

REPORT FOR THE QUARTER AND NINE MONTHS ENDING SEPTEMBER 30, 2017

# *Celebrating Young Talent:*

artworks of the next  
generation of painters  
in Pakistan

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## Corporate Information

### Board of Directors

Lt Gen Khalid Nawaz Khan, HI (M), Sitara-i-Esar (Retd) – Chairman  
Lt Gen Shafqaat Ahmed, HI (M) (Retd)  
Lt Gen Javed Iqbal, HI (M) (Retd)  
Mr. Qaiser Javed  
Dr. Nadeem Inayat  
Mr. Manzoor Ahmed – NIT Nominee  
Mr. Kamal A. Chinoy  
Justice (R) Sarmad Jalal Osmany  
Syed Ahmed Iqbal Ashraf  
Mr. Mushtaq Malik  
Syed M. Husaini – President & Chief Executive

### Board Audit & Compliance 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. Umar Shahzad

### Registered Office

AWT Plaza, The Mall, P. O. Box No. 1084  
Rawalpindi – 46000, Pakistan.  
Tel: (92 51) 9272467 & 9063752  
UAN: (92 51) 111 000 787  
Fax: (92 51) 9272455 & (92 51) 9272445  
E-mail: [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk)

### Registrar & Share Transfer Office

Central Depository Company of Pakistan Limited  
2nd Floor, 307 - Upper Mall, Opposite Lahore  
Gymkhana, Near Mian Mir Bridge, Lahore-54000  
Tel: (92-42) 35789378 - 87, (Dir) 35789367, 0800-CDCPL (23275)  
Fax: (92-42) 35789340  
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 information for the quarter and nine months ended September 30, 2017. The financial results for the nine months are summarized as under:

	(Rupees in thousand)	
	September 30, 2017	September 30, 2016
Profit before provisions and taxation	5,514,006	6,369,256
Reversal of provision against loans and advances - net	1,240,888	580,883
Reversal of provision against assets held for sale	153,958	-
Provision / impairment against investments	(33,916)	(71,797)
	1,360,930	509,086
Profit before taxation	6,874,936	6,878,342
Taxation	(2,657,739)	(2,690,966)
Profit after taxation	4,217,197	4,187,376
Basic earning per share - Rupees	3.35	3.32

The Bank earned profit after tax of Rs. 4.22 billion for the nine months ended September 30, 2017 compared to Rs. 4.19 billion for the corresponding period last year. Earnings per share for the current period are reported at Rs. 3.35 maintained at almost last year's level.

During the current nine months, contribution from core banking incomes remained impressive as the net mark-up income increased by 9.8 percent, despite reducing stock of high yielding government bonds; and business related non-fund incomes which increased by 7.3 percent. The overall non fund income declined by 14.6 percent mainly due to lesser gains realised on government securities. Administrative and other expenses increased by 10.3 percent reflecting inflationary upsurge and full-period impact of new branches.

During the nine months under review the Bank recorded a net reversal of provisions against non-performing loans amounting to Rs. 1.24 billion, a significant improvement from Rs. 0.58 billion for the corresponding period last year. The provision coverage ratio against non-performing loans was at 95.1 percent at September 30, 2017, a slight improvement from last year end.

Customer deposits increased by 11.5 percent during the current period, closing at Rs. 527 billion as compared to Rs. 473 billion at last year end. Aggregate current and saving deposits increased by 15.6 percent, while fixed deposits declined by 6.5 percent during the current nine months. Gross advances increased by 3.9 percent during the current nine months period and stood at Rs. 272 billion at September 30, 2017.

The super tax levy, introduced in 2015 was extended through Finance Act 2017 resulting in additional tax charge amounting to Rs. 243 million, over and above the normal corporate tax for the nine months under review. The Board is pleased to announce interim cash dividend of 10 percent (Re. 1 per share).

During the period under review, the Bank's entity ratings were maintained at 'AA+' by Pakistan Credit Rating Agency Limited, recognizing continuous improvement in asset quality and effective management of spreads, amid low interest rate scenario, as key rating drivers. The short term rating was also maintained at 'A1+'.

Our branch footprint comprises of 501 branches, including 91 Islamic Banking branches, 36 sub-branches, a Wholesale Banking Branch in Bahrain, and a representative office in Beijing, China.

Looking ahead, Pakistan's economic forecast projects a positive outlook on the back of CPEC related activities and positive domestic policy measures, though certain concerns remain on the position of external account and financial inflows in the coming periods.

Askari Bank is strongly positioned as a progressive bank and we shall continue working towards achieving our ambition of delivering innovative customer-centric solutions to our diverse client base while maintaining highest service standards.

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 -

Syed M. Husaini  
President & Chief Executive

- sd -

Lt Gen Khalid Nawaz Khan  
HI (M), Sitara-i-Esar (Retd)  
Chairman, Board of Directors

Rawalpindi  
October 17, 2017



ڈائریکٹر غیر آڈٹ شدہ مختصر عبوری غیر غم شدہ مالیاتی معلومات برائے اختتام سرمایہ اور نوامیہ 30 ستمبر 2017 پیش کرتے ہیں۔ نوامہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

30 ستمبر 2016	30 ستمبر 2017
6,369,256	5,514,006
580,883	1,240,888
-	153,958
(71,797)	(33,916)
509,086	1,360,930
6,878,342	6,874,936
(2,690,966)	(2,657,739)
4,187,376	4,217,197
3.32	3.35

پروڈیون ٹیکس سے قبل منافع

قرضوں کے عوض پروڈیون کی رپورٹ

فروخت کیلئے اثاثہ جات کے عوض پروڈیون کی رپورٹ

سرمایہ کاری کے عوض پروڈیون/امپیر منٹ

قبل از ٹیکس منافع

ٹیکس

بعد از ٹیکس منافع

بنیادی آمدن فی حصص، روپے

بینک نے نوامہ کے اختتام 30 ستمبر 2017 کے عرصے میں 4.22 ارب روپے بعد از ٹیکس منافع کمایا جو کہ پچھلے سال کے اسی دورانیہ کی مدت میں 4.19 ارب روپے تھا۔ رواں مدت کے لیے فی حصص آمدن 3.35 روپے رہی جو کہ پچھلے سال کی ہی سطح پر برقرار رہی۔

رواں نوامہ کی مدت میں، بینک کی بنیادی آمدنی کا حصہ متاثر کن رہا جس کا خالص مارک اپ آمدن میں 9.8 فیصد سے بڑھوتی ہوئی، باوجود اس کے کہ زیادہ آمدن والے حکومتی بانڈز میں کمی واقع ہوئی ہے۔ اور بزنس سے متعلقہ نان فنڈ آمدن میں 7.3 فیصد اضافہ ہوا۔ مجموعی نان فنڈ آمدن میں 14.6 فیصد کمی ہوئی جس کی بڑی وجہ حکومتی سکوریئر کی فروخت سے حاصل شدہ آمدنی میں کمی ہے۔ رواں مدت میں انتظامی اور دوسرے اخراجات میں 10.3 فیصد بڑھوتی ہوئی جو کہ مہنگائی کی شرح میں اضافہ اور نئی براچر کا پوری مدت کے خرچے کی عکاسی کرتی ہے۔

زیر جائزہ نوامہ کے دوران بینک نے غیر فعال اثاثہ جات کے عوض 11.24 ارب روپے کی پروڈیون میں مجموعی رپورٹل ریکارڈ کی، جو کہ گزشتہ سال کے اسی مدت کے 0.58 ارب روپے کی رپورٹل کے مقابلے میں بہت بہتر ہے۔ 30 ستمبر 2017 کو پروڈیون کی کوریج کا غیر فعال اثاثہ جات کے ساتھ تناسب 95.1 فیصد رہا، جو کہ پچھلے سال کے اختتام سے قدر بہتر ہے۔

صارفین کی طرف سے جمع کروائی گئی رقم میں اس نوامہ کے اختتام پر 527 ارب روپے کے ساتھ 11.5 فیصد اضافہ ہوا جو کہ پچھلے سال 473 ارب روپے تھیں۔ رواں نوامہ کی مدت میں مجموعی کرنٹ اور سیونگز ڈیپازٹ 15.6 فیصد سے بڑے ہوئے جو کہ گزشتہ سال 15.6 فیصد سے کم ہوئے۔ رواں مدت کے دوران مجموعی قرضہ جات میں 3.9 فیصد اضافہ ہوا جو کہ 30 ستمبر 2017 کو 272 ارب روپے تھے۔

2015 میں متعارف کروائے گئے سپر ٹیکس کوئیٹس ایکٹ 2017 کے ذریعے برحالیہ کیا گیا تھا جس کے نتیجے میں زیر جائزہ نوامہ کی مدت کے دوران عمومی کارپوریٹ ٹیکس کے علاوہ 243 ملین روپے کا اضافی ٹیکس عائد کیا گیا۔ بورڈ نے 10 فیصد (ایک روپیہ فی حصص) عبوری نقد ڈیویڈنڈ کا اعلان کیا ہے۔

زیر جائزہ مدت کے دوران پاکستان کرڈٹ ریٹنگ ایجنسی (PACRA) کی طرف سے مقرر کردہ عکری بینک کی ایسٹریٹجی ریٹنگ AA+ یہ تسلیم کرتے ہوئے برقرار رکھی گئی کہ اہم ریٹنگ عناصر میں اثاثوں کے معیار میں مسلسل بہتری ہوئی اور سپر ڈیویڈنڈ کو موثر طور پر منظم کیا گیا، باوجود کہ انٹرنسٹ رٹس کم تھے۔ مختصر معیاری ریٹنگ A+ پر برقرار رکھی گئی تھی۔

ہماری براچر کی تعداد 501 تک پہنچ چکی ہے، جن میں 19 اسلاک براچر، 36 ذیلی براچر، بحرین میں ہول سیل بینکنگ براچ اور نیچنگ جین میں ایک نمائندہ دفتر شامل ہیں۔

