

REPORT FOR THE HALF-YEAR ENDED JUNE 30, 2017

# Celebrating Young Talent:

artworks of the next  
generation of painters  
in Pakistan





Shirazi  
2016

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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: <a href="mailto:ir@askaribank.com.pk">ir@askaribank.com.pk</a>
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: <a href="mailto:info@cdcpak.com">info@cdcpak.com</a> Website: <a href="http://www.cdcpakistan.com">www.cdcpakistan.com</a>
Entity Rating	Long Term: AA+ Short Term: A1+ By PACRA
Website	<a href="http://www.akbl.com.pk">www.akbl.com.pk</a>
Social Media	 /askaribankpakistan  /askari_bank

## Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial information for the quarter and six months ended June 30, 2017. The financial results are summarized as under:

	(Rupees in thousand)	
	June 30, 2017	June 30, 2016
Profit before provisions and taxation	3,816,124	4,563,254
Reversal of provision against loans and advances	1,069,513	523,999
Reversal of provision against assets held for sale (Provision / impairment) against investments	153,958 (7,027)	- (98,772)
	<u>1,216,444</u>	<u>425,227</u>
Profit before taxation	5,032,568	4,988,481
Taxation	(2,004,953)	(2,028,221)
Profit after taxation	<u>3,027,615</u>	<u>2,960,260</u>
Basic earning per share - Rupees	<u>2.40</u>	<u>2.35</u>

The Bank earned profit after tax of Rs.3.03 billion for the six months ended June 30, 2017 compared to Rs 2.96 billion for the corresponding period last year, an increase of 2 percent. Earnings per share for the current period are reported at Rs.2.40 compared to Rs. 2.35 for corresponding period of last year.

The aggregate revenues amounting Rs.11.32 billion were maintained at last year's level despite a significant 54 percent reduction in gains from government securities, though this reduction was supplemented by a matching rise in business and core revenues. Net mark-up income increased by a notable 9 percent, contributed by a 2 percent increase in mark-up income and a 2 percent decline in mark-up expense. Aggregate non mark-up revenues declined by 15 percent primarily on account of lesser gains realized from the stock of Pakistan Investment Bonds. Administrative and other expenses increased by 12 percent during the period mainly due to the additional cost of recent branch expansion. During the six months under review the Bank has continued with its strong recovery efforts against nonperforming assets that resulted in a net reversal of provisions amounting to Rs.1.07 billion, a significant improvement over Rs.0.52 billion for the corresponding period of last year. Resultantly, the coverage ratio at current period end improved to 94.8 percent while the ratio of non-performing loans improved to 9.5 percent.

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 six months under review.

Customer deposits increased by 11 percent during the six months under review, closing at Rs 526 billion as compared to Rs 473 billion at last year. Aggregate current and savings deposits increased by 14 percent, while fixed deposits were maintained at last year end's level. Gross advances increased by 10 percent during the current half year and stood at Rs.288 billion at June 30, 2017.

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 has reached 501 branches, including 91 Islamic Banking branches, 36 sub-branches, a Wholesale Banking Branch in Bahrain, and a representative office in Beijing, China.

The environment of low mark-up rates is expected to continue without any significant change in the foreseeable future. Consequently, the Bank will maintain its focus on prudent management of its lending and investment portfolios, mobilization of low cost deposits; thereby mitigating the effect on net spreads, aggressive recovery efforts from delinquent assets and rationalization of administrative and operational expenses with the sole objective of maximizing shareholder returns.

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

Rawalpindi  
August 8, 2017

- sd -

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

## ڈائریکٹرز کی جائزہ رپورٹ

عزیز حصص داران،

ڈائریکٹرز غیر آڈٹ شدہ مختصر عبوری غیر مدغم شدہ مالیاتی معلومات برائے اختتام ششماہی 30 جون 2017 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

30 جون 2017	30 جون 2016
3,816,124	4,563,254
1,069,513	523,999
153,958	-
(7,027)	(98,772)
1,216,444	425,227
5,032,568	4,988,481
(2,004,953)	(2,028,221)
3,027,615	2,960,260
2.40	2.35

پروویژن ویکس سے قلم منافع

قرضوں کے عوض پروویژن کی رپورٹ

فروخت کیلئے اثاثہ جات کے عوض پروویژن کی رپورٹ

سرمایہ کاری کے عوض پروویژن / ایمپیئر منٹ

قلم از ویکس منافع

ویکس

بعد از ویکس منافع

نیا دی آمدنی منافع، روپے

ویکس نے اختتام ششماہی 30 جون 2017 کے عرصے میں 3.03 ارب روپے بعد از ویکس منافع کمایا جو کہ پچھلے سال کی ششماہی مدت میں 2.96 ارب روپے تھا، جو کہ 2 فیصد زیادہ ہے۔ اس مدت کے لیے نئی حصص آمدنی 2.40 روپے رہی جو کہ پچھلے سال کی ششماہی مدت میں 2.35 روپے تھی۔

حکومت سیکورٹیز کی فروخت سے حاصل شدہ آمدنی میں 54 فیصد آمدنی کی باوجود مجموعی آمدنی 11.32 ارب روپے کی گزشتہ سال کی سطح پر برقرار رہی، گواس کی کوکا اور بارود بنیادی آمدنی میں اضافے سے پورا کیا گیا۔ مارک اپ آمدنی میں 2 فیصد اضافے اور مارک اپ اخراجات میں 2 فیصد کمی کی وجہ سے خالص مارک اپ آمدنی میں 9 فیصد قابل ذکر اضافہ دیکھنے میں آیا۔ پاکستان انویسٹمنٹ اینڈ ٹریڈنگ کے سٹاک فروخت کرنے سے حاصل ہونے والا منافع کم کمایا گیا اور اس کی بنیادی وجہ سے مجموعی غیر مارک اپ آمدنی میں 15 فیصد کمی واقع ہوئی۔ حالیہ برائچز میں توقع کے اضافی اخراجات کی وجہ سے اس مدت کے دوران انتظامی اور دوسرے اخراجات میں 12 فیصد اضافہ ہوئی۔ زیر جائزہ ششماہی کے دوران ویکس نے غیر فعال اثاثہ جات کے عوض وصولی کی کوششیں جاری رکھیں جو کہ 1.07 ارب روپے کی پروویژن کی مجموعی رپورٹ پر منتج ہوئی اور یہ گزشتہ سال کی ششماہی مدت کے 0.52 ارب کی رپورٹ کے مقابلے میں بہتر ہے۔ اس کے نتیجے میں حالیہ اختتامی مدت کے دوران کوریج کا تناسب 94.8 فیصد تک پہنچ گیا جبکہ غیر فعال قرضوں کا تناسب میں 9.5 فیصد کمی بہتری دیکھنے میں آئی۔

2015 میں متعارف کروائے گئے سپر ٹیکس لیوی کو فنانس ایکٹ 2017 کے ذریعے برعکس کیا گیا تھا جس کے نتیجے میں زیر جائزہ ششماہی مدت کے دوران عبوری کارپوریٹ ٹیکس کے علاوہ 243 ملین روپے کا اضافی ٹیکس عائد کیا گیا۔

صارفین کی طرف سے جمع کروائی گئی رقم میں اس ششماہی کے اختتام پر 526 ارب روپے کے ساتھ 11 فیصد اضافہ ہوا جو کہ پچھلے سال 473 ارب روپے تھے۔ مجموعی کرنٹ اور سٹیٹنگ ڈیبٹس 14 فیصد بڑھے جبکہ گلسڈ ڈیبٹس کو گزشتہ سال کی اختتامی سطح پر برقرار رکھا گیا۔ رواں ششماہی مدت کے دوران مجموعی قرضہ جات میں 10 فیصد اضافہ ہوا جو کہ 30 جون 2017 کو 288 ارب روپے تھے۔ زیر جائزہ مدت کے دوران پاکستان کرڈٹ ریٹنگ ایجنسی لیٹنڈ (PACRA) کی طرف سے معزز کردہ سگریٹیک کی اسٹیبل ریٹنگ AA+ یہ تسلیم کرتے ہوئے برقرار رکھی گئی کہ اہم ریٹنگ عناصر میں اثاثوں کے معیار میں مسلسل بہتری ہوئی اور سپریڈ کو موثر طور پر منتظم کیا گیا، باوجود کہ اسٹریٹس ریٹس کم تھے۔ مختصر معیاری ریٹنگ A1+ پر برقرار رکھی گئی تھی۔

ہماری برائچز کی تعداد 501 تک پہنچ چکی ہے، جن میں 91 اسلاک برائچز، 36 جلی بلی بڑا بڑا، بحرین میں ہیل بیٹنگ برائچ اور نیچنگ چین میں ایک نمائندہ دفتر شامل ہیں۔

