

REPORT FOR THE QUARTER ENDED MARCH 31, 2018

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## Corporate Information

### Board of Directors

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

### Board Audit Committee

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

### Shariah Board

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

### Auditors

A. F. Ferguson & Co  
Chartered Accountants

### Legal Advisors

RIAA, Barker Gillette  
Advocates & Corporate Counselors

### Company Secretary

Mr. Umar Shahzad

### Registered Office

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

### Registrar & Share Transfer Office

Central Depository Company of Pakistan Limited  
Mezzanine Floor, South Tower, LSE Plaza  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: Customer Support Services (Toll Free)  
0800-CDCPL (23275)  
Tel: (9242) 36362061-66  
Fax: (92 42) 36300072  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)



### Entity Rating

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

### Website

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

### Social Media

 /askaribankpakistan  
 /askari\_bank

\* Appointed by the Board of Directors subject to Fit & Proper Clearance from the State Bank of Pakistan.

## Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial information for the quarter ended March 31, 2018. The financial results are summarized as under:

	Rupees in thousand	
	March 31, 2018	March 31, 2017
Profit before provisions and taxation	1,605,287	1,537,548
Reversal of provision against loans and advances	390,753	354,495
Reversal of / (provision / impairment) against investments	127,511	1,203
	<u>518,264</u>	<u>355,698</u>
Profit before taxation	2,123,551	1,893,246
Taxation	(743,324)	(662,776)
Profit after taxation	<u>1,380,227</u>	<u>1,230,470</u>
Basic earning per share - Rupees	<u>1.10</u>	<u>0.98</u>

The Bank earned profit after tax of Rs.1.38 billion during the quarter ended March 31, 2018 compared to Rs.1.23 billion for the corresponding period last year, an increase of 12 percent. Earnings per share are reported at Rs.1.10 compared to Re.0.98 for corresponding period last year.

The aggregate net revenues for the current quarter amounted to Rs.5.5 billion registering an increase of 7 percent contributed by increase in net interest and business revenues. Net mark-up income increased by 12 percent while non-mark-up revenues declined by 8 percent, primarily due to lesser gains on sale of securities. Administrative expenses increased by 8 percent during the period mainly due to the inflationary impact. During the quarter under review the Bank has continued with its strong recovery efforts against non-performing assets that resulted in a net reversal of provisions amounting to Rs.518 million against Rs.356 million for the corresponding period of last year. Resultantly, the ratio of non-performing loans to gross advances improved from 9.4 percent to 9.1 percent during the current quarter, while the non performing loans coverage ratio at current period end was 95 percent

During the quarter under review, customer deposits reached Rs.537 billion while gross advances increased by 3 percent and stood at Rs.293 billion at March 31, 2018.

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

The Bank remains focussed on delivering sound financial performance through tapping right opportunities falling within Bank's risk appetite. The Bank will continue prudent management of lending and investment portfolios, mobilization of low cost deposits; thereby improving the net spreads, aggressive recovery efforts from delinquent assets and rationalization of administrative and operational expenses with the sole objective of maximizing shareholder returns.

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

- sd -

Saleem Anwar  
A / President & Chief Executive

Rawalpindi  
April 19, 2018

- sd -

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

## ڈائریکٹرز کی جائزہ رپورٹ

عزیز محض داران،

ڈائریکٹرز غیر آڈٹ شدہ مختصر عبوری غیر مدغم مالیاتی معلومات برائے اختتام سہ ماہی 31 مارچ 2018 پیش کرتے ہیں۔ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

31 مارچ 2017	31 مارچ 2018
1,537,548	1,605,287
354,495	390,753
1,203	127,511
355,698	518,264
1,893,246	2,123,551
(662,776)	(743,324)
1,230,470	1,380,227
0.98	1.10