سی بینک سے جزی مرگرمیوں اور مثبت داخلی پالیسی اقدامات کی بنا پر مستقبل میں پاکستان کی معیشت کی پیش بینی کا رجحان مثبت ہے، گو کہ آنے والے وقت میں خارجی توازن کی صورت حال اور مالی وصولیوں پر کچھ خدشات موجود ہیں۔

عسکری بینک کی ایک ترقی پسند بینک کے طور پر حیثیت مضبوط ہے، اور ہم اپنی اس خواہش کے حصول کیلئے کوشاں رہیں گے کہ ہم اپنے متنوع قسم کے صارفین کو جدت کے اصولوں کے تحت صارف مرکوز سہولیات مہیا کریں، جب کہ خدمات کا معیار سب سے بہتر ہو۔

ہم اپنے گراں قدر صارفین کی طرف سے مسلسل سرپرستی اور حمایت، مثبت بینک آف پاکستان، سکوریئر ایجنڈا پیچھے 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 کادشوں 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 خالد نواز خان

سید ایم حسینی

بالا امتیاز (ملٹری)، سٹارڈ ایڈار (ریٹائرڈ)

پریزیڈنٹ چیف ایگزیکٹو

چیئرمین بورڈ آف ڈائریکٹرز

راولپنڈی

17 اکتوبر 2017

# Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2017

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		48,922,802	42,568,141
Balances with other banks		4,748,945	5,845,748
Lendings to financial institutions		3,330,762	6,836,584
Investments	8	292,486,345	295,846,254
Advances	9	246,642,673	235,163,922
Operating fixed assets	10	10,741,723	11,019,555
Assets held for sale		80,720	261,762
Other assets		20,167,104	21,597,227
		627,121,074	619,139,193
<b>Liabilities</b>			
Bills payable		8,633,051	8,579,809
Borrowings	11	42,653,561	89,261,788
Deposits and other accounts	12	527,367,657	472,811,335
Sub-ordinated loans		4,993,000	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		350,486	526,430
Other liabilities		9,894,794	10,388,081
		593,892,549	586,562,243
<b>Net Assets</b>		<b>33,228,525</b>	<b>32,576,950</b>
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves		11,713,844	8,670,686
Unappropriated profit		3,286,124	4,084,206
		27,602,570	25,357,494
Surplus on revaluation of assets - net of tax		5,625,955	7,219,456
		33,228,525	32,576,950

## Contingencies and Commitments

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The annexed notes 1 to 20 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- 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, 2017

	Note	For the nine months ended		For the quarter ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		(Rupees in thousand)			
<b>Mark-up / return / interest earned</b>		26,962,711	26,296,045	9,321,464	9,069,071
<b>Mark-up / return / interest expensed</b>		14,943,922	15,345,098	5,137,668	5,307,881
Net mark-up / interest income		12,018,789	10,950,947	4,183,796	3,761,190
Reversal of provision against non-performing loans and advances - net	9.1	(1,240,888)	(580,883)	(171,375)	(56,884)
Impairment loss on available for sale investments		30,047	11,000	-	5,660
Provision for diminution in the value of investments - net		3,869	60,797	26,889	(32,635)
Reversal of provision against assets held for sale		(153,958)	-	-	-
Bad debts written off directly		-	-	-	-
		<u>(1,360,930)</u>	<u>(509,086)</u>	<u>(144,486)</u>	<u>(83,859)</u>
Net mark-up / interest income after provisions		13,379,719	11,460,033	4,328,282	3,845,049
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		1,789,453	1,759,372	670,266	467,032
Dividend income		238,694	239,817	68,109	44,058
Income from dealing in foreign currencies		581,767	537,113	177,719	155,907
Gain on sale of securities - net		1,952,881	2,987,972	430,750	966,147
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		403,961	291,190	132,280	87,050
		<u>4,966,756</u>	<u>5,815,464</u>	<u>1,479,124</u>	<u>1,720,194</u>
Total non mark-up / interest income		18,346,475	17,275,497	5,807,406	5,565,243
<b>Non mark-up / interest expenses</b>					
Administrative expenses		11,303,201	10,202,609	3,897,190	3,626,055
Other provisions / write offs		-	626	-	626
Other charges		168,338	193,920	67,848	48,701
Total non mark-up / interest expenses		<u>11,471,539</u>	<u>10,397,155</u>	<u>3,965,038</u>	<u>3,675,382</u>
		6,874,936	6,878,342	1,842,368	1,889,861
Extra ordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		6,874,936	6,878,342	1,842,368	1,889,861
Taxation - current		1,685,114	1,658,594	738,675	747,770
- prior years'		243,344	266,425	-	-
- deferred		729,281	765,947	(85,889)	(85,025)
		<u>2,657,739</u>	<u>2,690,966</u>	<u>652,786</u>	<u>662,745</u>
<b>Profit after taxation</b>		<u>4,217,197</u>	<u>4,187,376</u>	<u>1,189,582</u>	<u>1,227,116</u>
<b>Basic earnings per share - Rupees</b>		3.35	3.32	0.94	0.97

The annexed notes 1 to 20 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- 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, 2017

	For the nine months ended		For the quarter ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)			
<b>Profit after taxation</b>	4,217,197	4,187,376	1,189,582	1,227,116
<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	5,903	(7,063)	4,345	(1,013)
<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	(137,842)	(193,427)	-	-
Related tax on remeasurement of defined benefit plan	48,245	67,699	-	-
Remeasurement of defined benefit plan - net of tax	(89,597)	(125,728)	-	-
Comprehensive income - transferred to statement of changes in equity	4,135,466	4,054,585	1,195,890	1,226,103
<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>				
Surplus / (deficit) on revaluation of available for sale securities - net of tax	(1,591,538)	1,301,411	(1,471,366)	(970,018)
<b>Total comprehensive income</b>	<u>2,543,928</u>	<u>5,355,996</u>	<u>(275,476)</u>	<u>256,085</u>

The annexed notes 1 to 20 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- 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, 2017

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	6,874,936	6,878,342
Less: dividend income	(238,694)	(239,817)
	<u>6,636,242</u>	<u>6,638,525</u>
Adjustments:		
Depreciation / amortization	1,219,513	745,190
Reversal of provision against non-performing advances - net	(1,240,888)	(580,883)
Impairment loss on available for sale investments	30,047	11,000
Provision for diminution in the value of investments - net	3,869	60,797
Reversal of provision against assets held for sale	(153,958)	-
Charge for defined benefit plan	233,152	201,847
Gain on sale of assets held for sale	(216,000)	-
Other provisions / write offs	-	626
Loss on sale of operating fixed assets	4,586	816
	<u>(119,679)</u>	<u>439,393</u>
	<u>6,516,563</u>	<u>7,077,918</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,205,822	(133,530)
Advances	(10,169,402)	(7,020,571)
Other assets (excluding advance taxation)	2,215,931	3,081,468
	<u>(1,747,649)</u>	<u>(4,072,633)</u>
Increase / (decrease) in operating liabilities		
Bills payable	53,242	6,315,444
Borrowings	(46,608,227)	1,682,224
Deposits and other accounts	54,556,322	29,467,672
Other liabilities (excluding current taxation)	(534,513)	1,318,895
	<u>7,466,824</u>	<u>38,784,235</u>
Cash generated from operations	12,235,738	41,789,520
Payment made to defined benefit plan	(350,884)	-
Income tax paid	(2,731,773)	(1,752,008)
Net cash flow from operating activities	<u>9,153,081</u>	<u>40,037,512</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	2,530,603	(36,467,158)
Net investments in held to maturity securities	(1,653,131)	(227,608)
Dividend income	187,721	211,111
Investments in operating fixed assets - net of adjustments	(961,182)	(1,095,921)
Sale proceeds of assets held for sale	551,000	-
Sale proceeds of operating fixed assets - disposed off	14,915	5,901
Net cash outflow from investing activities	<u>669,926</u>	<u>(37,573,675)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(1,800)	(1,800)
Dividends paid	(1,869,252)	(1,560,494)
Net cash outflow from financing activities	<u>(1,871,052)</u>	<u>(1,562,294)</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	5,903	(7,063)
<b>Increase in cash and cash equivalents</b>	<u>7,957,858</u>	<u>894,480</u>
Cash and cash equivalents at beginning of the period	48,413,889	37,980,952
Cash and cash equivalents at end of the period	<u>56,371,747</u>	<u>38,875,432</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	48,922,802	32,807,915
Balances with other banks	4,748,945	4,967,517
Call money lendings	2,700,000	1,100,000
	<u>56,371,747</u>	<u>38,875,432</u>

The annexed notes 1 to 20 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- 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, 2017

	Share Capital	Exchange translation reserve	Share premium account	Statutory reserve	(Rupees in thousand)		Total
					Revenue reserve		
					General reserve	Unappropriated profit	
Balance as at January 01, 2016	12,602,602	100,829	234,669	5,711,187	399,203	2,763,314	21,811,804
Transfer to General reserve:	-	-	-	-	2,763,314	(2,763,314)	-
Total comprehensive income for the nine months ended September 30, 2016							
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	4,187,376	4,187,376
Other comprehensive income related to equity	-	(7,063)	-	-	-	(125,728)	(132,791)
	-	(7,063)	-	-	-	4,061,648	4,054,585
Transfer to Statutory reserve:	-	-	-	837,475	-	(837,475)	-
Transaction with owners, recorded directly in equity							
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)
Balance as at September 30, 2016	12,602,602	93,766	234,669	6,548,662	1,587,192	3,224,173	24,291,064
Total comprehensive income for the quarter ended December 31, 2016							
Net profit for the quarter ended December 31, 2016	-	-	-	-	-	1,033,259	1,033,259
Other comprehensive income related to equity	-	(255)	-	-	-	33,426	33,171
	-	(255)	-	-	-	1,066,685	1,066,430
Transfer to statutory reserve	-	-	-	206,652	-	(206,652)	-
Balance as at December 31, 2016	12,602,602	93,511	234,669	6,755,314	1,587,192	4,084,206	25,357,494
Transfer to general reserve:	-	-	-	-	4,084,206	(4,084,206)	-
Total comprehensive income for the nine months ended September 30, 2017							
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)	-
Transaction with owners, recorded directly in equity							
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)
Balance as at September 30, 2017	<u>12,602,602</u>	<u>99,414</u>	<u>234,669</u>	<u>7,598,753</u>	<u>3,781,008</u>	<u>3,286,124</u>	<u>27,602,570</u>

The annexed notes 1 to 20 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the nine months ended September 30, 2017

### 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, 2017. The ultimate parent of the Bank is Fauji Foundation. The Bank has 501 branches (December 31, 2016: 501 branches); 500 in Pakistan and Azad Jammu and Kashmir, including 91 (December 31, 2016: 91) Islamic Banking branches, 36 (December 31, 2016: 36) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

### 2. BASIS OF MEASUREMENT

This unconsolidated condensed interim financial information has 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

This unconsolidated condensed interim financial information for the nine months ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', and the requirements of the repealed Companies Ordinance, 1984, 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 repealed Companies Ordinance, 1984 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.