قابل تیس مستقل تکم مارک اپ ریٹس کا ماحول بغیر کسی اہم تبدیلی کے جاری رہنے کی توقع ہے۔ نتیجتاً، ویکس اپنی توجہ دانشمندی سے قرضہ جات اور سرمایہ کاری کی حکمت عملی کے انتظام پر کم اگست والی صارفین کی رقم پر، اس طرح کے خاص سپریڈز پر کم اثرات مرتب ہوں، ناندہندہ اثاثہ جات سے وصولیوں کی جارحانہ کوششوں پر، اور انتظامی و انصرافی اخراجات میں مناسبت کی پرکھنے لگے گا۔

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

دستخط

لیفٹیننٹ جنرل خالد نواز خان

بلال امتیاز (ملٹری)، ستارہ ایئر (ریٹائرڈ)

چیرمین بورڈ آف ڈائریکٹرز

دستخط

سید ایم حسین

پریزیڈنٹ و چیف ایگزیکٹو

راولپنڈی

18 اگست 2017



## Independent Auditors' Report on Review of Unconsolidated Condensed Interim Financial Information to the Members of Askari Bank Limited

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Askari Bank Limited (the Bank) as at June 30, 2017 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and the notes to the financial information for the half year then ended (here in after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months ended June 30, 2017 and June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2017, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

- sd -

Chartered Accountants

Islamabad: August 10, 2017

Engagement partner: S. Haider Abbas

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/ 2604934-37; Fax: +92 (51) 2277924, 2206473; <www.pwc.com/pk>

# Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2017

		(Un-audited)	(Audited)
		June 30, 2017	December 31, 2016
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		47,661,566	42,568,141
Balances with other banks		4,600,044	5,845,748
Lendings to financial institutions		520,265	6,836,584
Investments	8	282,304,139	295,846,254
Advances	9	261,653,263	235,163,922
Operating fixed assets	10	10,800,566	11,019,555
Assets held for sale		80,720	261,762
Other assets		22,091,699	21,597,227
		629,712,262	619,139,193
<b>Liabilities</b>			
Bills payable		10,887,316	8,579,809
Borrowings	11	42,941,526	89,261,788
Deposits and other accounts	12	525,948,834	472,811,335
Sub-ordinated loans		4,993,800	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	13	1,228,646	526,430
Other liabilities		10,206,176	10,388,081
		596,206,298	586,562,243
<b>Net Assets</b>		33,505,964	32,576,950
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves		11,471,583	8,670,686
Unappropriated profit		2,332,495	4,084,206
		26,406,680	25,357,494
Surplus on revaluation of assets - net of tax	14	7,099,284	7,219,456
		33,505,964	32,576,950
<b>Contingencies and Commitments</b>	15		

The annexed notes 1 to 22 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 half year ended June 30, 2017

	Note	For the half year ended		For the quarter ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)					
<b>Mark-up / return / interest earned</b>		17,641,247	17,226,974	8,977,538	8,891,228
<b>Mark-up / return / interest expensed</b>		9,806,254	10,037,217	4,936,711	5,198,091
Net mark-up / interest income		7,834,993	7,189,757	4,040,827	3,693,137
Reversal of provision against non-performing loans and advances - net	9.1	(1,069,513)	(523,999)	(715,018)	(418,041)
Impairment loss on available for sale investments (Reversal of provision) / provision for diminution in the value of investments - net		30,047	5,340	18,749	5,340
Reversal of provision against assets held for sale		(23,020)	93,432	(10,519)	(20,240)
Bad debts written off directly		(153,958)	-	(153,958)	-
		-	-	-	-
		<u>(1,216,444)</u>	<u>(425,227)</u>	<u>(860,746)</u>	<u>(432,941)</u>
Net mark-up / interest income after provisions		9,051,437	7,614,984	4,901,573	4,126,078
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		1,119,187	1,292,340	638,213	812,565
Dividend income		170,585	195,759	152,551	152,870
Income from dealing in foreign currencies		404,048	381,206	225,343	169,731
Gain on sale of securities - net	16	1,522,131	2,021,825	1,004,815	1,190,242
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		271,681	204,140	147,754	104,370
		<u>3,487,632</u>	<u>4,095,270</u>	<u>2,168,676</u>	<u>2,429,778</u>
Total non mark-up / interest income		12,539,069	11,710,254	7,070,249	6,555,856
<b>Non mark-up / interest expenses</b>					
Administrative expenses		7,406,011	6,576,554	3,875,857	3,348,926
Other provisions / write offs		-	-	-	-
Other charges		100,490	145,219	55,070	99,992
Total non mark-up / interest expenses		<u>7,506,501</u>	<u>6,721,773</u>	<u>3,930,927</u>	<u>3,448,918</u>
		5,032,568	4,988,481	3,139,322	3,106,938
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		5,032,568	4,988,481	3,139,322	3,106,938
Taxation - current		946,439	910,824	189,033	297,496
- prior years'		243,344	266,425	243,344	266,425
- deferred		815,170	850,972	909,800	805,688
		<u>2,004,953</u>	<u>2,028,221</u>	<u>1,342,177</u>	<u>1,369,609</u>
<b>Profit after taxation</b>		<u>3,027,615</u>	<u>2,960,260</u>	<u>1,797,145</u>	<u>1,737,329</u>
<b>Basic earnings per share - Rupees</b>		<u>2.40</u>	<u>2.35</u>	<u>1.43</u>	<u>1.38</u>

The annexed notes 1 to 22 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 half year ended June 30, 2017

	For the half year ended		For the quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>Profit after taxation</b>	3,027,615	2,960,260	1,797,145	1,737,329
<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	1,558	(6,050)	70	(6,093)
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plan	(137,842)	(193,427)	(137,842)	(193,427)
Related tax on remeasurement of defined benefit plan	48,245	67,699	48,245	67,699
Remeasurement of defined benefit plan - net of tax	(89,597)	(125,728)	(89,597)	(125,728)
Comprehensive income - transferred to statement of changes in equity	2,939,576	2,828,482	1,707,618	1,605,508
<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	(120,172)	2,270,117	(553,229)	665,398
<b>Total comprehensive income</b>	<u>2,819,404</u>	<u>5,098,599</u>	<u>1,154,389</u>	<u>2,270,906</u>

The annexed notes 1 to 22 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 half year ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	5,032,568	4,988,481
Less: dividend income	(170,585)	(195,759)
	<u>4,861,983</u>	<u>4,792,722</u>
Adjustments:		
Depreciation / amortization	926,028	482,421
Reversal of provision against non-performing advances - net	(1,069,513)	(523,999)
Impairment loss on available for sale investments	30,047	5,340
(Reversal of provision) / provision for diminution in the value of investments - net	(23,020)	93,432
Reversal of provision against assets held for sale	(153,958)	-
Charge for defined benefit plan	147,826	120,887
Gain on sale of assets held for sale	(216,000)	-
Loss / (gain) on sale of operating fixed assets	3,090	(1,222)
	<u>(355,500)</u>	<u>176,859</u>
	4,506,483	4,969,581
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,316,319	62,898
Advances	(25,351,081)	(21,849,930)
Other assets (excluding advance taxation)	583,734	(880,602)
	<u>(18,451,028)</u>	<u>(22,667,634)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,307,507	8,311,495
Borrowings	(46,320,262)	10,842,097
Deposits and other accounts	53,137,499	32,715,749
Other liabilities (excluding current taxation)	(139,529)	2,112,584
	<u>8,985,215</u>	<u>53,981,925</u>
Cash generated from operations	(4,959,330)	36,283,872
Payment made to defined benefit plan	(350,884)	-
Income tax paid	(2,252,412)	(970,953)
Net cash (outflow) / inflow from operating activities	<u>(7,562,626)</u>	<u>35,312,919</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	13,348,922	(33,417,958)
Net investments in held to maturity securities	1,285	(251,515)
Dividend income	86,261	68,837
Investments in operating fixed assets - net of adjustment	(722,160)	(782,983)
Sale proceeds of assets held for sale	551,000	-
Sale proceeds of operating fixed assets - disposed off	12,031	7,673
Net cash inflow / (outflow) from investing activities	<u>13,277,339</u>	<u>(34,375,946)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(1,000)	(1,000)
Dividends paid	(1,867,550)	(1,553,345)
Net cash outflow from financing activities	<u>(1,868,550)</u>	<u>(1,554,345)</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	1,558	(6,050)
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>3,847,721</u>	<u>(623,422)</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>52,261,610</u>	<u>37,357,530</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,661,566	28,422,938
Balances with other banks	4,600,044	8,934,592
	<u>52,261,610</u>	<u>37,357,530</u>

The annexed notes 1 to 22 and Annexure form an integral part of this unconsolidated condensed interim financial information.

