

REPORT FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

## Contents

Corporate Information	1
Directors' Review	2
Directors' Review (Urdu)	4
Unconsolidated Condensed Interim Statement of Financial Position	5
Unconsolidated Condensed Interim Profit and Loss Account	6
Unconsolidated Condensed Interim Statement of Comprehensive Income	7
Unconsolidated Condensed Interim Cash Flow Statement	8
Unconsolidated Condensed Interim Statement of Changes in Equity	9
Notes to the Unconsolidated Condensed Interim Financial Statements	10
Consolidated Condensed Interim Statement of Financial Position	28
Consolidated Condensed Interim Profit and Loss Account	29
Consolidated Condensed Interim Statement of Comprehensive Income	30
Consolidated Condensed Interim Cash Flow Statement	31
Consolidated Condensed Interim Statement of Changes in Equity	32
Notes to the Consolidated Condensed Interim Financial Statements	33

## Corporate Information

### Board of Directors

Lt Gen Syed Tariq Nadeem Gilani, HI(M) (Retd) - Chairman  
Lt Gen Javed Iqbal, HI (M) (Retd)  
Lt Gen Tariq Khan, HI (M) (Retd)  
Mr. Qaiser Javed  
Dr. Nadeem Inayat  
Mr. Manzoor Ahmed - NIT Nominee  
Mr. Kamal A. Chinoy  
Syed Ahmed Iqbal Ashraf  
Mr. Mushtaq Malik  
Brig. Saleem Ahmed Moeen SI (Retd)  
Mr. Abid Sattar - President & Chief Executive

### Board Audit Committee

Syed Ahmed Iqbal Ashraf - Chairman  
Mr. Qaiser Javed  
Dr. Nadeem Inayat  
Mr. Manzoor Ahmed

### Shariah Board

Mufti Muhammad Zahid - Chairman  
Mufti Ismatullah - Member  
Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member

### Auditors

A. F. Ferguson & Co  
Chartered Accountants

### Legal Advisors

RIAA, Barker Gillette  
Advocates & Corporate Counselors

### Company Secretary

Mr. Shahid Abbasi

### Registered Office

AWT Plaza, The Mall, P. O. Box No. 1084  
Rawalpindi – 46000, Pakistan.  
Tel: (92 51) 8092624  
UAN: (92 51) 111 000 787  
Fax: (92 51) 2857448  
E-mail: [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk)

### Registrar & Share Transfer Office

Central Depository Company of Pakistan Limited  
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: (92 42) 36300072  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)



### Entity Rating

Long Term: AA+  
Short Term: A1+  
By PACRA

### Website

[www.akbl.com.pk](http://www.akbl.com.pk)

### Social Media

 /askaribankpakistan  
 /askari\_bank

## Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial statements for the quarter and nine months ended September 30, 2018. The financial results are summarized as under:

	Rupees in million	
	September 30, 2018	September 30, 2017
Net mark-up and non fund income	18,081	16,986
Administrative and other expenses	(11,356)	(11,472)
Profit before provisions and taxation	6,725	5,514
Net (provision) / reversal against loans and investments	(524)	1,361
Profit before taxation	6,201	6,875
Taxation	(2,578)	(2,658)
Profit after taxation	3,623	4,217
Basic earning per share - Rupees	2.88	3.35

The Bank's profit before provision and taxation for the nine months ended September 30, 2018 was recorded at Rs.6.7 billion, as against Rs. 5.5 billion, for the corresponding period last year, reflecting an increase of 22 percent. Profit after taxation declined by 14 percent, to Rs. 3.6 billion mainly due to a decline in aggregate provision reversal against loans and advances, and additional provisions against equity investment portfolio. Resultantly, earnings per share for the nine months ended were reported at Rs.2.88 as against Rs.3.35 for the corresponding period last year.

The Bank's aggregate net revenues for the current nine months were reported at Rs. 18.1 billion, improving by 6 percent over the corresponding period last year. Net mark-up income increased by 15 percent while non-fund income declined by 14 percent due to a significant reduction in gain from sale of securities, mainly PIBs. However, contribution from business NFIs increased by 38 percent driven by; 16 percent improvement in fee, commission and brokerage revenue, and income from dealing in foreign currencies which increased to Rs. 1.2 billion, almost doubled over the same period last year. Administrative expenses were kept in check, increasing by 5 percent over the corresponding period last year.

Effective July 2018, the SBP has introduced a scheme for Depositors protection. As per the mechanism of this scheme, all banks are required to deposit a quarterly premium with the SBP's Depositors Protection Corporation, to safeguard eligible depositors.

Customer deposits increased by 8 percent during the nine months under review, closing at Rs. 568 billion as compared to Rs. 526 billion at year end 2017. Gross advances were reported at Rs. 344 billion at September 30, 2018 showing an increase of 21 percent. Consequently, the Banks' advances to deposits ratio (ADR) also improved from 54.1 percent to 60.6 percent at September 30, 2018.

During the current nine months, the Bank issued its first ever additional Tier 1 capital in the form of listed, perpetual, unsecured, subordinated and non-cumulative debt instrument amounting to Rs. 6 billion. The proceeds from this issue will contribute towards the additional Tier 1 capital and are aimed at supporting the Bank's future growth of business.

The Bank's rating was maintained at 'AA+' (Double A Plus) for the long term and 'A1+' (A One Plus) for the short term by PACRA. The ratings reflect relative position of the Bank, driven by AKBL's strong sponsors, continuous improvement in cost of funds and assets quality supplemented by comfortable liquidity position.

We would like to thank our valued customers for their continued patronage and support, to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance, to our shareholders for the trust and confidence reposed in us, and to our staff who continue to contribute to the organization and hence enable us to perform consistently in a challenging business environment.

- sd -

Abid Sattar  
President & Chief Executive

Rawalpindi  
October 23, 2018

- sd -

Lt Gen Syed Tariq Nadeem Gilani  
HI (M)(Retd)  
Chairman, Board of Directors

## ڈائریکٹرز کی جائزہ رپورٹ

عزیز محض داران،

ڈائریکٹرز غیر آڈٹ شدہ مختصر دوری غیر مدغم مالیاتی معلومات برائے اختتام نو ماہی 30 ستمبر 2018 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ملین میں)

30 ستمبر 2017	30 ستمبر 2018
16,986	18,081
(11,472)	(11,356)
5,514	6,725
1,361	(524)
6,875	6,201
(2,658)	(2,578)
4,217	3,623
3.35	2.88

مجموعی مارک اپ اور نان فنڈ آمدن

انتظامی اور دیگر اخراجات

پروڈیون ٹیکس سے قبل منافع

قرضوں اور سرمایہ کاری کے عوض مجموعی (پروڈیون) / ریورسل

قبل از ٹیکس منافع

ٹیکس

بعد از ٹیکس منافع

بنیادی آمدن فی حصص - روپے

بینک نے اختتام نو ماہی 30 ستمبر 2018 کی مدت میں 6.7 ارب روپے قبل از پروڈیون و ٹیکس منافع کمایا جو کہ پچھلے سال اسی دورانہ کی مدت میں 5.5 ارب روپے تھا اور 22 فیصد اضافے کی عکاسی کرتا ہے۔ بعد از ٹیکس منافع 14 فیصد کی سطح پر 3.6 ارب روپے رہا، جس کی بنیادی وجہ قرضوں اور ایڈوانسز کے عوض مجموعی پروڈیون ریورسل میں کمی اور ایکویٹی انویسٹمنٹ پورٹ فولیو کے عوض اضافی پروڈیونز ہیں۔ نتیجتاً، اختتام نو ماہی کے لیے آمدن فی حصص گزشتہ سال کی اسی دوانہ کی مدت کے 3.35 روپے کے مقابلے میں 2.88 روپے رہی۔

رواں نو ماہی مدت کے دوران بینک کی مجموعی خالص آمدن گزشتہ سال اسی دورانہ کی مدت کے مقابلے میں 6 فیصد بہتری کے ساتھ 18.1 ارب روپے رہی۔ خالص مارک اپ آمدن میں 15 فیصد اضافہ ہوا جبکہ نان فنڈ آمدن میں 14 فیصد کمی دیکھنے میں آئی، جس کی بنیادی وجہ سیکورٹیز خصوصاً PIBs کی فروخت سے حاصل ہونے والی آمدن میں خاطر خواہ کمی واقع ہونا ہے۔ تاہم کاروباری نان فنڈ اکرم میں 38 فیصد اضافہ ہوا جسکی وجہ فی کمیشن اور بروکرینج ریونیو سے حاصل ہونے والی آمدن میں 16 فیصد بہتری اور غیر ملکی کرنسیوں میں تجارت سے حاصل ہونے والی آمدن میں 1.2 ارب روپے اضافہ ہے جو گزشتہ سال کی اسی دورانہ کی مدت کے مقابلے میں تقریباً دو گنی ہے۔ انتظامی اخراجات کو کم کر دیا گیا اور اس میں گزشتہ سال کی اسی مدت کے مقابلے میں 5 فیصد اضافہ ہوا۔

سٹیٹ بینک آف پاکستان نے ڈپازٹرز کے تحفظ کے لیے ایک سکیم متعارف کروائی، جو کہ جولائی 2018 سے موثر ہے۔ اس سکیم کے مکینزم کے مطابق، الہیت کے حامل ڈپازٹرز کو تحفظ مہیا کرنے کے لیے تمام بینکوں کو ہر سہ ماہی میں سٹیٹ بینک آف پاکستان کی ڈپازٹرز پروفیکشن کارپوریشن میں پریمیم جمع کروانا ہوگا۔

زیر جائزہ نو ماہی مدت کے دوران صارفین کی طرف سے جمع کروائی گئی رقم میں 568 ارب روپے کے ساتھ 8 فیصد اضافہ ہوا جو کہ سال 2017 کے اختتام پر 526 ارب روپے تھیں۔ 30 ستمبر 2018 کو مجموعی ایڈوانسز 344 ارب روپے تھے جو کہ 21 فیصد اضافے کا مظہر ہیں۔ نتیجتاً، 30 ستمبر 2018 کو بینک کے ایڈوانسز ٹو ڈپازٹس تناسب (ADR) میں بھی 54.1 فیصد سے 60.6 فیصد تک بہتری آئی۔

رواں نو ماہی مدت کے دوران، بینک نے پہلی بار 6 ارب روپے کے مندرجہ مستقل، غیر محفوظ، تابع شدہ اور غیر مجموعی ڈیٹ اسٹرومنٹ کی صورت میں اضافی فیئر 1 کیپٹل جاری کیا۔ اس سے حاصل کی گئی آمدن اضافی فیئر 1 کیپٹل میں شامل ہوگی اور اس کا مقصد مستقبل میں بینک کی کاروباری ترقی میں معاونت کرنا ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی طرف سے مقرر کردہ بینک کی طویل میعاد کی ریٹنگ AA+ (ڈبل A پلس) اور مختصر میعاد کی ریٹنگ A1+ (A ون پلس) برقرار رکھی گئی۔ ریٹنگز بینک کی تقابلی پوزیشن کی عکاس ہے، جو عسکری بینک کے مضبوط سپانسرز، فنڈز کی لاگت میں مسلسل بہتری اور بہترین لیکویڈیٹی پوزیشن کے اضافے کے ساتھ اثاثوں کے معیار کے ذریعے حاصل ہوئی۔