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 4, 2017 has clarified that the companies whose financial year, including interim period, closes on or before December 31, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

### 4. BASIS OF PRESENTATION

This unconsolidated condensed interim financial information has been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's 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, this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

This unconsolidated condensed interim financial information is separate financial information 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 information.

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

For the nine months ended September 30, 2017

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 this unconsolidated condensed interim financial information 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 this unconsolidated condensed interim financial information for reporting purposes, after eliminating material inter branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure to this unconsolidated condensed interim financial information.

This unconsolidated condensed interim financial information is 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 this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2016.

Amendments and interpretations to approved accounting standards effective from January 1, 2017 are not expected to have a material impact on this unconsolidated condensed interim financial information.

### 6. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2016 except for the following:

During the period the Bank has changed the depreciation method on computer equipments from diminishing balance method to straight line method. This change in accounting estimate has been accounted for prospectively as per International Accounting standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in this unconsolidated condensed interim financial information. Impact has been disclosed in note 10.1.1 to this unconsolidated condensed interim financial information.

### 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, 2016.

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

For the nine months ended September 30, 2017

### 8. INVESTMENTS

#### 8.1 Investments by types

	September 30, 2017 - (Un-audited)			December 31, 2016 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	(Rupees in thousand)					
Available for sale securities						
Market Treasury Bills	90,026,200	7,978,792	98,004,992	49,646,772	57,836,770	107,483,542
Pakistan Investment Bonds	150,170,562	14,147,986	164,318,548	146,624,821	14,696,132	161,320,953
Fully paid ordinary shares/ units	4,404,571	-	4,404,571	4,154,102	-	4,154,102
Units of open end mutual funds	1,391,886	-	1,391,886	1,782,635	-	1,782,635
Fully paid preference shares	27,314	-	27,314	50,100	-	50,100
Term Finance Certificates	5,652,780	-	5,652,780	4,525,616	-	4,525,616
Sukuk Certificates	12,513,813	-	12,513,813	9,933,974	-	9,933,974
Commercial Papers	249,592	-	249,592	-	-	-
Foreign Government Bonds	218,918	-	218,918	-	-	-
Government of Pakistan Euro Bonds	550,829	-	550,829	642,971	-	642,971
	265,206,465	22,126,778	287,333,243	217,360,991	72,532,902	289,893,893
Held to maturity securities						
Government of Pakistan Euro Bonds	887,023	2,009,492	2,896,515	2,690,386	-	2,690,386
Sukuk Certificates	1,847,126	535,585	2,382,711	935,709	-	935,709
	2,734,149	2,545,077	5,279,226	3,626,095	-	3,626,095
Investments at cost	267,940,614	24,671,855	292,612,469	220,987,086	72,532,902	293,519,988
Provision for diminution in value of investments	(1,937,798)	-	(1,937,798)	(1,933,928)	-	(1,933,928)
Investments - net of provisions	266,002,816	24,671,855	290,674,671	219,053,158	72,532,902	291,586,060
Surplus on revaluation of available for sale securities - net	1,784,251	27,423	1,811,674	4,380,259	(120,065)	4,260,194
Total investments	267,787,067	24,699,278	292,486,345	223,433,417	72,412,837	295,846,254

8.2 The Bank has availed the relaxation of Rs. Nil (December 31, 2016: Rs. 22,565 thousand) allowed by the SBP against booking of impairment loss as required under para No. 4(a) of Regulation R-8 of Prudential Regulations.

### 9. ADVANCES

Loans, cash credits, running finances, etc.

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
In Pakistan	214,007,359	216,085,202
Outside Pakistan	6,465,148	3,345,613
	220,472,507	219,430,815
Islamic financing and related assets - note A - 1 of Annexure	31,595,588	25,994,787
Net Investment in finance lease - in Pakistan	8,661,961	8,138,098
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	6,082,178	3,797,182
Payable outside Pakistan	5,548,885	4,762,374
	11,631,063	8,559,556
Advances - gross	272,361,119	262,123,256
Provision for non-performing advances - note 9.1		
Specific provision	(25,064,026)	(26,353,791)
General provision	(239,151)	(236,944)
General provision against consumer loans	(415,269)	(368,599)
	(25,718,446)	(26,959,334)
Advances - net of provision	246,642,673	235,163,922

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

For the nine months ended September 30, 2017

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

	(Rupees in thousand)							
	September 30, 2017 - (Un-audited)				December 31, 2016 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
Opening balance	26,353,791	236,944	368,599	26,959,334	28,048,973	196,941	236,272	28,482,186
Charge for the period / year	596,811	25,158	57,629	679,598	1,198,881	56,299	147,073	1,402,253
Reversal for the period / year	(1,886,576)	(22,951)	(10,959)	(1,920,486)	(2,100,652)	(16,296)	(14,746)	(2,131,694)
Net (reversal) / charge for the period / year	(1,289,765)	2,207	46,670	(1,240,888)	(901,771)	40,003	132,327	(729,441)
Amounts written off	-	-	-	-	(234)	-	-	(234)
Amounts charged off - agri loans	-	-	-	-	(793,177)	-	-	(793,177)
Closing balance	25,064,026	239,151	415,269	25,718,446	26,353,791	236,944	368,599	26,959,334

**9.2** The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 271,883 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 271,883 thousand (2016: Rs. 268,678 thousand) and Rs. 176,724 thousand (2016: Rs. 174,641 thousand) respectively. Further, at September 30, 2017, cumulative net of tax benefit of FSV is Rs. 735,353 thousand (December 31, 2016: Rs. 912,077 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and unappropriated profit to that extent are not available for distribution by way of cash or stock dividend.

**9.3** The Bank has availed the relaxation of Rs. 5,802,460 thousand (December 31, 2016: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

**9.4** Advances include Rs. 27,052,497 thousand (December 31, 2016: Rs. 28,534,630 thousand) which have been placed under non-performing status as detailed below:

	(Rupees in thousand)				
	September 30, 2017 - (Un-audited)				
Category of classification	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.4.1	185,123	-	185,123	-	-
Substandard	194,799	-	194,799	22,488	22,488
Doubtful	839,005	-	839,005	212,816	212,816
Loss	25,833,570	-	25,833,570	24,828,722	24,828,722
	27,052,497	-	27,052,497	25,064,026	25,064,026

Category of classification	December 31, 2016 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.4.1	224,002	-	224,002	-	-
Substandard	215,562	-	215,562	31,481	31,481
Doubtful	576,104	-	576,104	216,967	216,967
Loss	27,518,962	-	27,518,962	26,105,343	26,105,343
	28,534,630	-	28,534,630	26,353,791	26,353,791

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



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

For the nine months ended September 30, 2017

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Note	(Rupees in thousand)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		217,359	281,271
Property and equipment	10.1	9,711,679	9,851,669
Intangibles	10.2	848,282	922,212
		10,559,961	10,773,881
Provision against operating fixed assets		(35,597)	(35,597)
		<u>10,741,723</u>	<u>11,019,555</u>
<b>10.1 Property and equipment</b>			
Book value at beginning of the period / year		9,851,669	7,978,711
Cost of additions / revaluation during the period / year		953,794	2,729,760
Book value of deletions / transfers during the period / year		(19,501)	(16,059)
Depreciation charge for the period / year		(1,072,851)	(832,755)
Book value of adjustments during the period / year		(1,432)	(7,988)
Book value at end of the period / year		<u>9,711,679</u>	<u>9,851,669</u>
<b>10.1.1</b>	During the period the Bank has changed the depreciation method on computer equipments from diminishing balance method to straight line method. This change in accounting estimate has been accounted for prospectively as per International Accounting standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in this unconsolidated condensed interim financial information. Had the depreciation method not changed, the written down value of operating fixed assets and profit before tax would have been higher by Rs. 369 million.		
		(Un-audited) September 30, 2017	(Audited) December 31, 2016
		(Rupees in thousand)	
<b>10.2 Intangibles</b>			
Book value at beginning of the period / year		922,212	977,898
Cost of additions during the period / year		72,732	123,155
Amortization charge for the period / year		(146,662)	(180,792)
Book value of adjustments during the period / year		-	1,951
Book value at end of the period / year		<u>848,282</u>	<u>922,212</u>
<b>11. BORROWINGS</b>			
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
- Export refinance scheme		9,248,011	9,712,571
- Long term financing facility		4,415,200	3,165,516
- Financing facility for storage of agricultural produce		10,000	12,500
- Financing power plants using renewable energy		98,762	-
		13,771,973	12,890,587
Repo borrowings			
- State Bank of Pakistan		11,143,715	67,078,365
- Financial Institutions		13,030,268	6,211,169
		24,173,983	73,289,534
Unsecured			
- Call borrowings		3,399,297	2,795,562
- Overdrawn balance with other banks		527,456	-
		41,872,709	88,975,683
Outside Pakistan - foreign currencies			
- Overdrawn nostro accounts - unsecured		780,852	286,105
		<u>42,653,561</u>	<u>89,261,788</u>