- sd -  
President & Chief Executive

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Director

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Director

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Chairman

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

For the half year ended June 30, 2017

	(Rupees in thousand)						
	Share Capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue reserve		Total
					General reserve	Unappropriated profit	
<b>Balance as at January 01, 2016</b>	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)	-
<b>Total comprehensive income for the half year ended June 30, 2016</b>							
Net profit for the half year ended June 30, 2016	-	-	-	-	-	2,960,260	2,960,260
Other comprehensive income related to equity	-	(6,050)	-	-	-	(125,728)	(131,778)
	-	(6,050)	-	-	-	2,834,532	2,828,482
Transfer to Statutory reserve	-	-	-	592,052	-	(592,052)	-
Transaction with owners, recorded directly in equity							
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)
<b>Balance as at June 30, 2016</b>	12,602,602	94,779	234,669	6,303,239	1,587,192	2,242,480	23,064,961
<b>Total comprehensive income for the half year ended December 31, 2016</b>							
Net profit for the half year ended December 31, 2016	-	-	-	-	-	2,260,375	2,260,375
Other comprehensive income related to equity	-	(1,268)	-	-	-	33,426	32,158
	-	(1,268)	-	-	-	2,293,801	2,292,533
Transfer to statutory reserve	-	-	-	452,075	-	(452,075)	-
<b>Balance as at December 31, 2016</b>	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)	-
<b>Total comprehensive income for the half year ended June 30, 2017</b>							
Net profit for the half year ended June 30, 2017	-	-	-	-	-	3,027,615	3,027,615
Other comprehensive income related to equity	-	1,558	-	-	-	(89,597)	(88,039)
	-	1,558	-	-	-	2,938,018	2,939,576
Transfer to Statutory reserve	-	-	-	605,523	-	(605,523)	-
Transaction with owners, recorded directly in equity							
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)
<b>Balance as at June 30, 2017</b>	<u>12,602,602</u>	<u>95,069</u>	<u>234,669</u>	<u>7,360,837</u>	<u>3,781,008</u>	<u>2,332,495</u>	<u>26,406,680</u>

The annexed notes 1 to 22 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 half year ended June 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 June 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 half year ended June 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 17 of 2017 dated July 20, 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 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.

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

For the half year ended June 30, 2017

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.

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 half year ended June 30, 2017

### 8. INVESTMENTS

#### 8.1 Investments by types

Available for sale securities

	June 30, 2017 - (Un-audited)			December 31, 2016 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Market Treasury Bills	65,505,557	27,174,251	92,679,808	49,646,772	57,836,770	107,483,542
Pakistan Investment Bonds	159,631,086	-	159,631,086	146,624,821	14,696,132	161,320,953
Fully paid ordinary shares / units	4,024,669	-	4,024,669	4,154,102	-	4,154,102
Units of open end mutual funds	1,782,635	-	1,782,635	1,782,635	-	1,782,635
Fully paid preference shares	27,314	-	27,314	50,100	-	50,100
Term Finance Certificates	5,772,871	-	5,772,871	4,525,616	-	4,525,616
Sukuk Certificates	11,581,545	-	11,581,545	9,933,974	-	9,933,974
Commercial Papers	244,894	-	244,894	-	-	-
Foreign Government Bonds	218,456	-	218,456	-	-	-
Government of Pakistan Euro Bonds	551,646	-	551,646	642,971	-	642,971

(Rupees in thousand)

	249,340,673	27,174,251	276,514,924	217,360,991	72,532,902	289,893,893
Held to maturity securities						
Government of Pakistan Euro Bonds	2,170,965	-	2,170,965	2,690,386	-	2,690,386
Sukuk Certificates	1,453,845	-	1,453,845	935,709	-	935,709
	3,624,810	-	3,624,810	3,626,095	-	3,626,095
Investments at cost	252,965,483	27,174,251	280,139,734	220,987,086	72,532,902	293,519,988
Provision for diminution in value of investments	(1,910,909)	-	(1,910,909)	(1,933,928)	-	(1,933,928)
Investments - net of provisions	251,054,574	27,174,251	278,228,825	219,053,158	72,532,902	291,586,060
Surplus on revaluation of available for sale securities - net	8,844,219	(4,768,905)	4,075,314	4,380,259	(120,065)	4,260,194
Total investments	259,898,793	22,405,346	282,304,139	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 paragraph No. 4(a) of Regulation R-8 of Prudential Regulations.

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

(Rupees in thousand)

### 9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan	232,304,863	216,085,202
Outside Pakistan	4,139,819	3,345,613

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

Net Investment in finance lease - in Pakistan	32,287,258	25,994,787
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	4,693,371	3,797,182
Payable outside Pakistan	5,110,874	4,762,374

Advances - gross

	287,543,084	262,123,256
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Provision for non-performing advances - note 9.1

Specific provision	(25,256,309)	(26,353,791)
General provision	(256,263)	(236,944)
General provision against consumer loans	(377,249)	(368,599)
	(25,889,821)	(26,959,334)

Advances - net of provision

	261,653,263	235,163,922
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## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2017

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

	(Rupees in thousand)							
	June 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	470,939	24,940	19,609	515,488	1,198,881	56,299	147,073	1,402,253
Reversal for the period / year	(1,568,421)	(5,621)	(10,959)	(1,585,001)	(2,100,652)	(16,296)	(14,746)	(2,131,694)
Net (reversal) / charge for the period / year	(1,097,482)	19,319	8,650	(1,069,513)	(901,771)	40,003	132,327	(729,441)
Amounts written off	-	-	-	-	(234)	-	-	(234)
Amounts charged off - agri loans	-	-	-	-	(793,177)	-	-	(793,177)
Closing balance	<u>25,256,309</u>	<u>256,263</u>	<u>377,249</u>	<u>25,889,821</u>	<u>26,353,791</u>	<u>236,944</u>	<u>368,599</u>	<u>26,959,334</u>

9.2 The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 219,497 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. 219,497 thousand (2016: Rs. 268,678 thousand) and Rs. 142,673 thousand (2016: Rs. 174,641 thousand) respectively. Further, at June 30, 2017, cumulative net of tax benefit of FSV is Rs. 769,404 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 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. 27,302,677 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)				
	June 30, 2017 - (Un-audited)			Provision Required	Provision Held
	Classified Advances		Total		
	Domestic	Overseas			
Other Assets Especially Mentioned - note 9.4.1	196,562	-	196,562	-	-
Substandard	190,658	-	190,658	20,006	20,006
Doubtful	835,048	-	835,048	230,641	230,641
Loss	26,080,409	-	26,080,409	25,005,662	25,005,662
	<u>27,302,677</u>	<u>-</u>	<u>27,302,677</u>	<u>25,256,309</u>	<u>25,256,309</u>
	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
	<u>28,534,630</u>	<u>-</u>	<u>28,534,630</u>	<u>26,353,791</u>	<u>26,353,791</u>

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 half year ended June 30, 2017

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
(Rupees in thousand)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		248,455	281,271
Property and equipment	10.1	<u>9,697,728</u>	<u>9,851,669</u>
Intangibles	10.2	<u>889,980</u>	<u>922,212</u>
		10,587,708	10,773,881
Provision against operating fixed assets		<u>(35,597)</u>	<u>(35,597)</u>
		<u><u>10,800,566</u></u>	<u><u>11,019,555</u></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		689,421	2,729,760
Book value of deletions / transfers during the period / year		(15,121)	(16,059)
Depreciation charge for the period / year		(827,698)	(832,755)
Book value of adjustments during the period / year		(543)	(7,988)
Book value at end of the period / year		<u><u>9,697,728</u></u>	<u><u>9,851,669</u></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. 365.8 million.			
		(Un-audited) June 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		66,098	123,155
Amortization charge for the period / year		(98,330)	(180,792)
Book value of adjustments during the period / year		-	1,951
Book value at end of the period / year		<u><u>889,980</u></u>	<u><u>922,212</u></u>
<b>11. BORROWINGS</b>			
In Pakistan local currency			
Secured			
Borrowings from the State Bank of Pakistan			
- Export refinance scheme		9,863,461	9,712,571
- Long term financing facility		4,231,339	3,165,516
- Financing facility for storage of agricultural produce		10,833	12,500
- Financing power plants using renewable energy		98,762	-
		<u>14,204,395</u>	<u>12,890,587</u>
Repo borrowings			
- State Bank of Pakistan		22,924,629	67,078,365
- Financial Institutions		4,237,257	6,211,169
		<u>27,161,886</u>	<u>73,289,534</u>
Unsecured			
- Call borrowings		987,203	2,795,562
- Overdrawn balance with other banks		170	-
		<u>42,353,654</u>	<u>88,975,683</u>
Outside Pakistan - foreign currencies			
Overdrawn nostro accounts - unsecured		587,872	286,105
		<u><u>42,941,526</u></u>	<u><u>89,261,788</u></u>

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
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(Rupees in thousand)

