	3,279	80,742
Securities purchased under resale agreements (reverse repo)	145,491	217,313
	<u>35,430,806</u>	<u>43,243,571</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	15,906,837	24,021,920
Borrowings	1,519,528	2,557,041
Subordinated debts	520,790	1,021,723
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,244,578	786,022
Interest expense on lease liability against right of use assets	456,444	440,565
	<u>19,648,177</u>	<u>28,827,271</u>

25. FEE AND COMMISSION INCOME

Branch banking customer fees	284,924	259,531
Consumer finance related fees	55,365	50,423
Card related fees (debit and credit cards)	403,010	365,717
Credit related fees	147,558	93,791
Investment banking fees	64,457	63,493
Commission on trade	401,199	301,901
Commission on guarantees	408,510	274,283
Commission on remittances including home remittances	161,104	27,403
Commission on bancassurance	62,546	36,426
Others	34,182	35,858
	<u>2,022,855</u>	<u>1,508,826</u>

26. GAIN ON SECURITIES

Realised - note 26.1	790,539	1,390,747
Unrealised - held for trading	-	1,002
	<u>790,539</u>	<u>1,391,749</u>

26.1 Realised gain on:

Federal Government Securities	652,107	1,274,193
Shares	135,432	113,900
Non Government Debt Securities	3,000	202
Mutual Funds	-	2,452
	<u>790,539</u>	<u>1,390,747</u>

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For the half year ended June 30, 2021

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
		(Rupees in '000)	
27.	OTHER INCOME		
	Gain on sale of fixed assets	5,067	3,709
	Rent of lockers	26,613	21,830
	Gain on sale of non banking assets	15,000	5
	Recovery of expenses from customers	159,577	112,816
	Government Grant - foreign branch	-	5,892
	Termination of lease contracts	2,807	2,287
		<u>209,064</u>	<u>146,539</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	6,808,196	5,526,071
	Property expense		
	Rent and taxes	64,950	170,018
	Insurance	47,558	52,766
	Utilities cost	264,321	285,950
	Security (including guards)	248,687	251,804
	Repair and maintenance (including janitorial charges)	130,623	123,848
	Depreciation on right of use assets	746,863	698,610
	Depreciation	168,727	200,112
		1,671,729	1,783,108
	Information technology expenses		
	Software maintenance	223,580	178,635
	Hardware maintenance	20,600	17,558
	Depreciation	87,496	92,965
	Amortisation	110,515	112,427
	Network charges	105,280	87,652
		547,471	489,237
	Other operating expenses		
	Directors' fees, allowances	44,662	6,125
	Fees and allowances to Shariah Board	2,981	2,908
	Rates, taxes, insurance etc.	98,734	104,661
	Legal and professional charges	96,919	47,901
	Travelling, conveyance and entertainment	87,845	114,828
	Brokerage and commission	58,458	47,474
	NIFT clearing charges	36,776	40,364
	Repair and maintenance	125,983	131,284
	Communications	238,170	275,894
	Stationery and printing	117,538	124,026
	Marketing, advertisement and publicity	18,881	42,186
	Donations	58,424	112,390
	Auditors' remuneration	8,239	10,701
	Depreciation	246,536	268,366
	Security service charges	136,602	116,915
	Training and development	2,968	18,310
	Premium paid to Deposit Protection Corporation	287,490	231,569
	Other expenditure	195,318	457,506
		1,862,524	2,153,408
		<u>10,889,920</u>	<u>9,951,824</u>
28.1	Total compensation expenses		
	Managerial remuneration	5,098,631	4,924,875
	Charge for defined benefit / contribution plan	363,655	428,758
	Other staff cost - note 28.1.1	1,345,910	172,439
		<u>6,808,196</u>	<u>5,526,071</u>

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

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

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
(Reversal of provision) / provision for diminution in value of investments	(59,691)	146,987
Provision against loans and advances	2,524,680	538,683
Reversal of provision against fixed assets	(2,116)	-
(Reversal of provision) / provision against other assets	(163)	273
Provision / (reversal of provision) against off-balance sheet obligations	380,878	(1,201)
Provision / (reversal of provision) against cash and bank balances	17	(1)
Recovery of written off / charged off bad debts	(63,584)	(40,429)
	<u>2,780,021</u>	<u>644,312</u>

31. TAXATION

Current	2,681,908	3,218,341
Deferred	(50,987)	(36,728)
	<u>2,630,921</u>	<u>3,181,613</u>

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

	(Un-audited)	
	Half year ended June 30, 2021	Half year ended June 30, 2020
32. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>4,111,396</u>	<u>4,953,752</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>3.26</u>	<u>3.93</u>

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

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For the half year ended June 30, 2021

33. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4 to the audited annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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

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

33.1 Fair value of financial assets

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Bank's Association.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of PKRV rates.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

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For the half year ended June 30, 2021

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.

	June 30, 2021 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	388,621,470	-	388,621,470
Shares	4,504,291	-	-	4,504,291
Units of open end mutual funds	-	1,476,926	-	1,476,926
Fully paid preference shares	15,633	-	-	15,633
Non-Government Debt Securities	-	9,507,883	-	9,507,883
Foreign Securities	-	487,203	-	487,203
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	121,204,077	-	121,204,077
Foreign Securities	-	3,284,963	-	3,284,963
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	99,431,665	-	99,431,665
Forward sale of foreign exchange	-	67,210,968	-	67,210,968

	December 31, 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	334,820,766	-	334,820,766
Shares	4,437,365	-	-	4,437,365
Units of open end mutual funds	-	1,436,420	-	1,436,420
Fully paid preference shares	61,945	-	-	61,945
Non-Government Debt Securities	-	9,743,656	-	9,743,656
Foreign Securities	-	495,878	-	495,878
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	94,917,945	-	94,917,945
Foreign Securities	-	3,291,714	-	3,291,714
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	118,889,979	-	118,889,979
Forward sale of foreign exchange	-	90,389,815	-	90,389,815

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

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
(Rupees in '000)		
Level 3		
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,689,980	9,552,630
Other assets		
Non-banking assets acquired in satisfaction of claims	4,423,311	4,869,214

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34. SEGMENT INFORMATION
34.1 Segment details with respect to Business Activities

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

	For the half year ended June 30, 2021 (Un-audited)							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(10,884,261)	7,538,585	16,188,220	1,257,936	1,782,981	644,652	(745,484)	15,782,629
Inter segment revenue - net	18,067,288	(5,748,050)	(13,353,086)	(651,370)	-	(41,467)	1,726,685	-
Non mark-up / return / interest income	673,388	1,351,551	2,015,095	230,179	206,627	1,126	177,431	4,655,397
Total income	7,856,415	3,142,086	4,850,229	836,745	1,989,608	604,311	1,158,632	20,438,026
Segment direct expenses	5,529,775	366,198	157,700	477,745	1,090,744	60,210	3,233,316	10,915,688
Inter segment expense allocation	320,754	450,470	2,012	86,697	-	-	(859,933)	-
Total expenses	5,850,529	816,668	159,712	564,442	1,090,744	60,210	2,373,383	10,915,688
(Reversals) / Provisions	1,786	2,514,327	25,671	57,252	235,444	(54,548)	89	2,780,021
Profit / (loss) before tax	2,004,100	(188,909)	4,664,846	215,051	663,420	598,649	(1,214,840)	6,742,317
	June 30, 2021 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Balance Sheet								
Cash and bank balances	25,116,902	45,213	64,231,816	123,641	6,522,378	1,298,994	241,794	97,580,738
Investments	-	7,852,296	487,130,064	-	14,227,407	18,842,472	1,565,826	529,618,065
Lendings to financial institutions	-	-	-	-	-	-	-	-
Advances - performing - net of provision	12,742,380	311,906,290	-	19,334,798	66,359,437	9,557,507	7,015,106	426,915,518
Advances - non-performing - net of provision	617,722	1,079,058	-	308,555	1,362,964	-	-	3,368,299
Others	1,689,133	15,893,539	7,645,648	242,823	5,286,702	305,749	34,539,698	65,603,292
Total Assets	40,166,137	336,776,396	559,007,528	20,009,817	93,758,888	30,004,722	43,362,424	1,123,085,912
Borrowings	1,808,754	37,314,608	14,506,032	2,388,105	8,222,553	14,073,429	-	78,313,481
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	664,770,889	186,905,465	-	20,149	72,952,650	2,189,582	85,864	926,924,599
Inter segment balances - net	(639,245,904)	94,788,177	542,984,313	16,793,828	-	11,028,059	(26,348,473)	-
Others	12,832,398	17,768,146	1,517,183	807,735	4,899,117	2,713,652	11,072,723	51,610,954
Total liabilities	40,166,137	336,776,396	559,007,528	20,009,817	86,074,320	30,004,722	(3,189,886)	1,068,849,034
Equity	-	-	-	-	7,684,568	-	46,552,310	54,236,878
Total Equity and liabilities	40,166,137	336,776,396	559,007,528	20,009,817	93,758,888	30,004,722	43,362,424	1,123,085,912
Contingencies and Commitments	7,341,605	452,766,504	178,822,978	539,603	15,558,423	9,424,022	1,422,460	665,875,595
	For the half year ended June 30, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(17,487,785)	13,308,904	15,608,183	1,511,396	1,940,345	494,665	(959,409)	14,416,300
Inter segment revenue - net	23,594,393	(8,954,044)	(15,755,888)	(1,001,719)	-	-	2,117,258	-
Non mark-up / return / interest income	620,420	967,984	2,381,915	187,120	184,774	6,328	5,116	4,353,657
Total income	6,727,028	5,322,844	2,234,210	696,797	2,125,119	500,993	1,162,965	18,769,957
Segment direct expenses	5,090,962	385,645	151,044	378,369	1,045,711	57,545	2,881,005	9,990,281
Inter segment expense allocation	218,444	512,587	1,992	73,738	-	-	(806,761)	(0)
Total expenses	5,309,406	898,232	153,036	452,107	1,045,711	57,545	2,074,244	9,990,280
(Reversals) / Provisions	(41,630)	108,099	166,163	116,050	(7,613)	(78,202)	381,445	644,312
Profit / (loss) before tax	1,459,252	4,316,513	1,915,011	128,640	1,087,021	521,651	(1,292,724)	8,135,365
	December 31, 2020 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Balance Sheet								
Cash and bank balances	30,938,859	2,174,588	39,690,446	234,673	6,313,535	135,415	2,118,490	81,606,006
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	1,395,843	449,687,240
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	528,352	5,754,115	280,853	34,289,414	65,849,976
Total Assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	44,634,314	992,517,062
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	84,163,669
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	564,770,077	160,149,553	-	21,935	65,305,888	858,355	81,075	791,186,883
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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 For the half year ended June 30, 2021

