

REPORT FOR THE QUARTER ENDED MARCH 31, 2017

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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 Mr. Syed Ahmed Iqbal Ashraf Mr. Mushtaq Malik Syed M. Husaini - President & Chief Executive
Board Audit & Compliance Committee	Mr. Manzoor Ahmed - Chairman Mr. Qaiser Javed Dr. Nadeem Inayat
Shariah Board	Mufti Muhammad Zahid - Chairman Mufti Ismatullah - Member Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member
Auditors	A. F. Ferguson & Co Chartered Accountants
Legal Advisors	RIAA, Barker Gillette Advocates & Corporate Counselors
Company Secretary	Mr. Umar Shahzad
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi – 46000, Pakistan. Tel: (92 51) 9272467 & 9063752 UAN: (92 51) 111 000 787 Fax: (92 51) 9272455 & (92 51) 9272445 E-mail: ir@askaribank.com.pk
Registrar & Share Transfer Office	Central Depository Company of Pakistan Limited 2nd Floor, 307 - Upper Mall, Opposite Lahore Gymkhana, Near Mian Mir Bridge, Lahore-54000 Tel: (92-42) 35789378 - 87, (Dir) 35789367, 0800-CDCPL (23275) Fax:(92-42) 35789340 Email: info@cdcpak.com Website: www.cdcpakistan.com
Entity Rating	Long Term: AA+ Short Term: A1+ By PACRA
Website	www.akbl.com.pk
Social Media	 /askaribankpakistan  /askari_bank

Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim financial information for the quarter ended March 31, 2017. The unconsolidated financial results are summarized as under:

	Rupees in thousand	
	March 31, 2017	March 31, 2016
Profit before provisions and taxation	1,537,548	1,889,257
Reversal of provision against loans and advances	354,495	105,958
Reversal of / (provision / impairment) against investments	1,203	(113,672)
	355,698	(7,714)
Profit before taxation	1,893,246	1,881,543
Taxation	(662,776)	(658,612)
Profit after taxation	1,230,470	1,222,931
Basic earning per share - Rupee	0.98	0.97

The Bank earned profit after tax of Rs.1.23 billion during the quarter ended March 31, 2017 almost at the same level as for the corresponding quarter last year amidst an overall challenging environment as the mark-up rates remained at their lowest levels. Earnings per share are reported at Re.0.98 for the quarter ended March 31, 2017.

During the quarter under review, the Bank posted a notable 6 percent increase in net mark-up income despite replacement of high yielding government bonds at their respective maturities with avenues offering relatively lower yields in line with prevalent market rates. Also, the aggregate fee commission and trade business revenues registered a year-on-year improvement of 4 percent, though the aggregate non mark-up revenues declined by 17 percent mainly due to lesser gains realized from the stock of government securities. Administrative expenses increased by 9 percent during the quarter mainly due to the additional cost of recent branch expansion and inflationary impact. Recoveries from non-performing assets yielded a net reversal of provision amounting to Rs.356 million compared to a net charge of Rs.8 million for the first quarter of 2016, and were the main reason for a sustained bottom line for the current quarter.

Customer deposits were maintained at Rs.474 billion at the current quarter end with improved deposit mix as the aggregate current deposits increased by 3 percent and were the main reason for a 43 bps reduction in average cost of deposits. Gross advances stood at Rs.268 billion at March 31, 2017 registering a growth of 2 percent during the current quarter. Non-performing loans registered slight reduction due to recoveries, as stated above. The provision coverage against non-performing loans was maintained at 94 percent.

The Bank was assigned entity rating of 'AA+' by Pakistan Credit Rating Agency Limited recognizing 'improved market penetration, an acceptable risk profile, strengthened systems and internal controls and effective management of spreads, as key rating drivers'. The short term rating was 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 banking sector is witnessing a period of low mark-up rates and it is expected that the banking spreads will remain under pressure in the foreseeable future. The Bank will maintain its focus on prudently managing its lending and investment strategies, mobilization of low cost deposits; thereby mitigating the effect on net spreads, aggressive recovery efforts from delinquent borrowers and rationalisation of administrative and operational expenses with the 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
April 19, 2017

- sd -

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

ڈائریکٹرز کی جائزہ رپورٹ

عزیز محض داران،

ڈائریکٹرز غیر آڈٹ شدہ مختصر صورتی مالیاتی معلومات برائے اختتام سہ ماہی 31 مارچ 2017 پیش کرتے ہیں۔ غیر مدغم شدہ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

31 مارچ 2016	31 مارچ 2017
1,889,257	1,537,548
105,958	354,495
(113,672)	1,203
(7,714)	355,698
1,881,543	1,893,246
(658,612)	(662,776)
1,222,931	1,230,470
0.97	0.98

پروویژن ٹیکس سے قبل منافع
قرضوں کے عوض پروویژن کی ریورسل
سرمایہ کاری کے عوض (ریورسل) / پروویژن

قبل از ٹیکس منافع
ٹیکس

بعد از ٹیکس منافع

بنیادی آمدنی فی حصص، پیسے

کم تر شرح سود سے مشکل حالات کے باوجود، بنک نے اختتام سہ ماہی 31 مارچ 2017 کے عرصے میں 1.23 ارب روپے بعد از ٹیکس منافع کمایا، جو کہ تقریباً پچھلے سال کی سہ ماہی کے برابر ہے۔ اختتام سہ ماہی 31 مارچ 2017 میں فی حصص آمدنی 0.98 پیسے رہی۔

زیر جائزہ سہ ماہی کے دوران بنک نے خالص مارک اپ آمدنی میں 6 فیصد قابل ذکر اضافہ دکھایا، اس کے باوجود کہ زیادہ آمدنی والے نکاوٹی بانڈز کی تکمیل کے بعد ان کو مروجہ مارکیٹ کے شرح مارک اپ کے مطابق نسبتاً کم آمدنی والی جگہوں پر لگا یا گیا۔ فیصدا کی پیش اور تجارتی کاروبار سے آمدنی میں 4 فیصد بہتری آئی، گوکہ مجموعی غیر مارک اپ آمدنی میں 17 فیصد کمی آئی جس کی بڑی وجہ نکاوٹی بانڈز کی فروخت سے کم منافع لینا ہے۔ اس سہ ماہی کے دوران انتظامی اخراجات 9 فیصد سے بڑھے جس کی بنیادی وجہ برانچز میں حالیہ توسیع اور افراط زر کا اثر ہے۔ غیر فعال اثاثہ جات کی وصولی سے پروویژن میں 356 ملین روپے کی خالص کمی واقع ہوئی جبکہ اس کے مقابلے میں سال 2016 کی پہلی سہ ماہی میں 8 ملین روپے کی خالص پروویژن ڈالی گئی تھی، اور خالص منافع کے برقرار رہنے کی یہی مرکزی وجہ تھی۔

صارفین کی جمع کرائی گئی رقم بہتر مرکب کے ساتھ اس سہ ماہی کے اختتام پر 474 ارب روپے پر برقرار رکھی گئیں، کیونکہ مجموعی کرنٹ ڈیپازٹس 3 فیصد سے بڑھے جو صارفین کی رقم کی اوسط لاگت میں 43 پی پی ایس کی کمی کی بنیادی وجہ تھی۔ اختتام سہ ماہی پر مجموعی قرضہ جات 268 ارب روپے پر کھڑے تھے، جو کہ سہ ماہی کے دوران 2 فیصد اضافی ہے۔ غیر فعال قرضہ جات میں کمی کی ہوئی، جیسا کہ اوپر بیان ہوا ہے۔ غیر فعال قرضہ جات کی کوریج کا تناسب 94 فیصد پر برقرار رکھا گیا۔

پاکستان کریڈٹ ریٹنگ ایجنسی ایچ بی اے (PACRA) نے عسکری بینک کی ریٹنگ AA+ سے تسلیم کرتے ہوئے مقرر کی تھی کہ آہم ریٹنگ عناصر میں مارکیٹ میں بہتر رسائی، جبکہ رسک پروفائل کو قابل قبول حد تک محدود رکھنا، جو کہ مضبوط نظام اور انٹرنل کنٹرول اور پریڈز کے مؤثر انتظام کے ذریعے ہی حاصل ہوئی۔ مختصر مبادی کی ریٹنگ A1+ پر برقرار رکھی گئی تھی۔

ہماری برانچز 501 بھینچ چکی ہیں، جن میں 191 سلاک برانچز، 36 ذیلی برانچز، بحرین میں ہول بینک برانچ اور بیجنگ چین میں نمائندہ دفتر ہے۔