ہم اپنے گراں قدر صارفین کی طرف سے مسلسل سرپرستی اور حمایت، سٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی طرف سے رہنمائی، ہمارے حصص داران کا ہم پر یقین اور اعتماد اور ہمارے عمل کی انتظامی امور میں اپنی کامیابیوں سے شراکت کا شکریہ ادا کرتے ہیں، جس سے ہمیں مقابلے کے کاروباری ماحول میں ثابت قدمی سے خدمات سرانجام دینے میں مدد ملی۔

دستخط

دستخط

لیفٹیننٹ جنرل سید طارق ندیم گیلانی

عابد ستار

ہلال امتیاز (ملٹری) (ریٹائرڈ)

صدر و چیف ایگزیکٹو

چیئر مین بورڈ آف ڈائریکٹرز

راولپنڈی

23 اکتوبر 2018

# Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		47,171,086	44,239,325
Balances with other banks		2,786,022	3,193,835
Lendings to financial institutions		3,781,851	2,250,000
Investments	8	272,832,197	314,956,748
Advances	9	319,071,230	258,693,086
Operating fixed assets	10	10,305,041	10,728,827
Deferred tax assets	11	2,292,191	100,755
Assets held for sale		80,720	80,720
Other assets		21,379,324	22,465,073
		679,699,662	656,708,369
<b>Liabilities</b>			
Bills payable		9,940,169	10,769,262
Borrowings	12	46,675,618	71,587,311
Deposits and other accounts	13	568,188,467	525,808,308
Sub-ordinated loans	14	9,993,600	4,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,751,912	11,115,197
		645,549,766	624,272,878
<b>Net assets</b>		<u>34,149,896</u>	<u>32,435,491</u>
<b>Represented by</b>			
Share capital		12,602,602	12,602,602
Reserves		15,513,219	11,840,757
Unappropriated profit		3,082,761	2,849,878
		31,198,582	27,293,237
Surplus on revaluation of assets - net of tax	15	2,951,314	5,142,254
		<u>34,149,896</u>	<u>32,435,491</u>
<b>Contingencies and Commitments</b>	16		

The annexed notes 1 to 24 and Annexure form an integral part of these unconsolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter and nine months ended September 30, 2018

	Note	For the nine months ended		For the quarter ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)			
<b>Mark-up / return / interest earned</b>		30,991,621	26,962,711	11,871,127	9,321,464
<b>Mark-up / return / interest expensed</b>		17,183,622	14,943,922	6,995,632	5,137,668
Net mark-up / interest income		13,807,999	12,018,789	4,875,495	4,183,796
(Reversal of provision) / provision against non-performing loans and advances - net	9.1	(406,900)	(1,240,888)	74,931	(171,375)
Impairment loss on available for sale investments		-	30,047	-	-
Provision for diminution in the value of investments - net		930,713	3,869	767,648	26,889
Reversal of provision against assets held for sale		-	(153,958)	-	-
Bad debts written off directly		-	-	-	-
		523,813	(1,360,930)	842,579	(144,486)
Net mark-up / interest income after provisions		13,284,186	13,379,719	4,032,916	4,328,282
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,235,385	1,933,259	764,025	719,200
Dividend income		160,815	238,694	46,097	68,109
Income from dealing in foreign currencies		1,224,588	581,767	280,643	177,719
Gain on sale of securities - net		173,059	1,952,881	38,582	430,750
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		479,950	260,155	216,638	83,346
Total non mark-up / interest income		4,273,797	4,966,756	1,345,985	1,479,124
		17,557,983	18,346,475	5,378,901	5,807,406
<b>Non mark-up / interest expenses</b>					
Administrative expenses		11,828,073	11,303,201	4,124,465	3,897,190
Other provisions / write offs		-	-	-	-
Other charges	17	(471,939)	168,338	(559,559)	67,848
Total non mark-up / interest expenses		11,356,134	11,471,539	3,564,906	3,965,038
		6,201,849	6,874,936	1,813,995	1,842,368
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		6,201,849	6,874,936	1,813,995	1,842,368
Taxation - current		1,989,165	1,685,114	755,218	738,675
- prior years'		1,700,489	243,344	-	-
- deferred		(1,111,262)	729,281	(43,061)	(85,889)
		2,578,392	2,657,739	712,157	652,786
<b>Profit after taxation</b>		3,623,457	4,217,197	1,101,838	1,189,582
<b>Basic earnings per share - Rupees</b>		2.88	3.35	0.87	0.94

The annexed notes 1 to 24 and Annexure form an integral part of these unconsolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter and nine months ended September 30, 2018

	For the nine months ended		For the quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
<b>Profit after taxation</b>	3,623,457	4,217,197	1,101,838	1,189,582
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit and loss account</b>				
Exchange difference on translation of net investment in Wholesale Bank Branch	97,893	5,903	21,658	4,345
<b>Items that will not be reclassified to profit and loss account</b>				
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	1,963	-	1,963
Remeasurement of defined benefit plan	27,220	(137,842)	-	-
Related tax on remeasurement of defined benefit plan	(9,527)	48,245	-	-
Remeasurement of defined benefit plan - net of tax	17,693	(89,597)	-	-
Comprehensive income - transferred to statement of changes in equity	3,739,043	4,135,466	1,123,496	1,195,890
<b>Components of comprehensive income not reflected in equity</b>				
<b>Items that are or may be reclassified subsequently to profit and loss account</b>				
Deficit on revaluation of available for sale securities - net of tax	(2,023,732)	(1,591,538)	(643,608)	(1,471,366)
<b>Total comprehensive income</b>	<u>1,715,311</u>	<u>2,543,928</u>	<u>479,888</u>	<u>(275,476)</u>

The annexed notes 1 to 24 and Annexure form an integral part of these unconsolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2018

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	6,201,849	6,874,936
Less: dividend income	(160,815)	(238,694)
Adjustments:	6,041,034	6,636,242
Depreciation / amortization	911,421	1,219,513
Reversal of provision against non-performing advances - net	(406,900)	(1,240,888)
Impairment loss on available for sale investments	-	30,047
Provision for diminution in the value of investments - net	930,713	3,869
Reversal of provision against assets held for sale	-	(153,958)
Charge for defined benefit plan	293,771	233,152
Gain on sale of assets held for sale	-	(216,000)
Loss on sale of operating fixed assets	514	4,586
	1,729,519	(119,679)
(Increase) / decrease in operating assets	7,770,553	6,516,563
Lendings to financial institutions	(2,281,851)	6,205,822
Advances	(59,932,243)	(10,169,402)
Other assets (excluding advance taxation)	459,421	2,215,931
	(61,754,673)	(1,747,649)
Increase / (decrease) in operating liabilities		
Bills payable	(829,093)	53,242
Borrowings	(24,911,693)	(46,608,227)
Deposits and other account	42,380,159	54,556,322
Other liabilities (excluding current taxation)	(128,885)	(534,513)
	16,510,488	7,466,824
Cash (used in) / generated from operations	(37,473,632)	12,235,738
Payment made to defined benefit plan	(489,526)	(350,884)
Income tax paid	(3,091,833)	(2,731,773)
Net cash (outflow) / inflow from operating activities	(41,054,991)	9,153,081
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	40,503,518	2,530,603
Net investments in held to maturity securities	(2,423,115)	(1,653,131)
Dividend received	149,415	187,721
Additions in operating fixed assets - net of adjustments	(501,161)	(961,182)
Sale proceeds of assets held for sale	-	551,000
Sale proceeds on disposal of operating fixed assets	13,012	14,915
Net cash inflow from investing activities	37,741,669	669,926
<b>Cash flow from financing activities</b>		
Receipts / payments against sub-ordinated loans	5,000,800	(1,800)
Dividends paid	(11,423)	(1,869,252)
Net cash inflow / (outflow) from financing activities	4,989,377	(1,871,052)
Exchange difference on translation of net investment in Wholesale Bank Branch	97,893	5,903
	1,773,948	7,957,858
<b>Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	48,183,160	48,413,889
Cash and cash equivalents at end of the period	49,957,108	56,371,747
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,171,086	48,922,802
Balances with other banks	2,786,022	4,748,945
Call money lendings	-	2,700,000
	49,957,108	56,371,747

The annexed notes 1 to 24 and Annexure form an integral part of these unconsolidated condensed interim financial statements.

- sd -

Chief Financial Officer

- sd -

President & Chief Executive

- sd -

Director

- sd -

Director

- sd -

Chairman

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

For the nine months ended September 30, 2018

	(Rupees in thousand)						
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Unappropriated profit	
<b>Balance as at January 01, 2017</b>							
<b>- as previously reported</b>	12,602,602	93,511	234,669	6,755,314	1,587,192	4,084,206	25,357,494
Effect of retrospective change in accounting policy with respect to accounting for surplus on revaluation of fixed assets	-	-	-	-	-	(107,658)	(107,658)
<b>Balance as at January 01, 2017 - as restated</b>	12,602,602	93,511	234,669	6,755,314	1,587,192	3,976,548	25,249,836
Transfer to General reserve:	-	-	-	-	3,976,548	(3,976,548)	-
<b>Total comprehensive income for the nine months ended September 30, 2017</b>							
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	4,217,197	4,217,197
Other comprehensive income related to equity	-	5,903	-	-	-	(87,634)	(81,731)
	-	5,903	-	-	-	4,129,563	4,135,466
Transfer to Statutory reserve	-	-	-	843,439	-	(843,439)	-
<b>Transaction with owners, recorded directly in equity</b>							
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)
<b>Balance as at September 30, 2017</b>	12,602,602	99,414	234,669	7,598,753	3,673,350	3,286,124	27,494,912
<b>Total comprehensive income for the quarter ended December 31, 2017</b>							
Net profit for the quarter ended December 31, 2017	-	-	-	-	-	1,050,690	1,050,690
Other comprehensive income related to equity	-	24,433	-	-	-	(26,362)	(1,929)
	-	24,433	-	-	-	1,024,328	1,048,761
Transfer to Statutory reserve	-	-	-	210,138	-	(210,138)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	9,824	9,824
<b>Transaction with owners, recorded directly in equity</b>							
Interim dividend 2017: Re. 1 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
<b>Balance as at December 31, 2017</b>	12,602,602	123,847	234,669	7,808,891	3,673,350	2,849,878	27,293,237
Transfer to General reserve	-	-	-	-	2,849,878	(2,849,878)	-
<b>Total comprehensive income for the nine months ended September 30, 2018</b>							
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	3,623,457	3,623,457
Other comprehensive income related to equity	-	97,893	-	-	-	17,693	115,586
	-	97,893	-	-	-	3,641,150	3,739,043
Transfer to Statutory reserve	-	-	-	724,691	-	(724,691)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	166,302	166,302
<b>Balance as at Septmeber 30, 2018</b>	12,602,602	221,740	234,669	8,533,582	6,523,228	3,082,761	31,198,582

The annexed notes 1 to 24 and Annexure form an integral part of these unconsolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the nine months ended September 30, 2018

### 1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2018. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (December 31, 2017: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir, including 91 (December 31, 2017: 91) Islamic Banking branches, 43 (December 31, 2017: 43) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

### 2. BASIS OF MEASUREMENT

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

### 3. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements for the nine months ended September 30, 2018 are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', and the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 and the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

SBP vide BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, 'Financial Instrument: Recognition and Measurement' (IAS 39) and International Accounting Standard 40, 'Investment Property' (IAS 40), for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard 7, 'Financial Instruments: Disclosures' (IFRS 7), has not been made applicable for banks. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

### 4. BASIS OF PRESENTATION

These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan vide BSD circular letter no. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

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

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

For the nine months ended September 30, 2018

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

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

These unconsolidated condensed interim financial statements are presented in Pak Rupee which is the Bank's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2017 except for the following:

Consequent to the enactment of the Companies Act, 2017 (the Act), the Bank has changed its accounting policy for treatment of deficit on revaluation of fixed assets wherein any decrease in carrying amount of fixed asset as a result of revaluation is charged to profit and loss account, however the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, any decrease in the carrying amount of fixed assets was netted off against surplus on revaluation of any other fixed assets. Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been lower by Rs. 107,658 thousand and unappropriated profit would have been higher by the same amount. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated. Since the impact of the above change in accounting policy is considered immaterial, the Bank has not presented the third statement of financial position for the year prior to last year. The effect of the restatement has been disclosed in note 15.2 to these unconsolidated condensed interim financial statements.