پروڈیوننگس سے قبل منافع

قرضوں کے عوض پروڈیوننگس کی ریورسل

سرمایہ کاری کے عوض پروڈیوننگس ایجنٹ منٹ کی ریورسل

قبل ازنگس منافع

نگس

بعد ازنگس منافع

بنیادی آمدنی حصص - روپے

بینک نے اختتام سہ ماہی 31 مارچ 2018 کی مدت میں 1.38 ارب روپے بعد ازنگس منافع کمایا جو کہ پچھلے سال اسی دورانیہ کی مدت میں 1.23 ارب روپے تھا اور 12 فیصد زیادہ ہے۔  
رواں مدت کے لیے فی حصص آمدنی 1.10 روپے رہی جو کہ پچھلے سال کی سہ ماہی مدت میں 0.98 روپے تھی۔

رواں سہ ماہی مدت کے لیے مجموعی خالص آمدنی 7 فیصد اضافے کے ساتھ 5.5 ارب روپے ہے جس میں مجموعی انٹرنسٹ اور کاروباری آمدنی میں اضافے کا اہم کردار ہے۔ خالص مارک اپ آمدنی میں 12 فیصد اضافے جبکہ غیر مارک اپ آمدنی 8 فیصد کمی دیکھنے میں آئی، جس کی بنیادی وجہ سکیورٹیز کی فروخت میں کم منافع ہے۔ افراط زر کے اثرات کی وجہ سے اس مدت کے دوران انتظامی اخراجات میں 8 فیصد بڑھوتی ہوئی۔ زیر جائزہ سہ ماہی مدت کے دوران بینک نے غیر فعال اثاثہ جات کے عوض وصولیوں کی اپنی جارحانہ کوششیں جاری رکھیں جو کہ 518 ملین روپے کی پروڈیوننگس کی مجموعی ریورسل پر منتج ہوئی اور یہ گزشتہ سال کی اسی دورانیہ کی مدت میں 356 ملین روپے تھی۔ اس کے نتیجے میں حالیہ سہ ماہی مدت کے دوران غیر فعال قرضوں اور مجموعی قرضوں کے تناسب میں 9.4 فیصد سے 9.1 فیصد تک بہتری آئی جبکہ رواں مدت کے اختتام پر غیر فعال قرضوں کی کوریج کا تناسب 95 فیصد تھا۔

زیر جائزہ سہ ماہی مدت کے دوران، صارفین کی طرف سے جمع کروائی گئی رقم 537 ارب روپے تک پہنچ گئی جبکہ رواں سہ ماہی مدت کے دوران مجموعی قرضوں میں 3 فیصد اضافہ ہوا جو کہ 31 مارچ 2018 کو 293 ارب روپے تھے۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی طرف سے مقرر کردہ عسکری بینک کی ایٹمیٹی ریٹنگ +AA یہ تسلیم کرتے ہوئے برقرار رکھی گئی کہ ایم ریٹنگ عناصر میں اچانکوں کے معیار میں مسلسل بہتری اور سپر یڈز کے موثر انتظام، کم انٹرنسٹ ریش کے باوجود حاصل ہوئی۔ مختصر معیاد کی ریٹنگ +A1 پر برقرار رکھی گئی تھی۔

بینک اپنی توجہ رسک ضروریات کے مطابق بہتر مواقعوں کے ذریعے مضبوط مالی کارکردگی کی فراہمی پر مرکوز کرتا ہے۔ بینک قرضہ جات اور سرمایہ کاری پورٹ فولیو منظم کرنے، کم لاگت والی رقم کی اس طرح سے نقل و حرکت کے خالص سپر یڈز میں بہتری آئے، نادر ہندہ اثاثہ جات سے وصولیوں کی جارحانہ کوششوں، اور انتظامی و انصرافی اخراجات میں مناسب کمی لانے کے ساتھ حصص داران کی آمدنی میں زیادہ سے زیادہ اضافے کو جاری رکھے گا۔

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

دستخط

لیفٹیننٹ جنرل سید طارق ندیم گیلانی

ہلال امتیاز (ملٹی) (ریٹائرڈ)