### 12. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	86,478,006	87,044,527
Savings deposits	279,486,323	249,395,839
Current accounts - remunerative	880,716	753,080
Current accounts - non-remunerative	147,344,107	125,245,992
Special exporters' account	38,083	31,934
Margin accounts	3,687,255	3,080,895
Others	1,209,447	1,205,111
Financial institutions		
Remunerative deposits	4,397,299	5,860,112
Non - Remunerative deposits	2,427,598	193,845
	<u>525,948,834</u>	<u>472,811,335</u>

### 13. DEFERRED TAX LIABILITIES

Deferred credits / (debits) arising due to:		
Accelerated tax depreciation and amortization	420,076	537,926
Provision against non-performing advances		
- excess of 1% of total advances	(394,383)	(1,327,402)
- classified in sub-standard category	(71,278)	(71,278)
	<u>(45,585)</u>	<u>(860,754)</u>
Surplus on revaluation of available for sale securities	1,426,360	1,491,068
Actuarial losses	(152,129)	(103,884)
	<u>1,228,646</u>	<u>526,430</u>

### 14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:		
Operating fixed assets	2,832,470	2,832,470
Non banking assets acquired in satisfaction of claims	1,617,860	1,617,860
Available for sale investments		
i) Federal Government securities	4,149,573	3,826,689
ii) Listed shares	(231,075)	254,555
iii) Units of open end mutual funds	107,401	159,426
iv) Other securities	49,415	19,524
	4,075,314	4,260,194
Less: related deferred tax	(1,426,360)	(1,491,068)
	<u>2,648,954</u>	<u>2,769,126</u>
	<u>7,099,284</u>	<u>7,219,456</u>

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
Others	<u>12,470,172</u>	<u>9,657,366</u>
<b>15.2 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	93,863,613	72,129,895
ii) Banks and other financial institutions	10,178,814	10,650,624
iii) Others	40,401,774	29,125,937
	<u>144,444,201</u>	<u>111,906,456</u>
	<u>144,893,085</u>	<u>112,394,041</u>
These include guarantees amounting to Rs. 1,139,951 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) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>15.3 Trade-related contingent liabilities</b>	<u>159,954,286</u>	<u>111,801,548</u>
<b>15.4 Other contingencies</b>		
<b>15.4.1</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>779,033</u>	<u>790,979</u>
<b>15.4.2</b> The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million (December 31, 2016: Rs. 100 million).		
	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>15.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	-	4,001,864
Sale and repurchase agreements	<u>27,193,650</u>	<u>73,375,556</u>

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>15.6 Commitments in respect of forward exchange contracts</b>		
Purchase	17,851,471	20,227,932
Sale	12,348,545	8,010,521
The above commitments have maturities falling within one year.		
<b>15.7 Commitments for acquisition of operating fixed assets</b>	130,525	237,735
<b>15.8 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		
	16,837,751	18,532,793
<b>15.9 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited.	281,640	281,640
<b>15.10 Bills for collection</b>		
Payable in Pakistan	2,377,256	1,557,837
Payable outside Pakistan	14,444,493	13,712,443
	16,821,749	15,270,280
	For the half year ended (un-audited)	
	June 30, 2017	June 30, 2016
<b>16. GAIN ON SALE OF SECURITIES - NET</b>	(Rupees in thousand)	
Gain on sale of government securities	891,275	1,946,817
Gain on sale of other investments	630,856	75,008
	1,522,131	2,021,825

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

For the half year ended June 30, 2017

### 17. 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.

### 18. 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).

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

For the half year ended June 30, 2017

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.

	June 30, 2017 (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial Assets</b>			
Available for sale securities			
Market Treasury Bills	-	92,693,693	-
Pakistan Investment Bonds	-	163,722,650	-
Fully paid ordinary shares / units	3,713,410	-	18,360
Units of open end mutual funds	-	1,890,035	-
Fully paid preference shares	81,245	-	-
Term Finance Certificates	708,486	3,779,553	-
Sukuk Certificates	-	11,165,461	-
Commercial Papers	-	-	244,894
Foreign Government Bonds	-	218,752	-
Government of Pakistan Euro Bonds	-	552,790	-
	<u>4,503,141</u>	<u>274,022,934</u>	<u>263,254</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	-	-	4,930,257
	<u>-</u>	<u>-</u>	<u>9,719,984</u>

### 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 takes place. There were no transfers between levels 1 and 2 during the period.

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

For the half year ended June 30, 2017

### 19. 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	Total
For the half year ended June 30, 2017 - (Un-audited)							
Total income	145,894	10,719,044	779,587	9,366,734	92,232	25,388	21,128,879
Total expenses	15,655	8,966,624	770,103	6,331,308	9,897	2,724	16,096,311
Net income	130,239	1,752,420	9,484	3,035,426	82,335	22,664	5,032,568
For the half year ended June 30, 2016 - (Un-audited)							
Total income	185,490	11,767,955	520,917	8,687,579	136,225	24,078	21,322,244
Total expenses	15,768	9,232,362	599,691	6,472,315	11,580	2,047	16,333,763
Net income / (loss)	169,722	2,535,593	(78,774)	2,215,264	124,645	22,031	4,988,481
As at June 30, 2017 - (Un-audited)							
Segment Assets (Gross)	160,534	322,608,147	17,383,228	317,697,687	101,487	27,936	657,979,019
Segment Non Performing Loans	-	-	2,249,084	25,053,593	-	-	27,302,677
Segment Provision Required	-	1,459,875	2,398,724	24,408,158	-	-	28,266,757
Segment Liabilities	1,997	29,033,910	284,660	566,884,120	1,263	348	596,206,298
Segment return on assets (%)	0.02	1.72	0.12	1.50	0.01	0.00	
Segment cost of funds (%)	0.00	1.52	0.13	1.07	0.00	0.00	
As at June 30, 2016 - (Un-audited)							
Segment Assets (Gross)	175,081	343,813,558	11,492,729	272,011,594	128,580	22,727	627,644,269
Segment Non Performing Loans	-	-	2,314,597	27,801,238	-	-	30,115,835
Segment Provision Required	-	1,522,634	2,327,223	26,704,228	-	-	30,554,085
Segment Liabilities	2,108	58,665,053	48,200,814	458,466,836	1,548	274	565,336,633
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	

### 20. 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 half year and balances as at June 30, 2017, are as follows:

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

For the half year ended June 30, 2017

Balances outstanding as at	(Rupees in thousand)					
	June 30, 2017 - (Un-audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiary	Other related parties
Advances						
Secured	819,916	407,169	-	3,736,916	-	-
Un-secured	-	7,473	60	-	-	-
Mark-up receivable	-	65,876	-	30,608	-	-
Deposits	5,076,996	162,123	27,465	4,964,371	4,082	2,040,644
Mark-up payable	11,401	1,554	44	6,220	-	1,130
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	632,797	-	-
Investments in shares/ units	-	-	-	24,040	-	-
Security deposits payable	494	1,165	-	9,349	-	-
Security deposits receivable	3,600	-	-	-	-	-
Assets held for sale	-	-	-	-	80,720	-
Contribution payable to employees' funds	-	-	-	-	-	319,148

Balances outstanding as at	(Rupees in thousand)					
	December 31, 2016 - (Audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiaries	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	5,462,689	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/ units	-	-	-	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 half year ended June 30, 2017

Transactions during the half year ended	(Rupees in thousand)					
	June 30, 2017 - (Un-audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiary	Other related parties
- Mark-up / interest earned	16,928	5,614	-	144,749	-	-
- Net mark-up / interest expensed	127,407	2,736	237	196,519	144	47,551
- Contributions to employees' funds	-	-	-	-	-	275,571
- Rent of property / service charges paid	10,169	-	-	-	-	-
- Dividend income	-	-	-	-	-	-
- Remuneration and allowances paid	-	216,605	-	-	-	1,981
- Post employment benefits	-	14,691	-	-	-	-
- Fee, commission and brokerage income	40	-	-	1,249	-	-
- Fee, commission and brokerage paid	-	-	-	46	-	-
- Dividend paid	1,359,423	133	2	-	-	11,745
- Fees paid	-	250	2,388	-	-	-
- Gain on sale of assets held for sale	-	-	-	-	216,000	-

Transactions during the half year ended	(Rupees in thousand)					
	June 30, 2016 - (Un-audited)					
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Subsidiaries	Other related parties
- Mark-up / interest earned	24,213	6,221	-	171,039	-	-
- Net mark-up / interest expensed	87,283	2,028	103	242,991	434	22,366
- Contributions to employees' funds	-	-	-	-	-	238,339
- Rent of property / service charges paid	8,184	-	-	-	-	-
- Dividend income	-	-	-	124,555	-	-
- Remuneration and allowances paid	-	185,122	-	-	-	1,971
- Post employment benefits	-	13,246	-	-	-	-
- Fee, commission and brokerage income	125	-	-	750	-	-
- Fee, commission and brokerage paid	-	-	-	102	-	-
- Dividend paid	1,132,852	297	282	-	-	8,644
- Fees paid	-	167	2,413	-	-	-
- Gain on sale of assets held for sale	-	-	-	-	-	-

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

### 21. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in this unconsolidated condensed interim financial information except amounts of Rs. 55,847 thousand and Rs. 12,812 thousand for the half year ended June 30, 2016, which have been reclassified from mark-up/return/interest earned to fee, commission and brokerage income and other income respectively.