Amendments and interpretations to approved accounting standards effective from January 1, 2018 are not expected to have a material impact on these unconsolidated condensed interim financial statements.

### 6. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

### 7. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

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

For the nine months ended September 30, 2018

### 8. INVESTMENTS

#### Investments by types:

Available for sale securities

	September 30, 2018 - (Un-audited)			December 31, 2017 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
(Rupees in thousand)						
Market Treasury Bills	122,163,397	14,469,718	136,633,115	101,156,523	28,801,009	129,957,532
Pakistan Investment Bonds	103,543,604	2,824,511	106,368,115	136,643,765	17,556,510	154,200,275
Fully paid ordinary shares / units	4,806,803	-	4,806,803	4,546,851	-	4,546,851
Units of open end mutual funds	1,032,012	-	1,032,012	1,600,876	-	1,600,876
Fully paid preference shares	27,314	-	27,314	27,314	-	27,314
Term Finance Certificates	4,406,499	-	4,406,499	5,747,142	-	5,747,142
Sukuk Certificates	13,453,773	1,593,224	15,046,997	12,768,137	-	12,768,137
Commercial Papers	-	-	-	375,075	-	375,075
Foreign Government Bonds	-	254,695	254,695	228,590	-	228,590
Government of Pakistan Euro Bonds	314,000	631,757	945,757	573,033	-	573,033
	249,747,402	19,773,905	269,521,307	263,667,306	46,357,519	310,024,825

Held to maturity securities

Government of Pakistan Euro Bonds	385,484	2,986,413	3,371,897	1,318,629	1,706,222	3,024,851
Sukuk Certificates	716,013	4,708,651	5,424,664	2,294,387	1,054,208	3,348,595
	1,101,497	7,695,064	8,796,561	3,613,016	2,760,430	6,373,446

Investments at cost

	250,848,899	27,468,969	278,317,868	267,280,322	49,117,949	316,398,271
--	-------------	------------	-------------	-------------	------------	-------------

Provision for diminution in the value of investments

	(2,972,992)	-	(2,972,992)	(2,042,279)	-	(2,042,279)
--	-------------	---	-------------	-------------	---	-------------

Investments - net of provisions

	247,875,907	27,468,969	275,344,876	265,238,043	49,117,949	314,355,992
--	-------------	------------	-------------	-------------	------------	-------------

(Deficit) / surplus on revaluation of available for sale securities - net

	(2,336,478)	(176,201)	(2,512,679)	399,719	201,037	600,756
--	-------------	-----------	-------------	---------	---------	---------

Total investments

	245,539,429	27,292,768	272,832,197	265,637,762	49,318,986	314,956,748
--	-------------	------------	-------------	-------------	------------	-------------

### 9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan	265,949,493	223,766,645
Outside Pakistan	9,074,181	7,688,190

	275,023,674	231,454,835
--	-------------	-------------

Islamic financing and related assets - note A - 1 of Annexure

	43,945,674	34,755,797
--	------------	------------

Net investment in finance lease - In Pakistan

	8,612,561	8,652,030
--	-----------	-----------

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	8,385,422	3,516,094
Payable outside Pakistan	8,343,583	5,960,914

	16,729,005	9,477,008
--	------------	-----------

Advances - gross

	344,310,914	284,339,670
--	-------------	-------------

Provision for non-performing advances - note 9.1

Specific provision	(24,444,600)	(24,962,069)
General provision	(293,361)	(236,940)

General provision against consumer loans	(501,723)	(447,575)
--	-----------	-----------

	(25,239,684)	(25,646,584)
--	--------------	--------------

Advances - net of provision

	319,071,230	258,693,086
--	-------------	-------------

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

For the nine months ended September 30, 2018

### 9.1 Particulars of provision against non-performing advances

	September 30, 2018 - (Un - audited)				December 31, 2017 - (Audited)			
	Specific	General	Consumer Financing - General	Total	Specific	General	Consumer Financing - General	Total
(Rupees in thousand)								
Opening balance	24,962,069	236,940	447,575	25,646,584	26,353,791	236,944	368,599	26,959,334
Charge for the period / year	1,397,957	57,300	64,065	1,519,322	891,105	37,450	90,267	1,018,822
Reversal for the period / year	(1,915,426)	(879)	(9,917)	(1,926,222)	(2,159,610)	(37,454)	(11,291)	(2,208,355)
Net (reversal) / charge for the period / year	(517,469)	56,421	54,148	(406,900)	(1,268,505)	(4)	78,976	(1,189,533)
Amounts charged off - agri loans	-	-	-	-	(123,217)	-	-	(123,217)
Closing balance	24,444,600	293,361	501,723	25,239,684	24,962,069	236,940	447,575	25,646,584

**9.2** The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 211,414 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 211,414 thousand (2017: Rs. 219,497 thousand) and Rs. 137,419 thousand (2017: Rs. 142,673 thousand) respectively. Further, at September 30, 2018, cumulative net of tax benefit of FSV is Rs. 582,784 thousand (December 31, 2017: Rs. 720,203 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for payment of cash or stock dividend.

**9.3** The Bank has availed the relaxation of Rs. 102,460 thousand (December 31, 2017: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

**9.4** Advances include Rs. 26,694,736 thousand (December 31, 2017: Rs. 26,753,027 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2018 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 9.4.1	136,289	-	136,289	-	-
Substandard	593,731	-	593,731	136,510	136,510
Doubtful	1,335,215	-	1,335,215	613,983	613,983
Loss	24,629,501	-	24,629,501	23,694,107	23,694,107
	26,694,736	-	26,694,736	24,444,600	24,444,600
Category of classification	December 31, 2017 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 9.4.1	137,409	-	137,409	-	-
Substandard	118,878	-	118,878	15,600	15,600
Doubtful	701,369	-	701,369	280,067	280,067
Loss	25,795,371	-	25,795,371	24,666,402	24,666,402
	26,753,027	-	26,753,027	24,962,069	24,962,069

**9.4.1** This represents classification made for Agricultural, Mortgage and Small Entities finances.

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

For the nine months ended September 30, 2018

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		(Rupees in thousand)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		123,744	160,636
Property and equipment	10.1	9,508,652	9,764,664
Intangibles	10.2	697,049	827,931
		10,205,701	10,592,595
Provision against operating fixed assets		(24,404)	(24,404)
		<u>10,305,041</u>	<u>10,728,827</u>
<b>10.1 Property and equipment</b>			
Book value at beginning of the period / year		9,764,664	9,851,669
Cost of additions / revaluation during the period / year		522,932	1,260,980
Book value of deletions / transfers during the period / year		(13,526)	(22,131)
Depreciation charge for the period / year		(765,418)	(1,326,435)
Book value of adjustments during the period / year		-	581
Book value at end of the period / year		<u>9,508,652</u>	<u>9,764,664</u>
<b>10.2 Intangibles</b>			
Book value at beginning of the period / year		827,931	922,212
Cost of additions during the period / year		15,121	102,195
Amortization charge for the period / year		(146,003)	(196,476)
Book value at end of the period / year		<u>697,049</u>	<u>827,931</u>
<b>11. DEFERRED TAX ASSETS</b>			
Deferred credits / (debits) arising due to:			
Accelerated tax depreciation and amortization		(310,994)	(375,702)
Provision against non-performing advances			
- excess of 1% of total advances		-	450,177
- prior year charge on NPLs disallowance - note 11.1		1,496,729	-
- classified in sub-standard category		71,278	71,278
		1,257,013	145,753
Deficit / (surplus) on revaluation of available for sale securities		879,438	(210,265)
Actuarial losses		155,740	165,267
		<u>2,292,191</u>	<u>100,755</u>

**11.1** This represents deferred tax on provision for NPLs classified prior to enactment of the seventh schedule of Income Tax ordinance 2001 which NPLs are disallowed consequent to the order of Islamabad High Court through its order dated March 13, 2018.