چیئرمین بورڈ آف ڈائریکٹرز

دستخط

سلیم انور

حکم مقام صدر چیف ایگزیکٹو

راولپنڈی

19 اپریل 2018

## Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2018

		(Un-audited) March 31, 2018	(Audited) December 31, 2017 Restated
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		47,159,253	44,239,325
Balances with other banks		3,692,263	3,193,835
Lendings to financial institutions		7,965,775	2,250,000
Investments	8	260,053,797	314,956,748
Advances	9	267,979,779	258,693,086
Operating fixed assets	10	10,624,165	10,728,827
Assets held for sale		80,720	80,720
Deferred tax assets		544,179	100,755
Other assets		20,860,124	22,465,073
		<u>618,960,055</u>	<u>656,708,369</u>
<b>Liabilities</b>			
Bills payable		9,381,271	10,769,262
Borrowings	11	24,566,485	71,587,311
Deposits and other accounts	12	536,759,090	525,808,308
Sub-ordinated loans		4,992,000	4,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,306,645	11,115,197
		<u>586,005,491</u>	<u>624,272,878</u>
<b>Net assets</b>		<u>32,954,564</u>	<u>32,435,491</u>
<b>Represented by</b>			
Share capital		12,602,602	12,602,602
Reserves		14,967,843	11,840,757
Unappropriated profit		1,105,182	2,849,878
		<u>28,675,627</u>	<u>27,293,237</u>
Surplus on revaluation of assets - net of tax	13	4,278,937	5,142,254
		<u>32,954,564</u>	<u>32,435,491</u>
<b>Contingencies and Commitments</b>	14		

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

- sd -  
Chief Financial Officer

- sd -  
A / President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
Note	(Rupees in thousand)	
<b>Mark-up / return / interest earned</b>	9,133,361	8,639,015
<b>Mark-up / return / interest expensed</b>	4,904,261	4,869,543
Net mark-up / interest income	4,229,100	3,769,472
Reversal of provision against non-performing loans and advances - net	9.1 (390,753)	(354,495)
Impairment loss on available for sale investments	-	11,298
Reversal of provision for diminution in the value of investments - net	(127,511)	(12,501)
Bad debts written off directly	-	-
	(518,264)	(355,698)
Net mark-up / interest income after provisions	4,747,364	4,125,170
<b>Non mark-up / interest income</b>		
Fee, commission and brokerage income	692,125	551,033
Dividend income	37,398	18,034
Income from dealing in foreign currencies	324,013	178,705
Gain on sale of securities - net	92,903	517,316
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	-	-
Other income	90,394	78,562
	1,236,833	1,343,650
Total non-markup / interest income	5,984,197	5,468,820
<b>Non mark-up / interest expenses</b>		
Administrative expenses	3,815,413	3,530,154
Other provisions / write offs	-	-
Other charges	45,233	45,420
Total non-markup / interest expenses	3,860,646	3,575,574
	2,123,551	1,893,246
Extraordinary / unusual items	-	-
<b>Profit before taxation</b>	2,123,551	1,893,246
Taxation - current	722,423	757,406
- prior years'	-	-
- deferred	20,901	(94,630)
	743,324	662,776
<b>Profit after taxation</b>	1,380,227	1,230,470
<b>Basic earning per share - Rupees</b>	1.10	0.98