بینکنگ سیکٹر کو کم شرح مارک اپ کا سامنا ہے اور توقع کی جارہی ہے کہ بینکنگ سپر پیڈز پر یہ دباؤ قابل قیاس مستقبل تک رہے گا۔ بینک اپنی توجہ دانشمندی سے قرضہ جات اور سرمایہ کاری کی حکمت عملی کے انتظام پر، کم لاگت والی صارفین کی رقم پر اس طرح کے خالص سپر پیڈز پر اثر کم رہے، نادرہ گانگ سے وصولیوں کی جارحانہ کوششوں پر اور انتظامی اخراجات میں مناسب کمی پر لگائے گا۔

ہم اپنے گراں قدر صارفین کی طرف سے مسلسل سرپرستی اور حمایت، ٹیسٹ بینک آف پاکستان، سیورٹیز اینڈ ایچ پی سی کی پیش آہنگ آف پاکستان اور دیگر ریگولیٹری ایجنسیوں کی طرف سے رہنمائی، ہمارے حصص داران کا ہم پر یقین اور اعتماد اور ہمارے عملے کی انتظامی امور میں اپنی کاوشوں سے شراکت کا شکریہ ادا کرتے ہیں، جس سے ہمیں مقابلہ کاروباری ماحول میں ثابت قدمی سے خدمات سرانجام دینے میں مدد ملی۔

دستخط

دستخط

لیفٹیننٹ جنرل خالد نواز خان

سید ایم حسین

ہلال امتیاز (ملٹری)، ستارہ امتیاز (ریٹائرڈ)

پریزیڈنٹ و چیف ایگزیکٹو

چیئر مین بورڈ آف ڈائریکٹرز

راولپنڈی

19 اپریل 2017

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2017

		(Un-audited) March 31, 2017	(Audited) December 31, 2016
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		34,587,862	42,568,141
Balances with other banks		4,742,733	5,845,748
Lendings to financial institutions		4,317,950	6,836,584
Investments	7	283,218,964	295,846,254
Advances	8	241,620,016	235,163,922
Operating fixed assets	9	10,748,751	11,019,555
Assets held for sale		261,762	261,762
Other assets		18,613,149	21,597,227
		598,111,187	619,139,193
Liabilities			
Bills payable		9,586,592	8,579,809
Borrowings	10	65,956,552	89,261,788
Deposits and other accounts	11	473,536,436	472,811,335
Sub-ordinated loans		4,994,000	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	12	664,986	526,430
Other liabilities		11,021,046	10,388,081
		565,759,612	586,562,243
Net assets		<u>32,351,575</u>	<u>32,576,950</u>
Represented by			
Share capital	13	12,602,602	12,602,602
Reserves		11,112,084	8,670,686
Unappropriated profit		984,376	4,084,206
		24,699,062	25,357,494
Surplus on revaluation of assets - net of tax	14	7,652,513	7,219,456
		<u>32,351,575</u>	<u>32,576,950</u>
Contingencies and Commitments	15		

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2017

		Quarter ended March 31, 2017	Quarter ended March 31, 2016
	Note	(Rupees in thousand)	
Mark-up / return / interest earned		8,663,709	8,404,405
Mark-up / return / interest expensed		4,869,543	4,839,126
Net mark-up / interest income		3,794,166	3,565,279
Reversal of provision against non-performing loans and advances - net	8.1	(354,495)	(105,958)
Impairment loss on available for sale investments (Reversal of provision) / provision for diminution in the value of investments - net		11,298	-
Bad debts written off directly		(12,501)	113,672
		-	-
		(355,698)	7,714
Net mark-up / interest income after provisions		4,149,864	3,557,565
Non mark-up / interest income			
Fee, commission and brokerage income		480,974	423,928
Dividend income		18,034	42,889
Income from dealing in foreign currencies		178,705	211,475
Gain on sale of securities - net	16	517,316	831,583
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-
Other income		123,927	86,958
		1,318,956	1,596,833
Total non-markup / interest income		5,468,820	5,154,398
Non mark-up / interest expenses			
Administrative expenses		3,530,154	3,227,628
Other provisions / write offs		-	-
Other charges		45,420	45,227
Total non-markup / interest expenses		3,575,574	3,272,855
		1,893,246	1,881,543
Extraordinary / unusual items		-	-
Profit before taxation		1,893,246	1,881,543
Taxation - current		757,406	613,328
- deferred		(94,630)	45,284
		662,776	658,612
Profit after taxation		1,230,470	1,222,931
Basic earning per share - Rupee		0.98	0.97

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	(Rupees in thousand)	
Profit after taxation	1,230,470	1,222,931
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss account		
Exchange difference on translation of net investment in Wholesale Bank Branch	1,488	43
Comprehensive income - transferred to statement of changes in equity	1,231,958	1,222,974
Components of comprehensive income not reflected in equity		
Items that are or may be reclassified subsequently to profit and loss account		
Surplus on revaluation of assets - net of tax	433,057	2,500,065
Total comprehensive income	<u>1,665,015</u>	<u>3,723,039</u>

The annexed notes 1 to 21 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 quarter ended March 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,893,246	1,881,543
Less: dividend income	(18,034)	(42,889)
	<u>1,875,212</u>	<u>1,838,654</u>
Adjustments:		
Depreciation / amortization	637,552	233,195
Reversal of provision against non-performing advances - net	(354,495)	(105,958)
Impairment loss on available for sale investments (Reversal of provision) / Provision for diminution in the value of investments - net	11,298	-
Net loss / (gain) on sale of operating fixed assets	(12,501)	113,672
	66	(1,645)
	<u>281,920</u>	<u>239,264</u>
	2,157,132	2,077,918
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,068,634	(5,701,408)
Advances	(6,093,099)	(8,729,336)
Other assets (excluding advance taxation)	3,151,779	3,395,873
	<u>2,127,314</u>	<u>(11,034,871)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,006,783	1,074,823
Borrowings	(23,305,236)	(9,986,653)
Deposits and other accounts	725,101	15,637,931
Other liabilities (excluding current taxation)	(1,256,559)	332,928
	<u>(22,829,911)</u>	<u>7,059,029</u>
Cash flow before tax	(18,545,465)	(1,897,924)
Income tax paid	(932,342)	(599,676)
Net cash outflow from operating activities	<u>(19,477,807)</u>	<u>(2,497,600)</u>
Cash flow from investing activities		
Net investments in available for sale securities	13,819,914	(3,556,383)
Net investments in held to maturity securities	(525,180)	528,189
Dividend income	16,771	2,592
Investments in operating fixed assets - net of adjustment	(376,395)	(311,184)
Sale proceeds of operating fixed assets - disposed off	9,581	6,505
Net cash inflow / (outflow) from investing activities	<u>12,944,691</u>	<u>(3,330,281)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(800)	(800)
Dividends paid	(866)	(1,045)
Net cash outflow from financing activities	<u>(1,666)</u>	<u>(1,845)</u>
Effect of translation of net investment in Wholesale Bank Branch	1,488	43
Decrease in cash and cash equivalents	<u>(6,533,294)</u>	<u>(5,829,683)</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>41,880,595</u>	<u>32,151,269</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	34,587,862	28,596,671
Balances with other banks	4,742,733	3,554,598
Call money lendings	2,550,000	-
	<u>41,880,595</u>	<u>32,151,269</u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2017

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Unappropriated profit	
Balance as at January 01, 2016	12,602,602	100,829	234,669	5,711,187	399,203	2,763,314	21,811,804
Transfer to General reserve:	-	-	-	-	2,763,314	(2,763,314)	-
Total comprehensive income for the quarter ended March 31, 2016							
Net profit for the quarter ended March 31, 2016	-	-	-	-	-	1,222,931	1,222,931
Other comprehensive income related to equity	-	43	-	-	-	-	43
	-	43	-	-	-	1,222,931	1,222,974
Transfer to Statutory reserve	-	-	-	244,586	-	(244,586)	-
Balance as at March 31, 2016	12,602,602	100,872	234,669	5,955,773	3,162,517	978,345	23,034,778
Total comprehensive income for the nine months ended December 31, 2016							
Net profit for the nine months ended December 31, 2016	-	-	-	-	-	3,997,704	3,997,704
Other comprehensive income related to equity	-	(7,361)	-	-	-	(92,302)	(99,663)
	-	(7,361)	-	-	-	3,905,402	3,898,041
Transfer to Statutory reserve	-	-	-	799,541	-	(799,541)	-
Transaction with owners, recorded directly in equity							
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)
Balance as at December 31, 2016	12,602,602	93,511	234,669	6,755,314	1,587,192	4,084,206	25,357,494
Transfer to General reserve	-	-	-	-	4,084,206	(4,084,206)	-
Total comprehensive income for the quarter ended March 31, 2017							
Net profit for the quarter ended March 31, 2017	-	-	-	-	-	1,230,470	1,230,470
Other comprehensive income related to equity	-	1,488	-	-	-	-	1,488
	-	1,488	-	-	-	1,230,470	1,231,958
Transfer to Statutory reserve	-	-	-	246,094	-	(246,094)	-
Transaction with owners, recorded directly in equity							
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)
Balance as at March 31, 2017	<u>12,602,602</u>	<u>94,999</u>	<u>234,669</u>	<u>7,001,408</u>	<u>3,781,008</u>	<u>984,376</u>	<u>24,699,062</u>

The annexed notes 1 to 21 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 quarter ended March 31, 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 commenced business operations from April 1, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the Pakistan Stock Exchange.