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>12. BORROWINGS</b>		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	8,918,395	12,029,461
- Long term financing facility	5,186,341	4,673,546
- Financing facility for storage of agricultural produce	6,667	9,167
- Renewable energy financing facility	230,301	126,427
	<u>14,341,704</u>	<u>16,838,601</u>
Repo borrowings		
- State Bank of Pakistan	-	40,522,945
- Financial Institutions	23,808,638	8,622,609
	<u>23,808,638</u>	<u>49,145,554</u>
Unsecured		
- Call borrowings	6,612,236	5,599,688
	<u>44,762,578</u>	<u>71,583,843</u>
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	1,913,040	3,468
	<u>46,675,618</u>	<u>71,587,311</u>
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	90,649,951	81,535,107
Savings deposits	313,763,319	291,527,935
Current accounts - remunerative	595,929	751,535
Current accounts - non-remunerative	154,992,180	143,681,714
Special exporters' account	187,164	150,636
Margin accounts	3,614,033	3,514,747
Others	1,100,989	1,163,372
Financial institutions		
Remunerative deposits	2,581,169	2,817,279
Non-Remunerative deposits	703,733	665,983
	<u>568,188,467</u>	<u>525,808,308</u>
<b>14. SUB-ORDINATED LOANS</b>		
Term finance certificates - IV	-	997,600
Term finance certificates - V	3,993,600	3,995,200
Term finance certificates - VI (ADT - 1) - note 14.1	6,000,000	-
	<u>9,993,600</u>	<u>4,992,800</u>

**14.1** During the period, the Bank issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative debt instruments in the nature of Term Finance Certificates (TFC ADT 1) under section 66(1) of the Companies Act, 2017 which qualify as Additional Tier 1 Capital as outlined by State Bank of Pakistan ("SBP") under BPRD Circular No. 6 dated August 15, 2013. Salient feature of the issue are as follows:

Total Issue	PKR 6,000 million
Rate	Payable semi annually at six months' KIBOR + 1.50%.
Redemption	No fixed or final redemption date
Tenor	Perpetual
Maturity	Perpetual

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated
<b>15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	(Rupees in thousand)	
Surplus on revaluation of:		
Operating fixed assets	2,940,128	2,940,128
Non banking assets acquired in satisfaction of claims - note 15.1	1,644,427	1,811,635
Available for sale investments		
i) Federal Government securities	(2,670,276)	1,503,492
ii) Listed shares (net of provision)	176,275	(981,249)
iii) Units of open end mutual funds (net of provision)	(5,078)	51,259
iv) Other securities	(13,600)	27,254
	(2,512,679)	600,756
Related deferred tax	879,438	(210,265)
	(1,633,241)	390,491
	<u>2,951,314</u>	<u>5,142,254</u>

### 15.1 Non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at beginning of the period / year	1,811,635	1,617,860
Recognised during the period / year	-	203,599
Realised on disposal during the period / year	(165,184)	(3,278)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(1,118)	(6,546)
Adjustment during the period / year	(906)	-
Surplus on revaluation as at end of the period / year	<u>1,644,427</u>	<u>1,811,635</u>

### 15.2 Prior period effect of change in accounting policy for revaluation of operating fixed assets

The effect of restatement consequent to change in accounting policy as stated in note 5 to these unconsolidated condensed interim financial statements is summarized below:

	(Audited) December 31, 2017 Restated	(Audited) December 31, 2016 Restated
Statement of Financial Position	(Rupees in thousand)	
Increase in surplus on revaluation of operating fixed assets	107,658	107,658
Decrease in unappropriated profit at year end	107,658	107,658

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
<b>16. CONTINGENCIES AND COMMITMENTS</b>	(Rupees in thousand)	
<b>16.1 Direct credit substitutes</b>		
i) Government	2,842,251	416,852
ii) Others	9,272,522	10,884,649
	<u>12,114,773</u>	<u>11,301,501</u>

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>16.2 Transaction-related contingent liabilities</b>		
Money for which the Bank is contingently liable:		
Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	1,050,002	671,079
Contingent liability in respect of guarantees given, favouring:		
i) Government	134,217,747	101,289,688
ii) Banks and other financial institutions	233,677	8,480,982
iii) Others	42,858,412	31,580,906
	177,309,836	141,351,576
	178,359,838	142,022,655
These include guarantees amounting to Rs. 1,526,647 thousand (December 31, 2017: Rs. 1,564,564 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.		
	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>16.3 Trade-related contingent liabilities</b>	198,552,678	173,128,678
<b>16.4 Other Contingencies</b>		
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	898,058	778,013
<b>16.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	3,794,610	1,515,752
Sale and repurchase agreements	23,869,430	49,250,012
<b>16.6 Commitments in respect of forward Repo</b>		
Forward sale and repurchase agreements	800,000	-
<b>16.7 Commitments in respect of forward exchange contracts</b>		
Purchase	24,657,600	26,354,478
Sale	10,492,958	9,083,720
The above commitments have maturities falling within one year		
<b>16.8 Commitments for acquisition of operating fixed assets</b>	67,528	119,195
<b>16.9 Commitments to extend credit</b>		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for	12,824,427	14,826,508

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>16.10 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited	-	281,640
<b>16.11 Bills For Collection</b>		
Payable in Pakistan	6,277,362	4,502,306
Payable outside Pakistan	20,602,748	15,768,120
	<u>26,880,110</u>	<u>20,270,426</u>

## 17. OTHER CHARGES

This includes reversal of provision made in prior periods against workers' welfare fund on advise of legal counsel. The Honorable Supreme Court had declared amendments to WWF Ordinance as unconstitutional to the extent of its applicability on banks.

## 18. TAX STATUS

- (i) The Bank has filed tax returns for and up to tax year 2017 (year ended 31 December 2016). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

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

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

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

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

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

For the nine months ended September 30, 2018

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 5 to annual financial statements.

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:

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP, Reuters page, Redemption prices.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs) and determined by valuers on the panel of Pakistan Bank's Association.

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and non-banking assets acquired in satisfaction of claims.

	September 30, 2018 - (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial assets:</b>			
Available for sale securities			
Market Treasury Bills	-	136,627,514	-
Pakistan Investment Bonds	-	103,668,395	-
Fully paid ordinary shares / units	3,372,579	-	300,000
Units of open end mutual funds	-	1,024,558	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	236,800	3,089,640	-
Sukuk Certificates	493,522	14,086,756	-
Commercial Papers	-	-	-
Foreign Government Bonds	-	248,399	-
Government of Pakistan Euro Bonds	-	930,752	-
	<u>4,169,621</u>	<u>259,676,014</u>	<u>300,000</u>
<b>Non-financial assets:</b>			
Operating fixed assets			
Property and equipment (freehold and leasehold land)	-	-	4,897,385
Other assets			
Non-banking assets acquired in satisfaction of claims	-	-	4,961,664
	<u>-</u>	<u>-</u>	<u>9,859,049</u>

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

For the nine months ended September 30, 2018

	December 31, 2017- (Audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial assets:</b>			
Available for sale securities			
Market Treasury Bills	-	129,956,900	-
Pakistan Investment Bonds	-	155,714,864	-
Fully paid ordinary shares / units	3,384,942	-	18,360
Units of open end mutual funds	-	1,652,135	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	703,899	3,770,651	-
Sukuk Certificates	575,400	11,674,521	-
Commercial Papers	-	-	375,075
Foreign Government Bonds	-	228,426	-
Government of Pakistan Euro Bonds	-	571,409	-
	<u>4,730,961</u>	<u>303,568,906</u>	<u>393,435</u>
<b>Non-financial assets:</b>			
Operating fixed assets			
Property and equipment (freehold and leasehold land)	-	-	4,789,727
Other assets			
Non-banking assets acquired in satisfaction of claims	-	-	5,001,571
	<u>-</u>	<u>-</u>	<u>9,791,298</u>

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.

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

For the nine months ended September 30, 2018

### 20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
(Rupees in thousand)							
For the nine months ended September 30, 2018 - (Un-audited)							
Total income	171,654	15,190,175	1,643,343	18,178,947	52,052	29,247	35,265,418
Total expenses	9,997	13,982,836	1,365,076	13,700,925	3,032	1,703	29,063,569
Net income	161,657	1,207,339	278,267	4,478,022	49,020	27,544	6,201,849
For the nine months ended September 30, 2017 - (Un-audited)							
Total income	256,058	16,054,405	1,241,757	14,243,156	100,800	33,291	31,929,467
Total expenses	26,692	13,678,741	1,223,761	10,111,359	10,508	3,470	25,054,531
Net income	229,366	2,375,664	17,996	4,131,797	90,292	29,821	6,874,936
As at September 30, 2018 - (Un-audited)							
Segment Assets (Gross)	108,748	315,302,544	21,355,100	371,572,987	32,977	18,529	708,390,885
Segment Non Performing Loans	-	-	2,110,112	24,584,624	-	-	26,694,736
Segment Provision Required	-	1,220,050	2,446,714	25,024,459	-	-	28,691,223
Segment Liabilities	1,295	18,040,424	351,206	627,156,227	393	221	645,549,766
Segment return on net assets (%)	0.03	2.27	0.25	2.72	0.01	0.00	
Segment cost of funds (%)	0.00	2.20	0.22	2.16	0.00	0.00	
As at September 30, 2017 - (Un-audited)							
Segment Assets (Gross)	185,050	342,506,693	20,353,172	292,099,558	72,847	24,059	655,241,379
Segment Non Performing Loans	-	-	2,230,952	24,821,545	-	-	27,052,497
Segment Provision Required	-	1,449,357	2,430,838	24,240,110	-	-	28,120,305
Segment Liabilities	2,235	28,452,293	337,935	565,098,915	880	291	593,892,549
Segment return on net assets (%)	0.04	2.58	0.20	2.29	0.02	0.01	
Segment cost of funds (%)	0.00	2.32	0.21	1.71	0.00	0.00	

### 21. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2017: 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 and their relatives, entities over which the directors are able to exercise significant influence and employees' funds.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

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

For the nine months ended September 30, 2018

Details of transactions with related parties during the nine months and balances as at September 30, 2018, are as follows:

	September 30, 2018 - (Un-audited)						December 31, 2017 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties
<b>Balances outstanding as at</b>												
- Advances												
- Secured	4,388,440	323,773	47,031	3,707,484	-	-	781,073	390,847	-	3,797,303	-	-
- Un-secured	-	9,637	-	-	-	-	-	6,408	695	-	-	-
- Mark-up receivable	371	58,634	3,695	57,860	-	-	-	56,346	-	27,229	-	-
- Deposits - in local currency	9,950,622	175,535	41,332	11,115,253	1,689	3,534,249	5,674,098	160,366	27,047	6,452,719	3,251	3,042,573
- Deposits - in foreign currencies	203,316	33,999	137	691,050	-	-	96,617	26,222	1,954	757,299	-	-
- Sub-ordinated loans	-	-	-	24,965	-	-	-	-	-	24,975	-	-
- Mark-up payable - in local currency	34,775	1,156	31	26,015	-	7,757	20,193	1,515	18	11,038	-	6,513
- Mark-up payable - in foreign currencies	125	17	-	470	-	-	458	77	2	5,560	-	-
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	354,495	-	-	1,426,947	-	-	50,000	-	-	1,878,456	-	-
- Investments in shares / units	-	-	-	157,835	-	300,000	-	-	-	144,201	-	18,360
- Security deposits receivable	3,600	-	-	-	-	-	3,600	-	-	-	-	-
- Security deposits payable	-	287	-	123,432	-	-	494	504	-	59,772	-	-
- Assets held for sale - net of provision	-	-	-	-	80,720	-	-	-	-	-	80,720	-
- Contribution payable to employees' funds	-	-	-	-	-	181,220	-	-	-	-	-	489,526
<b>Transactions during the nine months ended</b>												
- Mark-up / interest earned	72,075	9,086	2,910	233,791	-	-	32,037	8,941	105	199,277	-	-
- Net mark-up / interest expensed	463,151	4,429	388	374,952	-	151,675	184,000	3,263	261	286,851	144	74,807
- Contributions to employees' funds	-	-	-	-	-	406,260	-	-	-	-	-	562,587
- Rent of property / service charges paid	13,738	-	-	-	-	-	10,169	-	-	-	-	-
- Rent received	-	-	-	749	-	-	-	-	-	-	-	-
- Dividend received	-	-	-	7,963	-	-	-	-	-	-	-	-
- Remuneration and allowances paid	-	333,486	-	-	-	3,490	-	372,094	-	-	-	2,971
- Post employment benefits	-	17,744	-	-	-	-	-	22,550	-	-	-	-
- Fee, commission and brokerage income	62	-	-	16,624	-	-	60	-	-	1,591	-	-
- Fee, commission and brokerage paid	-	-	-	236	-	15,543	-	-	-	60	-	16,127
- Dividend paid	-	-	-	-	-	-	1,359,423	133	2	-	-	11,745
- Fees and other expenses paid	-	-	3,750	-	-	-	-	250	3,513	-	-	-
- Gain on sale of assets held for sale	-	-	-	-	-	-	-	-	-	-	216,000	-

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

### 22. Basel III Liquidity Standards

	(Un-audited) September 30, 2018	(Un-audited) June 30, 2018	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Liquidity Coverage Ratio (Monthly Average)	176.02%	175.99%	196.33%	184.74%
Net Stable Funding Ratio	202.18%	208.41%	209.83%	220.45%

### 23. RECLASSIFICATION OF COMPARATIVE FIGURES

There has been no significant reclassification in these unconsolidated condensed interim financial statements except an amount of Rs. 143,806 thousand for the period ended September 30, 2017, which has been reclassified from other income to fee, commission and brokerage income.