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

For the nine months ended September 30, 2017

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	81,399,728	87,044,527
Savings deposits	300,072,869	249,395,839
Current accounts - remunerative	844,917	753,080
Current accounts - non-remunerative	136,756,505	125,245,992
Special exporters' account	61,856	31,934
Margin accounts	3,819,808	3,080,895
Others	1,038,002	1,205,111
Financial institutions		
Remunerative deposits	2,738,453	5,860,112
Non - Remunerative deposits	635,519	193,845
	<u>527,367,657</u>	<u>472,811,335</u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Others	<u>10,339,378</u>	<u>9,657,366</u>
<b>13.2 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	448,884	487,585
Contingent liability in respect of guarantees given, favouring:		
i) Government	97,913,673	72,129,895
ii) Banks and other financial institutions	8,805,568	10,650,624
iii) Others	38,142,554	29,125,937
	<u>144,861,795</u>	<u>111,906,456</u>
	<u>145,310,679</u>	<u>112,394,041</u>
These include guarantees amounting to Rs. 1,159,274 thousand (December 31, 2016: Rs. 1,143,046 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, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>13.3 Trade-related contingent liabilities</b>	<u>160,399,366</u>	<u>111,801,548</u>
<b>13.4 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.	<u>913,035</u>	<u>790,979</u>

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

For the nine months ended September 30, 2017

	(Un-audited) September 30, 2017 (Rupees in thousand)	(Audited) December 31, 2016
<b>13.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	-	4,001,864
Sale and repurchase agreements	24,238,290	73,375,556
<b>13.6 Commitments in respect of forward exchange contracts</b>		
Purchase	34,594,968	20,227,932
Sale	16,293,108	8,010,521
The above commitments have maturities falling within one year.		
<b>13.7 Commitments in respect of forward purchase / sale of securities</b>		
Purchase	263,524	-
<b>13.8 Commitments for acquisition of operating fixed assets</b>	116,386	237,735
<b>13.9 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	16,087,332	18,532,793
<b>13.10 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited	281,640	281,640
<b>13.11 Bills for collection</b>		
Payable in Pakistan	2,060,489	1,557,837
Payable outside Pakistan	15,311,931	13,712,443
	17,372,420	15,270,280

## 14. TAX STATUS

- i) The Bank has filed tax returns for and up to tax year 2016 (year ended 31 December 2015). The assessments for and up to tax year 2016 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. The matter of provision against doubtful debts has been decided in favour of the Bank for and up to tax year 2006 up to the level of Appellate Tribunal Inland Revenue [ATIR] whereas partial relief has been provided by the Commissioner Inland Revenue (Appeals) [CIR(A)] on other matters. The Bank and the tax department have filed appeals and reference applications to the higher forums in relation to matters not decided in their favour.

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.

- iii) Super tax at the rate of 4 percent of the taxable income levied through Finance Act 2015 has also been extended for the tax year 2017.

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

For the nine months ended September 30, 2017

### 15. 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.

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 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 Bank has adopted revaluation model (as per IAS 16) in respect of land and non-banking assets acquired in satisfaction of claims.

September 30, 2017 (Un-audited)			
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial Assets:</b>			
Available for sale securities			
Market Treasury Bills	-	98,026,263	-
Pakistan Investment Bonds	-	166,667,257	-
Fully paid ordinary shares / units	3,667,565	-	18,360
Units of open end mutual funds	-	1,463,441	-
Fully paid preference shares	79,545	-	-
Term Finance Certificates	704,343	3,667,559	-
Sukuk Certificates	-	12,000,413	-
Commercial Papers	-	-	249,592
Foreign Government Bonds	-	220,042	-
Government of Pakistan Euro Bonds	-	552,739	-
	<u>4,451,453</u>	<u>282,597,714</u>	<u>267,952</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	-	-	4,868,333
	<u>-</u>	<u>-</u>	<u>9,658,060</u>

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

For the nine months ended September 30, 2017

	December 31, 2016 (Audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial Assets:</b>			
Available for sale securities			
Market Treasury Bills	-	107,500,863	-
Pakistan Investment Bonds	-	165,063,124	-
Fully paid ordinary shares / units	4,338,233	-	-
Units of open end mutual funds	-	1,942,061	-
Fully paid preference shares	89,845	-	-
Term Finance Certificates	707,070	2,513,486	-
Sukuk Certificates	-	9,510,858	-
Government of Pakistan Euro Bonds	-	664,619	-
	<u>5,135,148</u>	<u>287,195,011</u>	<u>-</u>

### 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	-	-	4,938,757
	<u>-</u>	<u>-</u>	<u>9,728,484</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. There were no transfers between levels 1 and 2 during the period.

## 16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Rupees in thousand)					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services
	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
Total expenses	26,692	13,678,741	1,223,761	10,111,359	10,508	3,470
Net income	229,366	2,375,664	17,996	4,131,797	90,292	29,821
	For the nine months ended September 30, 2016 - (Un-audited)					
Total income	228,962	18,044,364	805,757	12,855,975	146,243	30,208
Total expenses	20,718	14,406,875	901,555	9,888,053	13,233	2,733
Net income / (loss)	208,244	3,637,489	(95,798)	2,967,922	133,010	27,475
	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
Segment Non Performing Loans	-	-	2,230,952	24,821,545	-	-
Segment Provision Required	-	1,449,357	2,430,838	24,240,110	-	-
Segment Liabilities	2,235	28,452,293	337,935	565,098,915	880	291
Segment return on 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
	As at September 30, 2016 - (Un-audited)					
Segment Assets (Gross)	143,138	343,396,319	12,470,323	255,960,900	91,426	18,885
Segment Non Performing Loans	-	-	2,261,822	27,452,707	-	-
Segment Provision Required	-	1,512,116	2,316,528	26,637,391	-	-
Segment Liabilities	1,665	52,628,866	252,273	496,721,232	1,064	220
Segment return on assets (%)	0.03	2.08	0.09	1.53	0.02	0.00
Segment cost of funds (%)	0.00	1.72	0.11	1.20	0.00	0.00



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

For the nine months ended September 30, 2017

### 17. 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, 2016: 71.91%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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, 2017 are as follows:

	(Rupees in thousand)					
	September 30, 2017 - (Un-audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiary	Other related parties
Balances outstanding as at						
Advances						
Secured	1,067,331	416,016	-	2,573,968	-	-
Un-secured	-	8,981	1,271	-	-	-
Mark-up receivable	-	66,319	-	37,134	-	-
Deposits	4,215,647	139,458	9,358	7,444,579	8,228	2,232,024
Mark-up payable	18,974	657	11	9,864	-	3,178
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	376,846	-	-
Investments in shares	-	-	-	24,040	-	-
Security deposits payable	494	218	-	9,934	-	-
Security deposits receivable	3,600	-	-	-	-	-
Assets held for sale	-	-	-	-	80,720	-
Contribution payable to employees funds	-	-	-	-	-	404,452
	December 31, 2016 - (Audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiaries	Other related parties
Balances outstanding as at						
Advances						
Secured	799,921	305,484	-	4,534,697	-	-
Un-secured	-	6,425	114	-	-	-
Mark-up receivable	4,181	46,426	-	16,645	-	-
Deposits	4,792,289	147,552	13,377	7,296,044	9,008	1,106,985
Mark-up payable	11,569	1,249	15	12,170	-	313
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	187,164	-	-
Investments in shares	-	-	-	1,883,558	-	-
Security deposits payable	494	1,165	-	8,665	-	-
Security deposits receivable	3,600	-	-	-	-	-
Assets held for sale	-	-	-	-	261,762	-
Contribution payable to employees funds	-	-	-	-	-	384,364

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

For the nine months ended September 30, 2017

(Rupees in thousand)

September 30, 2017 - (Un-audited)					
Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiary	Other related parties
Transactions during the nine months ended					
- Mark-up / interest earned	32,037	8,941	105	199,277	-
- Net mark-up / interest expensed	184,000	3,263	261	286,851	144
- Contributions to employees' funds	-	-	-	-	74,807
- Rent of property / service charges paid	10,169	-	-	-	-
- Dividend income	-	-	-	-	-
- Remuneration and allowances paid	-	372,094	-	-	2,971
- Post employment benefits	-	22,550	-	-	-
- Fee, commission and brokerage income	60	-	-	1,591	-
- Fee, commission and brokerage paid	-	-	-	60	-
- Dividend paid	1,359,423	133	2	-	11,745
- Fees paid	-	250	3,513	-	-
- Gain on sale of assets held for sale	-	-	-	216,000	-

(Rupees in thousand)

September 30, 2016 - (Un-audited)					
Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiaries	Other related parties
Transactions during the nine months ended					
- Mark-up / interest earned	37,262	6,114	-	269,024	-
- Net mark-up / interest expensed	99,525	3,486	670	359,330	328
- Contributions to employees' funds	-	-	-	-	378,691
- Rent of property / service charges paid	8,799	-	-	-	-
- Dividend income	-	-	-	124,555	-
- Remuneration and allowances paid	-	304,563	-	-	2,954
- Post employment benefits	-	19,963	-	-	-
- Fee, commission and brokerage income	145	-	-	1,758	-
- Fee, commission and brokerage paid	-	-	-	281	-
- Dividend paid	1,132,852	297	282	-	8,644
- Fees paid	-	1,619	3,500	-	-
- Gain on sale of assets held for sale	-	-	-	-	-

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

### 18. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in this unconsolidated condensed interim financial information except amounts of Rs. 81,809 thousand and Rs. 16,332 thousand for the period ended September 30, 2016, which have been reclassified from mark-up / return / interest earned to fee, commission and brokerage income and other income respectively.