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 March 31, 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.

The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

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.

This unconsolidated condensed interim financial information is presented in Pak Rupee which is the Bank's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Bank for the quarter ended March 31, 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 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016.

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 valued in accordance with the requirements of various circulars issued by SBP.

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

For the quarter ended March 31, 2017

4. 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.

5. 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 9.1.1 to this unconsolidated condensed interim financial information.

6. 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.

7. INVESTMENTS

March 31, 2017 - (Un-audited)			December 31, 2016 - (Audited)		
Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total

7.1 Investments by types:

(Rupees in thousand)

Available for sale securities

Market Treasury Bills	73,131,694	12,434,349	85,566,043	49,646,772	57,836,770	107,483,542
Pakistan Investment Bonds	134,895,698	35,827,913	170,723,611	146,624,821	14,696,132	161,320,953
Fully paid ordinary shares / units	3,024,838	-	3,024,838	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	4,281,752	-	4,281,752	4,525,616	-	4,525,616
Sukuk Certificates	9,858,610	-	9,858,610	9,933,974	-	9,933,974
Commercial Papers	240,247	-	240,247	-	-	-
Foreign Government Bonds	107,867	-	107,867	-	-	-
Government of Pakistan Euro Bonds	449,764	-	449,764	642,971	-	642,971
	227,800,419	48,262,262	276,062,681	217,360,991	72,532,902	289,893,893

Held to maturity securities

Government of Pakistan Euro Bonds	2,696,372	-	2,696,372	2,690,386	-	2,690,386
Sukuk Certificates	1,454,903	-	1,454,903	935,709	-	935,709
	4,151,275	-	4,151,275	3,626,095	-	3,626,095

Investments at cost

	231,951,694	48,262,262	280,213,956	220,987,086	72,532,902	293,519,988
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Provision for diminution in the value of investments

	(1,921,427)	-	(1,921,427)	(1,933,928)	-	(1,933,928)
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Investments - net of provisions

	230,030,267	48,262,262	278,292,529	219,053,158	72,532,902	291,586,060
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Surplus / (deficit) on revaluation of available for sale securities - net

	3,084,040	1,842,395	4,926,435	4,380,259	(120,065)	4,260,194
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Total investments

	233,114,307	50,104,657	283,218,964	223,433,417	72,412,837	295,846,254
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Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)
For the quarter ended March 31, 2017

7.2 The Bank has availed the relaxation of Rs. 11,288 thousand (December 31, 2016: Rs. 22,565 thousand) allowed by the SBP against booking of impairment loss as required under para No. 4(a) of Regulation R-8 of Prudential Regulations.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
8. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	216,053,393	216,085,202
Outside Pakistan	<u>2,966,874</u>	<u>3,345,613</u>
	219,020,267	219,430,815
Islamic financing and related assets - note A - 1 of Annexure	28,058,448	25,994,787
Net investment in finance lease - In Pakistan	9,254,122	8,138,098
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	<u>7,474,649</u>	<u>3,797,182</u>
Payable outside Pakistan	<u>4,417,369</u>	<u>4,762,374</u>
	<u>11,892,018</u>	<u>8,559,556</u>
Advances - gross	<u>268,224,855</u>	<u>262,123,256</u>
Provision for non-performing advances - note 8.1		
Specific provision	<u>(26,002,898)</u>	<u>(26,353,791)</u>
General provision	<u>(236,760)</u>	<u>(236,944)</u>
General provision against consumer loans	<u>(365,181)</u>	<u>(368,599)</u>
	<u>(26,604,839)</u>	<u>(26,959,334)</u>
Advances - net of provision	<u><u>241,620,016</u></u>	<u><u>235,163,922</u></u>

8.1 Particulars of provision against non-performing advances

	March 31, 2017 - (Un - audited)				December 31, 2016 - (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
	(Rupees in thousand)							
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	<u>241,737</u>	<u>5,437</u>	<u>5,151</u>	<u>252,325</u>	<u>1,198,881</u>	<u>56,299</u>	<u>147,073</u>	<u>1,402,253</u>
Reversal for the period / year	<u>(592,630)</u>	<u>(5,621)</u>	<u>(8,569)</u>	<u>(606,820)</u>	<u>(2,100,652)</u>	<u>(16,296)</u>	<u>(14,746)</u>	<u>(2,131,694)</u>
Net (reversal) / charge for the period / year	(350,893)	(184)	(3,418)	(354,495)	(901,771)	40,003	132,327	(729,441)
Amounts written off	-	-	-	-	(234)	-	-	(234)
Amounts charged off - agri loans	-	-	-	-	<u>(793,177)</u>	-	-	<u>(793,177)</u>
Closing balance	<u><u>26,002,898</u></u>	<u><u>236,760</u></u>	<u><u>365,181</u></u>	<u><u>26,604,839</u></u>	<u><u>26,353,791</u></u>	<u><u>236,944</u></u>	<u><u>368,599</u></u>	<u><u>26,959,334</u></u>

8.2 The net Forced Sale Value (FSV) benefit already availed has been decreased by Rs. 107,385 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 107,385 thousand (2016: Rs. 146,961 thousand) and Rs. 69,800 thousand (2016: Rs. 95,525 thousand) respectively. Further, at March 31, 2017, cumulative net of tax benefit of FSV is Rs. 842,277 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 payment of cash or stock dividend.

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

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

For the quarter ended March 31, 2017

8.4 Advances include Rs. 28,283,294 thousand (December 31, 2016: Rs. 28,534,630 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 8.4.1	270,661	-	270,661	-	-
Substandard	419,794	-	419,794	24,079	24,079
Doubtful	586,625	-	586,625	235,799	235,799
Loss	27,006,214	-	27,006,214	25,743,020	25,743,020
	<u>28,283,294</u>	<u>-</u>	<u>28,283,294</u>	<u>26,002,898</u>	<u>26,002,898</u>
Category of classification	December 31, 2016 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially					
Mentioned - note 8.4.1	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>

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

	Note	(Un-audited)	(Audited)
		March 31, 2017	December 31, 2016
(Rupees in thousand)			
9. OPERATING FIXED ASSETS			
Capital work-in-progress		267,916	281,271
Property and equipment	9.1	9,581,153	9,851,669
Intangibles	9.2	935,279	922,212
		10,516,432	10,773,881
Provision against operating fixed assets		(35,597)	(35,597)
		<u>10,748,751</u>	<u>11,019,555</u>
9.1 Property and equipment			
Book value at beginning of the period / year		9,851,669	7,978,711
Cost of additions / revaluation during the period / year		326,916	2,729,760
Book value of deletions / transfers during the period / year		(9,647)	(16,059)
Depreciation charge for the period / year		(587,785)	(832,755)
Book value of adjustments during the period / year		-	(7,988)
Book value at end of the period / year		<u>9,581,153</u>	<u>9,851,669</u>

9.1.1 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. 360.6 million.