35. RELATED PARTY TRANSACTIONS

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

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

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

	As at June, 2021 (Un-audited)					As at December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Companies with common directorship	Other related parties
----- Rupees in '000 -----												
Investments												
Opening balance	-	-	-	165,619	450,478	350,000	-	-	-	114,789	719,311	300,000
Investment made during the period / year	-	-	-	-	-	-	-	-	-	50,830	411,454	50,000
Investment redeemed / disposed off during the period / year	-	-	-	-	(18,449)	-	-	-	-	-	(247,268)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(433,019)	-
Closing balance	-	-	-	165,619	432,029	350,000	-	-	-	165,619	450,478	350,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	34,068	-	-
Advances												
Opening balance	2,805,786	28,671	423,764	-	4,766,042	-	5,035,504	19,771	364,453	-	4,701,476	-
Addition during the period / year	45,944,393	286	76,315	2,898	5,376,294	-	121,938,314	59,315	125,382	-	9,941,779	-
Repaid during the period / year	(41,628,420)	(28,935)	(54,348)	(2,898)	(5,058,633)	-	(124,168,032)	(50,406)	(93,715)	-	(10,545,058)	-
Transfer in / (out) - net	-	-	9,945	-	2,328,032	-	-	(9)	27,644	-	667,845	-
Closing balance	7,121,759	22	455,676	-	7,411,735	-	2,805,786	28,671	423,764	-	4,766,042	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets												
Interest / mark-up receivable	49,108	-	100,049	-	365,614	-	46,571	425	84,087	-	90,799	-
Advance rent	230	-	-	-	-	-	1,081	-	-	-	-	-
Securities given as Collateral	-	-	-	-	-	188,963	-	-	-	-	-	-
Borrowings												
Opening balance	-	-	-	-	-	1,923,886	-	-	-	-	-	1,972,026
Borrowings during the period	-	-	-	-	-	500,000	-	-	-	-	-	1,000,000
Settled during the period	-	-	-	-	-	(35,781)	-	-	-	-	-	(1,048,140)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	2,388,105	-	-	-	-	-	1,923,886
Subordinated debt												
Opening balance	-	-	-	-	-	-	-	-	-	-	24,950	-
Issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Redemption during the period	-	-	-	-	-	-	-	-	-	-	(5)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	(24,945)	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	8,018,104	19,379	186,617	201,796	12,205,848	4,811,281	4,678,222	64,239	117,562	53,174	15,124,817	4,817,176
Received during the period / year	301,673,736	109,274	877,677	452,459	177,806,451	47,560,128	584,157,308	211,929	1,095,412	980,756	256,093,596	30,648,252
Withdrawn during the period / year	(288,879,858)	(112,593)	(858,869)	(424,076)	(175,161,420)	(40,584,324)	(580,817,426)	(199,751)	(1,016,580)	(832,134)	(257,566,215)	(30,654,147)
Transfer in / (out) - net	-	-	1,451	-	4,398	231,180	-	(57,038)	(9,777)	-	(1,446,350)	-
Closing balance	20,811,982	16,060	206,876	230,179	14,855,277	12,018,265	8,018,104	19,379	186,617	201,796	12,205,848	4,811,281
Other Liabilities												
Interest / mark-up payable	23,005	-	1,929	-	81,311	39,284	19,363	-	1,809	-	34,000	38,941
Payable to staff retirement fund	-	-	-	-	-	87,743	-	-	-	-	-	310,314
Security deposits payable	-	-	-	-	322,397	-	-	-	287	-	296,198	-
Others	-	-	5,467	-	-	-	4,986	-	4,588	-	-	-
Contingencies and Commitments												
Contingencies and Commitments	1,107,664	-	-	40,000	5,412,324	-	1,313,613	-	-	40,000	3,951,782	-
Others												
Securities held as custodian	4,590,000	-	-	-	-	2,079,500	4,590,000	-	-	-	-	6,992,500

	For the half year ended June 30, 2021 (Un-Audited)						For the half year ended June 30, 2020 (Un-Audited)					
	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Companies with common directorship	Other related parties
----- Rupees in '000 -----												
Income												
Mark-up / return / interest earned	65,697	533	10,077	96	247,988	-	135,793	1,508	10,394	-	274,981	-
Fee and commission received	10	-	-	40	5,658	-	77	-	-	-	2,358	-
Dividend income	-	-	-	-	15,785	11,066	-	-	-	-	4,118	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest expensed	545,697	154	3,252	62	249,277	272,982	314,744	170	3,334	6	796,201	382,267
Charge to defined benefit plan	-	-	-	-	-	134,978	-	-	-	-	-	171,760
Contribution to defined contribution plan	-	-	-	-	-	159,716	-	-	-	-	-	146,079
Remuneration and allowances	-	-	352,953	-	-	2,981	-	-	303,411	-	-	2,908
Rent	850	-	-	-	-	-	5,814	-	-	-	-	-
Communications	-	-	-	-	-	18,619	-	-	-	-	-	13,709
Brokerage and Commission	-	-	-	1,714	77	13,963	-	-	-	1,121	28	6,983
Directors' Fee, Allowances	-	44,662	-	-	-	-	-	6,125	-	-	-	-
Dividend paid	2,718,846	9	225	-	-	42,350	1,359,423	4	113	-	-	11,745
Insurance premium	-	-	-	-	-	-	-	-	-	-	63,404	-
Others	-	-	-	-	-	-	-	-	-	-	2,364	-
Donations	51,420	-	-	-	-	-	109,000	-	-	-	-	-

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

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

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36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>12,602,602</u>	<u>12,602,602</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	45,297,190	44,867,667
Eligible Additional Tier 1 (ADT 1) Capital	5,926,839	5,928,538
Total Eligible Tier 1 Capital	51,224,029	50,796,205
Eligible Tier 2 Capital	12,535,615	13,104,622
Total Eligible Capital (Tier 1 + Tier 2)	63,759,644	63,900,827
Risk Weighted Assets (RWAs):		
Credit Risk	347,079,567	324,807,165
Market Risk	35,168,628	31,566,562
Operational Risk	56,352,087	56,352,087
Total	<u>438,600,282</u>	<u>412,725,814</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>10.33%</u>	<u>10.87%</u>
Tier 1 Capital Adequacy Ratio	<u>11.68%</u>	<u>12.31%</u>
Total Capital Adequacy Ratio	<u>14.54%</u>	<u>15.48%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	51,224,029	50,796,205
Total Exposures	1,614,263,210	1,419,666,541
Leverage Ratio	<u>3.17%</u>	<u>3.58%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	434,924,314	345,807,337
Total Net Cash Outflow	224,253,796	201,510,814
Liquidity Coverage Ratio	<u>193.94%</u>	<u>171.61%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	927,791,283	812,357,633
Total Required Stable Funding	488,725,646	441,907,178
Net Stable Funding Ratio	<u>189.84%</u>	<u>183.83%</u>

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37. Islamic Banking Business

The Bank is operating 95 Islamic banking branches including 3 sub-branches at June 30, 2021 as compared to 95 Islamic banking branches including 3 sub-branches at year ended December 31, 2020.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,180,203	5,161,165
Balances with other banks		342,175	1,152,370
Due from financial Institutions		-	-
Investments	37.1	14,227,407	12,216,340
Islamic financing and related assets - net	37.2	67,636,844	64,269,691
Fixed assets		1,650,702	1,756,603
Intangible assets		-	-
Due from Head Office		-	-
Other assets		4,180,022	5,562,647
Total assets		<u>94,217,353</u>	<u>90,118,816</u>
LIABILITIES			
Bills payable		1,129,520	1,477,496
Due to financial institutions		8,222,552	11,810,905
Deposits and other accounts	37.3	72,952,650	65,305,888
Due to head office		-	-
Sub-ordinated debt		-	-
Other liabilities		4,298,540	4,527,816
		<u>86,603,262</u>	<u>83,122,105</u>
NET ASSETS		<u><u>7,614,091</u></u>	<u><u>6,996,711</u></u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.4	15,077	-
Deficit on revaluation of assets		(33,230)	(57,670)
Unappropriated profit	37.5	3,032,244	2,454,381
		<u>7,614,091</u>	<u>6,996,711</u>
CONTINGENCIES AND COMMITMENTS	37.6	<u><u>15,558,424</u></u>	<u><u>11,741,980</u></u>