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

- sd -  
Chief Financial Officer

- sd -  
A / President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman



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

For the quarter ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	2,123,551	1,893,246
Less: dividend income	(37,398)	(18,034)
	<u>2,086,153</u>	<u>1,875,212</u>
Adjustments:		
Depreciation / amortization	304,257	637,552
Reversal of provision against non-performing advances - net	(390,753)	(354,495)
Impairment loss on available for sale investments	-	11,298
Reversal of provision for diminution in the value of investments - net	(127,511)	(12,501)
Net loss on sale of operating fixed assets	9	66
	<u>(213,998)</u>	<u>281,920</u>
	1,872,155	2,157,132
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,965,775)	5,068,634
Advances	(9,423,484)	(6,093,099)
Other assets (excluding advance taxation)	2,082,463	3,151,779
	<u>(13,306,796)</u>	<u>2,127,314</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,387,991)	1,006,783
Borrowings	(47,020,826)	(23,305,236)
Deposits and other accounts	10,950,782	725,101
Other liabilities (excluding current taxation)	(799,777)	(1,256,559)
	<u>(38,257,812)</u>	<u>(22,829,911)</u>
Cash used in operations	(49,692,453)	(18,545,465)
Income tax paid	(657,170)	(932,342)
Net cash outflow from operating activities	<u>(50,349,623)</u>	<u>(19,477,807)</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	54,889,948	13,819,914
Net investments in held to maturity securities	(1,186,128)	(525,180)
Dividend income	22,215	16,771
Investments in operating fixed assets - net of adjustment	(205,811)	(376,395)
Sale proceeds of operating fixed assets - disposed off	6,167	9,581
Net cash inflow from investing activities	<u>53,526,391</u>	<u>12,944,691</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(800)	(800)
Dividends paid	(8,775)	(866)
Net cash outflow from financing activities	<u>(9,575)</u>	<u>(1,666)</u>
Effect of translation of net investment in Wholesale Bank Branch	1,163	1,488
<b>Increase / (Decrease) in cash and cash equivalents</b>	<u>3,168,356</u>	<u>(6,533,294)</u>
Cash and cash equivalents at beginning of the period	48,183,160	48,413,889
Cash and cash equivalents at end of the period	<u>51,351,516</u>	<u>41,880,595</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,159,253	34,587,862
Balances with other banks	3,692,263	4,742,733
Call money lendings	500,000	2,550,000
	<u>51,351,516</u>	<u>41,880,595</u>

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

- sd -  
Chief Financial Officer

- sd -  
A / 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, 2018

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Unappropriated profit	
<b>Balance as at January 01, 2017</b>							
<b>- as previously reported</b>	12,602,602	93,511	234,669	6,755,314	1,587,192	4,084,206	25,357,494
Effect of retrospective change in accounting policy with respect to accounting for surplus on revaluation of fixed assets	-	-	-	-	-	(107,658)	(107,658)
<b>Balance as at January 01, 2017 - as restated</b>	12,602,602	93,511	234,669	6,755,314	1,587,192	3,976,548	25,249,836
Transfer to General reserve:	-	-	-	-	3,976,548	(3,976,548)	-
<b>Total comprehensive income for the quarter ended March 31, 2017</b>							
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)	-
<b>Transaction with owners, recorded directly in equity</b>							
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)
<b>Balance as at March 31, 2017</b>	12,602,602	94,999	234,669	7,001,408	3,673,350	984,376	24,591,404
<b>Total comprehensive income for the nine months ended December 31, 2017</b>							
Net profit for the nine months ended December 31, 2017	-	-	-	-	-	4,037,417	4,037,417
Other comprehensive income related to equity	-	28,848	-	-	-	(113,996)	(85,148)
	-	28,848	-	-	-	3,923,421	3,952,269
Transfer to Statutory reserve	-	-	-	807,483	-	(807,483)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	9,824	9,824
<b>Transaction with owners, recorded directly in equity</b>							
Interim dividend 2017: Re. 1 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
<b>Balance as at December 31, 2017</b>	12,602,602	123,847	234,669	7,808,891	3,673,350	2,849,878	27,293,237
Transfer to General reserve	-	-	-	-	2,849,878	(2,849,878)	-
<b>Total comprehensive income for the quarter ended March 31, 2018</b>							
Net profit for the quarter ended March 31, 2018	-	-	-	-	-	1,380,227	1,380,227
Other comprehensive income related to equity	-	1,163	-	-	-	-	1,163
	-	1,163	-	-	-	1,380,227	1,381,390
Transfer to Statutory reserve	-	-	-	276,045	-	(276,045)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	1,000	1,000
<b>Balance as at March 31, 2018</b>	<u>12,602,602</u>	<u>125,010</u>	<u>234,669</u>	<u>8,084,936</u>	<u>6,523,228</u>	<u>1,105,182</u>	<u>28,675,627</u>