### 24. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 23, 2018.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

# Islamic Banking Business - Statement of Financial Position

As at September 30, 2018

Annexure

(1 of 4)

The Bank is operating 94 Islamic banking branches including 3 Sub branches at September 30, 2018 (December 31, 2017: 94 Islamic banking branches including 3 Sub branches).

	Note	(Un-audited) September 30, 2018 (Rupees in thousand)	(Audited) December 31, 2017
<b>ASSETS</b>			
Cash and balances with treasury banks		2,758,685	2,996,103
Balances with other banks		330,990	1,162,958
Due from financial institutions		-	750,000
Investments		6,914,142	6,733,697
Islamic financing and related assets	A - 1	43,561,163	34,395,936
Operating fixed assets		577,129	654,384
Other assets		2,137,209	1,022,482
Total Assets		56,279,318	47,715,560
<b>LIABILITIES</b>			
Bills payable		681,037	775,764
Due to Financial Institutions		5,129,000	2,410,152
Deposits and other accounts			
-Current Accounts		13,826,429	12,978,198
-Saving Accounts	A - 2	18,625,210	17,205,872
-Term Deposits		9,721,129	5,824,785
-Others		400,015	497,568
-Deposit from Financial Institutions - remunerative		704,148	1,139,554
-Deposits from Financial Institutions - non-remunerative		5,827	4,797
Due to Head Office		1,868,060	1,868,060
Other liabilities		1,799,514	1,519,444
		52,760,369	44,224,194
<b>Net Assets</b>		<b>3,518,949</b>	<b>3,491,366</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		4,100,000	4,100,000
Unappropriated loss		(481,714)	(616,817)
		3,618,286	3,483,183
(Deficit) / surplus on revaluation of assets		(99,337)	8,183
		3,518,949	3,491,366
<b>Remuneration to Shariah Board during the period / year</b>		<b>3,490</b>	<b>3,965</b>

## A - 1 Islamic Financing and Related Assets

Murabaha		4,526,740	4,968,620
Ijara		4,717,087	4,522,339
Musharaka		16,848,019	8,606,677
Diminishing Musharaka		9,216,299	8,678,560
Salam		5,341,478	5,498,419
Istisna		2,876,254	2,370,613
Other Islamic Modes		419,797	110,569
		43,945,674	34,755,797
Total provision		(384,511)	(359,861)
	A - 1.1	43,561,163	34,395,936

## A - 1.1 Islamic Mode of Financing

(Rupees in thousand)

September 30, 2018 - (Un-audited)							
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
Financing	4,224,686	4,351,449	16,848,019	8,811,918	4,675,078	1,952,460	40,928,407
Advance	302,054	365,638	-	404,381	-	-	1,072,073
Inventory	-	-	-	-	666,400	923,794	1,590,194
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	355,000	355,000
	4,526,740	4,717,087	16,848,019	9,216,299	5,341,478	2,876,254	43,945,674
Provision	(81,824)	(124,377)	-	(165,932)	(12,378)	-	(384,511)
Total	4,444,916	4,592,710	16,848,019	9,050,367	5,329,100	2,876,254	43,561,163

December 31, 2017 - (Audited)							
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Total
Financing	3,724,973	4,175,959	8,606,677	8,625,354	5,394,534	2,062,034	32,650,100
Advance	1,243,647	346,380	-	53,206	-	-	1,643,233
Inventory	-	-	-	-	103,885	308,579	412,464
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	50,000	50,000
	4,968,620	4,522,339	8,606,677	8,678,560	5,498,419	2,370,613	34,755,797
Provision	(79,392)	(128,984)	-	(142,918)	(8,567)	-	(359,861)
Total	4,889,228	4,393,355	8,606,677	8,535,642	5,489,852	2,370,613	34,395,936

**A - 2** These include remunerative current accounts of Rs. 595,929 thousand (December 31, 2017: Rs.751,535 thousand).

## Islamic Banking Business - Profit and Loss Account (Un-audited)

For the nine months ended September 30, 2018

Annexure

(3 of 4)

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	2,516,944	1,937,216
Return on deposits and other dues expensed	1,178,123	913,444
Net spread earned	1,338,821	1,023,772
Provision against non-performing financings	24,751	47,809
(Reversal of provision) / provision for diminution in the value of investments	(4,483)	56,110
	20,268	103,919
Income after provisions	1,318,553	919,853
<b>Other Income</b>		
Fee, commission and brokerage Income	118,979	82,031
Income from dealing in foreign currencies	19,145	3,864
Other income	29,245	24,968
Total other income	167,369	110,863
	1,485,922	1,030,716
<b>Other expenses</b>		
Administrative expenses	1,339,558	1,214,496
Other provisions / write offs	-	34,842
Other charges	11,261	1,150
Total other expenses	1,350,819	1,250,488
	135,103	(219,772)
Extraordinary / unusual items	-	-
Profit / (loss) before taxation	135,103	(219,772)

## Islamic Banking Business - Statement of Sources and Uses of Charity Fund

As at September 30, 2018

Annexure

(4 of 4)

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>Opening balance</b>	6,304	9,257
<b>Additions during the period / year</b>		
- received from customers on delayed payments	13,437	9,255
- non shariah compliant income	224	381
- profit on charity account	2	2
- others	49	97
	13,712	9,735
<b>Payments / Utilization during the period / year</b>		
- education	-	(2,250)
- community welfare (provision of clean drinking water)	-	(3,700)
- health	(1,000)	(4,684)
- orphanage	-	(2,054)
	(1,000)	(12,688)
<b>Closing balance</b>	19,016	6,304



ASKARI BANK LIMITED  
& ITS SUBSIDIARY

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

## Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		47,171,086	44,239,325
Balances with other banks		2,786,022	3,193,835
Lendings to financial institutions		3,781,851	2,250,000
Investments	8	272,832,197	314,956,748
Advances	9	319,071,230	258,693,086
Operating fixed assets	10	10,305,041	10,728,827
Deferred tax assets	11	2,292,191	100,755
Other assets		21,379,324	22,465,073
		679,618,942	656,627,649
Assets attributable to discontinued operations	12	253,023	327,949
		679,871,965	656,955,598
<b>Liabilities</b>			
Bills payable		9,940,169	10,769,262
Borrowings	13	46,675,618	71,587,311
Deposits and other accounts	14	568,186,772	525,805,051
Sub-ordinated loans	15	9,993,600	4,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,751,912	11,115,197
		645,548,071	624,269,621
Liabilities associated with discontinued operations	12	80,396	140,741
		645,628,467	624,410,362
<b>Net Assets</b>		34,243,498	32,545,236
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves		15,558,734	12,032,263
Unappropriated profit		3,077,970	2,703,887
		31,239,306	27,338,752
Non-controlling interest		42,988	44,353
		31,282,294	27,383,105
Surplus on revaluation of assets - net of tax			
Continued operations	16	2,951,314	5,142,254
Discontinued operations		9,890	19,877
		34,243,498	32,545,236

### Contingencies and Commitments

17

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter and nine months ended September 30, 2018

	Note	For the nine months ended		For the quarter ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)			
<b>Mark-up / return / interest earned</b>		30,991,621	26,962,711	11,871,127	9,321,464
<b>Mark-up / return / interest expensed</b>		17,183,622	14,943,915	6,995,632	5,137,668
Net mark-up / interest income		13,807,999	12,018,796	4,875,495	4,183,796
(Reversal of provision) / provision against non-performing loans and advances - net	9.1	(406,900)	(1,240,888)	74,931	(171,375)
Impairment loss on available for sale investments		-	30,047	-	-
Provision for diminution in the value of investments - net		930,713	3,869	767,648	26,889
Bad debts written off directly		-	-	-	-
		523,813	(1,206,972)	842,579	(144,486)
Net mark-up / interest income after provisions		13,284,186	13,225,768	4,032,916	4,328,282
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		2,235,385	1,933,259	764,025	670,266
Dividend income		160,815	238,694	46,097	68,109
Income from dealing in foreign currencies		1,224,588	581,767	280,643	177,719
Gain on sale of securities - net		173,059	1,941,381	38,582	430,750
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		479,950	260,155	216,638	132,280
Total non mark-up / interest income		4,273,797	4,955,256	1,345,985	1,479,124
		17,557,983	18,181,024	5,378,901	5,807,406
<b>Non mark-up / interest expenses</b>					
Administrative expenses		11,828,073	11,303,201	4,124,465	3,898,763
Other provisions / write offs		-	-	-	-
Other charges		(471,939)	168,338	(559,559)	67,848
Total non mark-up / interest expenses		11,356,134	11,471,539	3,564,906	3,966,611
		6,201,849	6,709,485	1,813,995	1,840,795
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		6,201,849	6,709,485	1,813,995	1,840,795
Taxation - current		1,989,165	1,685,114	755,218	738,675
- prior years		1,700,489	243,344	-	-
- deferred		(1,111,262)	729,281	(43,061)	(85,889)
		2,578,392	2,657,739	712,157	652,786
<b>Profit after taxation - continued operations</b>		3,623,457	4,051,746	1,101,838	1,188,009
<b>Profit after taxation - discontinued operations</b>	12	(6,156)	30,955	(1,885)	(193)
		3,617,301	4,082,701	1,099,953	1,187,816
Attributable to:					
Equity holders of the Bank		3,618,666	4,075,318	1,100,365	1,188,650
Non-controlling interest		(1,365)	7,383	(412)	(834)
		3,617,301	4,082,701	1,099,953	1,187,816

The annexed notes 1 to 24 and Annexure form an integral part of these consolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter and nine months ended September 30, 2018