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

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
	Note	(Rupees in '000)	
Profit / return earned	37.8	2,934,478	4,058,311
Profit / return expensed	37.9	1,151,497	2,117,966
Net Profit / return		<u>1,782,981</u>	<u>1,940,345</u>
Other income			
Fee and Commission Income		116,915	85,158
Dividend Income		-	-
Foreign Exchange Income		44,201	72,211
Gain / (loss) on securities		-	-
Other Income		45,512	27,405
Total other income		<u>206,628</u>	<u>184,774</u>
Total Income		<u>1,989,609</u>	<u>2,125,119</u>
Other expenses			
Operating expenses		1,090,639	1,045,294
Workers' Welfare Fund		-	-
Other charges		106	417
Total other expenses		<u>1,090,745</u>	<u>1,045,711</u>
Profit before provisions		898,864	1,079,408
Provisions and write offs - net		321,001	(7,613)
Profit before taxation		577,863	1,087,021
Taxation		-	-
Profit after taxation		<u><u>577,863.00</u></u>	<u><u>1,087,021.00</u></u>

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
37.1 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	7,060,431	-	(33,342)	7,027,089	5,538,804	-	(58,148)	5,480,656
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	12,306,577	-	(33,342)	12,273,235	10,784,950	-	(58,148)	10,726,802
Non Government Debt Securities:								
- Listed	35,000	-	112	35,112	70,000	-	478	70,478
- Unlisted	2,479,023	(559,963)	-	1,919,060	1,979,023	(559,963)	-	1,419,060
	2,514,023	(559,963)	112	1,954,172	2,049,023	(559,963)	478	1,489,538
Total investments	14,820,600	(559,963)	(33,230)	14,227,407	12,833,973	(559,963)	(57,670)	12,216,340

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah	4,614,698	4,227,697
Murabaha - note 37.2.1	6,237,826	4,379,276
Musharaka	26,791,117	28,545,253
Diminishing Musharaka	12,936,697	16,936,532
Salam	6,056,525	4,935,938
Istisna	4,100,624	2,744,352
Receivable against sale of Istisna / Salam Inventory	368,444	150,000
Service Ijarah	1,472,176	752,176
Other Islamic Modes (Executive Car Finance -Qarz-e-Hasana)	106,099	93,424
Advances against Islamic assets - note 37.2.2	2,459,116	1,488,133
Inventory related to Islamic financing - note 37.2.3	3,920,456	1,122,844
Gross islamic financing and related assets	69,063,778	65,375,625
Less: provision against islamic financings		
- Specific	1,333,267	1,023,192
- General	93,667	82,742
	1,426,934	1,105,934
Islamic financing and related assets - net of provision	67,636,844	64,269,691

37.2.1 Includes advance against Murabaha of Rs.979,845 thousand (December 31, 2020: Rs.397,579 thousand).

37.2.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2021 (Un-audited)	854,971	-	1,604,145	-	-	2,459,116
December 31, 2020 (Audited)	578,819	-	909,314	-	-	1,488,133

37.2.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2021 (Un-audited)	-	-	-	2,321,931	1,598,525	3,920,456
December 31, 2020 (Audited)	-	-	-	50,073	1,072,771	1,122,844

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
	(Rupees in '000)	
37.3 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Current deposits - non remunerative	28,300,600	23,312,633
Current deposits - remunerative	1,272,242	975,625
Savings deposits	22,480,873	23,619,062
Term deposits	12,947,582	12,058,779
Others	1,481,521	584,729
	<u>66,482,818</u>	<u>60,550,828</u>
Financial Institutions		
Current deposits - non remunerative	28,730	19,576
Savings deposits	384,773	335,484
Term deposits	6,056,329	4,400,000
	<u>6,469,832</u>	<u>4,755,060</u>
	<u>72,952,650</u>	<u>65,305,888</u>
37.4 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve amounting to Rs.15,077 (December 31, 2020: Nil) classified in other liabilities in note 19 has been presented as reserve.		
	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
	(Rupees in '000)	
37.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	2,454,381	691,544
Add: Islamic banking profit for the period	577,863	1,762,837
Closing balance	<u>3,032,244</u>	<u>2,454,381</u>
37.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	7,027,063	5,460,329
-Commitments	8,531,361	6,281,651
-Other contingent liabilities	-	-
	<u>15,558,424</u>	<u>11,741,980</u>
37.7 CHARITY FUND		
Opening balance	20,529	52,137
Additions during the period		
- Received from customers on delayed payments	20,477	15,391
- Profit on charity account	4	21
- Others	174	233
	20,655	15,645
Payments / utilization during the period		
- Education	(155)	(1,055)
- Health	-	(41,270)
- Orphanage	-	(4,928)
	<u>(155)</u>	<u>(47,253)</u>
Closing balance	<u>41,029</u>	<u>20,529</u>

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
	(Rupees in '000)	
37.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
Profit earned on:		
Financing	2,248,790	3,331,597
Investments	662,806	491,203
Placements	22,882	158,987
Lendings	-	76,524
	<u>2,934,478</u>	<u>4,058,311</u>
37.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	885,208	1,948,631
Due to financial institutions	149,869	79,685
Due to head office	1,164	5,585
Profit Equalization Reserve	30,294	-
Lease liability against right-of-use assets	84,962	84,065
	<u>1,151,497</u>	<u>2,117,966</u>

38. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 12, 2021.

-sd-
CFO-sd-
A/President & CE-sd-
Director-sd-
Director-sd-
Chairman

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
JUNE 30, 2021

(UN-AUDITED)

ASKARI BANK LIMITED

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2021

		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	91,563,176	73,651,718
Balances with other banks	7	6,141,857	8,196,147
Lendings to financial institutions	8	-	-
Investments	9	529,498,847	449,611,987
Advances	10	430,373,488	395,416,055
Fixed assets	11	20,395,802	21,232,750
Intangible assets	12	1,183,732	1,158,857
Deferred tax assets	13	2,000,416	1,597,334
Other assets	14	42,215,984	42,021,813
		<u>1,123,373,302</u>	<u>992,886,661</u>
LIABILITIES			
Bills payable	15	12,626,961	12,629,996
Borrowings	16	78,313,481	84,163,669
Deposits and other accounts	17	926,694,928	790,982,287
Liabilities against assets subject to finance lease		-	-
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities	13	-	-
Other liabilities	19	39,358,602	38,429,433
		<u>1,068,993,972</u>	<u>938,205,385</u>
NET ASSETS		<u><u>54,379,330</u></u>	<u><u>54,681,276</u></u>
REPRESENTED BY			
Share capital		12,602,602	12,602,602
Reserves		31,575,750	25,701,665
Surplus on revaluation of assets - net of tax	20	6,976,132	7,670,956
Unappropriated profit		3,224,846	8,706,053
		<u><u>54,379,330</u></u>	<u><u>54,681,276</u></u>
CONTINGENCIES AND COMMITMENTS	21		

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

-sd-
CFO

-sd-
A/President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	For the quarter ended		For the half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	1,349,485	3,106,153	4,118,920	4,972,012
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	73,403	21,048	(22,604)	134,281
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,246,950	3,167,783	(612,664)	5,313,750
	1,320,353	3,188,831	(635,268)	5,448,031
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement of defined benefit plan - net of tax	28,813	(9,750)	28,813	(9,750)
Movement in surplus on revaluation of operating fixed assets	61,736	-	61,736	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	(143,896)	(25,495)	(143,896)	(32,495)
	8,389	(35,245)	(53,347)	(42,245)
Total comprehensive income	<u>2,678,227</u>	<u>6,259,739</u>	<u>3,430,305</u>	<u>10,377,798</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	2,678,227	6,256,194	3,430,305	10,374,104
Non-controlling interest	-	3,344	-	3,493
	<u>2,678,227</u>	<u>6,259,538</u>	<u>3,430,305</u>	<u>10,377,597</u>

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

-sd- CFO	-sd- A/President & CE	-sd- Director	-sd- Director	-sd- Chairman
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ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Sub-total	Non-controlling interest	Total
						Investments	Fixed / Non banking assets				
						(Rupees in '000)					
Balance as at January 1, 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 half year ended June 30, 2020											
Net profit for the half year ended June 30, 2020	-	-	-	-	-	-	-	4,967,409	4,967,409	4,402	4,971,811
Other comprehensive income related to equity	-	134,281	-	-	-	5,313,750	(32,495)	(9,750)	5,405,786	-	5,405,786
	-	134,281	-	-	-	5,313,750	(32,495)	4,957,659	10,373,195	4,402	10,377,597
Transfer to Statutory reserve	-	-	-	990,976	-	-	-	(990,976)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	33,510	33,510	-	33,510
Transfer to General reserve	-	-	-	-	4,111,863	-	-	(4,111,863)	-	-	-
Transaction with owners directly recorded in equity											
Final dividend 2019: Re. 1.5 per share	-	-	-	-	-	-	-	(1,890,390)	(1,890,390)	-	(1,890,390)
Balance as at June 30, 2020	12,602,602	409,450	234,669	11,089,703	12,912,187	3,805,112	5,802,222	4,000,193	50,856,138	52,948	50,909,086
Total comprehensive income for the six month ended December 31, 2020											
Net profit for the six months ended December 31, 2020	-	-	-	-	-	-	-	5,878,924	5,878,924	6,262	5,885,186
Other comprehensive income related to equity	-	(124,767)	-	-	-	(3,721,307)	1,784,929	(37,707)	(2,098,852)	-	(2,098,852)
	-	(124,767)	-	-	-	(3,721,307)	1,784,929	5,841,217	3,780,072	6,262	3,786,334
Transfer to Statutory reserve	-	-	-	1,180,423	-	-	-	(1,180,423)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	45,066	45,066	-	45,066
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
Total comprehensive income for half year ended June 30, 2021											
Net profit for the half year ended June 30, 2021	-	-	-	-	-	-	-	4,118,920	4,118,920	-	4,118,920
Other comprehensive income related to equity	-	(22,604)	-	-	-	(612,664)	(82,160)	28,813	(688,615)	-	(688,615)
	-	(22,604)	-	-	-	(612,664)	(82,160)	4,147,733	3,430,305	-	3,430,305
Transfer to Statutory reserve	-	-	-	971,417	-	-	-	(971,417)	-	-	-
Transfer from surplus on revaluation of asset to unappropriated profit - net of tax	-	-	-	-	-	-	-	48,530	48,530	-	48,530
Transfer to General reserve	-	-	-	-	4,925,272	-	-	(4,925,272)	-	-	-
Transaction with owners, recorded directly in equity											
Final dividend 2020: Re. 1.5 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)	-	(3,780,781)
Balance as at June 30, 2021	12,602,602	262,079	234,669	13,241,543	17,837,459	(528,859)	7,504,991	3,224,846	54,379,330	-	54,379,330