### 22. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on August 8, 2017.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

# Islamic Banking Business - Statement of Financial Position

As at June 30, 2017

Annexure  
(1 of 4)

The Bank is operating 94 Islamic banking branches including 3 Sub branches at half year ended June 30, 2017 (December 31, 2016: 94 Islamic banking branches including 3 Sub branches).

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
(Rupees in thousand)			
<b>ASSETS</b>			
Cash and balances with treasury banks		2,643,781	3,230,575
Balances with other banks		2,814,283	2,452,684
Due from Financial Institutions		-	2,330,023
Investments		6,890,656	4,704,085
Islamic financing and related assets	A - 1	31,912,092	25,668,630
Operating fixed assets		635,557	613,394
Other assets		1,290,496	1,862,503
<b>Total Assets</b>		<b>46,186,865</b>	<b>40,861,894</b>
<b>LIABILITIES</b>			
Bills payable		694,295	748,865
Due to financial institutions		380,000	2,018,000
Deposits and other accounts			
-Current accounts		12,234,899	10,962,873
-Saving accounts	A - 2	19,029,210	15,016,974
-Term deposits		4,638,840	5,491,734
-Others		581,244	596,703
-Deposit from financial institutions - remunerative		2,574,129	2,343,783
-Deposits from financial institutions - non-remunerative		12,622	2,650
Due to head office		1,868,060	-
Other liabilities		1,426,888	1,162,362
		43,440,187	38,343,944
<b>Net Assets</b>		<b>2,746,678</b>	<b>2,517,950</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		3,250,000	2,875,000
Accumulated losses		(560,495)	(381,679)
		2,689,505	2,493,321
Surplus on revaluation of assets		57,173	24,629
		2,746,678	2,517,950
<b>Remuneration to Shariah Board</b>		<b>1,981</b>	<b>3,937</b>
<b>A-1 Islamic Financing and Related Assets</b>			
Murabaha		4,084,016	4,437,947
Ijara		4,271,260	3,683,567
Musharaka		8,451,851	4,055,450
Diminishing Musharaka		9,164,444	9,005,528
Salam		2,757,280	1,664,736
Istisna		1,425,915	1,604,148
Other islamic modes		2,132,492	1,543,411
		32,287,258	25,994,787
Total provision		(375,166)	(326,157)
	A - 1.1	31,912,092	25,668,630

A - 1.1 Islamic Mode of Financing

(Rupees in thousand)

June 30, 2017 - (Un-audited)								
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	3,478,544	3,797,876	8,451,851	9,163,444	2,757,280	1,079,990	67,492	28,796,477
Advance	605,472	473,384	-	1,000	-	-	-	1,079,856
Inventory	-	-	-	-	-	345,925	-	345,925
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	2,065,000	2,065,000
	4,084,016	4,271,260	8,451,851	9,164,444	2,757,280	1,425,915	2,132,492	32,287,258
Provision	(95,256)	(128,745)	-	(142,597)	(8,568)	-	-	(375,166)
<b>Total</b>	<b>3,988,760</b>	<b>4,142,515</b>	<b>8,451,851</b>	<b>9,021,847</b>	<b>2,748,712</b>	<b>1,425,915</b>	<b>2,132,492</b>	<b>31,912,092</b>

(Rupees in thousand)

December 31, 2016 - (Audited)								
	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)
<b>Total</b>	<b>4,345,755</b>	<b>3,555,781</b>	<b>4,055,450</b>	<b>8,904,106</b>	<b>1,659,979</b>	<b>1,604,148</b>	<b>1,543,411</b>	<b>25,668,630</b>

A - 2 These includes remunerative current accounts of Rs. 880,716 thousand (December 31, 2016: Rs.753,080 thousand)

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

For the half year ended June 30, 2017

Annexure  
(3 of 4)

	June 30, 2017	June 30, 2016
	(Rupees in thousand)	
Profit / return earned on financings, investment and placements	1,236,224	1,096,335
Return on deposits and other dues expensed	594,567	505,308
Net spread earned	641,657	591,027
Provision against non-performing financings	49,009	27,437
Provision / (reversal of provision) for diminution in the value of investments	18,703	(6,952)
	67,712	20,485
Income after provisions	573,945	570,542
<b>Other Income</b>		
Fee, Commission and Brokerage Income	52,029	50,349
Income from dealing in foreign currencies	1,328	3,809
Capital gain on sale of securities	-	400
Other Income	15,224	12,714
Total other income	68,581	67,272
	642,526	637,814
<b>Other expenses</b>		
Administrative expenses	821,342	636,923
Other provisions / write offs	-	-
Other charges	-	30
Total other expenses	821,342	636,953
	(178,816)	861
Extraordinary / unusual items	-	-
(Loss) / profit before taxation	(178,816)	861

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

As at June 30, 2017

Annexure  
(4 of 4)

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>Opening balance</b>	9,257	5,975
<b>Additions during the period / year</b>		
- received from customers on delayed payments	1,495	7,924
- non shariah compliant income	-	25
- profit on charity account	1	2
- others	70	117
	1,566	8,068
<b>Payments / utilization during the period / year</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>	<u>2,794</u>	<u>9,257</u>

ASKARI BANK LIMITED  
& ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
JUNE 30, 2017

(UN-AUDITED)

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

As at June 30, 2017

		(Un-audited)	(Audited)
		June 30, 2017	December 31, 2016
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		47,661,566	42,568,141
Balances with other banks		4,600,044	5,845,748
Lendings to financial institutions		520,265	6,836,584
Investments	8	282,304,139	295,846,254
Advances	9	261,653,263	235,163,922
Operating fixed assets	10	10,800,566	11,019,555
Other assets		22,091,699	21,596,324
		629,631,542	618,876,528
Assets attributable to discontinued operations	11	336,778	796,570
		629,968,320	619,673,098
<b>Liabilities</b>			
Bills payable		10,887,316	8,579,809
Borrowings	12	42,941,526	89,261,788
Deposits and other accounts	13	525,944,802	472,803,094
Sub-ordinated loans		4,993,800	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	14	1,228,646	526,430
Other liabilities		10,206,175	10,386,352
		596,202,265	586,552,273
Liabilities associated with discontinued operations	11	138,273	267,254
		596,340,538	586,819,527
<b>Net Assets</b>		33,627,782	32,853,571
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves		11,663,089	8,855,953
Unappropriated profit		2,191,548	4,090,445
		26,457,239	25,549,000
Non-controlling interest		46,125	37,908
		26,503,364	25,586,908
Surplus on revaluation of assets - net of tax			
Continued operations	15	7,099,284	7,219,456
Discontinued operations		25,134	47,207
		33,627,782	32,853,571
<b>Contingencies and Commitments</b>	16		

The annexed notes 1 to 23 form an integral part of this consolidated 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 half year ended June 30, 2017

	Note	For the half year ended		For the quarter ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)					
<b>Mark-up / return / interest earned</b>		17,641,247	17,226,974	8,977,538	8,822,569
<b>Mark-up / return / interest expensed</b>		9,806,247	10,036,973	4,936,789	5,197,847
Net mark-up / interest income		7,835,000	7,190,001	4,040,749	3,624,722
Reversal of provision against non-performing loans and advances - net	9.1	(1,069,513)	(523,999)	(715,018)	(418,041)
Impairment loss on available for sale investments (Reversal of provision) / provision for diminution in the value of investments - net		30,047	5,340	18,749	5,340
Bad debts written off directly		(23,020)	93,432	(10,519)	(20,240)
		-	-	-	-
		(1,062,486)	(425,227)	(706,788)	(432,941)
Net mark-up / interest income after provisions		8,897,486	7,615,228	4,747,537	4,057,663
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		1,119,187	1,292,340	639,116	868,412
Dividend income		170,585	195,759	152,551	152,870
Income from dealing in foreign currencies		404,048	381,206	225,343	169,731
Gain on sale of securities - net	17	1,510,631	2,021,825	993,315	1,190,242
Unrealised gain on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		271,681	204,112	147,759	117,154
		3,476,132	4,095,242	2,158,084	2,498,409
Total non mark-up / interest income		12,373,618	11,710,470	6,905,621	6,556,072
<b>Non mark-up / interest expenses</b>					
Administrative expenses		7,404,438	6,573,751	3,874,932	3,346,123
Other provisions / write offs		-	-	-	-
Other charges		100,490	145,219	55,070	99,992
Total non mark-up / interest expenses		7,504,928	6,718,970	3,930,002	3,446,115
		4,868,690	4,991,500	2,975,619	3,109,957
Extraordinary / unusual items		-	-	-	-
<b>Profit before taxation</b>		4,868,690	4,991,500	2,975,619	3,109,957
Taxation - current		946,439	910,824	189,033	297,496
- prior years'		243,344	266,425	243,344	266,425
- deferred		815,170	850,972	909,800	805,688
		2,004,953	2,028,221	1,342,177	1,369,609
<b>Profit after taxation - contiued operations</b>		2,863,737	2,963,279	1,633,442	1,740,348
<b>Profit after taxation - discontinued operations</b>	11	31,148	21,119	18,541	17,314
		2,894,885	2,984,398	1,651,983	1,757,662
Attributable to:					
Equity holders of the Bank		2,886,668	2,982,049	1,648,626	1,754,844
Non-controlling interest		8,217	2,349	3,357	2,818
		2,894,885	2,984,398	1,651,983	1,757,662