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

- sd -  
Chief Financial Officer

- sd -  
A / 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, 2018

### 1. STATUS AND NATURE OF BUSINESS

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

### 2. BASIS OF MEASUREMENT

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

### 3. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information for the quarter ended March 31, 2018 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', and the requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 and the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

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

### 4. BASIS OF PRESENTATION

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

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

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

For the quarter ended March 31, 2018

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

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

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

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consequent to the enactment of the Companies Act, 2017 (the Act), the Bank has changed its accounting policy for treatment of deficit on revaluation of fixed assets wherein any decrease in carrying amount of fixed asset as a result of revaluation is charged to profit and loss account, however the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, any decrease in the carrying amount of fixed assets was netted off against surplus on revaluation of any other fixed assets. Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been lower by Rs. 107,658 thousand and unappropriated profit would have been higher by the same amount. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated. Since the impact of the above change in accounting policy is considered immaterial, the Bank has not presented the third statement of financial position for the year prior to last year. The effect of the restatement has been disclosed in note 13.2 to this unconsolidated condensed interim financial information.

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

### 6. ACCOUNTING ESTIMATES

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

### 7. FINANCIAL RISK MANAGEMENT

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

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

For the quarter ended March 31, 2018

### 8. INVESTMENTS

#### 8.1 Investments by types:

	March 31, 2018 - (Un-audited)			December 31, 2017 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
(Rupees in thousand)						
Available for sale securities						
Market Treasury Bills	108,622,945	-	108,622,945	101,156,523	28,801,009	129,957,532
Pakistan Investment Bonds	120,120,561	1,052,033	121,172,594	136,643,765	17,556,510	154,200,275
Fully paid ordinary shares / units	4,520,095	-	4,520,095	4,546,851	-	4,546,851
Units of open end mutual funds	1,275,794	-	1,275,794	1,600,876	-	1,600,876
Fully paid preference shares	27,314	-	27,314	27,314	-	27,314
Term Finance Certificates	5,187,207	-	5,187,207	5,747,142	-	5,747,142
Sukuk Certificates	12,817,488	-	12,817,488	12,768,137	-	12,768,137
Commercial Papers	382,138	-	382,138	375,075	-	375,075
Foreign Government Bonds	238,334	-	238,334	228,590	-	228,590
Government of Pakistan Euro Bonds	890,968	-	890,968	573,033	-	573,033
	<u>254,082,844</u>	<u>1,052,033</u>	<u>255,134,877</u>	<u>263,667,306</u>	<u>46,357,519</u>	<u>310,024,825</u>
Held to maturity securities						
Government of Pakistan Euro Bonds	959,962	2,194,406	3,154,368	1,318,629	1,706,222	3,024,851
Sukuk Certificates	2,982,746	1,422,460	4,405,206	2,294,387	1,054,208	3,348,595
	<u>3,942,708</u>	<u>3,616,866</u>	<u>7,559,574</u>	<u>3,613,016</u>	<u>2,760,430</u>	<u>6,373,446</u>
Investments at cost	<u>258,025,552</u>	<u>4,668,899</u>	<u>262,694,451</u>	<u>267,280,322</u>	<u>49,117,949</u>	<u>316,398,271</u>
Provision for diminution in the value of investments	(1,914,768)	-	(1,914,768)	(2,042,279)	-	(2,042,279)
Investments - net of provisions	<u>256,110,784</u>	<u>4,668,899</u>	<u>260,779,683</u>	<u>265,238,043</u>	<u>49,117,949</u>	<u>314,355,992</u>
Surplus / (deficit) on revaluation of available for sale securities - net	(801,973)	76,087	(725,886)	399,719	201,037	600,756
Total investments	<u>255,308,811</u>	<u>4,744,986</u>	<u>260,053,797</u>	<u>265,637,762</u>	<u>49,318,986</u>	<u>314,956,748</u>