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

 -sd-
CFO

 -sd-
A/President & CE

 -sd-
Director

 -sd-
Director

 -sd-
Chairman

ASKARI BANK LIMITED

Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2021

	For the half year ended	
	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Note		
Cash flow from operating activities		
Profit before taxation	6,761,351	8,153,363
Less: dividend income	(193,479)	(122,347)
	<u>6,567,872</u>	<u>8,031,016</u>
Adjustments:		
Depreciation	504,063	562,201
Depreciation on right of use assets	746,863	698,610
Amortization	110,778	112,680
Mark-up expense on lease liability against right of use assets	456,444	440,565
Termination of lease contracts under IFRS - 16 Leases	(2,807)	(2,287)
Charge for defined benefit plan	206,538	171,760
Provisions and write offs - net	2,882,674	684,741
Unrealised gain on held for trading securities	-	(1,002)
Gain on sale of non - banking assets	(15,000)	-
(Gain) / loss on sale of fixed assets	(5,078)	(3,709)
	<u>4,884,475</u>	<u>2,663,559</u>
	11,452,347	10,694,575
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	14,075,190
Held for trading securities	(58)	(98,785)
Advances	(37,479,034)	(34,852,390)
Other assets (excluding advance taxation)	282,943	(3,983,439)
	<u>(37,196,149)</u>	<u>(24,859,424)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(3,035)	3,008,733
Borrowings from financial institutions	(5,850,188)	38,063,105
Deposits	135,712,641	54,736,764
Other liabilities (excluding current taxation)	1,198,109	1,275,797
	<u>131,057,527</u>	<u>97,084,399</u>
Net cash flow generated from operations	105,313,725	82,919,550
Payment made to defined benefit plan	(316,494)	(1,343)
Income tax paid	(3,247,910)	(2,434,665)
Net cash flow generated from operating activities	<u>101,749,321</u>	<u>80,483,542</u>
Cash flow from investing activities		
Net investments in available for sale securities	(54,606,597)	(81,786,409)
Net investments in held to maturity securities	(26,256,576)	(8,659,647)
Dividend received	160,553	108,761
Investments in operating fixed assets	(525,841)	(520,084)
Investments in intangible assets	(140,056)	(316,458)
Proceeds from sale of fixed assets	10,014	6,921
Effect of translation of net investment in foreign branch	(22,604)	134,281
Net cash flow used in investing activities	<u>(81,381,107)</u>	<u>(91,032,635)</u>
Cash flow from financing activities		
Receipts / (payments) of subordinated debts - net	-	5,999,200
Payments against lease liabilities	(779,573)	(719,407)
Dividend paid	(3,731,479)	(1,868,885)
Net cash flow generated from / (used in) financing activities	<u>(4,511,052)</u>	<u>3,410,908</u>
(Decrease) / Increase in cash and cash equivalents	<u>15,857,162</u>	<u>(7,138,185)</u>
Cash and cash equivalents at beginning of the period	81,847,871	77,358,478
Cash and cash equivalents at end of the period	<u><u>97,705,033</u></u>	<u><u>70,220,293</u></u>

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

-sd-
CFO

-sd-
A/President & CE

-sd-
Director

-sd-
Director

-sd-
Chairman

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a partly owned subsidiary.
- 1.2 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares (December 2020: 71.91 percent shares) of the Bank as on June 30, 2021. The ultimate parent of the Bank is Fauji Foundation. The Bank has 537 branches (December 2020: 537 branches); 536 in Pakistan and Azad Jammu and Kashmir (including 95 (December 2020: 95) Islamic Banking branches and 49 (December 2020: 49) sub-branches) and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.
- 1.3 Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Bank holds 100% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

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

2.2 STATEMENT OF COMPLIANCE

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

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

- 2.2.2 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.2.3 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP vide BPRD Circular Letter No. 24 of 2021 dated July 5, 2021 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.
- 2.2.4 These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2020 and International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) and do not include all the information and disclosures required in the audited annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

5. FINANCIAL RISK MANAGEMENT

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of audited annual consolidated financial statements of the Group for the year ended December 31, 2020.

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
6. CASH AND BALANCES WITH TREASURY BANKS	Rupees in '000	
<i>In hand:</i>		
Local currency	17,440,633	17,290,446
Foreign currencies	4,663,710	4,030,731
	<u>22,104,343</u>	<u>21,321,177</u>
<i>With the State Bank of Pakistan in:</i>		
Local currency current accounts	51,815,623	37,199,449
Foreign currency current accounts	4,263,632	4,513,312
Foreign currency deposit account	8,102,899	7,501,569
	64,182,154	49,214,330
<i>With National Bank of Pakistan in:</i>		
Local currency current accounts	4,382,835	2,260,681
Prize Bonds	893,844	855,530
	<u>91,563,176</u>	<u>73,651,718</u>
7. BALANCES WITH OTHER BANKS		
<i>In Pakistan</i>		
In current accounts	681,660	469,080
In deposit accounts	47,157	3,612
	<u>728,817</u>	<u>472,692</u>
<i>Outside Pakistan</i>		
In current accounts	1,592,643	2,206,020
In deposit accounts	3,820,420	5,517,441
	5,413,063	7,723,461
Provision under IFRS 9 related to WBB	(23)	(6)
	<u>6,141,857</u>	<u>8,196,147</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Purchase under resale arrangement of equity securities	148,606	148,606
Provision held against lending to financial institutions	(148,606)	(148,606)
Lendings to financial institutions - net of provision	<u>-</u>	<u>-</u>
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Classified lending	Classified lending
	Provision held	Provision held
8.1 Category of classification	(Rupees in '000)	
Domestic		
Loss	<u>148,606</u>	<u>148,606</u>
	<u>148,606</u>	<u>148,606</u>

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 Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
 For the half year ended June 30, 2021

9. INVESTMENTS	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
9.1 Investments by type:								
Held for trading securities								
Shares	52	-	-	52	-	-	-	-
Units of open end mutual funds	199	-	-	199	193	-	-	193
	251	-	-	251	193	-	-	193
Available for sale securities								
Federal Government Securities	390,212,719	(30,528)	(1,560,721)	388,621,470	335,378,424	(31,877)	(525,781)	334,820,766
Shares	4,725,850	(180,901)	355,492	4,900,441	4,710,140	(158,232)	291,562	4,843,470
Units of open end mutual funds	1,405,036	(140,558)	212,448	1,476,926	1,405,036	(140,558)	171,942	1,436,420
Fully paid preference shares	27,314	(11,914)	233	15,633	27,314	(11,914)	46,545	61,945
Non Government Debt Securities	10,804,001	(1,391,631)	95,513	9,507,883	11,048,874	(1,422,704)	117,486	9,743,656
Foreign securities	474,656	(5,515)	18,062	487,203	482,547	(5,203)	18,534	495,878
	407,649,576	(1,761,047)	(878,973)	405,009,556	353,052,335	(1,770,488)	120,288	351,402,135
Held to maturity securities								
Federal Government Securities	121,327,374	(123,297)	-	121,204,077	95,034,902	(116,957)	-	94,917,945
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	3,340,888	(55,925)	-	3,284,963	3,376,784	(85,070)	-	3,291,714
	124,778,262	(289,222)	-	124,489,040	98,521,686	(312,027)	-	98,209,659
Total investments	<u>532,428,089</u>	<u>(2,050,269)</u>	<u>(878,973)</u>	<u>529,498,847</u>	<u>451,574,214</u>	<u>(2,082,515)</u>	<u>120,288</u>	<u>449,611,987</u>

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

9.1.1 Investments given as collateral

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

Market Treasury Bills	-	13,715,612
Pakistan Investment Bonds	8,977,154	7,005,600
Euro Bonds	4,593,494	6,442,504
Bahrain International Bonds	-	501,081
Turkish Sukuks	-	973,391
Ijarah Sukuks	6,629,084	5,069,713
Shares	170,803	191,168
	<u>20,370,535</u>	<u>33,899,069</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	2,082,515	3,554,891
Exchange adjustments	(3,618)	5,614
Charge / (reversals)		
Charge for the period / year	25,671	506,776
(Reversal) / provision under IFRS 9 related to WBB	(20,221)	41,248
Reversals for the period / year	(31,073)	(82,163)
Net charge for the period / year	(25,623)	465,861
Reversal on disposals	(3,005)	(1,943,851)
Closing balance	<u>2,050,269</u>	<u>2,082,515</u>

9.2.2 Particulars of provision against debt securities

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
Category of classification	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
	(Rupees in '000)			
Domestic				
Loss	1,501,631	1,501,631	1,532,704	1,532,704

9.2.3 In addition to the above, Bahrain Branch of the Bank holds general provision of Rs. 215,265 thousand (December 31, 2020: Rs 239,107 thousand) against investment in accordance with ECL requirements of IFRS 9.

9.3 Market value of held to maturity securities other than non performing investments as at June 30, 2021 is Rs. 129,782,040 thousand (December 31, 2020: Rs. 104,630,207 thousand).