	For the nine months ended		For the quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
<b>Profit after taxation</b>	3,617,301	4,082,701	1,099,953	1,187,816
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit and loss account</b>				
Exchange difference on translation of net investment in Wholesale Bank Branch	97,893	5,903	21,658	4,345
<b>Items that will not be reclassified to profit and loss account</b>				
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	1,963	-	1,963
Remeasurement of defined benefit plan	27,220	(137,842)	-	-
Related tax on remeasurement of defined benefit plan	(9,527)	48,245	-	-
Remeasurement of defined benefit plan - net of tax	17,693	(89,597)	-	-
Remeasurement of defined benefit plan - (Discontinued operations) - net of tax	-	-	-	-
Comprehensive income - transferred to statement of changes in equity	3,732,887	4,000,970	1,121,611	1,194,124
<b>Components of comprehensive income not reflected in equity</b>				
<b>Items that are or may be reclassified subsequently to profit and loss account</b>				
Deficit on revaluation of available for sale securities - net of tax				
Continued operations	(2,023,732)	(1,591,538)	(643,608)	(1,471,366)
Discontinued operations	(9,987)	(26,705)	(5,739)	(4,632)
<b>Total comprehensive income</b>	<u>1,699,168</u>	<u>2,382,727</u>	<u>472,264</u>	<u>(281,874)</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	1,703,130	2,382,287	474,168	(279,836)
Non-controlling interest	(3,962)	440	(1,904)	(2,038)
	<u>1,699,168</u>	<u>2,382,727</u>	<u>472,264</u>	<u>(281,874)</u>
<b>Total comprehensive income arises from:</b>				
Continued operations	1,715,311	2,378,477	479,888	(277,049)
Discontinued operations	(16,143)	4,250	(7,624)	(4,825)
	<u>1,699,168</u>	<u>2,382,727</u>	<u>472,264</u>	<u>(281,874)</u>

The annexed notes 1 to 24 and Annexure form an integral part of these consolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2018

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	6,201,849	6,709,485
Less: dividend income	(160,815)	(238,694)
Adjustments:	6,041,034	6,470,791
Depreciation / amortization	911,421	1,219,513
Reversal of provision against non-performing advances - net	(406,900)	(1,240,888)
Impairment loss on available for sale investments	-	30,047
Provision for diminution in the value of investments - net	930,713	3,869
Charge for defined benefit plan	293,771	233,152
Loss on sale of operating fixed assets	514	4,586
	1,729,519	250,279
(Increase) / decrease in operating assets	7,770,553	6,721,070
Lendings to financial institutions	(2,281,851)	6,205,822
Advances	(59,932,243)	(10,169,402)
Other assets (excluding advance taxation)	459,421	2,212,916
	(61,754,673)	(1,750,664)
Increase / (decrease) in operating liabilities		
Bills payable	(829,093)	53,242
Borrowings	(24,911,693)	(46,608,227)
Deposits and other account	42,381,721	54,563,329
Other liabilities (excluding current taxation)	(128,885)	(532,785)
	16,512,050	7,475,559
Discontinued operations	39,167	(2,614)
Cash generated from operations	(37,432,903)	12,443,351
Payment made to defined benefit plan	(489,526)	(350,884)
Income tax paid	(3,091,833)	(2,731,773)
Net cash (outflow) / inflow from operating activities	(41,014,262)	9,360,694
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	40,503,518	2,530,603
Net investments in held to maturity securities	(2,423,115)	(1,653,131)
Dividend received	149,415	187,721
Investments in operating fixed assets - net of adjustment	(501,161)	(964,046)
Sale proceeds of operating fixed assets disposed off	13,012	14,915
Discontinued operations	(40,729)	346,251
Net cash inflow from investing activities	37,700,940	462,313
<b>Cash flow from financing activities</b>		
Receipts / (payments) of sub-ordinated loans	5,000,800	(1,800)
Dividends paid	(11,423)	(1,869,252)
Net cash inflow / (outflow) from financing activities	4,989,377	(1,871,052)
Exchange difference on translation of net investment in Wholesale Bank Branch	97,893	5,903
<b>Increase in cash and cash equivalents</b>	1,773,948	7,957,858
Cash and cash equivalents at beginning of the period	48,183,160	48,413,889
Cash and cash equivalents at end of the period	49,957,108	56,371,747
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,171,086	48,922,802
Balances with other banks	2,786,022	4,748,945
Call money lendings	-	2,700,000
	49,957,108	56,371,747

The annexed notes 1 to 24 and Annexure form an integral part of these consolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

## For the nine months ended September 30, 2018

	(Rupees in thousand)								
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
<b>Balance as at January 01, 2017</b>									
- as previously reported	12,602,602	93,511	234,669	6,755,314	1,772,459	4,090,445	25,549,000	37,908	25,586,908
Effect of retrospective change in accounting policy with respect to accounting for surplus on revaluation of fixed assets	-	-	-	-	-	(107,658)	(107,658)	-	(107,658)
<b>Balance as at January 01, 2017 - as restated</b>	12,602,602	93,511	234,669	6,755,314	1,772,459	3,982,787	25,441,342	37,908	25,479,250
Transfer to General reserve	-	-	-	-	3,982,787	(3,982,787)	-	-	-
<b>Total comprehensive income for the nine months ended September 30, 2017</b>									
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	4,075,318	4,075,318	7,383	4,082,701
Other comprehensive income related to equity	-	5,903	-	-	-	(89,597)	(83,694)	-	(83,694)
	-	5,903	-	-	-	3,985,721	3,991,624	7,383	3,999,007
Transfer to Statutory reserve	-	-	-	843,439	-	(843,439)	-	-	-
<b>Transaction with owners, recorded directly in equity</b>									
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)	-	(1,890,390)
<b>Balance as at September 30, 2017</b>	12,602,602	99,414	234,669	7,598,753	3,864,856	3,142,282	27,542,576	45,291	27,587,867
<b>Total comprehensive income for the quarter year ended December 31, 2017</b>									
Net profit for the quarter ended December 31, 2017	-	-	-	-	-	1,046,545	1,046,545	(949)	1,045,596
Other comprehensive income related to equity	-	24,433	-	-	-	(24,366)	67	11	78
	-	24,433	-	-	-	1,022,179	1,046,612	(938)	1,045,674
Transfer to Statutory reserve	-	-	-	210,138	-	(210,138)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	9,824	9,824	-	9,824
<b>Transaction with owners, recorded directly in equity</b>									
Interim dividend 2017: Re. 1 per share	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
<b>Balance as at December 31, 2017</b>	12,602,602	123,847	234,669	7,808,891	3,864,856	2,703,887	27,338,752	44,353	27,383,105
Transfer to General reserve	-	-	-	-	2,703,887	(2,703,887)	-	-	-
<b>Total comprehensive income for the nine months ended September 30, 2018</b>									
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	3,618,666	3,618,666	(1,365)	3,617,301
Other comprehensive income related to equity	-	97,893	-	-	-	17,693	115,586	-	115,586
	-	97,893	-	-	-	3,636,359	3,734,252	(1,365)	3,732,887
Transfer to Statutory reserve	-	-	-	724,691	-	(724,691)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	166,302	166,302	-	166,302
<b>Balance as at September 30, 2018</b>	12,602,602	221,740	234,669	8,533,582	6,568,743	3,077,970	31,239,306	42,988	31,282,294

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the nine months ended September 30, 2018

### **1. STATUS AND NATURE OF BUSINESS**

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2018. The ultimate parent of the Bank is Fauji Foundation. The Bank has 516 branches (December 31, 2017: 516 branches); 515 in Pakistan and Azad Jammu and Kashmir, including 91 (December 31, 2017: 91) Islamic Banking branches, 43 (December 31, 2017: 43) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

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 74% 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 MEASUREMENT**

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

### **3. STATEMENT OF COMPLIANCE**

These consolidated condensed interim financial statements of the Group for the nine months ended September 30, 2018 are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

SBP vide BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, 'Financial Instrument: Recognition and Measurement' (IAS 39) and International Accounting Standard 40, 'Investment Property' (IAS 40), for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard 7, 'Financial Instruments: Disclosures' (IFRS 7), has not been made applicable for the banks. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

### **4. BASIS OF PRESENTATION**

These consolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan vide BSD circular letter no. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2017.

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

For the nine months ended September 30, 2018

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

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

These consolidated condensed interim financial statements are presented in Pak Rupee which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2017 except for the following:

Consequent to the enactment of the Companies Act, 2017 (the Act), the Group has changed its accounting policy for treatment of deficit on revaluation of fixed assets wherein any decrease in carrying amount of fixed asset as a result of revaluation is charged to profit and loss account, however the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, any decrease in the carrying amount of fixed assets was netted off against surplus on revaluation of any other fixed assets. Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been lower by Rs. 107,658 thousand and unappropriated profit would have been higher by the same amount. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated. Since the impact of the above change in accounting policy is considered immaterial, the Group has not presented the third statement of financial position for the year prior to last year. The effect of the restatement has been disclosed in note 16.2 to these consolidated condensed interim financial statements.

Amendments and interpretations to approved accounting standards effective from January 1, 2018 are not expected to have a material impact on these consolidated condensed interim financial statements.

### **6. ACCOUNTING ESTIMATES**

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2017.

### **7. FINANCIAL RISK MANAGEMENT**

The financial risk management objective and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2017.

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

For the nine months ended September 30, 2018

### 8. INVESTMENTS

#### Investments by types:

Available for sale securities

	September 30, 2018 - (Un-audited)			December 31, 2017 - (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
(Rupees in thousand)						
Market Treasury Bills	122,163,397	14,469,718	136,633,115	101,156,523	28,801,009	129,957,532
Pakistan Investment Bonds	103,543,604	2,824,511	106,368,115	136,643,765	17,556,510	154,200,275
Fully paid ordinary shares / units	4,806,803	-	4,806,803	4,546,851	-	4,546,851
Units of open end mutual funds	1,032,012	-	1,032,012	1,600,876	-	1,600,876
Fully paid preference shares	27,314	-	27,314	27,314	-	27,314
Term Finance Certificates	4,406,499	-	4,406,499	5,747,142	-	5,747,142
Sukuk Certificates	13,453,773	1,593,224	15,046,997	12,768,137	-	12,768,137
Commercial Papers	-	-	-	375,075	-	375,075
Foreign Government Bonds	-	254,695	254,695	228,590	-	228,590
Government of Pakistan Euro Bonds	314,000	631,757	945,757	573,033	-	573,033
	249,747,402	19,773,905	269,521,307	263,667,306	46,357,519	310,024,825

Held to maturity securities

Government of Pakistan Euro Bonds	385,484	2,986,413	3,371,897	1,318,629	1,706,222	3,024,851
Sukuk Certificates	716,013	4,708,651	5,424,664	2,294,387	1,054,208	3,348,595
	1,101,497	7,695,064	8,796,561	3,613,016	2,760,430	6,373,446

Investments at cost

	250,848,899	27,468,969	278,317,868	267,280,322	49,117,949	316,398,271
--	-------------	------------	-------------	-------------	------------	-------------

Provision for diminution in the value of investments

	(2,972,992)	-	(2,972,992)	(2,042,279)	-	(2,042,279)
--	-------------	---	-------------	-------------	---	-------------

Investments - net of provisions

	247,875,907	27,468,969	275,344,876	265,238,043	49,117,949	314,355,992
--	-------------	------------	-------------	-------------	------------	-------------