### 9. ADVANCES

Loans, cash credits, running finances, etc.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)		
In Pakistan	230,537,808	223,766,645
Outside Pakistan	<u>6,204,952</u>	<u>7,688,190</u>
	236,742,760	231,454,835
Islamic financing and related assets - note A - 1 of Annexure	36,915,427	34,755,797
Net investment in finance lease - In Pakistan	8,366,549	8,652,030
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	3,917,720	3,516,094
Payable outside Pakistan	<u>7,293,154</u>	<u>5,960,914</u>
	11,210,874	9,477,008
Advances - gross	<u>293,235,610</u>	<u>284,339,670</u>
Provision for non-performing advances - note 9.1		
Specific provision	(24,538,562)	(24,962,069)
General provision	(244,355)	(236,940)
General provision against consumer loans	<u>(472,914)</u>	<u>(447,575)</u>
	(25,255,831)	(25,646,584)
Advances - net of provision	<u>267,979,779</u>	<u>258,693,086</u>

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

For the quarter ended March 31, 2018

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

	March 31, 2018 - (Un - audited)				December 31, 2017- (Audited)			
	Specific	General	Consumer Financing - General	Total	Specific	General	Consumer Financing - General	Total
	(Rupees in thousand)							
Opening balance	24,962,069	236,940	447,575	25,646,584	26,353,791	236,944	368,599	26,959,334
Charge for the period / year	248,164	8,148	25,339	281,651	891,105	37,450	90,267	1,018,822
Reversal for the period / year	(671,671)	(733)	-	(672,404)	(2,159,610)	(37,454)	(11,291)	(2,208,355)
Net (reversal) / charge for the period / year	(423,507)	7,415	25,339	(390,753)	(1,268,505)	(4)	78,976	(1,189,533)
Amounts charged off - agri loans	-	-	-	-	(123,217)	-	-	(123,217)
Closing balance	<u>24,538,562</u>	<u>244,355</u>	<u>472,914</u>	<u>25,255,831</u>	<u>24,962,069</u>	<u>236,940</u>	<u>447,575</u>	<u>25,646,584</u>

**9.2** The net Forced Sale Value (FSV) benefit already availed has been increased by Rs. 192 thousand, which has resulted in a decreased charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the period would have been lower by Rs. 192 thousand (2017: higher by Rs. 107,385 thousand) and Rs. 125 thousand (2017: higher by Rs. 69,800 thousand) respectively. Further, at March 31, 2018, cumulative net of tax benefit of FSV is Rs. 720,328 thousand (December 31, 2017: Rs. 720,203 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for payment of cash or stock dividend.

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

**9.4** Advances include Rs. 26,651,499 thousand (December 31, 2017: Rs. 26,753,027 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 9.4.1		167,524	-	167,524	-
Substandard		555,517	-	555,517	106,209
Doubtful		629,635	-	629,635	269,971
Loss		25,298,823	-	25,298,823	24,162,382
		<u>26,651,499</u>	<u>-</u>	<u>26,651,499</u>	<u>24,538,562</u>
Category of classification	December 31, 2017 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 9.4.1		137,409	-	137,409	-
Substandard		118,878	-	118,878	15,600
Doubtful		701,369	-	701,369	280,067
Loss		25,795,371	-	25,795,371	24,666,402
		<u>26,753,027</u>	<u>-</u>	<u>26,753,027</u>	<u>24,962,069</u>