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
9.2 Intangibles		
Book value at beginning of the period / year	922,212	977,898
Cost of additions during the period / year	62,834	123,155
Amortization charge for the period / year	(49,767)	(180,792)
Book value of adjustments during the period / year	-	1,951
Book value at end of the period / year	<u>935,279</u>	<u>922,212</u>
10. BORROWINGS		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	10,320,500	9,712,571
- Long term financing facility	3,929,942	3,165,516
- Financing facility for storage of agricultural produce	11,667	12,500
	<u>14,262,109</u>	<u>12,890,587</u>
Repo borrowings		
- State Bank of Pakistan	43,504,884	67,078,365
- Financial Institutions	6,174,105	6,211,169
	<u>49,678,989</u>	<u>73,289,534</u>
Unsecured		
- Call borrowings	1,686,898	2,795,562
	<u>65,627,996</u>	<u>88,975,683</u>
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	328,556	286,105
	<u>65,956,552</u>	<u>89,261,788</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	82,484,376	87,044,527
Savings deposits	248,325,260	249,395,839
Current accounts - remunerative	889,323	753,080
Current accounts - non-remunerative	129,351,203	125,245,992
Special exporters' account	78,204	31,934
Margin accounts	3,313,751	3,080,895
Others	1,056,174	1,205,111
Financial institutions		
Remunerative deposits	7,920,431	5,860,112
Non-Remunerative deposits	117,714	193,845
	<u>473,536,436</u>	<u>472,811,335</u>
12. DEFERRED TAX LIABILITIES		
Deferred (debits) / credits arising due to:		
Accelerated tax depreciation and amortization	443,298	537,926
Provision against non-performing advances		
- excess of 1% of total advances	(1,327,402)	(1,327,402)
- classified in sub-standard category	(71,278)	(71,278)
	<u>(955,382)</u>	<u>(860,754)</u>
Surplus on revaluation of available for sale securities	1,724,252	1,491,068
Actuarial losses	(103,884)	(103,884)
	<u>664,986</u>	<u>526,430</u>

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

For the quarter ended March 31, 2017

13. SHARE CAPITAL

13.1 Authorized capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016		(Un-audited) March 31, 2017	(Audited) December 31, 2016
Number of shares			(Rupees in thousand)	
<u>1,600,000,000</u>	<u>1,600,000,000</u>	Ordinary shares of Rs. 10 each	<u>16,000,000</u>	<u>16,000,000</u>

13.2 Issued, subscribed and paid up capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016			
Number of shares		Ordinary shares of Rs. 10 each:		
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978
28,273,315	28,273,315	Issued as Askari Leasing Limited merger	282,733	282,733
<u>1,260,260,180</u>	<u>1,260,260,180</u>		<u>12,602,602</u>	<u>12,602,602</u>

14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus 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	4,627,636	3,826,689
ii) Listed shares	62,139	254,555
iii) Units of open end mutual funds	193,385	159,426
iv) Other securities	43,275	19,524
	4,926,435	4,260,194
Less: related deferred tax	(1,724,252)	(1,491,068)
	<u>3,202,183</u>	<u>2,769,126</u>
	<u>7,652,513</u>	<u>7,219,456</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

Others	<u>11,155,362</u>	<u>9,657,366</u>
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15.2 Transaction-related contingent liabilities

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.

449,932	487,585
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Contingent liability in respect of guarantees given, favouring:

i) Government	87,744,598	72,129,895
ii) Banks and other financial institutions	10,846,805	10,650,624
iii) Others	35,158,850	29,125,937
	<u>133,750,253</u>	<u>111,906,456</u>
	<u>134,200,185</u>	<u>112,394,041</u>

These include guarantees amounting to Rs. 1,143,046 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.

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	<u>117,609,386</u>	<u>111,801,548</u>
15.4 Other Contingencies		
15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	<u>808,524</u>	<u>790,979</u>
15.4.2 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) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
15.5 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,257,120	4,001,864
Sale and repurchase agreements	<u>49,795,056</u>	<u>73,375,556</u>
15.6 Commitments in respect of forward exchange contracts		
Purchase	22,726,643	20,227,932
Sale	<u>12,860,564</u>	<u>8,010,521</u>
The above commitments have maturities falling within one year		
15.7 Commitments for acquisition of operating fixed assets	<u>160,276</u>	<u>237,735</u>
15.8 Commitments to extend credit		
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	<u>22,209,371</u>	<u>18,532,793</u>
15.9 Other commitments		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited	<u>281,640</u>	<u>281,640</u>
15.10 Bills For Collection		
Payable in Pakistan	4,908,054	1,557,837
Payable outside Pakistan	<u>13,504,757</u>	<u>13,712,443</u>
	<u>18,412,811</u>	<u>15,270,280</u>

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Un-audited) March 31, 2016
	(Rupees in thousand)	
16. GAIN ON SALE OF SECURITIES - NET		
Gain on sale of government securities	99,562	798,547
Gain on sale of other investments	417,754	33,036
	<u>517,316</u>	<u>831,583</u>

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.

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

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.

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

For the quarter ended March 31, 2017

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

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

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

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

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.

	March 31, 2017 - (Un-audited)		
	Level 1	Level 2	Level 3
	Rupees '000		
Financial assets:			
Available for sale securities			
Market Treasury Bills	-	85,594,272	-
Pakistan Investment Bonds	-	175,312,750	-
Fully paid ordinary shares / units	2,999,992	-	18,360
Units of open end mutual funds	-	1,976,020	-
Fully paid preference shares	88,045	-	-
Term Finance Certificates	707,053	2,276,757	-
Sukuk Certificates	-	9,403,415	-
Commercial Papers	-	-	240,247
Foreign Government Bonds	-	108,515	-
Government of Pakistan Euro Bonds	-	452,263	-
	<u>3,795,090</u>	<u>275,123,992</u>	<u>258,607</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>

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

For the quarter ended March 31, 2017

	December 31, 2016 - (Audited)		
	Level 1	Level 2	Level 3
	Rupees '000		
Financial assets:			
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.

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	Rupees in '000						
	For the quarter ended March 31, 2017 - (Un-audited)						
Total income	35,049	5,097,995	373,113	4,372,389	86,960	17,159	9,982,665
Total expenses	4,308	4,551,302	372,277	3,148,734	10,689	2,109	8,089,419
Net income	30,741	546,693	836	1,223,655	76,271	15,050	1,893,246
	For the quarter ended March 31, 2016 - (Un-audited)						
Total income	40,561	5,515,988	245,604	3,968,530	215,462	15,093	10,001,238
Total expenses	3,617	4,510,364	291,837	3,293,319	19,212	1,346	8,119,695
Net income / (loss)	36,944	1,005,624	(46,233)	675,211	196,250	13,747	1,881,543
	As at March 31, 2017 - (Un-audited)						
Segment Assets (Gross)	77,985	321,884,519	16,494,477	288,379,993	193,489	38,178	627,068,641
Segment Non Performing Loans	-	-	2,269,293	26,014,001	-	-	28,283,294
Segment Provision Required	-	1,493,179	2,408,912	25,055,363	-	-	28,957,454
Segment Liabilities	1,194	52,291,433	298,631	513,164,808	2,962	584	565,759,612
Segment return on net assets (%)	0.01	1.02	0.05	0.73	0.04	0.00	
Segment cost of funds (%)	0.00	0.88	0.06	0.64	0.00	0.00	
	As at December 31, 2016 - (Audited)						
Segment Assets (Gross)	138,015	346,785,045	13,364,939	288,087,131	68,755	20,929	648,464,814
Segment Non Performing Loans	-	-	2,293,882	26,240,748	-	-	28,534,630
Segment Provision Required	-	1,501,597	2,426,511	25,397,513	-	-	29,325,621
Segment Liabilities	1,643	75,223,592	284,767	511,051,174	818	249	586,562,243
Segment return on net assets (%)	0.05	4.07	0.14	3.09	0.02	0.01	
Segment cost of funds (%)	0.00	3.52	0.22	2.48	0.00	0.00	

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

For the quarter ended March 31, 2017

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 quarter and balances as at March 31, 2017, are as follows:

	March 31, 2017 - (Un - audited)						December 31, 2016 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiaries	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiaries	Other Related Parties
	(Rupees in thousand)											
Balances outstanding as at												
- Advances												
Secured	1,021,692	348,060	-	4,268,651	-	-	799,921	305,484	-	4,534,697	-	-
Un-secured	-	6,894	129	-	-	-	-	6,425	114	-	-	-
- Mark-up receivable	-	49,386	-	69,532	-	-	4,181	46,426	-	16,645	-	-
- Deposits	5,193,298	110,440	11,167	8,037,332	8,399	1,329,228	5,462,689	147,552	13,377	7,296,044	9,008	1,106,985
- Mark-up payable	16,023	1,782	64	27,148	-	969	11,569	1,249	15	12,170	-	313
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	150,261	-	-	339,761	-	-	187,164	-	-
- Investments in shares / units	-	-	-	1,918,067	-	-	-	-	-	1,883,558	-	-
- Security deposits	4,094	1,165	-	9,501	-	-	4,094	1,165	-	8,665	-	-
- Assets held for sale	-	-	-	-	261,762	-	-	-	-	-	261,762	-
- Contribution payable to employees' funds	-	-	-	-	-	101,575	-	-	-	-	-	384,364
	March 31, 2017 - (Un - audited)						March 31, 2016 - (Un - audited)					
Transactions during the quarter ended												
- Mark-up / interest earned	5,875	2,597	-	71,375	-	-	11,279	2,422	-	91,300	-	-
- Net mark-up / interest expensed	66,132	767	135	100,852	101	16,737	40,503	651	61	107,006	154	9,703
- Contributions to employees' funds	-	-	-	-	-	131,685	-	-	-	-	-	138,925
- Rent of property / service charges paid	680	-	-	-	-	-	624	-	-	-	-	-
- Remuneration and allowances paid	-	111,255	-	-	-	-	-	98,384	-	-	-	-
- Post employment benefits	-	6,886	-	-	-	-	-	6,189	-	-	-	-
- Fee, commission and brokerage income	20	-	-	711	-	-	63	-	-	424	-	-
- Fee, commission and brokerage paid	-	-	-	37	-	-	-	-	-	72	-	-
- Fees and other expenses paid	-	167	1,844	-	-	989	-	83	925	-	-	989

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

21. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on April 19, 2017.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Islamic Banking Business - Statement of Financial Position

As at March 31, 2017

Annexure
(1 of 4)

The Bank is operating 94 Islamic banking branches including 3 Sub branches at quarter ended March 31, 2017 (December 31, 2016: 94 Islamic banking branches including 3 Sub branches).

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
(Rupees in thousand)			
ASSETS			
Cash and balances with treasury banks		3,048,629	3,230,575
Balances with other banks		2,257,969	2,452,684
Due from financial institutions		2,550,000	2,330,023
Investments		5,159,272	4,704,085
Islamic financing and related assets	A - 1	27,684,486	25,668,630
Operating fixed assets		615,215	613,394
Other assets		967,285	1,862,503
Total Assets		<u>42,282,856</u>	<u>40,861,894</u>
LIABILITIES			
Bills payable		884,259	748,865
Due to Financial Institutions		218,000	2,018,000
Deposits and other accounts			
-Current Accounts		10,698,715	10,962,873
-Saving Accounts	A - 2	16,981,493	15,016,974
-Term Deposits		4,888,115	5,491,734
-Others		429,544	596,703
-Deposit from Financial Institutions - remunerative		4,083,118	2,343,783
-Deposits from Financial Institutions - non-remunerative		2,694	2,650
Due to Head Office		-	-
Other liabilities		1,334,583	1,162,362
		<u>39,520,521</u>	<u>38,343,944</u>
Net Assets		<u>2,762,335</u>	<u>2,517,950</u>
REPRESENTED BY			
Islamic Banking Fund		3,250,000	2,875,000
Accumulated losses		(503,831)	(381,679)
		<u>2,746,169</u>	<u>2,493,321</u>
Surplus on revaluation of assets		16,166	24,629
		<u>2,762,335</u>	<u>2,517,950</u>
Remuneration to Shariah Board		<u>989</u>	<u>3,937</u>
A - 1 Islamic Financing and Related Assets			
Murabaha		4,525,327	4,437,947
Ijara		3,869,180	3,683,567
Musharaka		3,442,998	4,055,450
Diminishing Musharaka		8,634,018	9,005,528
Salam		2,640,721	1,664,736
Istisna		1,812,965	1,604,148
Other Islamic Modes		3,133,239	1,543,411
		<u>28,058,448</u>	<u>25,994,787</u>
Total provision		<u>(373,962)</u>	<u>(326,157)</u>
	A - 1.1	<u>27,684,486</u>	<u>25,668,630</u>

A - 1.1 Islamic Mode of Financing

(Rupees in thousand)

March 31, 2017 - (Un-audited)								
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	4,121,894	3,441,783	3,442,998	8,631,496	2,640,721	1,532,496	66,311	23,877,699
Advance	403,433	427,397	-	2,522	-	-	-	833,352
Inventory	-	-	-	-	-	280,469	-	280,469
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	3,066,928	3,066,928
	4,525,327	3,869,180	3,442,998	8,634,018	2,640,721	1,812,965	3,133,239	28,058,448
Provision	(95,436)	(130,133)	-	(139,826)	(8,567)	-	-	(373,962)
Total	4,429,891	3,739,047	3,442,998	8,494,192	2,632,154	1,812,965	3,133,239	27,684,486

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)
Total	4,345,755	3,555,781	4,055,450	8,904,106	1,659,979	1,604,148	1,543,411	25,668,630

A - 2 These includes remunerative current accounts of Rs. 889,323 thousand (December 31, 2016: Rs.753,080 thousand).

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

For the quarter ended March 31, 2017

Annexure
(3 of 4)

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	577,377	475,218
Return on deposits and other dues expensed	278,175	228,500
Net spread earned	299,202	246,718
Provision against non-performing financings	47,806	34,563
Provison / (reversal of provision) for diminution in the value of investments	18,703	(3,390)
	66,509	31,173
Income after provisions	232,693	215,545
Other Income		
Fee, commission and brokerage Income	22,982	22,508
Income from dealing in foreign currencies	362	3,507
Capital gain on sale of securities	-	160
Other income	6,792	6,471
Total other income	30,136	32,646
	262,829	248,191
Other expenses		
Administrative expenses	384,981	307,925
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	384,981	307,925
	(122,152)	(59,734)
Extraordinary / unusual items	-	-
Loss before taxation	(122,152)	(59,734)

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

As at March 31, 2017

Annexure
(4 of 4)

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
Opening balance	9,257	5,975
Additions during the period		
- received from customers on delayed payments	621	7,924
- non shariah compliant income	-	25
- profit on charity account	1	2
- others	49	117
	671	8,068
Payments / Utilization during the period		
- education	-	-
- relief and disaster recovery	-	(1,040)
- health	-	(2,719)
- orphanage	-	(1,027)
	-	(4,786)
Closing balance	<u>9,928</u>	<u>9,257</u>

ASKARI BANK LIMITED
& ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2017

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2017

		(Un-audited) March 31, 2017	(Audited) December 31, 2016
		(Rupees in thousand)	
Assets	Note		
Cash and balances with treasury banks		34,587,862	42,568,141
Balances with other banks		4,742,733	5,845,748
Lendings to financial institutions		4,317,950	6,836,584
Investments	7	283,218,964	295,846,254
Advances	8	241,620,016	235,163,922
Operating fixed assets	9	10,748,751	11,019,555
Other assets		18,611,343	21,596,324
		<u>597,847,619</u>	<u>618,876,528</u>
Assets attributable to discontinued operations	10	787,127	796,570
		598,634,746	619,673,098
Liabilities			
Bills payable		9,586,592	8,579,809
Borrowings	11	65,956,552	89,261,788
Deposits and other accounts	12	473,529,713	472,803,094
Sub-ordinated loans		4,994,000	4,994,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	13	664,986	526,430
Other liabilities		11,018,669	10,386,352
		<u>565,750,512</u>	<u>586,552,273</u>
Liabilities associated with discontinued operations	10	262,489	267,254
		566,013,001	586,819,527
Net Assets		<u>32,621,745</u>	<u>32,853,571</u>
Represented By:			
Share capital	14	12,602,602	12,602,602
Reserves		11,303,590	8,855,953
Unappropriated profit		991,948	4,090,445
		<u>24,898,140</u>	<u>25,549,000</u>
Non-controlling interest		42,768	37,908
		<u>24,940,908</u>	<u>25,586,908</u>
Surplus on revaluation of assets - net of tax			
Continued operations	15	7,652,513	7,219,456
Discontinued operations		28,324	47,207
		<u>32,621,745</u>	<u>32,853,571</u>
Contingencies and Commitments	16		