The annexed notes 1 to 23 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 half year ended June 30, 2017

	For the half year ended		For the quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees in thousand)			
<b>Profit after taxation</b>	2,894,885	2,984,398	1,651,983	1,757,662
<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	1,558	(6,050)	70	(6,093)
<b>Items that will not be reclassified to profit and loss account</b>				
Remeasurement of defined benefit plan	(137,842)	(193,427)	(137,842)	(193,427)
Related tax on remeasurement of defined benefit plan	48,245	67,699	48,245	67,699
Remeasurement of defined benefit plan - net of tax	(89,597)	(125,728)	(89,597)	(125,728)
Remeasurement of defined benefit plan - (Discontinued operations) - net of tax	-	(1,509)	-	(1,509)
Comprehensive income - transferred to statement of changes in equity	2,806,846	2,851,111	1,562,456	1,624,332
<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 on revaluation of assets - net of tax				
Continued operations	(120,172)	2,270,117	(553,229)	665,398
Discontinued operations	(22,073)	3,184	-	7,514
<b>Total comprehensive income</b>	<u>2,664,601</u>	<u>5,124,412</u>	<u>1,009,227</u>	<u>2,297,244</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	2,662,123	5,121,628	1,006,699	2,292,864
Non-controlling interest	2,478	2,784	2,528	4,380
	<u>2,664,601</u>	<u>5,124,412</u>	<u>1,009,227</u>	<u>2,297,244</u>
<b>Total comprehensive income arises from:</b>				
Continued operations	2,655,526	5,101,618	993,876	2,273,925
Discontinued operations	9,075	22,794	15,351	23,319
	<u>2,664,601</u>	<u>5,124,412</u>	<u>1,009,227</u>	<u>2,297,244</u>

The annexed notes 1 to 23 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 half year ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	4,868,690	4,991,500
Less: Dividend income	<u>(170,585)</u>	<u>(195,759)</u>
	4,698,105	4,795,741
Adjustments:		
Depreciation / amortization	926,028	482,421
Reversal of provision against non-performing advances - net	(1,069,513)	(523,999)
Impairment loss on available for sale investments (Reversal of provision) / provision for diminution in the value of investments - net	30,047	5,340
Charge for defined benefit plan	(23,020)	93,432
Loss / (gain) on sale of operating fixed assets	147,826	120,887
	3,090	(1,222)
	14,458	176,859
	<u>4,712,563</u>	<u>4,972,600</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,316,319	62,898
Held for trading securities	-	39,593
Advances	(25,351,081)	(21,849,930)
Other assets (excluding advance taxation)	582,291	(880,602)
	<u>(18,452,471)</u>	<u>(22,628,041)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,307,507	8,311,495
Borrowings	(46,320,262)	10,842,097
Deposits and other accounts	53,141,708	32,749,194
Other liabilities (excluding current taxation)	(136,238)	2,112,584
	8,992,715	54,015,370
	(1,419)	50,372
Discontinued operations	<u>(4,748,612)</u>	<u>36,410,301</u>
Cash generated from operations	(350,884)	-
Payment made to defined benefit plan	(2,252,412)	(982,429)
Income tax paid	<u>(7,351,908)</u>	<u>35,427,872</u>
Net cash (outflow) / inflow from operating activities		
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	13,348,922	(33,417,958)
Net investments in held to maturity securities	1,285	(251,515)
Dividend income	86,261	68,837
Investments in operating fixed assets - net of adjustment	(723,246)	(782,983)
Sale proceeds of operating fixed assets disposed off	12,031	7,673
Discontinued operations	341,368	(81,763)
Net cash inflow / (outflow) from investing activities	<u>13,066,621</u>	<u>(34,457,709)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(1,000)	(1,000)
Dividend paid	(1,867,550)	(1,553,345)
Net cash used in financing activities	(1,868,550)	(1,554,345)
Exchange difference on translation of net investment in Wholesale Bank Branch	1,558	(6,050)
<b>Increase / (decrease) in cash and cash equivalents</b>	3,847,721	(590,232)
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>52,261,610</u>	<u>37,453,926</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,661,566	28,422,938
Balances with other banks	4,600,044	9,030,988
	<u>52,261,610</u>	<u>37,453,926</u>

The annexed notes 1 to 23 form an integral part of this consolidated condensed interim financial information.

- sd -  
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Director

- sd -  
Director

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Chairman

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

For the half year ended June 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			
<b>Balance as at January 01, 2016</b>	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)	-	-	-
<b>Total comprehensive income for the half year ended June 30, 2016</b>									
Net profit for the half year ended June 30, 2016	-	-	-	-	-	2,982,049	2,982,049	2,349	2,984,398
Other comprehensive income related to equity	-	(6,050)	-	-	-	(127,237)	(133,287)	-	(133,287)
Transfer to Statutory reserve	-	(6,050)	-	-	-	2,854,812	2,848,762	2,349	2,851,111
Transfer to Statutory reserve	-	-	-	592,052	-	(592,052)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)	-	(1,575,325)
<b>Balance as at June 30, 2016</b>	12,602,602	94,779	234,669	6,303,239	1,772,459	2,262,760	23,270,508	37,929	23,308,437
<b>Total comprehensive income for the half year ended December 31, 2016</b>									
Net profit for the half year ended December 31, 2016	-	-	-	-	-	2,246,726	2,246,726	185	2,246,911
Other comprehensive income related to equity	-	(1,268)	-	-	-	33,034	31,766	(206)	31,560
Transfer to statutory reserve	-	(1,268)	-	-	-	2,279,760	2,278,492	(21)	2,278,471
Transfer to statutory reserve	-	-	-	452,075	-	(452,075)	-	-	-
<b>Balance as at December 31, 2016</b>	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)	-	-	-
<b>Total comprehensive income for the half year ended June 30, 2017</b>									
Net profit for the half year ended June 30, 2017	-	-	-	-	-	2,886,668	2,886,668	8,217	2,894,885
Other comprehensive income related to equity	-	1,558	-	-	-	(89,597)	(88,039)	-	(88,039)
Transfer to Statutory reserve	-	1,558	-	-	-	2,797,071	2,798,629	8,217	2,806,846
Transfer to Statutory reserve	-	-	-	605,523	-	(605,523)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)	-	(1,890,390)
<b>Balance as at June 30, 2017</b>	<u>12,602,602</u>	<u>95,069</u>	<u>234,669</u>	<u>7,360,837</u>	<u>3,972,514</u>	<u>2,191,548</u>	<u>26,457,239</u>	<u>46,125</u>	<u>26,503,364</u>

The annexed notes 1 to 23 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 half year ended June 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 June 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 half year ended June 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 17 of 2017 dated July 20, 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 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. 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.

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

For the half year ended June 30, 2017

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 half year ended June 30, 2017

### 8. INVESTMENTS

#### 8.1 Investments by types

Available for sale securities

	June 30, 2017 - (Un-audited)			December 31, 2016 - (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
	(Rupees in thousand)					
Market Treasury Bills	65,505,557	27,174,251	92,679,808	49,646,772	57,836,770	107,483,542
Pakistan Investment Bonds	159,631,086	-	159,631,086	146,624,821	14,696,132	161,320,953
Fully paid ordinary shares / units	4,024,669	-	4,024,669	4,154,102	-	4,154,102
Units of open end mutual funds	1,782,635	-	1,782,635	1,782,635	-	1,782,635
Fully paid preference shares	27,314	-	27,314	50,100	-	50,100
Term Finance Certificates	5,772,871	-	5,772,871	4,525,616	-	4,525,616
Sukuk Certificates	11,581,545	-	11,581,545	9,933,974	-	9,933,974
Commercial Papers	244,894	-	244,894	-	-	-
Foreign Government Bonds	218,456	-	218,456	-	-	-
Government of Pakistan Euro Bonds	551,646	-	551,646	642,971	-	642,971
	249,340,673	27,174,251	276,514,924	217,360,991	72,532,902	289,893,893

Held to maturity securities

Government of Pakistan Euro Bonds	2,170,965	-	2,170,965	2,690,386	-	2,690,386
Sukuk Certificates	1,453,845	-	1,453,845	935,709	-	935,709
	3,624,810	-	3,624,810	3,626,095	-	3,626,095

Investment at cost

Provision for diminution in value of investments	(1,910,909)	-	(1,910,909)	(1,933,928)	-	(1,933,928)
Investments - net of provisions	251,054,574	27,174,251	278,228,825	219,053,158	72,532,902	291,586,060

Surplus on revaluation of available for sale securities - net

	8,844,219	(4,768,905)	4,075,314	4,380,259	(120,065)	4,260,194
Total investments	259,898,793	22,405,346	282,304,139	223,433,417	72,412,837	295,846,254

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.