### 19. NON ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on October 17, 2017 has announced an interim dividend of Re. 1.00 per share.

### 20. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on October 17, 2017.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

# Islamic Banking Business - Statement of Financial Position

Annexure  
(1 of 4)

As at September 30, 2017

The Bank is operating 94 Islamic banking branches including 3 Sub branches as at nine months ended September 30, 2017 (Decemeber 31, 2016: 94 Islamic banking branches including 3 Sub branches).

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		2,601,633	3,230,575
Balances with other banks		1,734,110	2,452,684
Due from Financial Institutions		700,000	2,330,023
Investments		6,771,148	4,704,085
Islamic financing and related assets	A - 1	31,221,622	25,668,630
Operating fixed assets		624,836	613,394
Other assets		1,103,250	1,862,503
Total Assets		44,756,599	40,861,894
<b>LIABILITIES</b>			
Bills payable		657,223	748,865
Due to financial institutions		800,000	2,018,000
Deposits and other accounts			
-Current accounts		12,534,201	10,962,873
-Saving accounts	A - 2	17,857,306	15,016,974
-Term deposits		4,901,253	5,491,734
-Others		389,363	596,703
-Deposit from financial institutions - remunerative		1,333,213	2,343,783
-Deposits from financial institutions - non-remunerative		5,726	2,650
Due to head office		1,868,060	-
Other liabilities		1,760,518	1,162,362
		42,106,863	38,343,944
<b>Net Assets</b>		<b>2,649,736</b>	<b>2,517,950</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		3,250,000	2,875,000
Unappropriated loss		(601,451)	(381,679)
		2,648,549	2,493,321
Surplus on revaluation of assets		1,187	24,629
		2,649,736	2,517,950
<b>Remuneration to Shariah Board</b>		<b>2,971</b>	<b>3,937</b>
<b>A - 1 Islamic Financing and Related Assets</b>			
Murabaha		5,316,334	4,437,947
Ijara		4,494,413	3,683,567
Musharaka		7,686,537	4,055,450
Diminishing Musharaka		8,702,415	9,005,528
Salam		2,293,654	1,664,736
Istisna		1,987,698	1,604,148
Other islamic modes		1,114,537	1,543,411
		31,595,588	25,994,787
Total provision		(373,966)	(326,157)
	A - 1.1	31,221,622	25,668,630

A - 1.1 Islamic Mode of Financing

(Rupees in thousand)

	September 30, 2017 - (Un-audited)							(Rupees in millions)
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	4,619,221	4,201,026	7,686,537	8,700,165	2,293,654	1,377,502	64,537	28,942,642
Advance	697,113	293,387	-	2,250	-	-	-	992,750
Inventory	-	-	-	-	-	610,196	-	610,196
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	1,050,000	1,050,000
	5,316,334	4,494,413	7,686,537	8,702,415	2,293,654	1,987,698	1,114,537	31,595,588
Provision	(95,532)	(127,268)	-	(142,598)	(8,568)	-	-	(373,966)
Total	5,220,802	4,367,145	7,686,537	8,559,817	2,285,086	1,987,698	1,114,537	31,221,622

(Rupees in thousand)

	December 31, 2016 - (Audited)							(Rupees in millions)
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	4,287,491	3,178,034	4,055,450	9,005,328	1,664,736	1,582,536	61,111	23,834,686
Advance	150,456	505,533	-	200	-	-	-	656,189
Inventory	-	-	-	-	-	21,612	-	21,612
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	1,482,300	1,482,300
	4,437,947	3,683,567	4,055,450	9,005,528	1,664,736	1,604,148	1,543,411	25,994,787
Provision	(92,192)	(127,786)	-	(101,422)	(4,757)	-	-	(326,157)
Total	4,345,755	3,555,781	4,055,450	8,904,106	1,659,979	1,604,148	1,543,411	25,668,630

A - 2 These includes remunerative current accounts of Rs. 844,917 thousand (December 31, 2016: Rs.753,080 thousand).

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

For the nine months ended September 30, 2017

Annexure  
(3 of 4)

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
Profit / return earned on financings, investment and placements	1,937,216	1,652,089
Return on deposits and other dues expensed	913,444	776,794
Net spread earned	1,023,772	875,295
Provision against non-performing financings	47,809	27,115
Provision / (reversal of provision) for diminution in the value of investments	56,110	(29,069)
	103,919	(1,954)
Income after provisions	919,853	877,249
<b>Other Income</b>		
Fee, commission and brokerage Income	82,031	72,519
Income from dealing in foreign currencies	3,864	7,034
Capital gain on sale of securities	-	400
Other income	24,968	17,494
Total other income	110,863	97,447
	1,030,716	974,696
<b>Other expenses</b>		
Administrative expenses	1,214,496	991,639
Other provisions / write offs	34,842	-
Other charges	1,150	30
Total other expenses	1,250,488	991,669
	(219,772)	(16,973)
Extra ordinary / unusual items	-	-
Loss before taxation	(219,772)	(16,973)



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

As at September 30, 2017

Annexure  
(4 of 4)

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>Opening balance</b>	9,257	5,975
<b>Additions during the period</b>		
- received from customers on delayed payments	6,094	7,924
- non shariah compliant income	99	25
- profit on charity account	2	2
- others	70	117
	6,265	8,068
<b>Payments / utilization during the period</b>		
- education	(1,500)	-
- community welfare (provision of clean drinking water)	(3,700)	(1,040)
- health	(1,802)	(2,719)
- orphanage	(1,027)	(1,027)
	(8,029)	(4,786)
<b>Closing balance</b>	7,493	9,257

ASKARI BANK LIMITED  
& ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017

(UN-AUDITED)

# Consolidated Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2017

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		48,922,802	42,568,141
Balances with other banks		4,748,945	5,845,748
Lendings to financial institutions		3,330,762	6,836,584
Investments	8	292,486,345	295,846,254
Advances	9	246,642,673	235,163,922
Operating fixed assets	10	10,741,723	11,019,555
Other assets		20,167,104	21,596,324
		627,040,354	618,876,528
Assets attributable to discontinued operations	11	308,176	796,570
		627,348,530	619,673,098
<b>Liabilities</b>			
Bills payable		8,633,051	8,579,809
Borrowings	12	42,653,561	89,261,788
Deposits and other accounts	13	527,366,423	472,803,094
Sub-ordinated loans		4,993,000	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		350,486	526,430
Other liabilities		9,894,793	10,386,352
		593,891,314	586,552,273
Liabilities associated with discontinued operations	11	115,234	267,254
		594,006,548	586,819,527
<b>Net Assets</b>		33,341,982	32,853,571
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves		11,905,350	8,855,953
Unappropriated profit		3,142,282	4,090,445
		27,650,234	25,549,000
Non-controlling interest		45,291	37,908
		27,695,525	25,586,908
Surplus on revaluation of assets - net of tax			
Continued operations		5,625,955	7,219,456
Discontinued operations		20,502	47,207
		33,341,982	32,853,571

## Contingencies and Commitments

14

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.

- 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, 2017

Note	For the nine months ended		For the quarter ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)			
<b>Mark-up / return / interest earned</b>	26,962,711	26,296,045	9,321,464	9,039,589
<b>Mark-up / return / interest expensed</b>	14,943,915	15,344,771	5,137,668	5,307,798
Net mark-up / interest income	12,018,796	10,951,274	4,183,796	3,731,791
Reversal of provision against non-performing loans and advances - net	9.1 (1,240,888)	(580,883)	(171,375)	(56,884)
Impairment loss on available for sale investments	30,047	11,000	-	5,660
Provision / (reversal of provision) for diminution in the value of investments - net	3,869	60,797	26,889	(32,635)
Bad debts written off directly	-	-	-	-
	(1,206,972)	(509,086)	(144,486)	(83,859)
Net mark-up / interest income after provisions	13,225,768	11,460,360	4,328,282	3,815,650
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	1,789,453	1,759,372	670,266	492,994
Dividend income	238,694	239,817	68,109	44,058
Income from dealing in foreign currencies	581,767	537,113	177,719	155,907
Gain on sale of securities - net	1,941,381	2,987,972	430,750	966,147
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	-	-	-	-
Other income	403,961	291,162	132,280	90,570
	4,955,256	5,815,436	1,479,124	1,749,676
Total non mark-up / interest income	18,181,024	17,275,796	5,807,406	5,565,326
<b>Non mark-up / interest expenses</b>				
Administrative expenses	11,303,201	10,199,806	3,898,763	3,626,055
Other provisions / write offs	-	626	-	626
Other charges	168,338	193,920	67,848	48,701
Total non mark-up / interest expenses	11,471,539	10,394,352	3,966,611	3,675,382
	6,709,485	6,881,444	1,840,795	1,889,944
Extra ordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	6,709,485	6,881,444	1,840,795	1,889,944
Taxation - current	1,685,114	1,658,594	738,675	747,770
- prior years'	243,344	266,425	-	-
- deferred	729,281	765,947	(85,889)	(85,025)
	2,657,739	2,690,966	652,786	662,745
<b>Profit after taxation - contiuied operations</b>	4,051,746	4,190,478	1,188,009	1,227,199
<b>Profit after taxation - discontinued operations</b>	11 30,955	18,745	(193)	(2,374)
	4,082,701	4,209,223	1,187,816	1,224,825
Attributable to:				
Equity holders of the Bank	4,075,318	4,206,894	1,188,650	1,224,845
Non-controlling interest	7,383	2,329	(834)	(20)
	4,082,701	4,209,223	1,187,816	1,224,825

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.