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2017

		Quarter ended March 31, 2017	Quarter ended March 31, 2016
	Note	(Rupees in thousand)	
Mark-up / return / interest earned		8,663,709	8,404,405
Mark-up / return / interest expensed		4,869,458	4,839,126
Net mark-up / interest income		<u>3,794,251</u>	<u>3,565,279</u>
Reversal of provision against non-performing loans and advances - net	8.1	(354,495)	(105,958)
Impairment loss on available for sale investments (Reversal of provision) / provision for diminution in the value of investments - net		11,298	-
Bad debts written off directly		(12,501)	113,672
		-	-
		<u>(355,698)</u>	<u>7,714</u>
Net mark-up / interest income after provisions		<u>4,149,949</u>	<u>3,557,565</u>
Non mark-up / interest income			
Fee, commission and brokerage income		480,071	423,928
Dividend income		18,034	42,889
Income from dealing in foreign currencies		178,705	211,475
Gain on sale of securities - net	17	517,316	831,583
Unrealised gain on revaluation of investments classified as held for trading - net		-	-
Other income		123,922	86,958
		<u>1,318,048</u>	<u>1,596,833</u>
Total non-markup / interest income		<u>5,467,997</u>	<u>5,154,398</u>
Non mark-up / interest expenses			
Administrative expenses		3,529,506	3,227,628
Other provisions / write offs		-	-
Other charges		45,420	45,227
Total non-markup / interest expenses		<u>3,574,926</u>	<u>3,272,855</u>
		1,893,071	1,881,543
Extraordinary / unusual items		-	-
Profit before taxation		<u>1,893,071</u>	<u>1,881,543</u>
Taxation - current		757,406	613,328
- prior years'		-	-
- deferred		(94,630)	45,284
		<u>662,776</u>	<u>658,612</u>
Profit after taxation - continued operations		<u>1,230,295</u>	<u>1,222,931</u>
Profit after taxation - discontinued operations	10	<u>12,607</u>	<u>3,805</u>
		<u>1,242,902</u>	<u>1,226,736</u>
Attributable to:			
Equity holders of the Bank		1,238,042	1,227,205
Non-controlling interest		4,860	(469)
		<u>1,242,902</u>	<u>1,226,736</u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter ended March 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	(Rupees in thousand)	
Profit after taxation	1,242,902	1,226,736
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss account		
Exchange difference on translation of net investment in Wholesale Bank Branch	1,488	43
Comprehensive income - transferred to statement of changes in equity	1,244,390	1,226,779
Components of comprehensive income not reflected in equity		
Surplus / (deficit) on revaluation of assets - net of tax		
Continued operations	433,057	2,500,065
Discontinued operations	(18,883)	(4,330)
Total comprehensive income	<u>1,658,564</u>	<u>3,722,514</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	1,658,614	3,724,109
Non-controlling interest	(50)	(1,595)
	<u>1,658,564</u>	<u>3,722,514</u>
Total comprehensive income arises from:		
Continued operations	1,664,840	3,723,039
Discontinued operations	(6,276)	(525)
	<u>1,658,564</u>	<u>3,722,514</u>

The annexed notes 1 to 22 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 quarter ended March 31, 2017

	Quarter ended March 31, 2017	Quarter ended March 31, 2016
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,893,071	1,881,543
Less: dividend income	(18,034)	(42,889)
	<u>1,875,037</u>	<u>1,838,654</u>
Adjustments:		
Depreciation / amortization	637,552	233,195
Reversal of provision against non-performing advances - net	(354,495)	(105,958)
Impairment loss on sale of investments	11,298	-
(Reversal of provision) / provision for diminution in the value of investments - net	(12,501)	113,672
Net loss / (profit) on sale of operating fixed assets	66	(1,645)
	<u>281,920</u>	<u>239,264</u>
	<u>2,156,957</u>	<u>2,077,918</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,068,634	(5,701,408)
Held for trading securities	-	108,996
Advances	(6,093,099)	(8,729,336)
Other assets (excluding advance taxation)	3,151,455	3,395,873
	<u>2,126,990</u>	<u>(10,925,875)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,006,783	1,074,823
Borrowings	(23,305,236)	(9,986,653)
Deposits and other accounts	726,619	15,637,931
Other liabilities (excluding current taxation)	(1,257,748)	332,928
	<u>(22,829,582)</u>	<u>7,059,029</u>
Discontinued operations	(19,671)	64,597
Cash flow before tax	(18,565,306)	(1,724,331)
Income tax paid	(932,342)	(603,315)
Net cash outflow from operating activities	<u>(19,497,648)</u>	<u>(2,327,646)</u>
Cash flow from investing activities		
Net investments in available for sale securities	13,819,914	(3,556,383)
Net investments in held to maturity securities	(525,180)	528,189
Dividend income	16,771	2,592
Investments in operating fixed assets	(376,395)	(311,184)
Sale proceeds of operating fixed assets	9,581	6,505
Discontinued operations	19,841	(149,463)
Net cash inflow / (outflow) from investing activities	<u>12,964,532</u>	<u>(3,479,744)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(800)	(800)
Dividends paid	(866)	(1,045)
Net cash outflow from financing activities	<u>(1,666)</u>	<u>(1,845)</u>
Effect of translation of net investment in Wholesale Bank Branch	1,488	43
Decrease in cash and cash equivalents	<u>(6,533,294)</u>	<u>(5,809,192)</u>
Cash and cash equivalents at beginning of the period	48,413,889	38,044,158
Cash and cash equivalents at end of the period	<u>41,880,595</u>	<u>32,234,966</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	34,587,862	28,596,836
Balances with other banks	4,742,733	3,638,130
Call money lendings	2,550,000	-
	<u>41,880,595</u>	<u>32,234,966</u>

The annexed notes 1 to 22 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 Changes in Equity (Un-audited)

For the quarter ended March 31, 2017

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
Balance as at January 01, 2016	12,602,602	100,829	234,669	5,711,187	399,203	2,948,581	21,997,071	35,580	22,032,651
Transfer to General reserve	-	-	-	-	2,948,581	(2,948,581)	-	-	-
Total comprehensive income for the quarter ended March 31, 2016									
Net profit for the quarter ended March 31, 2016	-	-	-	-	-	1,227,205	1,227,205	(469)	1,226,736
Other comprehensive income related to equity	-	43	-	-	-	-	43	-	43
Transfer to Statutory reserve	-	43	-	-	-	1,227,205	1,227,248	(469)	1,226,779
	-	-	-	244,586	-	(244,586)	-	-	-
Balance as at March 31, 2016	12,602,602	100,872	234,669	5,955,773	3,347,784	982,619	23,224,319	35,111	23,259,430
Total comprehensive income for the nine months ended December 31, 2016									
Net profit for the nine months ended December 31, 2016	-	-	-	-	-	4,001,570	4,001,570	3,003	4,004,573
Other comprehensive income related to equity	-	(7,361)	-	-	-	(94,203)	(101,564)	(206)	(101,770)
Transfer to Statutory reserve	-	(7,361)	-	-	-	3,907,367	3,900,006	2,797	3,902,803
	-	-	-	799,541	-	(799,541)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2015: Rs. 1.25 per share	-	-	-	-	(1,575,325)	-	(1,575,325)	-	(1,575,325)
Balance as at December 31, 2016	12,602,602	93,511	234,669	6,755,314	1,772,459	4,090,445	25,549,000	37,908	25,586,908
Transfer to General reserve	-	-	-	-	4,090,445	(4,090,445)	-	-	-
Total comprehensive income for the quarter ended March 31, 2017									
Net profit for the quarter ended March 31, 2017	-	-	-	-	-	1,238,042	1,238,042	4,860	1,242,902
Other comprehensive income related to equity	-	1,488	-	-	-	-	1,488	-	1,488
Transfer to Statutory reserve	-	1,488	-	-	-	1,238,042	1,239,530	4,860	1,244,390
	-	-	-	246,094	-	(246,094)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)	-	(1,890,390)
Balance as at March 31, 2017	12,602,602	94,999	234,669	7,001,408	3,972,514	991,948	24,898,140	42,768	24,940,908

The annexed notes 1 to 22 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 quarter ended March 31, 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 commenced business operations from April 01, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the Pakistan Stock Exchange.

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 March 31, 2017. 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, 35 (December 31, 2016: 35) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

Askari Investment Management Limited (AIML) was incorporated in Pakistan on May 30, 2005 as a public limited company. AIML is a Non Banking Finance Company (NBFC), under license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management and investment advisory services under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC & NE Regulations). The license was obtained on September 21, 2005. AIML is a wholly owned subsidiary of the Bank with its registered office in Karachi. AIML obtained its certificate of commencement of business on September 22, 2005.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the 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.

This consolidated condensed interim financial information is presented in Pak Rupee which is the Group's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Group for the quarter ended March 31, 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 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

The disclosures made in this consolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the

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

For the quarter ended March 31, 2017

Group for the year ended December 31, 2016.