### 9. ADVANCES

Loans, cash credits, running finances, etc.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
In Pakistan	232,304,863	216,085,202
Outside Pakistan	4,139,819	3,345,613
	236,444,682	219,430,815

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

Net Investment in finance lease - in Pakistan	32,287,258	25,994,787
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	4,693,371	3,797,182
Payable outside Pakistan	5,110,874	4,762,374
	9,804,245	8,559,556

Advances - gross

Provision for non-performing advances - note 9.1

Specific provision	(25,256,309)	(26,353,791)
General provision	(256,263)	(236,944)
General provision against consumer loans	(377,249)	(368,599)
	(25,889,821)	(26,959,334)

Advances - net of provision

	261,653,263	235,163,922
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## Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2017

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

	(Rupees in thousand)							
	June 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	470,939	24,940	19,609	515,488	1,198,881	56,299	147,073	1,402,253
Reversal for the period / year	(1,568,421)	(5,621)	(10,959)	(1,585,001)	(2,100,652)	(16,296)	(14,746)	(2,131,694)
Net (reversal) / charge for the period / year	(1,097,482)	19,319	8,650	(1,069,513)	(901,771)	40,003	132,327	(729,441)
Amounts written off	-	-	-	-	(234)	-	-	(234)
Amounts charged off - agri loans	-	-	-	-	(793,177)	-	-	(793,177)
Closing balance	<u>25,256,309</u>	<u>256,263</u>	<u>377,249</u>	<u>25,889,821</u>	<u>26,353,791</u>	<u>236,944</u>	<u>368,599</u>	<u>26,959,334</u>

9.2 The net Forced Sale Value (FSV) benefit already availed has been reduced by Rs. 219,497 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. 219,497 thousand (2016: Rs. 268,678 thousand) and Rs. 142,673 thousand (2016: Rs. 174,641 thousand) respectively. Further, at June 30, 2017, cumulative net of tax benefit of FSV is Rs. 769,404 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. 27,302,677 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)				
	June 30, 2017 - (Un-audited)			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.4.1	196,562	-	196,562	-	-
Substandard	190,658	-	190,658	20,006	20,006
Doubtful	835,048	-	835,048	230,641	230,641
Loss	26,080,409	-	26,080,409	25,005,662	25,005,662
	<u>27,302,677</u>	<u>-</u>	<u>27,302,677</u>	<u>25,256,309</u>	<u>25,256,309</u>

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
	<u>28,534,630</u>	<u>-</u>	<u>28,534,630</u>	<u>26,353,791</u>	<u>26,353,791</u>

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 half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>10. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	248,455	281,271
Property and equipment - note 10.1	<u>9,697,728</u>	<u>9,851,669</u>
Intangible assets - note 10.2	<u>889,980</u>	<u>922,212</u>
	10,587,708	10,773,881
Provision against operating fixed assets	<u>(35,597)</u>	<u>(35,597)</u>
	<u><u>10,800,566</u></u>	<u><u>11,019,555</u></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	689,421	2,729,760
Book value of deletions / transfers during the period / year	(15,121)	(45,150)
Depreciation charge for the period / year	(827,698)	(832,755)
Book value of adjustments during the period / year	(543)	(8,345)
Book value at end of the period / year	<u><u>9,697,728</u></u>	<u><u>9,851,669</u></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. 365.8 million.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>10.2 Intangibles</b>		
Book value at beginning of the period / year	922,212	996,590
Cost of additions during the period / year	66,098	123,155
Amortization charge for the period / year	(98,330)	(180,792)
Book value of adjustments	-	(16,741)
Book value at end of the period / year	<u><u>889,980</u></u>	<u><u>922,212</u></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 half year ended June 30, 2017

	(Un-audited) June 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	179,276	151,394
Lendings to financial institutions	-	-
Investments	45,669	387,960
Advances	810	6,634
Operating fixed assets	21,598	42,748
Deferred tax assets	-	8,354
Other assets	89,425	199,480
	<u>336,778</u>	<u>796,570</u>
<b>Liabilities associated with discontinued operations</b>		
Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Other liabilities	138,273	267,254
	<u>138,273</u>	<u>267,254</u>

For the half year ended		For the quarter ended	
June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)			

### 11.1.2 Financial Performance

<b>Mark-up / return / interest earned</b>	304	6	285	(149)
<b>Mark-up / return / interest expensed</b>	-	-	-	-
Net mark-up / interest income	304	6	285	(149)
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	304	6	285	(149)
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	23,204	103,937	(13,965)	61,790
Dividend income	240	11,604	80	11,444
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	32,991	7,704	8,523	2,983
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	-	(6,536)	(4,749)	(8,999)
Other income	151	5,278	(132)	3,399
Total non mark-up / interest income	<u>56,586</u>	<u>121,987</u>	<u>(10,243)</u>	<u>70,617</u>

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

For the half year ended June 30, 2017

	For the half year ended		For the quarter ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
(Rupees in thousand)				
<b>Non mark-up / interest expenses</b>				
Administrative expenses	25,679	94,736	(21,312)	48,180
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non mark-up / interest expenses	25,679	94,736	(21,312)	48,180
Extraordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	31,211	27,257	11,354	22,288
Taxation - current	(254)	(6,138)	7,091	(4,974)
- prior years'	-	-	-	-
- deferred	191	-	96	-
	(63)	(6,138)	7,187	(4,974)
<b>Profit after taxation</b>	31,148	21,119	18,541	17,314
<b>11.1.3 Other comprehensive income</b>				
Profit after tax	31,148	21,119	18,541	17,314
Surplus / (deficit) on revaluation of assets - net of tax	(22,073)	1,675	(3,190)	6,005
Total comprehensive income	9,075	22,794	15,351	23,319
			(Un-audited) June 30, 2017	(Un-audited) June 30, 2016
<b>11.1.4 Cash flow information</b>			(Rupees in thousand)	
Net cash flows from operating activities			(1,419)	50,372
Net cash flows from investing activities			341,368	(81,763)
Net cash flows from financing activities			-	-
			(Un-audited) June 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			9,863,461	9,712,571
- Long term financing facility			4,231,339	3,165,516
- Financing facility for storage of agricultural produce			10,833	12,500
- Financing power plants using renewable energy			98,762	-
			14,204,395	12,890,587
Repo borrowings				
- State Bank of Pakistan			22,924,629	67,078,365
- Financial Institutions			4,237,257	6,211,169
			27,161,886	73,289,534
Unsecured				
- Call borrowings			987,203	2,795,562
- Overdrawn balance with other banks			170	-
			42,353,654	88,975,683
Outside Pakistan - foreign currencies				
- Overdrawn nostro accounts - unsecured			587,872	286,105
			42,941,526	89,261,788

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	

### 13. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	86,478,006	87,044,527
Savings deposits	279,486,317	249,391,921
Current accounts - remunerative	880,716	753,080
Current accounts - non-remunerative	147,340,081	125,241,669
Special exporters' account	38,083	31,934
Margin accounts	3,687,255	3,080,895
Others	1,209,447	1,205,111
Financial institutions		
Remunerative deposits	4,397,299	5,860,112
Non-Remunerative deposits	2,427,598	193,845
	<u>525,944,802</u>	<u>472,803,094</u>

### 14. DEFERRED TAX LIABILITIES

Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	420,076	537,926
Provision against non performing advances		
- excess of 1% of total advances	(394,383)	(1,327,402)
- classified in sub-standard category	(71,278)	(71,278)
	<u>(45,585)</u>	<u>(860,754)</u>
Surplus on revaluation of available for sale securities	1,426,360	1,491,068
Actuarial losses	(152,129)	(103,884)
	<u>1,228,646</u>	<u>526,430</u>

### 15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:		
Operating fixed assets	2,832,470	2,832,470
Non banking assets acquired in satisfaction of claims	1,617,860	1,617,860
Available for sale investments		
i) Federal Government securities	4,149,573	3,826,689
ii) Listed shares	(231,075)	254,555
iii) Units of open end mutual funds	107,401	159,426
iv) Other securities	49,415	19,524
	4,075,314	4,260,194
Less: related deferred tax	(1,426,360)	(1,491,068)
	<u>2,648,954</u>	<u>2,769,126</u>
	<u>7,099,284</u>	<u>7,219,456</u>

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
(Rupees in thousand)		
<b>16. CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Direct credit substitutes</b>		
Others	<u>12,470,172</u>	<u>9,657,366</u>
<b>16.2 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	93,863,613	72,129,895
ii) Banks and other financial institutions	10,178,814	10,650,624
iii) Others	40,401,774	29,125,937
	<u>144,444,201</u>	<u>111,906,456</u>
	<u>144,893,085</u>	<u>112,394,041</u>

These include guarantees amounting to Rs. 1,139,951 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.