- 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, 2017

	For the nine months ended		For the quarter ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)			
<b>Profit after taxation</b>	4,082,701	4,209,223	1,187,816	1,224,825
<b>Other comprehensive income</b>				
Items that are or may be reclassified subsequently to profit and loss account				
Exchange difference on translation of net investment in Wholesale Bank Branch	5,903	(7,063)	4,345	(1,013)
Items that will not be reclassified to profit and loss account				
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,963	-	1,963	-
Remeasurement of defined benefit plan	(137,842)	(193,427)	-	-
Related tax on remeasurement of defined benefit plan	48,245	67,699	-	-
Remeasurement of defined benefit plan - net of tax	(89,597)	(125,728)	-	-
Remeasurement of defined benefit plan - (Discontinued operations) - net of tax	-	(1,532)	-	(23)
Comprehensive income - transferred to statement of changes in equity	4,000,970	4,074,900	1,194,124	1,223,789
<b>Components of comprehensive income not reflected in equity</b>				
Items that are or may be reclassified subsequently to profit and loss account				
Surplus on revaluation of assets - net of tax				
Continued operations	(1,591,538)	1,301,411	(1,471,366)	(968,706)
Discontinued operations	(26,705)	1,335	(4,632)	(1,849)
<b>Total comprehensive income</b>	<u>2,382,727</u>	<u>5,377,646</u>	<u>(281,874)</u>	<u>253,234</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	2,382,287	5,375,368	(279,836)	253,740
Non-controlling interest	440	2,278	(2,038)	(506)
	<u>2,382,727</u>	<u>5,377,646</u>	<u>(281,874)</u>	<u>253,234</u>
Total comprehensive income arises from:				
Continued operations	2,378,477	5,359,098	(277,049)	257,480
Discontinued operations	4,250	18,546	(4,825)	(4,246)
	<u>2,382,727</u>	<u>5,377,646</u>	<u>(281,874)</u>	<u>253,234</u>

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.

- 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, 2017

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	6,709,485	6,881,444
Less: dividend income	(238,694)	(239,817)
	<u>6,470,791</u>	<u>6,641,627</u>
Adjustments:		
Depreciation / amortization	1,219,513	745,190
Reversal of provision against non-performing advances - net	(1,240,888)	(580,883)
Impairment loss on available for sale investments	30,047	11,000
Provision for diminution in the value of investments - net	3,869	60,797
Charge for defined benefit plan	233,152	201,847
Other provisions / write offs	-	626
Loss on sale of operating fixed assets	4,586	816
	<u>250,279</u>	<u>439,393</u>
(Increase) / decrease in operating assets	6,721,070	7,081,020
Lendings to financial institutions	6,205,822	(133,530)
Held for trading securities	-	(32,292)
Advances	(10,169,402)	(7,020,571)
Other assets (excluding advance taxation)	2,212,916	3,081,468
	<u>(1,750,664)</u>	<u>(4,104,925)</u>
Increase / (decrease) in operating liabilities		
Bills payable	53,242	6,315,444
Borrowings	(46,608,227)	1,682,224
Deposits and other accounts	54,563,329	29,501,591
Other liabilities (excluding current taxation)	(532,785)	1,318,895
	<u>7,475,559</u>	<u>38,818,154</u>
Discontinued operations	(2,614)	140,708
Cash generated from operations	<u>12,443,351</u>	<u>41,934,957</u>
Payment made to defined benefit plan	(350,884)	-
Income tax paid	(2,731,773)	(1,768,745)
Net cash inflow from operating activities	<u>9,360,694</u>	<u>40,166,212</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	2,530,603	(36,467,158)
Net investments in held to maturity securities	(1,653,131)	(227,608)
Dividend income	187,721	211,111
Investments in operating fixed assets - net of adjustment	(964,046)	(1,095,921)
Sale proceeds of operating fixed assets disposed off	14,915	5,901
Discontinued operations	346,251	(10,126)
Net cash inflow / (outflow) from investing activities	<u>462,313</u>	<u>(37,583,801)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(1,800)	(1,800)
Dividends paid	(1,869,252)	(1,560,494)
Net cash used in financing activities	<u>(1,871,052)</u>	<u>(1,562,294)</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	5,903	(7,063)
<b>Increase in cash and cash equivalents</b>	<u>7,957,858</u>	<u>1,013,054</u>
Cash and cash equivalents at beginning of the period	48,413,889	38,044,158
Cash and cash equivalents at end of the period	<u>56,371,747</u>	<u>39,057,212</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	48,922,802	32,808,051
Balances with other banks	4,748,945	5,149,161
Call money lendings	2,700,000	1,100,000
	<u>56,371,747</u>	<u>39,057,212</u>

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.

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Director

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Director

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Chairman

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

For the nine months ended September 30, 2017

	(Rupees in thousand)								
	Share Capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue reserve		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
Balance as at January 01, 2016	12,602,602	100,829	234,669	5,711,187	399,203	2,948,581	21,997,071	35,580	22,032,651
Transfer to General reserve	-	-	-	-	2,948,581	(2,948,581)	-	-	-
Total comprehensive income for the nine months ended September 30, 2016									
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	4,206,894	4,206,894	2,329	4,209,223
Other comprehensive income related to equity	-	(7,063)	-	-	-	(127,260)	(134,323)	-	(134,323)
	-	(7,063)	-	-	-	4,079,634	4,072,571	2,329	4,074,900
Transfer to Statutory reserve	-	-	-	837,475	-	(837,475)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)	-	(1,575,325)
Balance as at September 30, 2016	12,602,602	93,766	234,669	6,548,662	1,772,459	3,242,159	24,494,317	37,909	24,532,226
Total comprehensive income for the quarter ended December 31, 2016									
Net profit for the quarter ended December 31, 2016	-	-	-	-	-	1,021,881	1,021,881	205	1,022,086
Other comprehensive income related to equity	-	(255)	-	-	-	33,057	32,802	(206)	32,596
	-	(255)	-	-	-	1,054,938	1,054,683	(1)	1,054,682
Transfer to statutory reserve	-	-	-	206,652	-	(206,652)	-	-	-
Balance as at December 31, 2016	12,602,602	93,511	234,669	6,755,314	1,772,459	4,090,445	25,549,000	37,908	25,586,908
Transfer to general reserve	-	-	-	-	4,090,445	(4,090,445)	-	-	-
Total comprehensive income for the nine months ended September 30, 2017									
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)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)	-	(1,890,390)
Balance as at September 30, 2017	12,602,602	99,414	234,669	7,598,753	3,972,514	3,142,282	27,650,234	45,291	27,695,525

The annexed notes 1 to 21 form an integral part of this consolidated condensed interim financial information.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the nine months ended September 30, 2017

### 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, 2017. The ultimate parent of the Bank is Fauji Foundation. The Bank has 501 branches (December 31, 2016: 501 branches); 500 in Pakistan and Azad Jammu and Kashmir, including 91 (December 31, 2016: 91) Islamic Banking branches, 36 (December 31, 2016: 36) 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

This consolidated condensed interim financial information has 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

This consolidated condensed interim financial information of the Group for the nine months ended September 30, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the repealed Companies Ordinance, 1984, 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 repealed Companies Ordinance, 1984, 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.

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 dated October 4, 2017 has clarified that the companies whose financial year, including interim period, closes on or before December 31, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

### 4. BASIS OF PRESENTATION

This consolidated condensed interim financial information has been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's 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, this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2016.

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.



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

For the nine months ended September 30, 2017

The purchases and sales arising under these arrangements are not reflected in this consolidated condensed interim financial information 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 this consolidated condensed interim financial information 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 information.

This consolidated condensed interim financial information is 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 this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2016.

Amendments and interpretations to approved accounting standards effective from January 1, 2017 are not expected to have a material impact on this consolidated condensed interim financial information.

### 6. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2016 except for the following.

During the period the Group has changed the depreciation method on computer equipments from diminishing balance method to straight line method. This change in accounting estimate has been accounted for prospectively as per International Accounting standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in this consolidated condensed interim financial information. Impact has been disclosed in note 10.1.1 to this consolidated condensed interim financial information.

### 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, 2016.

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

For the nine months ended September 30, 2017

## 8. INVESTMENTS

### 8.1 Investments by types

Available for sale securities

	September 30, 2017 - (Un-audited)			December 31, 2016 - (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
Market Treasury Bills	90,026,200	7,978,792	98,004,992	49,646,772	57,836,770	107,483,542
Pakistan Investment Bonds	150,170,562	14,147,986	164,318,548	146,624,821	14,696,132	161,320,953
Fully paid ordinary shares / units	4,404,571	-	4,404,571	4,154,102	-	4,154,102
Units of open end mutual funds	1,391,886	-	1,391,886	1,782,635	-	1,782,635
Fully paid preference shares	27,314	-	27,314	50,100	-	50,100
Term Finance Certificates	5,652,780	-	5,652,780	4,525,616	-	4,525,616
Sukuk Certificates	12,513,813	-	12,513,813	9,933,974	-	9,933,974
Commercial Papers	249,592	-	249,592	-	-	-
Foreign Government Bonds	218,918	-	218,918	-	-	-
Government of Pakistan Euro Bonds	550,829	-	550,829	642,971	-	642,971
	265,206,465	22,126,778	287,333,243	217,360,991	72,532,902	289,893,893

Held to maturity securities

Government of Pakistan Euro Bonds	887,023	2,009,492	2,896,515	2,690,386	-	2,690,386
Sukuk Certificates	1,847,126	535,585	2,382,711	935,709	-	935,709
	2,734,149	2,545,077	5,279,226	3,626,095	-	3,626,095

Investments at cost

	267,940,614	24,671,855	292,612,469	220,987,086	72,532,902	293,519,988
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Provision for diminution in value of investments

	(1,937,798)	-	(1,937,798)	(1,933,928)	-	(1,933,928)
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Investments - net of provisions

	266,002,816	24,671,855	290,674,671	219,053,158	72,532,902	291,586,060
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Surplus on revaluation of available for

sale securities - net	1,784,251	27,423	1,811,674	4,380,259	(120,065)	4,260,194
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Total investments

	267,787,067	24,699,278	292,486,345	223,433,417	72,412,837	295,846,254
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8.2 The Group has availed the relaxation of Rs. Nil (December 31, 2016: Rs. 22,565 thousand) allowed by the SBP against booking of impairment loss as required under paragraph No. 4(a) of Regulation R-8 of Prudential Regulations.