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

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

For the quarter ended March 31, 2018

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		170,209	160,636
Property and equipment	10.1	9,695,460	9,764,664
Intangibles	10.2	782,900	827,931
		10,478,360	10,592,595
Provision against operating fixed assets		(24,404)	(24,404)
		<u>10,624,165</u>	<u>10,728,827</u>
<b>10.1 Property and equipment</b>			
Book value at beginning of the period / year		9,764,664	9,851,669
Cost of additions / revaluation during the period / year		192,195	1,260,980
Book value of deletions / transfers during the period / year		(6,176)	(22,131)
Depreciation charge for the period / year		(255,183)	(1,326,435)
Book value of adjustments during the period / year		(40)	581
Book value at end of the period / year		<u>9,695,460</u>	<u>9,764,664</u>
<b>10.2 Intangibles</b>			
Book value at beginning of the period / year		827,931	922,212
Cost of additions during the period / year		4,043	102,195
Amortization charge for the period / year		(49,074)	(196,476)
Book value at end of the period / year		<u>782,900</u>	<u>827,931</u>
<b>11 BORROWINGS</b>			
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
- Export refinance scheme		10,396,048	12,029,461
- Long term financing facility		4,855,308	4,673,546
- Financing facility for storage of agricultural produce		8,333	9,167
- Renewable energy financing facility		189,940	126,427
		<u>15,449,629</u>	<u>16,838,601</u>
Repo borrowings			
- State Bank of Pakistan		-	40,522,945
- Financial Institutions		3,616,609	8,622,609
		<u>3,616,609</u>	<u>49,145,554</u>
Unsecured			
- Call borrowings		4,229,748	5,599,688
		<u>23,295,986</u>	<u>71,583,843</u>
Outside Pakistan - foreign currencies			
- Overdrawn nostro accounts - unsecured		1,270,499	3,468
		<u>24,566,485</u>	<u>71,587,311</u>

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
	(Rupees in thousand)	
Customers		
Fixed deposits	86,633,652	81,535,107
Savings deposits	295,619,119	291,527,935
Current accounts - remunerative	832,451	751,535
Current accounts - non-remunerative	144,597,184	143,681,714
Special exporters' account	156,361	150,636
Margin accounts	3,436,086	3,514,747
Others	963,375	1,163,372
Financial institutions		
Remunerative deposits	3,972,224	2,817,279
Non-Remunerative deposits	548,638	665,983
	<u>536,759,090</u>	<u>525,808,308</u>

	(Un-audited) March 31, 2018	(Audited) December 31, 2017 Restated
<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
	(Rupees in thousand)	
Surplus on revaluation of:		
Operating fixed assets	2,940,128	2,940,128
Non banking assets acquired in satisfaction of claims - note 13.1	1,810,635	1,811,635
Available for sale investments		
i) Federal Government securities	(406,130)	1,503,492
ii) Listed shares	(441,259)	(981,249)
iii) Units of open end mutual funds	108,358	51,259
iv) Other securities	13,145	27,254
	(725,886)	600,756
Related deferred tax	254,060	(210,265)
	<u>(471,826)</u>	<u>390,491</u>
	<u>4,278,937</u>	<u>5,142,254</u>

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

Surplus on revaluation as at beginning of the period / year	1,811,635	1,617,860
Recognised during the period / year	-	203,599
Realised on disposal during the period / year	-	(3,278)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(1,000)	(6,546)
Surplus on revaluation as at end of the period / year	<u>1,810,635</u>	<u>1,811,635</u>

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

For the quarter ended March 31, 2018

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

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

	(Audited) December 31, 2017 Restated	(Audited) December 31, 2016 Restated
(Rupees in thousand)		
Statement of Financial Position		
Increase in surplus on revaluation of operating fixed assets	107,658	107,658
Decrease in unappropriated profit	107,658	107,658
	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct credit substitutes</b>		
i) Government	3,202,602	416,852
ii) Others	9,613,782	10,884,649
	<u>12,816,384</u>	<u>11,301,501</u>

### 14.2 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

965,330                      671,079

Contingent liability in respect of guarantees given, favouring:

i) Government  
ii) Banks and other financial institutions  
iii) Others

114,855,837	101,289,688
8,979,499	8,480,982
26,798,547	31,580,906
<u>150,633,883</u>	<u>141,351,576</u>
<u>151,599,213</u>	<u>142,022,655</u>

These include guarantees amounting to Rs. 1,564,564 thousand (December 31, 2017: Rs. 1,564,564 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)		
<b>14.3 Trade-related contingent liabilities</b>	<u>158,786,276</u>	<u>173,128,678</u>