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
(Rupees in thousand)		
<b>16.3 Trade-related contingent liabilities</b>	<u>159,954,286</u>	<u>111,801,548</u>
<b>16.4 Other contingencies</b>		
<b>16.4.1</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>779,033</u>	<u>790,979</u>
<b>16.4.2</b> The Group is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Group's favour. However, in case of award of damages, the potential liability of the Group is estimated not to be more than Rs.100 million (December 31, 2016: Rs. 100 million).		

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

For the half year ended June 30, 2017

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
<b>16.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	-	4,001,864
Sale and repurchase agreements	<u>27,193,650</u>	<u>73,375,556</u>
<b>16.6 Commitments in respect of forward exchange contracts</b>		
Purchase	17,851,471	20,227,932
Sale	<u>12,348,545</u>	<u>8,010,521</u>
The above commitments have maturities falling within one year		
<b>16.7 Commitments for acquisition of operating fixed assets</b>	<u>130,525</u>	<u>237,735</u>
<b>16.8 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	<u>16,837,751</u>	<u>18,532,793</u>
<b>16.9 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited.	<u>281,640</u>	<u>281,640</u>
<b>16.10 Bills for collection</b>		
Payable in Pakistan	<u>2,377,256</u>	<u>1,557,837</u>
Payable outside Pakistan	<u>14,444,493</u>	<u>13,712,443</u>
	<u>16,821,749</u>	<u>15,270,280</u>
	For the half year ended (un-audited)	
	June 30, 2017	June 30, 2016
<b>17. GAIN ON SALE OF SECURITIES - NET</b>	(Rupees in thousand)	
Gain on sale of government securities	891,275	1,946,817
Gain on sale of other investments	619,356	75,008
	<u>1,510,631</u>	<u>2,021,825</u>

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

For the half year ended June 30, 2017

### 18. 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.

### 19. 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.

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).

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

For the half year ended June 30, 2017

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.

	June 30, 2017 (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial Assets</b>			
Available for sale securities			
Market Treasury Bills	-	92,693,693	-
Pakistan Investment Bonds	-	163,722,650	-
Fully paid ordinary shares / units	3,713,410	-	18,360
Units of open end mutual funds	-	1,890,035	-
Fully paid preference shares	81,245	-	-
Term Finance Certificates	708,486	3,779,553	-
Sukuk Certificates	-	11,165,461	-
Commercial Papers	-	-	244,894
Foreign Government Bonds	-	218,752	-
Government of Pakistan Euro Bonds	-	552,790	-
	<u>4,503,141</u>	<u>274,022,934</u>	<u>263,254</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	-	-	4,930,257
	<u>-</u>	<u>-</u>	<u>9,719,984</u>

### 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 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 half year ended June 30, 2017

### 20. 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	Assets Management	Retail Brokerage	Total
For the half year ended June 30, 2017 - (Un-audited)									
Total income	145,894	10,719,044	779,587	9,355,234	92,232	25,388	-	56,890	21,174,269
Total expenses	15,655	8,966,624	770,103	6,483,686	9,897	2,724	-	25,679	16,274,368
Net income	130,239	1,752,420	9,484	2,871,548	82,335	22,664	-	31,211	4,899,901
For the half year ended June 30, 2016 - (Un-audited)									
Total income	185,490	11,767,955	520,917	8,687,579	136,225	24,078	89,313	32,652	21,444,209
Total expenses	15,768	9,232,362	599,691	6,472,315	11,580	2,047	70,850	20,839	16,425,452
Net income / (loss)	169,722	2,535,593	(78,774)	2,215,264	124,645	22,031	18,463	11,813	5,018,757
As at June 30, 2017 - (Un-audited)									
Segment Assets (Gross)	160,534	322,608,147	17,383,228	317,616,967	101,487	27,936	-	402,993	658,301,292
Segment Non Performing Loans	-	-	2,249,084	25,053,593	-	-	-	-	27,302,677
Segment Provision Required	-	1,459,875	2,398,724	24,408,158	-	-	-	66,215	28,332,972
Segment Liabilities	1,997	29,033,910	284,660	566,880,087	1,263	348	-	138,273	596,340,538
Segment return on assets (%)	0.09	6.86	0.50	5.99	0.06	0.02	-	0.04	
Segment cost of funds (%)	0.10	7.25	0.53	6.33	0.06	0.02	-	0.04	
As at June 30, 2016 - (Un-audited)									
Segment Assets (Gross)	175,081	343,813,558	11,492,729	271,561,807	128,580	22,727	448,604	317,995	627,961,081
Segment Non Performing Loans	-	-	2,314,597	27,801,238	-	-	-	-	30,115,835
Segment Provision Required	-	1,522,634	2,327,223	26,516,201	-	-	-	66,216	30,432,274
Segment Liabilities	2,108	58,665,053	221,580	506,446,070	1,548	274	85,738	106,224	565,528,595
Segment return on assets (%)	0.13	8.30	0.37	6.13	0.10	0.02	0.06	0.02	
Segment cost of funds (%)	0.01	6.87	0.25	4.82	0.01	0.00	0.05	0.02	

### 21. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 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 half year and balances as at June 30, 2017 are as follows:

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

For the half year ended June 30, 2017

(Rupees in thousand)

Balances outstanding as at	June 30, 2017 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
Advances					
Secured	819,916	407,169	-	3,736,916	-
Un-secured	-	7,473	60	-	-
Mark-up receivable	-	65,876	-	30,608	-
Deposits	5,076,996	162,123	27,465	4,964,371	2,040,644
Mark-up payable	11,401	1,554	44	6,220	1,130
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	632,797	-
Investments in shared / units	-	-	-	24,040	-
Security deposits payable	494	1,165	-	9,349	-
Security deposits receivable	3,600	-	-	-	-
Contribution payable to employees' funds	-	-	-	-	319,148

(Rupees in thousand)

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	5,462,689	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	-
Investments 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 half year ended June 30, 2017

Transactions during the half year ended	(Rupees in thousand)				
	June 30, 2017 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
- Mark-up / interest earned	16,928	5,614	-	144,749	-
- Net mark-up / interest expensed	127,407	2,736	237	196,519	47,551
- Contributions to employees' funds	-	-	-	-	275,571
- Rent of property / service charges paid	10,169	-	-	-	-
- Dividend income	-	-	-	-	-
- Remuneration and allowances paid	-	216,605	-	-	1,981
- Post employment benefits	-	14,691	-	-	-
- Fee, commission and brokerage income	40	-	-	1,249	-
- Fee, commission and brokerage paid	-	-	-	46	-
- Dividend paid	1,359,423	133	2	-	11,745
- Fees paid	-	250	2,388	-	-

Transactions during the half year ended	(Rupees in thousand)				
	June 30, 2016 - (Un-audited)				
	Parent	Key Management personnel	Directors	Companies with common directorship having equity under 20%	Other related parties
- Mark-up / interest earned	24,213	6,221	-	171,039	-
- Net mark-up / interest expensed	87,283	2,028	103	242,991	22,366
- Contributions to employees' funds	-	-	-	-	241,885
- Investment in shares / units	-	-	-	118,401	-
- Rent of property / service charges paid	8,184	-	-	-	-
- Dividend income	-	-	-	124,555	-
- Dividend paid	1,132,852	297	282	-	8,644
- Remuneration paid	-	185,122	-	-	1,971
- Post employment benefits	-	13,246	-	-	-
- Fee, commission and brokerage income	125	-	-	750	-
- Fee, commission and brokerage paid	-	-	-	102	-
- Remuneration received by AIML from AAAF, AHYS, AIAAF, AIIF, ASCF and AEF	-	-	-	73,190	-
- Fees paid	-	167	2,413	-	-

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

## 22. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in this consolidated condensed interim financial information except amounts of Rs. 55,847 thousand and Rs. 12,812 thousand for the half year ended June 30, 2016, which have been reclassified from mark-up/return/interest earned to fee, commission and brokerage income and other income respectively.

## 23. DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors on August 8, 2017.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman



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