	(Un-audited) September 30, 2017	(Audited) December 31, 2016

## 9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan	214,007,359	216,085,202
Outside Pakistan	6,465,148	3,345,613
	220,472,507	219,430,815

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

Net Investment in finance lease - in Pakistan	31,595,588	25,994,787
	8,661,961	8,138,098

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	6,082,178	3,797,182
Payable outside Pakistan	5,548,885	4,762,374
	11,631,063	8,559,556

Advances - gross

Provision for non-performing advances - note 9.1

Specific provision	(25,064,026)	(26,353,791)
General provision	(239,151)	(236,944)
General provision against consumer loans	(415,269)	(368,599)
	(25,718,446)	(26,959,334)
Advances - net of provision	246,642,673	235,163,922

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

For the nine months ended September 30, 2017

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

	(Rupees in thousand)							
	September 30, 2017 - (Un-audited)				December 31, 2016 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
Opening balance	26,353,791	236,944	368,599	26,959,334	28,048,973	196,941	236,272	28,482,186
Charge for the period / year	596,811	25,158	57,629	679,598	1,198,881	56,299	147,073	1,402,253
Reversal for the period / year	(1,886,576)	(22,951)	(10,959)	(1,920,486)	(2,100,652)	(16,296)	(14,746)	(2,131,694)
Net (reversal) / charge for the period / year	(1,289,765)	2,207	46,670	(1,240,888)	(901,771)	40,003	132,327	(729,441)
Amounts written off	-	-	-	-	(234)	-	-	(234)
Amounts charged off - agri loans					(793,177)			(793,177)
Closing balance	25,064,026	239,151	415,269	25,718,446	26,353,791	236,944	368,599	26,959,334

**9.2** The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 271,883 thousand, which has resulted in increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 271,883 thousand (2016: Rs. 268,678 thousand) and Rs. 176,724 thousand (2016: Rs. 174,641 thousand) respectively. Further, at September 30, 2017, cumulative net of tax benefit of FSV is Rs. 735,353 thousand (December 31, 2016: Rs. 912,077 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

**9.3** The Group has availed the relaxation of Rs. 5,802,460 thousand (December 31, 2016: Rs. 102,460 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

**9.4** Advances include Rs. c thousand (December 31, 2016: Rs. 28,534,630 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Rupees in thousand)				
	September 30, 2017 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned 9.4.1	185,123	-	185,123	-	-
Substandard	194,799	-	194,799	22,488	22,488
Doubtful	839,005	-	839,005	212,816	212,816
Loss	25,833,570	-	25,833,570	24,828,722	24,828,722
	27,052,497	-	27,052,497	25,064,026	25,064,026

  

Category of classification	December 31, 2016 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned 9.4.1	224,002	-	224,002	-	-
Substandard	215,562	-	215,562	31,481	31,481
Doubtful	576,104	-	576,104	216,967	216,967
Loss	27,518,962	-	27,518,962	26,105,343	26,105,343
	28,534,630	-	28,534,630	26,353,791	26,353,791

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

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

For the nine months ended September 30, 2017

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
		(Rupees in thousand)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		217,359	281,271
Property and equipment	10.1	9,711,679	9,851,669
Intangibles	10.1	848,282	922,212
		10,559,961	10,773,881
Provision against operating fixed assets		(35,597)	(35,597)
		<u>10,741,723</u>	<u>11,019,555</u>

### 10.1

#### Property and equipment

Book value at beginning of the period / year	9,851,669	8,008,159
Cost of additions / revaluation during the period / year	953,794	2,729,760
Book value of deletions / transfers during the period / year	(19,501)	(45,150)
Depreciation charge for the period / year	(1,072,851)	(832,755)
Book value of adjustments during the period / year	(1,432)	(8,345)
Book value at end of the period / year	<u>9,711,679</u>	<u>9,851,669</u>

- 10.1.1 During the period the Group has changed the depreciation method on computer equipments from diminishing balance method to straight line method. This change in accounting estimate has been accounted for prospectively as per International Accounting standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in this consolidated condensed interim financial information. Had the depreciation method not changed, the written down value of operating fixed assets and profit before tax would have been higher by Rs. 369 million.

### 10.2 Intangibles

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
Book value at beginning of the period / year	922,212	996,590
Cost of additions during the period / year	72,732	123,155
Amortization charge for the period / year	(146,662)	(180,792)
Book value of adjustments during the period / year	-	(16,741)
Book value at end of the period / year	<u>848,282</u>	<u>922,212</u>

## 11. DISCONTINUED OPERATIONS

- 11.1 The Bank had two subsidiary companies namely Askari Investment Management Limited (AIML) and Askari Securities Limited (ASL) which were classified as held for sale as at December 31, 2016. During the period, the Bank has sold one of its subsidiary company namely AIML at a total consideration of Rs. 551 million. Resultantly, the Bank's investment in AIML has been declassified in this consolidated condensed interim financial information. An analysis of the assets and liabilities attributable to discontinued operations at the balance sheet date is as follows:

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

For the nine months ended September 30, 2017

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>11.1.1 Assets attributable to discontinued operations</b>		
Cash and balances with treasury banks	-	-
Balances with other banks	149,289	151,394
Lendings to financial institutions	-	-
Investments	41,036	387,960
Advances	810	6,634
Operating fixed assets	21,348	42,748
Deferred tax assets	-	8,354
Other assets	95,693	199,480
	<u>308,176</u>	<u>796,570</u>

### Liabilities associated with discontinued operations

Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Other liabilities	115,234	267,254
	<u>115,234</u>	<u>267,254</u>

### 11.1.2 Financial Performance

#### Mark-up / return / interest earned

#### Mark-up / return / interest expensed

#### Net mark-up / interest income

#### 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

#### Non mark-up / interest income

#### Fee, commission and brokerage income

#### Dividend income

#### Income from dealing in foreign currencies

#### Gain / (loss) on sale of securities - net

#### Unrealised gain / (loss) on revaluation of investments

#### classified as held for trading - net

#### Other income

#### Total non-markup / interest income

	For the nine months ended		For the quarter ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)			
Mark-up / return / interest earned	647	10	343	4
Mark-up / return / interest expensed	-	-	-	-
Net mark-up / interest income	<u>647</u>	<u>10</u>	<u>343</u>	<u>4</u>
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	<u>647</u>	<u>10</u>	<u>343</u>	<u>4</u>
Non mark-up / interest income				
Fee, commission and brokerage income	32,707	146,522	9,503	42,585
Dividend income	240	11,604	-	-
Income from dealing in foreign currencies	-	-	-	-
Gain / (loss) on sale of securities - net	32,357	14,561	(634)	6,857
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	-	(3,003)	-	3,533
Other income	309	7,295	158	2,017
Total non-markup / interest income	<u>65,613</u>	<u>176,979</u>	<u>9,027</u>	<u>54,992</u>

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

For the nine months ended September 30, 2017

	For the nine months ended		For the quarter ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in thousand)			
<b>Non mark-up / interest expenses</b>				
Administrative expenses	36,924	141,884	11,245	47,148
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-markup / interest expenses	36,924	141,884	11,245	47,148
Extraordinary / unusual items	-	-	-	-
<b>Profit / (loss) before taxation</b>	29,336	35,105	(1,875)	7,848
Taxation - current	1,906	(15,651)	2,160	(9,513)
- prior years	-	-	-	-
- deferred	(287)	(709)	(478)	(709)
	1,619	(16,360)	1,682	(10,222)
<b>Profit / (loss) after taxation</b>	30,955	18,745	(193)	(2,374)
<b>11.1.3 Other comprehensive income</b>				
Profit / (loss) after tax	30,955	18,745	(193)	(2,374)
Deficit on revaluation of assets - net of tax	(26,705)	(197)	(4,632)	(1,872)
Total comprehensive income / (loss)	4,250	18,548	(4,825)	(4,246)
		(Un-audited) September 30, 2017	(Un-audited) September 30, 2016	
<b>11.1.4 Cash flow information</b>		(Rupees in thousand)		
Net cash flows from operating activities		(2,614)	140,708	
Net cash flows from investing activities		346,251	(10,126)	
Net cash flows from financing activities		-	-	
		(Un-audited) September 30, 2017	(Audited) December 31, 2016	
<b>12. BORROWINGS</b>		(Rupees in thousand)		
In pakistan local currency				
Secured				
Borrowings from the State Bank of Pakistan:				
- Export refinance scheme		9,248,011	9,712,571	
- Long term financing facility		4,415,200	3,165,516	
- Financing facility for storage of agricultural produce		10,000	12,500	
- Financing power plants using renewable energy		98,762	-	
		13,771,973	12,890,587	
Repo borrowings				
- State Bank of Pakistan		11,143,715	67,078,365	
- Financial Institutions		13,030,268	6,211,169	
		24,173,983	73,289,534	
Unsecured				
- Call borrowings		3,399,297	2,795,562	
- Overdrawn balance with other banks		527,456	-	
		41,872,709	88,975,683	
Outside Pakistan - foreign currencies				
Overdrawn nostro accounts - unsecured		780,852	286,105	
		42,653,561	89,261,788	