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For the half year ended June 30, 2021

10. ADVANCES	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	340,893,566	310,156,565	27,903,816	25,666,137	368,797,382	335,822,702
Islamic financing and related assets	66,453,103	62,691,358	2,610,675	2,684,267	69,063,778	65,375,625
Bills discounted and purchased	21,288,174	20,603,372	191,805	60,406	21,479,979	20,663,778
Advances - gross	428,634,843	393,451,295	30,706,296	28,410,810	459,341,139	421,862,105
Provision against advances						
- Specific	-	-	(27,337,997)	(24,820,923)	(27,337,997)	(24,820,923)
- General	(1,629,654)	(1,625,127)	-	-	(1,629,654)	(1,625,127)
Advances - net of provision	427,005,189	391,826,168	3,368,299	3,589,887	430,373,488	395,416,055

10.1 Particulars of advances (Gross)

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
In local currency	434,256,240	398,281,325
In foreign currencies	25,084,899	23,580,780
	<u>459,341,139</u>	<u>421,862,105</u>

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

Category of classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned - note 10.2.1	1,343,103	899	1,406,324	-
Substandard	666,765	144,828	480,927	63,119
Doubtful	1,197,436	370,463	1,956,085	766,400
Loss	27,498,992	26,821,807	24,567,474	23,991,404
	<u>30,706,296</u>	<u>27,337,997</u>	<u>28,410,810</u>	<u>24,820,923</u>

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

10.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Specific	General (note 10.3.1)	Consumer financing-General	Total	Specific	General	Consumer financing-General	Total
	(Rupees in '000)							
Opening balance	24,820,923	909,101	716,026	26,446,050	24,408,056	584,145	642,747	25,634,948
Exchange adjustment	-	(2,870)	-	(2,870)	-	9,287	-	9,287
Charge for the period / year	3,298,070	37,124	27,200	3,362,394	2,249,576	421,751	122,415	2,793,742
Provision under IFRS 9 related to WBB	-	(34,723)	-	(34,723)	-	(83,906)	-	(83,906)
Reversal for the period / year	(780,787)	(850)	(21,354)	(802,991)	(1,010,054)	(22,176)	(49,136)	(1,081,366)
	2,517,283	1,551	5,846	2,524,680	1,239,522	315,669	73,279	1,628,470
Amounts written off	(209)	-	-	(209)	(748,426)	-	-	(748,426)
Amounts charged off- agriculture financing	-	-	-	-	(78,229)	-	-	(78,229)
Closing balance	<u>27,337,997</u>	<u>907,782</u>	<u>721,872</u>	<u>28,967,651</u>	<u>24,820,923</u>	<u>909,101</u>	<u>716,026</u>	<u>26,446,050</u>

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

10.3.2 The net FSV benefit already availed has increased by Rs. 152,888 thousand, which has resulted in reduction in charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 152,888 thousand (2020: higher by Rs. 71,514 thousand) and Rs. 93,262 thousand (2020: Rs.46,484 thousand) respectively. Further, at June 30, 2021, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 547,826 thousand (December 31, 2020: Rs. 484,372 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.

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

For the half year ended June 30, 2021

	<u>(Un-audited)</u> June 30, 2021	<u>(Audited)</u> December 31, 2020
11. FIXED ASSETS	(Rupees in '000)	
Capital work-in-progress - note 11.1	149,179	164,343
Property and equipment	13,640,196	13,666,587
Right of use assets	6,606,427	7,401,820
	<u>20,395,802</u>	<u>21,232,750</u>

11.1 This represents advances to suppliers and contractors.

	<u>(Un-audited)</u>	
	Period ended June 30, 2021	Period ended June 30, 2020
11.2 Additions to fixed assets	(Rupees in '000)	

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

Capital work-in-progress 35,955 58,002**Property and equipment**

Land - freehold	137,350	-
Building on leasehold	1,103	-
Renovation of premises	77,775	98,673
Furniture, fixtures and office equipment	78,890	160,671
Carpets	7,051	11,812
Machine and equipments	94,157	92,447
Computer equipments	83,963	80,783
Vehicles	9,597	16,163

489,886 460,549Right of use assets 113,094 856,268Total 638,935 1,374,819**11.4 Disposal of fixed assets**

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

Renovation of premises	579	2
Furniture, fixtures and office equipment	2,272	1,992
Carpets	589	627
Machine and equipments	1,377	556
Computer equipments	51	35

Total 4,936 3,212

	<u>(Un-audited)</u> June 30, 2021	<u>(Audited)</u> December 31, 2020
12. INTANGIBLE ASSETS	(Rupees in '000)	

Computer software	795,898	778,480
Pakistan Mercantile Exchange - Membership Card	2,500	2,500
Trading Right Entitlement Certificates	12,426	12,426
Less: Provision against intangibles	(7,544)	(4,660)

803,280 788,746Capital work in progress 380,452 370,1111,183,732 1,158,857

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
		(Rupees in '000)	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work in progress	92,719	164,930
	Directly purchased	47,337	151,528
	Total	<u>140,056</u>	<u>316,458</u>
		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
		(Rupees in '000)	
13.	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	17,170	34,162
	- Accelerated tax depreciation	58,732	24,663
	- Deficit on revaluation of investments	350,113	-
	- Provision against advances, off balance sheet	1,608,020	1,568,007
		2,034,035	1,626,832
	Taxable temporary differences on		
	- Surplus on revaluation of non-banking assets	(33,619)	-
	- Surplus on revaluation of investments	-	(29,498)
		(33,619)	(29,498)
		<u>2,000,416</u>	<u>1,597,334</u>
14.	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	17,777,827	17,403,537
	Income / mark-up accrued in foreign currencies	556,132	558,371
	Advances, deposits, advance rent and other prepayments	616,035	580,679
	Advance taxation (payments less provisions)	6,655,543	6,101,241
	Non banking assets acquired in satisfaction of claims	2,090,616	2,426,242
	Stationary and stamps in hand	92,373	99,829
	Dividend receivable	40,291	7,365
	Acceptances	11,251,519	11,829,891
	Others	1,012,568	781,464
		40,092,904	39,788,619
	Provision held against other assets - note 14.1	(209,615)	(209,778)
	Other assets - net of provision	39,883,289	39,578,841
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,332,695	2,442,972
	Other assets - total	<u>42,215,984</u>	<u>42,021,813</u>
14.1	Provision held against other assets		
	Advances, deposits, advance rent and other prepayments	4,838	4,838
	Suspense account	34,520	34,520
	Stationery and stamps in hand	2,285	2,285
	Others	167,972	168,135
		<u>209,615</u>	<u>209,778</u>

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
(Rupees in '000)		
14.1.1 Movement in provision held against other assets		
Opening balance	209,778	238,089
Charge for the period / year	272	314
Reversals for the period / year	(435)	(637)
Net charge / (reversal) for the period / year	(163)	(323)
Reversal on disposal	-	(15,952)
Amounts written off / adjustments	-	(12,036)
Closing balance	<u>209,615</u>	<u>209,778</u>
15. BILLS PAYABLE		
In Pakistan	<u>12,626,961</u>	<u>12,629,996</u>
16. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	18,592,189	16,903,776
Long term financing facility	9,056,831	8,499,073
Financing facility for storage of agricultural produce	65,492	76,399
Renewable energy financing facility	2,476,669	579,231
Refinance from SBP		
Credit guarantee scheme for women entrepreneurs	1,070	1,568
Payment of wages and salaries	10,895,965	12,583,566
Temporary economic relief	2,497,555	-
Modernisation of SME	11,375	-
Combating COVID - 19	248,769	-
	<u>43,845,915</u>	<u>38,643,613</u>
Repurchase agreement borrowings		
State Bank of Pakistan	9,000,000	7,000,000
Financial institutions	8,450,695	23,042,628
	<u>17,450,695</u>	<u>30,042,628</u>
Refinance from Pakistan Mortgage Refinance Company	2,388,105	1,923,886
Total secured	<u>63,684,715</u>	<u>70,610,127</u>
Unsecured		
Call borrowings	8,256,244	10,276,937
Overdrawn nostro accounts	866,490	3,276,605
Bai Muajjal Payable	5,506,032	-
Total unsecured	<u>14,628,766</u>	<u>13,553,542</u>
	<u>78,313,481</u>	<u>84,163,669</u>

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
17. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Current deposits	276,487,604	23,860,988	300,348,592	228,444,308	21,780,570	250,224,878
Savings deposits	435,235,841	47,322,406	482,558,247	388,092,120	48,085,995	436,178,115
Fixed deposits	120,700,946	13,218,999	133,919,945	90,069,109	7,058,608	97,127,717
	<u>832,424,391</u>	<u>84,402,393</u>	<u>916,826,784</u>	<u>706,605,537</u>	<u>76,925,173</u>	<u>783,530,710</u>
Financial institutions						
Current deposits	1,137,982	23,943	1,161,925	976,402	54,187	1,030,589
Savings deposits	1,879,890	-	1,879,890	1,250,988	-	1,250,988
Fixed deposits	6,826,329	-	6,826,329	5,170,000	-	5,170,000
	<u>9,844,201</u>	<u>23,943</u>	<u>9,868,144</u>	<u>7,397,390</u>	<u>54,187</u>	<u>7,451,577</u>
	<u>842,268,592</u>	<u>84,426,336</u>	<u>926,694,928</u>	<u>714,002,927</u>	<u>76,979,360</u>	<u>790,982,287</u>

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For the half year ended June 30, 2021

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
	(Rupees in '000)	
18. SUBORDINATED DEBTS		
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

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

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
Outstanding amount Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109-120th month: 100%
Profit rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.
Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.