(Deficit) / surplus on revaluation of available for sale securities - net

	(2,336,478)	(176,201)	(2,512,679)	399,719	201,037	600,756
--	-------------	-----------	-------------	---------	---------	---------

Total investments

	245,539,429	27,292,768	272,832,197	265,637,762	49,318,986	314,956,748
--	-------------	------------	-------------	-------------	------------	-------------

### 9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan	265,949,493	223,766,645
Outside Pakistan	9,074,181	7,688,190

	275,023,674	231,454,835
--	-------------	-------------

Islamic financing and related assets - note A - 1 of Annexure

	43,945,674	34,755,797
--	------------	------------

Net investment in finance lease - In Pakistan

	8,612,561	8,652,030
--	-----------	-----------

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	8,385,422	3,516,094
Payable outside Pakistan	8,343,583	5,960,914

	16,729,005	9,477,008
--	------------	-----------

Advances - gross

	344,310,914	284,339,670
--	-------------	-------------

Provision for non-performing advances - note 9.1

Specific provision	(24,444,600)	(24,962,069)
General provision	(293,361)	(236,940)

General provision against consumer loans	(501,723)	(447,575)
--	-----------	-----------

	(25,239,684)	(25,646,584)
--	--------------	--------------

Advances - net of provision

	319,071,230	258,693,086
--	-------------	-------------

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

For the nine months ended September 30, 2018

### 9.1 Particulars of provision against non-performing advances

	September 30, 2018 - (Un - audited)				December 31, 2017 - (Audited)			
	Specific	General	Consumer Financing - General	Total	Specific	General	Consumer Financing - General	Total
(Rupees in thousand)								
Opening balance	24,962,069	236,940	447,575	25,646,584	26,353,791	236,944	368,599	26,959,334
Charge for the period / year	1,397,957	57,300	64,065	1,519,322	891,105	37,450	90,267	1,018,822
Reversal for the period / year	(1,915,426)	(879)	(9,917)	(1,926,222)	(2,159,610)	(37,454)	(11,291)	(2,208,355)
Net (reversal) / charge for the period / year	(517,469)	56,421	54,148	(406,900)	(1,268,505)	(4)	78,976	(1,189,533)
Amounts charged off - agri loans	-	-	-	-	(123,217)	-	-	(123,217)
Closing balance	24,444,600	293,361	501,723	25,239,684	24,962,069	236,940	447,575	25,646,584

**9.2** The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 211,414 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 211,414 thousand (2017: Rs. 219,497 thousand) and Rs. 137,419 thousand (2017: Rs. 142,673 thousand) respectively. Further, at September 30, 2018, cumulative net of tax benefit of FSV is Rs. 582,784 thousand (December 31, 2017: Rs. 720,203 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for payment of cash or stock dividend.

**9.3** The Group has availed the relaxation of Rs. 102,460 thousand (December 31, 2017: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

**9.4** Advances include Rs. 26,694,736 thousand (December 31, 2017: Rs. 26,753,027 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2018 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 9.4.1	136,289	-	136,289	-	-
Substandard	593,731	-	593,731	136,510	136,510
Doubtful	1,335,215	-	1,335,215	613,983	613,983
Loss	24,629,501	-	24,629,501	23,694,107	23,694,107
	26,694,736	-	26,694,736	24,444,600	24,444,600
Category of classification	December 31, 2017 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 9.4.1	137,409	-	137,409	-	-
Substandard	118,878	-	118,878	15,600	15,600
Doubtful	701,369	-	701,369	280,067	280,067
Loss	25,795,371	-	25,795,371	24,666,402	24,666,402
	26,753,027	-	26,753,027	24,962,069	24,962,069

**9.4.1** This represents classification made for Agricultural, Mortgage and Small Entities finances.

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

For the nine months ended September 30, 2018

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		(Rupees in thousand)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		123,744	160,636
Property and equipment	10.1	9,508,652	9,764,664
Intangibles	10.2	697,049	827,931
		10,205,701	10,592,595
Provision against operating fixed assets		(24,404)	(24,404)
		<u>10,305,041</u>	<u>10,728,827</u>
<b>10.1 Property and equipment</b>			
Book value at beginning of the period / year		9,764,664	9,851,669
Cost of additions / revaluation during the period / year		522,932	1,260,980
Book value of deletions / transfers during the period / year		(13,526)	(28,684)
Depreciation charge for the period / year		(765,418)	(1,326,435)
Book value of adjustments during the period / year		-	7,134
Book value at end of the period / year		<u>9,508,652</u>	<u>9,764,664</u>
<b>10.2 Intangibles</b>			
Book value at beginning of the period / year		827,931	922,212
Cost of additions during the period / year		15,121	102,195
Amortization charge for the period / year		(146,003)	(196,476)
Book value at end of the period / year		<u>697,049</u>	<u>827,931</u>
<b>11. DEFERRED TAX ASSETS</b>			
Deferred (credits) / debits arising due to:			
Accelerated tax depreciation and amortization		(310,994)	(375,702)
Provision against non-performing advances			
- excess of 1% of total advances		-	450,177
- prior year charge on NPLs disallowance - note 11.1		1,496,729	-
- classified in sub-standard category		71,278	71,278
		1,257,013	145,753
Deficit / (surplus) on revaluation of available for sale securities		879,438	(210,265)
Actuarial losses		155,740	165,267
		<u>2,292,191</u>	<u>100,755</u>

**11.1** This represents deferred tax on provision for NPLs classified prior to enactment of the seventh schedule of Income Tax ordinance 2001 which NPLs are disallowed consequent to the order of Islamabad High Court through its order dated March 13, 2018.

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

For the nine months ended September 30, 2018

### 12. DISCONTINUED OPERATIONS

**12.1** An analysis of the assets and liabilities attributable to discontinued operations at the balance sheet date is as follows:

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>12.1.1 Assets attributable to discontinued operations</b>		
Cash and balances with treasury banks	-	-
Balances with other banks	97,714	167,994
Lendings to financial institutions	-	-
Investments	71,821	40,411
Advances	947	810
Operating fixed assets	20,349	21,017
Deferred tax assets	-	-
Other assets	62,192	97,717
	<u>253,023</u>	<u>327,949</u>
<b>Liabilities associated with discontinued operations</b>		
Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Other liabilities	80,396	140,741
	<u>80,396</u>	<u>140,741</u>

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

For the nine months ended September 30, 2018

Note	For the nine months ended		For the quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)			
<b>12.1.2 Financial Performance</b>				
<b>Mark-up / return / interest earned</b>	868	647	278	343
<b>Mark-up / return / interest expensed</b>	56	-	3	-
Net mark-up / interest income	812	647	275	343
Provision / (reversal) against non-performing loans and advances - net	-	-	-	-
Impairment loss on available for sale investments	-	-	-	-
Provision for diminution in the value of investments - net	-	-	-	-
Bad debts written off directly	-	-	-	-
Net mark-up / interest income after provisions	812	647	275	343
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	23,545	32,707	6,986	9,503
Dividend income	711	240	631	-
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	4,487	32,357	-	(634)
Unrealised gain on revaluation of investments classified as held for trading - net	344	-	30	-
Other income	333	309	108	158
Total non mark-up / interest income	29,420	65,613	7,755	9,027
<b>Non mark-up / interest expenses</b>				
Administrative expenses	33,146	36,924	9,831	11,245
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non mark-up / interest expenses	33,146	36,924	9,831	11,245
Extraordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	(2,914)	29,336	(1,801)	(1,875)
Taxation - current	(3,242)	1,906	(84)	2,160
- prior years	-	-	-	-
- deferred	-	(287)	-	(478)
	(3,242)	1,619	(84)	1,682
<b>Profit after taxation</b>	(6,156)	30,955	(1,885)	(193)
<b>12.1.3 Other comprehensive income</b>				
Profit after tax	(6,156)	30,955	(1,885)	(193)
Deficit on revaluation of assets - net of tax	(9,987)	(26,705)	(5,739)	(4,632)
Total comprehensive income	(16,143)	4,250	(7,624)	(4,825)

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Un-audited) September 30, 2017
	(Rupees in thousand)	
<b>12.1.4 Cash flow information</b>		
Net cash flows from operating activities	39,167	(2,614)
Net cash flows from investing activities	(40,729)	346,251
Net cash flows from financing activities	-	-
	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>13. BORROWINGS</b>		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	8,918,395	12,029,461
- Long term financing facility	5,186,341	4,673,546
- Financing facility for storage of agricultural produce	6,667	9,167
- Financing power plants using renewable energy	230,301	126,427
	14,341,704	16,838,601
Repo borrowings		
- State Bank of Pakistan	-	40,522,945
- Financial Institutions	23,808,638	8,622,609
	23,808,638	49,145,554
Unsecured		
- Call borrowings	6,612,236	5,599,688
	44,762,578	71,583,843
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	1,913,040	3,468
	46,675,618	71,587,311
<b>14. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	90,649,951	81,535,107
Savings deposits	313,763,307	291,527,924
Current accounts - remunerative	595,929	751,535
Current accounts - non-remunerative	154,990,497	143,678,468
Special exporters' account	187,164	150,636
Margin accounts	3,614,033	3,514,747
Others	1,100,989	1,163,372
Financial institutions		
Remunerative deposits	2,581,169	2,817,279
Non-remunerative deposits	703,733	665,983
	568,186,772	525,805,051
<b>15. SUB-ORDINATED LOANS</b>		
Term finance certificates - IV	-	997,600
Term finance certificates - V	3,993,600	3,995,200
Term finance certificates - VI (ADT - 1) - note 15.1	6,000,000	-
	9,993,600	4,992,800

**15.1** During the period, the Group issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative debt instruments in the nature of Term Finance Certificates (TFC ADT 1) under section 66(1) of the Companies Act, 2017 which qualify as Additional Tier 1 Capital as outlined by State Bank of Pakistan ("SBP") under BPRD Circular No. 6 dated August 15, 2013. Salient feature of the issue are as follows:

Total Issue	PKR 6,000 million
Rate	Payable semi annually at six months' KIBOR + 1.50%.
Redemption	No fixed or final redemption date
Tenor	Perpetual
Maturity	Perpetual

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated
<b>16. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	(Rupees in thousand)	
Surplus on revaluation of:		
Operating fixed assets	2,940,128	2,940,128
Non banking assets acquired in satisfaction of claims - note 16.1	1,644,427	1,811,635
Available for sale investments		
i) Federal Government securities	(2,670,276)	1,503,492
ii) Listed shares (net of provision)	176,275	(981,249)
iii) Units of open end mutual funds (net of provision)	(5,078)	51,259
iv) Other securities	(13,600)	27,254
	(2,512,679)	600,756
Related deferred tax	879,438	(210,265)
	(1,633,241)	390,491
	<u>2,951,314</u>	<u>5,142,254</u>

### 16.1 Non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at beginning of the period / year	1,811,635	1,617,860
Recognised during the period / year	-	203,599
Realised on disposal during the period / year	(165,184)	(3,278)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(1,118)	(6,546)
Adjustment during the period	(906)	-
Surplus on revaluation as at end of the period / year	<u>1,644,427</u>	<u>1,811,635</u>