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

For the nine months ended September 30, 2017

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	81,399,728	87,044,527
Savings deposits	300,072,858	249,391,921
Current accounts - remunerative	844,917	753,080
Current accounts - non-remunerative	136,755,282	125,241,669
Special exporters' account	61,856	31,934
Margin accounts	3,819,808	3,080,895
Others	1,038,002	1,205,111
Financial institutions		
Remunerative deposits	2,738,453	5,860,112
Non - Remunerative deposits	635,519	193,845
	<u>527,366,423</u>	<u>472,803,094</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct credit substitutes</b>		
Others	<u>10,339,378</u>	<u>9,657,366</u>
<b>14.2 Transaction-related contingent liabilities</b>		
Money for which the Group 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.	448,884	487,585
Contingent liability in respect of guarantees given, favouring:		
i) Government	97,913,673	72,129,895
ii) Banks and other financial institutions	8,805,568	10,650,624
iii) Others	38,142,554	29,125,937
	<u>144,861,795</u>	<u>111,906,456</u>
	<u>145,310,679</u>	<u>112,394,041</u>
These include guarantees amounting to Rs. 1,159,274 thousand (December 31, 2016: Rs. 1,143,046 thousand) against which the Group is contesting court proceedings and these are not likely to result in any liability against the Group.		
<b>14.3 Trade-related contingent liabilities</b>	<u>160,399,366</u>	<u>111,801,548</u>
<b>14.4 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.	<u>913,035</u>	<u>790,979</u>

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

For the nine months ended September 30, 2017

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>14.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	-	4,001,864
Sale and repurchase agreements	24,238,290	73,375,556
<b>14.6 Commitments in respect of forward exchange contracts</b>		
Purchase	34,594,968	20,227,932
Sale	16,293,108	8,010,521
The above commitments have maturities falling within one year.		
<b>14.7 Commitments in respect of forward purchase / sale of securities</b>		
Purchase	263,524	-
<b>14.8 Commitments for acquisition of operating fixed assets</b>	116,386	237,735
<b>14.9 Commitments to extend credit</b>		
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	16,087,332	18,532,793
<b>14.10 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited.	281,640	281,640
<b>14.11 Bills for collection</b>		
Payable in Pakistan	2,060,489	1,557,837
Payable outside Pakistan	15,311,931	13,712,443
	17,372,420	15,270,280

## 15. TAX STATUS

- i) The Group has filed tax returns for and up to tax year 2016 (year ended 31 December 2015). The assessments for and up to tax year 2016 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. The matter of provision against doubtful debts has been decided in favour of the Group for and up to tax year 2006 up to the level of Appellate Tribunal Inland Revenue [ATIR] whereas partial relief has been provided by the Commissioner Inland Revenue (Appeals) [CIR(A)] on other matters. The Group and the tax department have filed appeals and reference applications to the higher forums in relation to matters not decided in their favour.

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.

- iii) Super tax at the rate of 4 percent of the taxable income levied through Finance Act 2015 has also been extended for the tax year 2017.



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

For the nine months ended September 30, 2017

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

#### 16.1. 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, 2017 (Un-audited)		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>	(Rupees in thousand)		
Available for sale securities			
Market Treasury Bills	-	98,026,263	-
Pakistan Investment Bonds	-	166,667,257	-
Fully paid ordinary shares/ units	3,667,565	-	18,360
Units of open end mutual funds	-	1,463,441	-
Fully paid preference shares	79,545	-	-
Term Finance Certificates	704,343	3,667,559	-
Sukuk Certificates	-	12,000,413	-
Commercial Papers	-	-	249,592
Foreign Government Bonds	-	220,042	-
Government of Pakistan Euro Bonds	-	552,739	-
	<u>4,451,453</u>	<u>282,597,714</u>	<u>267,952</u>

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

For the nine months ended September 30, 2017

September 30, 2017 (Un-audited)			
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<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	-	-	4,868,333
	-	-	9,658,060

December 31, 2016 - (Audited)			
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial Assets</b>			
Available for sale securities			
Market Treasury Bills	-	107,500,863	-
Pakistan Investment Bonds	-	165,063,124	-
Fully paid ordinary shares / units	4,338,233	-	-
Units of open end mutual funds	-	1,942,061	-
Fully paid preference shares	89,845	-	-
Term Finance Certificates	707,070	2,513,486	-
Sukuk Certificates	-	9,510,858	-
Government of Pakistan Euro Bonds	-	664,619	-
	5,135,148	287,195,011	-

<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	-	-	4,938,757
	-	-	9,728,484

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

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

For the nine months ended September 30, 2017

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

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

	(Rupees in thousand)								
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Asset Management	Retail Brokerage	Total
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 / (loss)	229,366	2,375,664	17,996	3,966,346	90,292	29,821	-	29,336	6,738,821
For the nine months ended September 30, 2016 - (Un-audited)									
Total income	228,962	18,044,364	805,757	12,855,975	146,243	30,208	134,360	42,601	32,288,470
Total expenses	20,718	14,406,875	901,555	9,888,053	13,233	2,733	107,631	31,123	25,371,921
Net income / (loss)	208,244	3,637,489	(95,798)	2,967,922	133,010	27,475	26,729	11,478	6,916,549
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	
As at September 30, 2016 - (Un-audited)									
Segment Assets (Gross)	143,138	343,396,319	12,470,323	255,511,112	91,426	18,885	438,269	391,486	612,460,958
Segment Non Performing Loans	-	-	2,261,822	27,452,707	-	-	-	-	29,714,529
Segment Provision Required	-	1,512,116	2,316,528	26,449,364	-	-	-	66,216	30,344,224
Segment Liabilities	1,665	52,628,866	252,273	496,721,232	1,064	220	79,326	179,956	549,864,602
Segment return on net assets (%)	0.16	12.91	0.58	9.20	0.10	0.02	0.10	0.03	
Segment cost of funds (%)	0.02	10.88	0.68	7.47	0.01	0.00	0.08	0.02	

### 24. 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, 2016: 71.91%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds. 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, 2017 are as follows:

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

For the nine months ended September 30, 2017

Balances outstanding as at	(Rupees in thousand)				
	September 30, 2017 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
-Advances					
Secured	1,067,331	416,016	-	2,573,968	-
Un-secured	-	8,981	1,271	-	-
-Mark-up receivable	-	66,319	-	37,134	-
-Deposits	4,215,647	139,458	9,358	7,444,579	2,232,024
-Mark-up payable	18,974	657	11	9,864	3,178
-Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	376,846	-
-Investment in shares	-	-	-	24,040	-
-Security deposits payable	494	218	-	9,934	-
-Security deposits receivable	3,600	-	-	-	-
-Contribution payable to employees funds	-	-	-	-	404,452
-Balances outstanding as at					
	December 31, 2016 - (Audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
-Advances					
Secured	799,921	305,484	-	4,534,697	-
Un-secured	-	6,425	114	-	-
-Mark-up receivable	4,181	46,426	-	16,645	-
-Deposits	4,792,289	147,552	13,377	7,296,044	1,106,985
-Mark-up payable	11,569	1,249	15	12,170	313
-Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	187,164	-
-Investment in shares/ units	-	-	-	2,160,992	-
-Security deposits payable	494	1,165	-	8,665	-
-Security deposits receivable	3,600	-	-	-	-
-Contribution payable to employees funds	-	-	-	-	384,364
-Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	42,509	-
-Management fee and commission receivable from Askari High Yield Scheme	-	-	-	5,675	-
-Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	3,433	-
-Management fee and commission receivable from Askari Asset Allocation Fund	-	-	-	346	-
-Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	3,446	-
-Management fee and commission receivable from Askari Islamic Income Fund	-	-	-	423	-
-Management fee and commission receivable from Askari Islamic Asset Allocation Fund	-	-	-	213	-
-Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	1,991	-
-Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	21,269	-
-Management fee and commission receivable from Askari Sovereign Cash Fund	-	-	-	942	-
-Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	2,706	-
-Management fee and commission receivable from Askari Equity Fund	-	-	-	234	-
-Management fee and commission receivable from Askari Sovereign Yield Enhancer	-	-	-	690	-
-Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer	-	-	-	9,253	-
-Payable to employee funds by AIML	-	-	-	-	1,614

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

For the nine months ended September 30, 2017

Transactions during the nine months ended	(Rupees in thousand)				
	September 30, 2017 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
-Mark-up / interest earned	32,037	8,941	105	199,277	-
-Net mark-up / interest expensed	184,000	3,263	261	286,851	74,807
-Contributions to employees' funds	-	-	-	-	562,587
-Rent of property / service charges paid	10,169	-	179,505	-	-
-Dividend income	-	-	-	-	-
-Remuneration and allowances paid	-	372,094	-	-	2,971
-Post employment benefits	-	22,550	-	-	-
-Fee, commission and brokerage income	60	-	-	1,591	-
-Fee, commission and brokerage paid	-	-	-	60	-
-Dividend paid	1,359,423	133	2	-	11,745
-Fees paid	-	250	3,513	-	-

Transactions during the nine months ended	(Rupees in thousand)				
	September 30, 2016 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
-Mark-up / interest earned	37,262	6,114	-	269,024	-
-Net mark-up / interest expensed	99,525	3,486	670	359,330	32,282
-Contributions to employees' funds	-	-	-	-	388,941
-Investment in shares / units	-	-	-	179,505	-
-Rent of property / service charges paid	8,799	-	-	-	-
-Dividend income	-	-	-	124,555	-
-Dividend paid	1,132,852	297	282	-	8,644
-Remuneration paid	-	304,563	-	-	2,954
-Post employment benefits	-	19,963	-	-	-
-Fee, commission and brokerage income	145	-	-	1,758	-
-Fee, commission and brokerage paid	-	-	-	281	-
-Remuneration received by AIML from AAAF, AHYS, AIAAF, AILF, ASCF and AEF	-	-	-	105,760	-
-Fees paid	-	1,619	3,500	-	-

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

## 19. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in this consolidated condensed interim financial information except amounts of Rs. 81,809 thousand and Rs. 16,332 thousand for the nine months ended September 30, 2016, which have been reclassified from mark-up / return / interest earned to fee, commission and brokerage income and other income respectively.

## 20. NON ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on October 17, 2017 has announced an interim dividend of Re. 1.00 per share.

## 21. DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors on October 17, 2017.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman



**askari**bank  
SAFI



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