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For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
19. OTHER LIABILITIES		
	(Rupees in '000)	
Mark-up / return / interest payable in local currency	3,304,880	3,793,829
Mark-up / return / interest payable in foreign currencies	188,180	217,522
Unearned commission and income on bills discounted	1,698,062	1,726,572
Accrued expenses	3,548,125	2,956,761
Advance payments	358,148	349,092
Acceptances	11,251,519	11,829,891
Dividends payable	206,741	157,439
Mark to market loss on forward foreign exchange contracts - net	600,600	228,034
Branch adjustment account	1,197,871	753,774
Payable to defined benefit plan	87,743	313,295
Security deposit against lease / Ijarah financing	4,264,350	4,169,840
Levies and taxes payable	238,285	381,105
Workers' Welfare Fund	235,256	215,099
Switch fee payable	759,447	665,449
Provision against off-balance sheet obligations - note 19.1	481,233	100,356
Lease liability against ROU assets as per IFRS - 16 Leases	7,720,274	8,223,995
Islamic pool Management reserve - note 19.2	30,154	
Others	3,187,734	2,347,380
	<u>39,358,602</u>	<u>38,429,433</u>
19.1 Provision against off-balance sheet obligations		
Opening balance	100,356	101,154
Exchange adjustment	(1)	49
Charge for the period / year	380,878	-
Reversal for the period / year	-	(847)
Net charge / (reversal) for the period / year	380,878	(847)
Closing balance	<u>481,233</u>	<u>100,356</u>
19.2	This includes equity portion of profit equalisation reserve amounting to Rs 15,077 thousands (December 2020: Nil) which has been presented as reserve in note 37.	
20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of:		
- Available for sale securities	(878,973)	120,288
- Fixed Assets	5,205,916	5,144,180
- Non-banking assets acquired in satisfaction of claims	2,332,695	2,442,971
	6,659,638	7,707,439
Deferred tax (liability) / asset on surplus / (deficit) on revaluation of:		
- Non-banking assets acquired in satisfaction of claims	(33,619)	-
- Available for sale securities	350,113	(36,483)
	316,494	(36,483)
	<u>6,976,132</u>	<u>7,670,956</u>

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	(Un-audited) June 30, 2021	(Audited) December 31, 2020
21 CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Guarantees - note 21.1	256,330,234	220,222,941
- Commitments - note 21.2	408,930,595	412,802,042
- Other contingent liabilities - note 21.3	723,200	724,374
	<u>665,984,029</u>	<u>633,749,357</u>
21.1 Guarantees		
Financial guarantees	5,303,399	9,952,617
Performance guarantees	146,407,013	138,751,395
Other guarantees	104,619,822	71,518,929
	<u>256,330,234</u>	<u>220,222,941</u>
21.2 Commitments		
Documentary credits and short-term trade-related transactions		
- letters of credit	201,402,989	159,457,683
Commitments in respect of:		
- forward foreign exchange contracts - note 21.2.1	166,642,633	209,279,794
- forward government securities transactions - note 21.2.2	450,000	-
- forward non government securities transactions - note 21.2.3	4,775,000	-
- forward lending - note 21.2.4	35,322,280	43,805,613
Commitments for acquisition of:		
- fixed assets	34,799	34,298
- intangible assets	194,460	38,678
Commitments in respect of future contract transactions of equity securities	108,434	185,976
	<u>408,930,595</u>	<u>412,802,042</u>
21.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	99,431,665	118,889,979
Sale	67,210,968	90,389,815
	<u>166,642,633</u>	<u>209,279,794</u>
The above commitments have maturities falling within one year.		
21.2.2 Commitments in respect of forward government securities transactions		
Purchase	450,000	-
21.2.3 Commitments in respect of forward non government securities transactions		
Purchase	4,775,000	-
21.2.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	17,480,723	30,084,187
Undrawn commitments - note 21.2.4.1	17,841,557	13,721,426
	<u>35,322,280</u>	<u>43,805,613</u>
21.2.4.1 These represent commitments that are irrevocable because these cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.		
	(Un-audited) June 30, 2021	(Audited) December 31, 2020
21.3 Other contingent liabilities	(Rupees in '000)	
21.3.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	723,200	724,374

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22. DERIVATIVE INSTRUMENTS

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

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
23. MARK-UP / RETURN / INTEREST EARNED		(Rupees in '000)	
On:			
Loans and advances		15,488,443	23,142,462
Investments		19,757,949	19,606,676
Lendings to financial institutions		43,915	202,123
Balances with banks		4,185	81,702
Securities purchased under resale agreements (reverse repo)		145,491	217,313
		<u>35,439,983</u>	<u>43,250,276</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		15,906,775	24,021,920
Borrowings		1,519,831	2,557,142
Subordinated debts		520,790	1,021,723
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,244,578	786,022
Interest expense on lease liability against right of use assets		456,444	440,565
		<u>19,648,418</u>	<u>28,827,372</u>
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		284,924	259,531
Consumer finance related fees		55,365	50,423
Card related fees (debit and credit cards)		403,010	365,717
Credit related fees		147,558	93,791
Investment banking fees		64,457	63,493
Commission on trade		401,199	301,901
Commission on guarantees		408,510	274,283
Commission on remittances including home remittances		161,104	27,403
Commission on bancassurance		62,546	36,426
Others		143,964	78,467
		<u>2,132,637</u>	<u>1,551,435</u>
26. GAIN ON SECURITIES			
Realised - note 26.1		790,539	1,391,735
Unrealised - held for trading		-	1,002
		<u>790,539</u>	<u>1,392,737</u>
26.1 Realised gain on:			
Federal Government Securities		652,107	1,274,193
Shares		135,432	113,900
Non Government Debt Securities		3,000	202
Mutual Funds		-	2,452
		<u>790,539</u>	<u>1,390,747</u>

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For the half year ended June 30, 2021

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
27.	OTHER INCOME	(Rupees in '000)	
	Gain on sale of fixed assets	5,078	3,709
	Rent of lockers	26,613	21,830
	Gain on sale of non banking assets	15,000	5
	Recovery of expenses from customers	159,577	112,816
	Government Grant - foreign branch	-	5,892
	Termination of lease contracts	2,807	2,287
		<u>209,075</u>	<u>146,539</u>
28.	OPERATING EXPENSES		
	Total compensation expenses - note 28.1	6,852,933	5,546,863
	Property expense		
	Rent and taxes	67,194	170,018
	Insurance	47,586	52,774
	Utilities cost	265,192	286,722
	Security (including guards)	248,687	251,804
	Repair & maintenance (including janitorial charges)	130,623	123,848
	Depreciation on right of use assets	746,863	698,610
	Depreciation	168,727	200,112
		1,674,872	1,783,888
	Information technology expenses		
	Software maintenance	223,580	178,635
	Hardware maintenance	20,600	17,558
	Depreciation	87,496	92,965
	Amortisation	110,778	112,680
	Network charges	105,280	87,652
		547,734	489,490
	Other operating expenses		
	Directors' fees, allowances	44,662	6,125
	Fees and allowances to Shariah Board	2,981	2,908
	Rates, taxes, insurance etc.	98,734	108,746
	Legal and professional charges	97,643	48,375
	Travelling, conveyance and entertainment	88,223	115,403
	Brokerage and commission	56,724	47,587
	NIFT clearing charges	36,776	40,364
	Repair and maintenance	126,449	132,407
	Communications	240,073	277,651
	Stationery and printing	118,338	124,733
	Marketing, advertisement and publicity	18,881	42,186
	Donations	58,424	112,390
	Auditors' remuneration	8,239	10,701
	Depreciation	247,840	269,123
	Security service charges	136,602	116,915
	Training and development	2,968	18,310
	Premium paid to Deposit Protection Corporation	287,490	231,569
	Other expenditure	203,960	458,293
		1,875,007	2,163,786
		<u>10,950,546</u>	<u>9,984,027</u>
28.1	Total compensation expenses		
	Managerial remuneration	4,836,171	4,944,753
	Charge for defined benefit / contribution plan	364,752	429,672
	Other staff cost - note 28.1.1	1,652,010	172,439
		<u>6,852,933</u>	<u>5,546,863</u>

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

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

For the half year ended June 30, 2021

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

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
30. PROVISIONS AND WRITE OFFS - NET	(Rupees in '000)	
(Reversal of provision) / provision for diminution in value of investments	(25,622)	146,987
Provision against loans and advances	2,524,680	538,683
Reversal of provision against fixed assets	2,884	-
(Reversal of provision) / provision against other assets	(163)	273
Provision / (reversal of provision) against off-balance sheet obligations	380,878	(1,201)
Provision / (reversal of provision) against cash and bank balances	17	(1)
Recovery of written off / charged off bad debts	(63,584)	(40,429)
	<u>2,819,090</u>	<u>644,312</u>
31. TAXATION		
Current	2,693,608	3,218,981
Deferred	(51,177)	(37,428)
	<u>2,642,431</u>	<u>3,181,553</u>

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

	(Un-audited)	
	Half year ended June 30, 2020	Half year ended June 30, 2018
32. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period - Rupees in '000	<u>4,118,920</u>	<u>4,967,610</u>
Weighted average number of Ordinary Shares - numbers	<u>1,260,260,180</u>	<u>1,260,260,180</u>
Basic earnings per share - Rupees	<u>3.27</u>	<u>3.94</u>

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

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

33. FAIR VALUE MEASUREMENTS

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

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 4 to the audited annual consolidated financial statements for the year ended December 31, 2020.

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

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

33.1 Fair value of financial assets

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

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

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

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

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of PKRV rates.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

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

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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.