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 Securities and Exchange Commission of Pakistan vide SRO 56(1)/2016 dated January 28, 2016 has relaxed the requirement of consolidation under IFRS 10, "Consolidated Financial Statements" for companies having investment in mutual funds established under trust structure.

4. 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.

5. 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.

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 9.1.1 to this consolidated condensed interim financial information.

6. 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 quarter ended March 31, 2017

7. INVESTMENTS

March 31, 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 '000

Rupees in '000

7.1 Investments by types:

Available for sale securities					
Market Treasury Bills	73,131,694	12,434,349	85,566,043	49,646,772	57,836,770
Pakistan Investment Bonds	134,895,698	35,827,913	170,723,611	146,624,821	14,696,132
Fully paid ordinary shares / units	3,024,838	-	3,024,838	4,154,102	-
Units of open end mutual funds	1,782,635	-	1,782,635	1,782,635	-
Fully paid preference shares	27,314	-	27,314	50,100	-
Term Finance Certificates	4,281,752	-	4,281,752	4,525,616	-
Sukuk Certificates	9,858,610	-	9,858,610	9,933,974	-
Commercial Papers	240,247	-	240,247	-	-
Foreign Government Bonds	107,867	-	107,867	-	-
Government of Pakistan Euro Bonds	449,764	-	449,764	642,971	-
	227,800,419	48,262,262	276,062,681	217,360,991	72,532,902
Held to maturity securities					
Government of Pakistan Euro Bonds	2,696,372	-	2,696,372	2,690,386	-
Sukuk Certificates	1,454,903	-	1,454,903	935,709	-
	4,151,275	-	4,151,275	3,626,095	-
Investments at cost	231,951,694	48,262,262	280,213,956	220,987,086	72,532,902
Provision for diminution in the value of investments	(1,921,427)	-	(1,921,427)	(1,933,928)	-
Investments - net of provisions	230,030,267	48,262,262	278,292,529	219,053,158	72,532,902
Surplus on revaluation of available for sale securities - net	3,084,040	1,842,395	4,926,435	4,380,259	(120,065)
Total investments	233,114,307	50,104,657	283,218,964	223,433,417	72,412,837

7.2 The Group has availed the relaxation of Rs. 11,288 thousand (December 31, 2016: Rs. 22,565 thousand) allowed by the SBP against booking of impairment loss as required under para No. 4(a) of Regulation R-8 of Prudential Regulations.

8. ADVANCES

Loans, cash credits, running finances, etc.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
In Pakistan	216,053,393	216,085,202
Outside Pakistan	2,966,874	3,345,613
	219,020,267	219,430,815
Islamic financing and related assets - note A - 1 of Annexure	28,058,448	25,994,787
Net investment in finance lease - In Pakistan	9,254,122	8,138,098
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	7,474,649	3,797,182
Payable outside Pakistan	4,417,369	4,762,374
	11,892,018	8,559,556
Advances - gross	268,224,855	262,123,256
Provision for non-performing advances - note 8.1		
Specific provision	(26,002,898)	(26,353,791)
General provision	(236,760)	(236,944)
General provision against consumer loans	(365,181)	(368,599)
	(26,604,839)	(26,959,334)
Advances - net of provision	241,620,016	235,163,922

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

For the quarter ended March 31, 2017

8.1 Particulars of provision against non-performing advances

	March 31, 2017 - (Un - audited)				December 31, 2016 - (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
	(Rupees in thousand)							
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	241,737	5,437	5,151	252,325	1,198,881	56,299	147,073	1,402,253
Reversal for the period / year	(592,630)	(5,621)	(8,569)	(606,820)	(2,100,652)	(16,296)	(14,746)	(2,131,694)
Net (reversal) / charge for the period / year	(350,893)	(184)	(3,418)	(354,495)	(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>26,002,898</u>	<u>236,760</u>	<u>365,181</u>	<u>26,604,839</u>	<u>26353,791</u>	<u>236,944</u>	<u>368,599</u>	<u>26,959,334</u>

8.2 The net Forced Sale Value (FSV) benefit already availed has been decreased by Rs. 107,385 thousand, which has resulted in an increased charge for specific provision for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 107,385 thousand (2016: Rs. 146,961 thousand) and Rs. 69,800 thousand (2016: Rs. 95,525 thousand) respectively. Further, at March 31, 2017, cumulative net of tax benefit of FSV is Rs. 842,277 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 payment of cash or stock dividend.

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

8.4 Advances include Rs. 28,283,294 thousand (December 31, 2016: Rs. 28,534,630 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.4.1		270,661	-	270,661	-
Substandard		419,794	-	419,794	24,079
Doubtful		586,625	-	586,625	235,799
Loss		27,006,214	-	27,006,214	25,743,020
		<u>28,283,294</u>	<u>-</u>	<u>28,283,294</u>	<u>26,002,898</u>
Category of classification	December 31, 2016 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.4.1		224,002	-	224,002	-
Substandard		215,562	-	215,562	31,481
Doubtful		576,104	-	576,104	216,967
Loss		27,518,962	-	27,518,962	26,105,343
		<u>28,534,630</u>	<u>-</u>	<u>28,534,630</u>	<u>26,353,791</u>

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

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

For the quarter ended March 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
(Rupees in thousand)			
9. OPERATING FIXED ASSETS			
Capital work-in-progress		267,916	281,271
Property and equipment	9.1	9,581,153	9,851,669
Intangibles	9.2	935,279	922,212
		10,516,432	10,773,881
Provision against operating fixed assets		(35,597)	(35,597)
		<u>10,748,751</u>	<u>11,019,555</u>

9.1 Property and equipment

Book value at beginning of the period / year	9,851,669	8,008,159
Cost of additions during the period / year	326,916	2,729,760
Book value of deletions / transfers during the period / year	(9,647)	(45,150)
Depreciation charge for the period / year	(587,785)	(832,755)
Book value of adjustments	-	(8,345)
Book value at end of the period / year	<u>9,581,153</u>	<u>9,851,669</u>

9.1.1 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. 360.6 million.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
(Rupees in thousand)		
9.2 Intangibles		
Book value at beginning of the period / year	922,212	996,590
Cost of additions during the period / year	62,834	123,155
Book value of deletions / transfers during the period / year	-	23,654
Amortization charge for the period / year	(49,767)	(180,792)
Book value of adjustments	-	(40,395)
Book value at end of the period / year	<u>935,279</u>	<u>922,212</u>

10. DISCONTINUED OPERATIONS

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

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
(Rupees in thousand)		
10.1.1 Assets attributable to discontinued operations		
Cash and balances with treasury banks	135	-
Balances with other banks	212,164	151,394
Lendings to financial institutions	-	-
Investments	346,416	387,960
Advances	4,915	6,634
Operating fixed assets	40,086	42,748
Deferred tax assets	13,836	8,354
Other assets	169,575	199,480
	<u>787,127</u>	<u>796,570</u>

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
Liabilities associated with discontinued operations		
Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Other liabilities	262,489	267,254
	<u>262,489</u>	<u>267,254</u>

(Un-audited) March 31, 2017	(Un-audited) March 31, 2016
(Rupees in thousand)	

10.1.2 Financial Performance

Mark-up / return / interest earned	19	155
Mark-up / return / interest expensed	-	-
Net mark-up / interest income	<u>19</u>	<u>155</u>
Provision / (reversal) against non-performing loans and advances - net	-	-
Impairment loss on available for sale investments	-	-
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
Net mark-up / interest income after provisions	<u>19</u>	<u>155</u>
Non mark-up / interest income		
Fee, commission and brokerage income	37,169	42,147
Dividend income	160	160
Income from dealing in foreign currencies	-	-
Gain on sale of securities - net	24,468	4,721
Unrealised gain on revaluation of investments classified as held for trading - net	4,749	2,463
Other income	283	1,879
Total non-markup / interest income	<u>66,829</u>	<u>51,370</u>
Non mark-up / interest expenses		
Administrative expenses	46,991	46,556
Other provisions / write offs	-	-
Other charges	-	-
Total non-markup / interest expenses	<u>46,991</u>	<u>46,556</u>
Extraordinary / unusual items	-	-
Profit before taxation	<u>19,857</u>	<u>4,969</u>
Taxation - current	(7,345)	(1,164)
- prior years'	-	-
- deferred	95	-
	<u>(7,250)</u>	<u>(1,164)</u>
Profit after taxation	<u>12,607</u>	<u>3,805</u>