### 16.2 Prior period effect of change in accounting policy for revaluation of operating fixed assets

The effect of restatement consequent to change in accounting policy as stated in note 5 to these consolidated condensed interim financial statements is summarized below:

	(Audited) December 31, 2017 Restated	(Audited) December 31, 2016 Restated
Statement of Financial Position	(Rupees in thousand)	
Increase in surplus on revaluation of operating fixed assets	107,658	107,658
Decrease in unappropriated profit at year end	107,658	107,658

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
<b>17. CONTINGENCIES AND COMMITMENTS</b>	(Rupees in thousand)	
<b>17.1 Direct credit substitutes</b>		
i) Government	2,842,251	416,852
ii) Others	9,272,522	10,884,649
	<u>12,114,773</u>	<u>11,301,501</u>

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

For the nine months ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>17.2 Transaction-related contingent liabilities</b>		
Money for which the Bank is contingently liable:		
Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	1,050,002	671,079
Contingent liability in respect of guarantees given, favouring:		
i) Government	134,217,747	101,289,688
ii) Banks and other financial institutions	233,677	8,480,982
iii) Others	42,858,412	31,580,906
	177,309,836	141,351,576
	178,359,838	142,022,655
These include guarantees amounting to Rs. 1,526,647 thousand (December 31, 2017: Rs.1,564,564 thousand) against which the Group is contesting court proceedings and these are not likely to result in any liability against the Group.		
	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>17.3 Trade-related contingent liabilities</b>	198,552,678	173,128,678
<b>17.4 Other Contingencies</b>		
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.	898,058	778,013
<b>17.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	3,794,610	1,515,752
Sale and repurchase agreements	23,869,430	49,250,012
<b>17.6 Commitments in respect of forward Sale</b>		
Forward sale of Government Securities	800,000	-
<b>17.7 Commitments in respect of forward exchange contracts</b>		
Purchase	24,657,600	26,354,478
Sale	10,492,958	9,083,720
The above commitments have maturities falling within one year		
<b>17.8 Commitments in respect of forward purchase / sale of listed equity securities</b>	14,669	9,690
<b>17.9 Commitments for acquisition of operating fixed assets</b>	67,528	119,195

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

For the nine months ended September 30, 2018

(Un-audited) September 30, 2018	(Audited) December 31, 2017
(Rupees in thousand)	

### 17.10 Commitments to extend credit

The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for

12,824,427	14,826,508
------------	------------

### 17.11 Other commitments

This represents participation in the equity of Pakistan Mortgage Refinance Company Limited

-	281,640
---	---------

### 17.12 Bills For Collection

Payable in Pakistan  
Payable outside Pakistan

6,277,362	4,502,306
20,602,748	15,768,120
26,880,110	20,270,426

## 18. OTHER CHARGES

This includes reversal of provision made in prior periods against workers' welfare fund on advise of legal counsel. The Honorable Supreme Court had declared amendments to WWF Ordinance as unconstitutional to the extent of its applicability on banks.

## 19. TAX STATUS

- (i) The Group has filed tax returns for and up to tax year 2017 (year ended 31 December 2016). The assessments for and up to tax year 2017 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income.

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

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

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

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

## 20. FAIRVALUE OF FINANCIAL INSTRUMENTS

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

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

For the nine months ended September 30, 2018

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 5 to annual financial statements.

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:

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

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

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Group has adopted revaluation model (as per IAS 16) in respect of land and non-banking assets acquired in satisfaction of claims.

	September 30, 2018 - (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial assets:</b>			
Available for sale securities			
Market Treasury Bills	-	136,627,514	-
Pakistan Investment Bonds	-	103,668,395	-
Fully paid ordinary shares / units	3,372,579	-	300,000
Units of open end mutual funds	-	1,024,558	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	236,800	3,089,640	-
Sukuk Certificates	493,522	14,086,756	-
Commercial Papers	-	-	-
Foreign Government Bonds	-	248,399	-
Government of Pakistan Euro Bonds	-	930,752	-
	<u>4,169,621</u>	<u>259,676,014</u>	<u>300,000</u>
<b>Non-financial assets:</b>			
Operating fixed assets			
Property and equipment (freehold and leasehold land)	-	-	4,897,385
Other assets			
Non-banking assets acquired in satisfaction of claims	-	-	4,961,664
	<u>-</u>	<u>-</u>	<u>9,859,049</u>

For the nine months ended September 30, 2018

December 31, 2017- (Audited)		
Level 1	Level 2	Level 3
(Rupees in thousand)		
-	129,956,900	-
-	155,714,864	-
3,384,942	-	18,360
-	1,652,135	-
66,720	-	-
703,899	3,770,651	-
575,400	11,674,521	-
-	-	375,075
-	228,426	-
-	571,409	-
4,730,961	303,568,906	393,435

**Financial assets:**

Available for sale securities

Market Treasury Bills	-	129,956,900	-
Pakistan Investment Bonds	-	155,714,864	-
Fully paid ordinary shares / units	3,384,942	-	18,360
Units of open end mutual funds	-	1,652,135	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	703,899	3,770,651	-
Sukuk Certificates	575,400	11,674,521	-
Commercial Papers	-	-	375,075
Foreign Government Bonds	-	228,426	-
Government of Pakistan Euro Bonds	-	571,409	-

**Non-financial assets:**

### Operating fixed assets

Property and equipment (freehold and leasehold land)	-	-	4,789,727
--	---	---	-----------

Other assets

Non-banking assets acquired in satisfaction of claims	-	-	5,001,571
	-	-	9,791,298

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.

## 21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Retail Brokerage	Total
	Rupees in thousands							
	For the nine months ended September 30, 2018 - (Un-audited)							
Total income	171,654	15,190,175	1,643,343	18,178,947	52,052	29,247	30,288	35,295,706
Total expenses	9,997	13,982,836	1,365,076	13,700,925	3,032	1,703	33,202	29,096,771
Net income / (loss)	161,657	1,207,339	278,267	4,478,022	49,020	27,544	(2,914)	6,198,935
	For the nine months ended September 30, 2017 - (Un-audited)							
Total income	256,058	16,054,405	1,241,757	14,231,656	100,800	33,291	66,260	31,984,227
Total expenses	26,692	13,678,741	1,223,761	10,265,310	10,508	3,470	36,924	25,245,406
Net income	229,366	2,375,664	17,996	3,966,346	90,292	29,821	29,336	6,738,821
	As at September 30, 2018 - (Un-audited)							
Segment Assets (Gross)	108,748	315,302,544	21,355,100	371,458,198	32,977	18,529	319,830	708,595,926
Segment Non Performing Loans	-	-	2,110,112	24,584,624	-	-	-	26,694,736
Segment Provision Required	-	1,220,050	2,446,714	24,990,390	-	-	66,807	28,723,961
Segment Liabilities	1,295	18,040,424	351,206	627,154,532	393	221	80,396	645,628,467
Segment return on net assets (%)	0.10	9.09	0.98	10.88	0.03	0.02	0.02	
Segment cost of funds (%)	0.11	9.57	1.04	11.45	0.03	0.02	0.02	
	As at September 30, 2017 - (Un-audited)							
Segment Assets (Gross)	185,050	342,506,693	20,353,172	292,018,838	72,847	24,059	374,391	655,535,050
Segment Non Performing Loans	-	-	2,230,952	24,821,545	-	-	-	27,052,497
Segment Provision Required	-	1,449,357	2,430,838	24,240,110	-	-	66,215	28,186,520
Segment Liabilities	2,235	28,452,293	337,935	565,097,680	880	291	115,234	594,006,548
Segment return on net assets (%)	0.16	10.30	0.80	9.13	0.06	0.02	0.04	
Segment cost of funds (%)	0.17	10.88	0.84	9.64	0.07	0.02	0.04	

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

For the nine months ended September 30, 2018

### 22. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2017: 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 and their relatives, entities over which the directors are able to exercise significant influence and employees' funds.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties during the nine months and balances as at September 30, 2018, are as follows:

	September 30, 2018 - (Un-audited)					(Rupees in thousand)				
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Other Related Parties
<b>Balances outstanding as at</b>										
- Advances										
Secured	4,388,440	323,773	47,031	3,707,484	-	781,073	390,847	-	3,797,303	-
Un-secured	-	9,637	-	-	-	-	6,408	695	-	-
- Mark-up receivable	371	58,634	3,695	57,860	-	-	56,346	-	27,229	-
- Deposits - in local currency	9,950,622	175,535	41,332	11,115,253	3,534,249	5,674,098	160,366	27,047	6,452,719	3,042,573
- Deposits - in foreign currencies	203,316	33,999	137	691,050	-	96,617	26,222	1,954	757,299	-
- Sub-ordinated loans	-	-	-	24,965	-	-	-	-	24,975	-
- Mark-up payable - in local currency	34,775	1,156	31	26,015	7,757	20,193	1,515	18	11,038	6,513
- Mark-up payable - in foreign currencies	125	17	-	470	-	458	77	2	5,560	-
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	354,495	-	-	1,426,947	-	50,000	-	-	1,878,456	-
- Investments in shares / units	-	-	-	157,835	300,000	-	-	-	144,201	18,360
- Security deposits receivable	3,600	-	-	-	-	3,600	-	-	-	-
- Security deposits payable	-	287	-	123,432	-	494	504	-	59,772	-
- Assets held for sale - net of provision	-	-	-	-	-	-	-	-	-	-
- Contribution payable to employees' funds	-	-	-	-	181,220	-	-	-	-	489,526
<b>Transactions during the nine months ended</b>										
- Mark-up / interest earned	72,075	9,086	2,910	233,791	-	32,037	8,941	105	199,277	-
- Net mark-up / interest expensed	463,151	4,429	388	374,952	151,675	184,000	3,263	261	286,851	74,807
- Contributions to employees' funds	-	-	-	-	406,260	-	-	-	-	562,587
- Rent of property / service charges paid	13,738	-	-	-	-	10,169	-	-	-	-
- Rent received	-	-	-	749	-	-	-	-	-	-
- Dividend received	-	-	-	7,963	-	-	-	-	-	-
- Remuneration and allowances paid	-	333,486	-	-	3,490	-	372,094	-	-	2,971
- Post employment benefits	-	17,744	-	-	-	-	22,550	-	-	-
- Fee, commission and brokerage income	62	-	-	16,624	-	60	-	-	1,591	-
- Fee, commission and brokerage paid	-	-	-	236	15,543	-	-	-	60	16,127
- Dividend paid	-	-	-	-	-	1,359,423	133	2	-	11,745
- Fees and other expenses paid	-	-	3,750	-	-	-	250	3,513	-	-

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

### 23. RECLASSIFICATION OF COMPARATIVE FIGURES

There has been no significant reclassification in these consolidated condensed interim financial statements except an amount of Rs. 143,806 thousand for the period ended September 30, 2017, which has been reclassified from other income to fee, commission and brokerage income.

### 24. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on October 23, 2018.

- sd -  
Chief Financial Officer

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman



[akbl.com.pk](http://akbl.com.pk)