	June 30, 2021 (Un-audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	388,621,470	-	388,621,470
Shares	4,550,640	-	-	4,550,640
Units of open end mutual funds	-	1,476,926	-	1,476,926
Fully paid preference shares	15,633	-	-	15,633
Non Government Debt Securities	-	9,507,883	-	9,507,883
Foreign securities	-	487,203	-	487,203
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	121,204,077	-	121,204,077
Foreign Securities	-	3,284,963	-	3,284,963
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	99,431,665	-	99,431,665
Forward sale of foreign exchange	-	67,210,968	-	67,210,968

	December 31, 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	334,820,766	-	334,820,766
Shares	4,493,470	-	-	4,493,470
Units of open end mutual funds	-	1,436,420	-	1,436,420
Fully paid preference shares	61,945	-	-	61,945
Non Government Debt Securities	-	9,743,656	-	9,743,656
Foreign securities	-	496,932	-	496,932
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	94,942,447	-	94,942,447
Foreign securities	-	3,299,267	-	3,299,267
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	118,889,979	-	118,889,979
Forward sale of foreign exchange	-	90,389,815	-	90,389,815

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

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
(Rupees in '000)		
Level 3		
33.2 Fair value of non-financial assets		
Fixed assets		
Property and equipment (freehold and leasehold land)	9,689,980	9,552,630
Other assets		
Non-banking assets acquired in satisfaction of claims	4,423,311	4,869,214

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

For the half year ended June 30, 2021

34. SEGMENT INFORMATION
34.1 Segment details with respect to Business Activities

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

	For the half year ended June 30, 2021 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(10,884,261)	7,538,585	16,188,220	1,257,936	1,782,981	644,652	(736,548)	15,791,565
Inter segment revenue - net	18,067,288	(5,748,050)	(13,353,086)	(651,370)	-	(41,467)	1,726,685	-
Non mark-up / return / interest income	673,388	1,351,551	2,015,095	230,179	206,627	1,126	287,224	4,765,190
Total income	7,856,415	3,142,086	4,850,229	836,745	1,989,608	604,311	1,277,361	20,556,755
Segment direct expenses	5,529,775	366,198	157,700	477,745	1,090,744	60,210	3,293,942	10,976,314
Inter segment expense allocation	320,754	450,470	2,012	86,697	-	-	(859,933)	-
Total expenses	5,850,529	816,668	159,712	564,442	1,090,744	60,210	2,434,009	10,976,314
(Reversals) / Provisions	1,786	2,514,327	25,671	57,252	235,444	(54,548)	39,158	2,819,090
Profit / (loss) before tax	2,004,100	(188,909)	4,664,846	215,051	663,420	598,649	(1,195,806)	6,761,351
	June 30, 2021 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	25,116,902	45,213	64,231,816	123,641	6,522,378	1,298,994	366,089	97,705,033
Investments	-	7,852,296	487,130,064	-	14,227,407	18,842,472	1,446,608	529,498,847
Lendings to financial institutions	-	-	-	-	-	-	-	-
Advances - performing - net of provision	12,742,380	311,906,290	-	19,334,798	66,359,437	9,557,507	7,104,777	427,005,189
Advances - non-performing - net of provision	617,722	1,079,058	-	308,555	1,362,964	-	-	3,368,299
Others	1,689,133	15,893,539	7,645,648	242,823	5,286,702	305,749	34,748,926	65,812,520
Total Assets	40,166,137	336,776,396	559,007,528	20,009,817	93,758,888	30,004,722	43,666,400	1,123,389,888
Borrowings	1,808,754	37,314,608	14,506,032	2,388,105	8,222,553	14,073,429	-	78,313,481
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	664,541,218	186,905,465	-	20,149	72,952,650	2,189,582	85,864	926,694,928
Net inter segment balances - net	(639,016,233)	94,788,177	542,984,313	16,793,828	-	11,028,059	(26,578,144)	-
Others	12,832,398	17,768,146	1,517,183	807,735	4,899,117	2,713,652	11,463,918	52,002,149
Total liabilities	40,166,137	336,776,396	559,007,528	20,009,817	86,074,320	30,004,722	(3,028,362)	1,069,010,558
Equity	-	-	-	-	7,684,568	-	46,694,762	54,379,330
Total Equity and liabilities	40,166,137	336,776,396	559,007,528	20,009,817	93,758,888	30,004,722	43,666,400	1,123,389,888
Contingencies and commitments	7,341,605	452,766,504	178,822,978	539,603	15,558,423	9,424,022	1,530,894	665,984,029
	For the half year ended June 30, 2020 (Un-audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Profit and loss								
Net mark-up / return / profit	(17,487,785)	13,308,904	15,608,183	1,511,396	1,940,345	494,665	(952,805)	14,422,904
Inter segment revenue - net	23,594,393	(8,954,044)	(15,755,888)	(1,001,719)	-	-	2,117,258	-
Non mark-up / return / interest income	620,420	967,984	2,381,915	187,120	184,774	6,328	48,713	4,397,254
Total income	6,727,028	5,322,844	2,234,210	696,797	2,125,119	500,993	1,213,166	18,820,158
Segment direct expenses	5,090,962	385,645	151,044	378,369	1,045,711	57,545	2,913,208	10,022,484
Inter segment expense allocation	218,444	512,587	1,992	73,738	-	-	(806,761)	(0)
Total expenses	5,309,406	898,232	153,036	452,107	1,045,711	57,545	2,106,447	10,022,483
(Reversals) / Provisions	(41,630)	108,099	166,163	116,050	(7,613)	(78,202)	381,445	644,312
Profit / (loss) before tax	1,459,252	4,316,513	1,915,011	128,640	1,087,021	521,651	(1,274,726)	8,153,363
	December 31, 2020 (Audited)							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head Office / others	Total
	(Rupees in '000)							
Statement of financial position								
Cash and bank balances	30,938,859	2,174,588	39,690,446	234,673	6,313,535	135,415	2,360,349	81,847,865
Investments	-	8,559,870	409,207,953	-	12,216,340	18,307,234	1,320,590	449,611,987
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	528,352	5,754,115	280,853	34,450,192	66,010,754
Total Assets	46,296,557	307,546,207	456,390,298	19,719,200	88,553,681	29,376,805	45,003,913	992,886,661
Borrowings	2,148,089	32,344,618	20,712,692	1,923,886	11,810,905	11,946,873	3,276,606	84,163,669
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	564,565,481	160,149,553	-	21,935	65,305,888	858,355	81,075	790,982,287
Net inter segment balances - net	(533,319,613)	97,723,672	434,611,006	16,809,062	-	11,188,408	(27,012,535)	-
Others	12,902,600	17,328,364	1,066,600	964,317	4,440,177	3,346,088	11,011,283	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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35. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the 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

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

	As at June, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
Rupees in '000										
Investments										
Opening balance	-	-	-	450,478	350,000	-	-	-	719,311	300,000
Investment made during the period / year	-	-	-	-	-	-	-	-	411,454	50,000
Investment redeemed / disposed off during the period / year	-	-	-	(18,449)	-	-	-	-	(247,268)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(433,019)	-
Closing balance	-	-	-	432,029	350,000	-	-	-	450,478	350,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	2,805,786	28,671	423,764	4,766,042	-	5,035,504	19,771	364,453	4,701,476	-
Addition during the period / year	45,944,393	286	76,315	5,376,294	-	121,938,314	59,315	125,382	9,941,779	-
Repaid during the period / year	(41,628,420)	(28,935)	(54,348)	(5,058,633)	-	(124,168,032)	(50,406)	(93,715)	(10,545,058)	-
Transfer in / (out) - net	-	-	9,945	2,328,032	-	-	(9)	27,644	667,845	-
Closing balance	7,121,759	22	455,676	7,411,735	-	2,805,786	28,671	423,764	4,766,042	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up receivable	49,108	-	100,049	365,614	-	46,571	425	84,087	90,799	-
Advance rent	230	-	-	-	-	1,081	-	-	-	-
Securities given as Collateral	-	-	-	-	188,963	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	1,923,886	-	-	-	-	1,972,026
Borrowings during the period / year	-	-	-	-	500,000	-	-	-	-	1,000,000
Settled during the period / year	-	-	-	-	(35,781)	-	-	-	-	(1,048,140)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	2,388,105	-	-	-	-	1,923,886
Subordinated debt										
Opening balance	-	-	-	-	-	-	-	-	24,950	-
Issued during the period / year	-	-	-	-	-	-	-	-	-	-
Redemption during the period / year	-	-	-	-	-	-	-	-	(5)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(24,945)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	8,018,104	19,379	186,617	12,205,848	4,811,281	4,678,222	64,239	117,562	15,124,817	4,817,176
Received during the period / year	301,673,736	109,274	877,677	177,806,451	47,560,128	584,157,308	211,929	1,095,412	256,093,596	30,648,252
Withdrawn during the period / year	(288,879,858)	(112,593)	(858,869)	(175,161,420)	(40,584,324)	(580,817,426)	(199,751)	(1,016,580)	(257,566,215)	(30,654,147)
Transfer in / (out) - net	-	-	1,451	4,398	231,180	-	(57,038)	(9,777)	(1,446,350)	-
Closing balance	20,811,982	16,060	206,876	14,855,277	12,018,265	8,018,104	19,379	186,617	12,205,848	4,811,281
Other Liabilities										
Interest / mark-up payable	23,005	-	1,929	81,311	39,284	19,363	-	1,809	34,000	38,941
Payable to staff retirement fund	-	-	-	-	87,743	-	-	-	-	310,314
Security deposits payable	-	-	-	322,397	-	-	-	287	296,198	-
Others	-	-	5,467	-	-	4,986	-	4,588	-	-
Contingencies and Commitments										
Contingencies and Commitments	1,107,664	-	-	5,412,324	-	1,313,613	-	-	3,951,782	-
Others										
Securities held as custodian	4,590,000	-	-	-	2,079,500	4,590,000	-	-	-	6,992,500