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Un-audited) March 31, 2016
	(Rupees in thousand)	
10.1.3 Other comprehensive income		
Profit after tax	12,607	3,805
Deficit on revaluation of assets - net of tax	(18,883)	(4,330)
Total comprehensive income	<u>(6,276)</u>	<u>(525)</u>
10.1.4 Cash flow information		
Net cash flows from operating activities	<u>(19,671)</u>	<u>64,597</u>
Net cash flows from investing activities	<u>19,841</u>	<u>(149,463)</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
11. BORROWINGS		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	10,320,500	9,712,571
- Long term financing facility	3,929,942	3,165,516
- Financing facility for storage of agricultural produce	11,667	12,500
	<u>14,262,109</u>	<u>12,890,587</u>
Repo borrowings		
- State Bank of Pakistan	43,504,884	67,078,365
- Financial Institutions	6,174,105	6,211,169
	<u>49,678,989</u>	<u>73,289,534</u>
Unsecured		
- Call borrowings	1,686,898	2,795,562
	<u>65,627,996</u>	<u>88,975,683</u>
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	328,556	286,105
	<u>65,956,552</u>	<u>89,261,788</u>
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	82,484,376	87,044,527
Savings deposits	248,323,107	249,391,921
Current accounts - remunerative	889,323	753,080
Current accounts - non-remunerative	129,346,633	125,241,669
Special exporters' account	78,204	31,934
Margin accounts	3,313,751	3,080,895
Others	1,056,174	1,205,111
Financial institutions		
Remunerative deposits	7,920,431	5,860,112
Non-remunerative deposits	117,714	193,845
	<u>473,529,713</u>	<u>472,803,094</u>
13. DEFERRED TAX LIABILITIES		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation	443,298	537,926
Provision against non-performing advances		
- excess of 1% of total advances	(1,327,402)	(1,327,402)
- classified in sub-standard category	(71,278)	(71,278)
	<u>(955,382)</u>	<u>(860,754)</u>
Surplus on revaluation of available for sale securities	1,724,252	1,491,068
Actuarial losses	(103,884)	(103,884)
	<u>664,986</u>	<u>526,430</u>

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

For the quarter ended March 31, 2017

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

14. SHARE CAPITAL

14.1 Authorized capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016		(Un-audited) March 31, 2017	(Audited) December 31, 2016
Number of shares				
1,600,000,000	1,600,000,000	Ordinary shares of Rs. 10 each	16,000,000	16,000,000

14.2 Issued, subscribed and paid up capital

(Un-audited) March 31, 2017	(Audited) December 31, 2016		(Un-audited) March 31, 2017	(Audited) December 31, 2016
Number of shares		Ordinary shares of Rs. 10 each:		
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978
28,273,315	28,273,315	Issued on Askari Leasing Limited merger	282,733	282,733
1,260,260,180	1,260,260,180		12,602,602	12,602,602

15. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus 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	4,627,636	3,826,689
ii) Listed shares	62,139	254,555
iii) Units of open end mutual funds	193,385	159,426
iv) Other securities	43,275	19,524
	4,926,435	4,260,194
Less: related deferred tax	(1,724,252)	(1,491,068)
	3,202,183	2,769,126
	7,652,513	7,219,456

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

Others	11,155,362	9,657,366
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16.2 Transaction-related contingent liabilities

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.	449,932	487,585
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Contingent liability in respect of guarantees given, favouring:

i) Government	87,744,598	72,129,895
ii) Banks and other financial institutions	10,846,805	10,650,624
iii) Others	35,158,850	29,125,937
	133,750,253	111,906,456
	134,200,185	112,394,041

These include guarantees amounting to Rs. 1,143,046 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.

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
16.3 Trade-related contingent liabilities	<u>117,609,386</u>	<u>111,801,548</u>
16.4 Other Contingencies		
16.4.1 These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	<u>808,524</u>	<u>790,979</u>
16.4.2 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).		
	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in thousand)	
16.5 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,257,120	4,001,864
Sale and repurchase agreements	<u>49,795,056</u>	<u>73,375,556</u>
16.6 Commitments in respect of forward exchange contracts		
Purchase	22,726,643	20,227,932
Sale	<u>12,860,564</u>	<u>8,010,521</u>
The above commitments have maturities falling within one year		
16.7 Commitments for acquisition of operating fixed assets	<u>160,276</u>	<u>237,735</u>
16.8 Commitments to extend credit		
The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for	<u>22,209,371</u>	<u>18,532,793</u>
16.9 Other commitments		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited.	<u>281,640</u>	<u>281,640</u>
16.10 Bills for collection		
Payable in Pakistan	4,908,054	1,557,837
Payable outside Pakistan	13,504,757	13,712,443
	<u>18,412,811</u>	<u>15,270,280</u>

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

For the quarter ended March 31, 2017

	(Un-audited) March 31, 2017	(Un-audited) March 31, 2016
	(Rupees in thousand)	
17. GAIN ON SALE OF SECURITIES - NET		
Gain on sale of government securities	99,562	798,547
Gain on sale of other investments	417,754	33,036
	<u>517,316</u>	<u>831,583</u>

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 Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

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

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

19. Fair Value Of Financial Instruments

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

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:

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

For the quarter ended March 31, 2017

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

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

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

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.

	March 31, 2017 - (Un-audited)		
	Level 1	Level 2	Level 3
	Rupees '000		
Financial assets:			
Available for sale securities			
Market Treasury Bills	-	85,594,272	-
Pakistan Investment Bonds	-	175,312,750	-
Fully paid ordinary shares / units	2,999,992	-	18,360
Units of open end mutual funds	-	1,976,020	-
Fully paid preference shares	88,045	-	-
Term Finance Certificates	707,053	2,276,757	-
Sukuk Certificates	-	9,403,415	-
Commercial Papers	-	-	240,247
Foreign Government Bonds	-	108,515	-
Government of Pakistan Euro Bonds	-	452,263	-
	<u>3,795,090</u>	<u>275,123,992</u>	<u>258,607</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 '000		
Financial assets:			
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>

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

For the quarter ended March 31, 2017

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.

20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Total
	Rupees in '000								
For the quarter ended March 31, 2017 - (Un - audited)									
Total income	35,049	5,097,995	373,113	4,371,481	86,960	17,159	28,662	38,186	10,048,605
Total expenses	4,308	4,551,302	372,277	3,148,001	10,689	2,109	32,659	14,332	8,135,677
Net income / (loss)	30,741	546,693	836	1,223,480	76,271	15,050	(3,997)	23,854	1,912,928
For the quarter ended March 31, 2016 - (Un - audited)									
Total income	40,561	5,515,988	245,604	3,968,530	215,462	15,093	44,431	7,094	10,052,763
Total expenses	3,617	4,510,364	291,837	3,293,319	19,212	1,346	37,674	8,882	8,166,251
Net income / (loss)	36,944	1,005,624	(46,233)	675,211	196,250	13,747	6,757	(1,788)	1,886,512
As at March 31, 2017 - (Un - audited)									
Segment Assets (Gross)	77,985	321,884,519	16,494,477	288,118,232	193,489	38,178	436,156	415,380	627,658,416
Segment Non Performing Loans	-	-	2,269,293	26,014,001	-	-	-	-	28,283,294
Segment Provision Required	-	1,493,179	2,408,912	25,055,363	-	-	-	66,216	29,023,670
Segment Liabilities	1,194	52,291,433	298,631	513,155,708	2,962	584	100,767	161,722	566,013,001
Segment return on net assets (%)	0.02	3.35	0.25	2.87	0.06	0.01	0.02	0.03	
Segment cost of funds (%)	0.00	3.16	0.26	2.19	0.01	0.00	0.02	0.01	
As at December 31, 2016 - (Audited)									
Segment Assets (Gross)	138,015	346,785,045	13,364,939	287,824,466	68,755	20,929	442,558	433,932	649,078,639
Segment Non Performing Loans	-	-	2,293,882	26,240,748	-	-	-	-	28,534,630
Segment Provision Required	-	1,501,597	2,426,511	25,397,513	-	-	-	66,215	29,391,836
Segment Liabilities	1,643	75,223,592	284,767	511,041,204	818	249	102,197	178,762	586,833,232
Segment return on net assets (%)	0.05	4.07	0.14	3.09	0.02	0.01	0.03	0.01	
Segment cost of funds (%)	0.00	3.52	0.22	2.48	0.00	0.00	0.03	0.01	

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.



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