	For the half year ended June 30, 2021 (Un-Audited)					For the half year ended June 30, 2020 (Un-Audited)				
	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties	Parent	Directors	Key management personnel	Companies with common directorship	Other related parties
Rupees in '000										
Income										
Mark-up / return / interest earned	65,697	533	10,077	247,988	-	135,793	1,508	10,394	274,981	-
Fee and commission received	10	-	-	5,658	-	77	-	-	2,358	-
Dividend income	-	-	-	15,785	11,066	-	-	-	4,118	-
Other income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest expensed	545,697	154	3,252	249,277	272,982	314,744	170	3,334	796,201	382,267
Charge to defined benefit plan	-	-	-	-	134,978	-	-	-	-	171,760
Contribution to defined contribution plan	-	-	-	-	160,813	-	-	-	-	146,079
Remuneration and allowances	-	-	360,707	-	2,981	-	-	303,411	-	2,908
Rent	850	-	-	-	-	5,814	-	-	-	-
Communications	-	-	-	-	18,619	-	-	-	-	13,709
Brokerage and Commission	-	-	-	77	13,963	-	-	-	28	6,983
Directors' Fee, Allowances	-	44,662	-	-	-	-	6,125	-	-	-
Dividend paid	2,718,846	9	225	-	42,350	1,359,423	4	113	-	11,745
Insurance premium	-	-	-	-	-	-	-	-	63,404	-
Others	-	-	-	-	-	-	-	-	2,364	-
Donations	51,420	-	-	-	-	109,000	-	-	-	-

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

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

ASKARI BANK LIMITED

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

For the half year ended June 30, 2021

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	45,406,468	44,953,711
Eligible Additional Tier 1 (ADT 1) Capital	5,926,839	5,928,538
Total Eligible Tier 1 Capital	51,333,307	50,882,249
Eligible Tier 2 Capital	12,568,789	13,137,795
Total Eligible Capital (Tier 1 + Tier 2)	63,902,096	64,020,044
Risk Weighted Assets (RWAs):		
Credit Risk	347,390,235	325,175,823
Market Risk	35,168,628	31,566,562
Operational Risk	56,484,088	56,484,088
Total	439,042,951	413,226,473
Common Equity Tier 1 Capital Adequacy ratio	10.34%	10.88%
Tier 1 Capital Adequacy Ratio	11.69%	12.31%
Total Capital Adequacy Ratio	14.55%	15.49%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	51,333,307	50,882,249
Total Exposures	1,614,675,620	1,420,206,406
Leverage Ratio	3.18%	3.58%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	434,924,314	345,807,337
Total Net Cash Outflow	224,253,796	201,510,814
Liquidity Coverage Ratio	193.94%	171.61%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	927,955,536	812,464,916
Total Required Stable Funding	488,687,097	442,061,686
Net Stable Funding Ratio	189.89%	183.79%

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For the half year ended June 30, 2021

37. Islamic Banking Business

The Group is operating 95 Islamic banking branches including 3 sub-branches at June 30, 2021 as compared to 95 Islamic banking branches including 3 sub-branches at year ended December 31, 2020.

		(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		6,180,203	5,161,165
Balances with other banks		342,175	1,152,370
Due from financial Institutions		-	-
Investments	37.1	14,227,407	12,216,340
Islamic financing and related assets - net	37.2	67,636,844	64,269,691
Fixed assets		1,650,702	1,756,603
Intangible assets		-	-
Due from Head Office		-	-
Other assets		4,180,022	5,562,647
Total assets		94,217,353	90,118,816
LIABILITIES			
Bills payable		1,129,520	1,477,496
Due to financial institutions		8,222,552	11,810,905
Deposits and other accounts	37.3	72,952,650	65,305,888
Due to head office		-	-
Sub-ordinated debt		-	-
Other liabilities		4,298,540	4,527,816
		86,603,262	83,122,105
NET ASSETS		<u>7,614,091</u>	<u>6,996,711</u>
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	37.4	15,077	-
Deficit on revaluation of assets		(33,230)	(57,670)
Unappropriated profit	37.5	3,032,244	2,454,381
		<u>7,614,091</u>	<u>6,996,711</u>
CONTINGENCIES AND COMMITMENTS	37.6	<u>15,558,424</u>	<u>11,741,980</u>

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

		(Un-audited)	
		Period ended June 30, 2021	Period ended June 30, 2020
	Note	(Rupees in '000)	
Profit / return earned	37.8	2,934,478	4,058,311
Profit / return expensed	37.9	1,151,497	2,117,966
Net Profit / return		1,782,981	1,940,345
Other income			
Fee and Commission Income		116,915	85,158
Dividend Income		-	-
Foreign Exchange Income		44,201	72,211
Gain / (loss) on securities		-	-
Other Income		45,512	27,405
Total other income		206,628	184,774
Total Income		1,989,609	2,125,119
Other expenses			
Operating expenses		1,090,639	1,045,294
Workers' Welfare Fund		-	-
Other charges		106	417
Total other expenses		1,090,745	1,045,711
Profit before provisions		898,864	1,079,408
Provisions and write offs - net		321,001	(7,613)
Profit before taxation		<u>577,863</u>	<u>1,087,021</u>

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

For the half year ended June 30, 2021

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
37.1 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	7,060,431	-	(33,342)	7,027,089	5,538,804	-	(58,148)	5,480,656
- GOP Bai Muajjal	5,246,146	-	-	5,246,146	5,246,146	-	-	5,246,146
	12,306,577	-	(33,342)	12,273,235	10,784,950	-	(58,148)	10,726,802
Non Government Debt Securities:								
- Listed	35,000	-	112	35,112	70,000	-	478	70,478
- Unlisted	2,479,023	(559,963)	-	1,919,060	1,979,023	(559,963)	-	1,419,060
	2,514,023	(559,963)	112	1,954,172	2,049,023	(559,963)	478	1,489,538
Total investments	14,820,600	(559,963)	(33,230)	14,227,407	12,833,973	(559,963)	(57,670)	12,216,340

	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020
37.2 ISLAMIC FINANCING AND RELATED ASSETS	(Rupees in '000)	
Ijarah		
Murabaha - note 37.2.1	4,614,698	4,227,697
Musharaka	6,237,826	4,379,276
Diminishing Musharaka	26,791,117	28,545,253
Salam	12,936,697	16,936,532
Istisna	6,056,525	4,935,938
Receivable against sale of Istisna / Salam Inventory	4,100,624	2,744,352
Service Ijarah	368,444	150,000
Other Islamic Modes (Executive Car Finance -Qarz-e-Hasana)	1,472,176	752,176
Advances against Islamic assets - note 37.2.2	106,099	93,424
Inventory related to Islamic financing - note 37.2.3	2,459,116	1,488,133
Gross islamic financing and related assets	3,920,456	1,122,844
	69,063,778	65,375,625
Less: provision against islamic financings		
- Specific	1,333,267	1,023,192
- General	93,667	82,742
	1,426,934	1,105,934
Islamic financing and related assets - net of provision	67,636,844	64,269,691

37.2.1 Includes advance against Murabaha of Rs.979,845 thousand (December 31, 2020: Rs.397,579 thousand).

37.2.2 Advance against islamic assets

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2021 (Un-audited)	854,971	-	1,604,145	-	-	2,459,116
December 31, 2020 (Audited)	578,819	-	909,314	-	-	1,488,133

37.2.3 Inventory related to islamic financing

	Ijarah	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
	(Rupees in '000)					
June 30, 2021 (Un-audited)	-	-	-	2,321,931	1,598,525	3,920,456
December 31, 2020 (Audited)	-	-	-	50,073	1,072,771	1,122,844

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

For the half year ended June 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
37.3 DEPOSITS AND OTHER ACCOUNTS		
	(Rupees in '000)	
Customers		
Current deposits - non remunerative	28,300,600	23,312,633
Current deposits - remunerative	1,272,242	975,625
Savings deposits	22,480,873	23,619,062
Term deposits	12,947,582	12,058,779
Others	1,481,521	584,729
	<u>66,482,818</u>	<u>60,550,828</u>
Financial Institutions		
Current deposits - non remunerative	28,730	19,576
Savings deposits	384,773	335,484
Term deposits	6,056,329	4,400,000
	<u>6,469,832</u>	<u>4,755,060</u>
	<u>72,952,650</u>	<u>65,305,888</u>
37.4 PROFIT EQUALISATION RESERVE		
The profit equalisation reserve amounting to Rs.15,077 (December 31, 2020: Nil) classified in other liabilities in note 19 has been presented as reserve.		
37.5 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening balance	2,454,381	691,544
Add: Islamic banking profit for the period	577,863	1,762,837
Closing balance	<u>3,032,244</u>	<u>2,454,381</u>
37.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	7,027,063	5,460,329
-Commitments	8,531,361	6,281,651
-Other contingent liabilities	-	-
	<u>15,558,424</u>	<u>11,741,980</u>
37.7 CHARITY FUND		
Opening balance	20,529	52,137
Additions during the period		
- Received from customers on delayed payments	20,477	15,391
- Profit on charity account	4	21
- Others	174	233
	20,655	15,645
Payments / utilization during the period		
- Education	(155)	(1,055)
- Health	-	(41,270)
- Orphanage	-	(4,928)
	<u>(155)</u>	<u>(47,253)</u>
Closing balance	<u>41,029</u>	<u>20,529</u>

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

For the half year ended June 30, 2021

	(Un-audited)	
	Period ended June 30, 2021	Period ended June 30, 2020
	(Rupees in '000)	
37.8 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS		
Profit earned on:		
Financing	2,248,790	3,331,597
Investments	662,806	491,203
Placements	22,882	158,987
Lendings	-	76,524
	<u>2,934,478</u>	<u>4,058,311</u>
37.9 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	885,208	1,948,631
Due to financial institutions	149,869	79,685
Due to head office	1,164	5,585
Profit Equalization Reserve	30,294	-
Lease liability against right-of-use assets	84,962	84,065
	<u>1,151,497</u>	<u>2,117,966</u>

38. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 12, 2021.

-sd-
CFO-sd-
A/President & CE-sd-
Director-sd-
Director-sd-
Chairman



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