### 14.4 Other Contingencies

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

913,154                      778,013

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>14.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	7,502,441	1,515,752
Sale and repurchase agreements	<u>3,645,793</u>	<u>49,250,012</u>
<b>14.6 Commitments in respect of forward Repo</b>		
Forward sale and repurchase agreements	<u>288,750</u>	<u>-</u>
<b>14.7 Commitments in respect of forward exchange contracts</b>		
Purchase	21,398,685	26,354,478
Sale	<u>8,420,602</u>	<u>9,083,720</u>
The above commitments have maturities falling within one year.		
<b>14.8 Commitments for acquisition of operating fixed assets</b>	<u>91,402</u>	<u>119,195</u>
<b>14.9 Commitments to extend credit</b>		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for	<u>12,841,511</u>	<u>14,826,508</u>
<b>14.10 Other commitments</b>		
This represents participation in the equity of Pakistan Mortgage Refinance Company Limited	<u>-</u>	<u>281,640</u>
<b>14.11 Bills For Collection</b>		
Payable in Pakistan	5,861,636	4,502,306
Payable outside Pakistan	<u>20,426,247</u>	<u>15,768,120</u>
	<u>26,287,883</u>	<u>20,270,426</u>

### 15. TAX STATUS

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

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

For the quarter ended March 31, 2018

- (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.

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5 to annual financial statements.

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

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

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

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

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

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

For the quarter ended March 31, 2018

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, 2018 - (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial assets:</b>			
Available for sale securities			
Market Treasury Bills	-	108,610,541	-
Pakistan Investment Bonds	-	120,835,767	-
Fully paid ordinary shares / units	3,829,245	-	18,360
Units of open end mutual funds	-	1,384,152	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	604,816	3,502,566	-
Sukuk Certificates	568,960	1,168,712	-
Commercial Papers	-	-	382,138
Foreign Government Bonds	-	234,176	-
Government of Pakistan Euro Bonds	-	879,070	-
	<u>5,069,741</u>	<u>247,133,984</u>	<u>400,498</u>

### Non-financial assets:

Operating fixed assets			
Property and equipment (freehold and leasehold land)	-	-	4,897,385
Other assets			
Non-banking assets acquired in satisfaction of claims	-	-	5,525,115
	<u>-</u>	<u>-</u>	<u>10,422,500</u>

	December 31, 2017- (Audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		

### Financial assets:

Available for sale securities			
Market Treasury Bills	-	129,956,900	-
Pakistan Investment Bonds	-	155,714,864	-
Fully paid ordinary shares / units	3,384,942	-	18,360
Units of open end mutual funds	-	1,652,135	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	703,899	3,770,651	-
Sukuk Certificates	575,400	11,674,521	-
Commercial Papers	-	-	375,075
Foreign Government Bonds	-	228,426	-
Government of Pakistan Euro Bonds	-	571,409	-
	<u>4,730,961</u>	<u>303,568,906</u>	<u>393,435</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	-	-	5,001,571
	<u>-</u>	<u>-</u>	<u>9,791,298</u>

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

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

For the quarter ended March 31, 2018

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

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
(Rupees in thousand)							
For the quarter ended March 31, 2018- (Un-audited)							
Total income	32,338	5,023,046	504,172	4,723,873	66,339	20,426	10,370,194
Total expenses	3,169	2,998,722	400,662	4,835,587	6,501	2,002	8,246,643
Net income / (loss)	29,169	2,024,324	103,510	(111,714)	59,838	18,424	2,123,551
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
As at March 31, 2018 - (Un-audited)							
Segment Assets (Gross)	75,899	309,644,565	20,419,382	316,268,701	155,701	47,940	646,612,188
Segment Non Performing Loans	-	-	2,158,619	24,492,880	-	-	26,651,499
Segment Provision Required	-	1,238,986	2,442,042	23,971,105	-	-	27,652,133
Segment Liabilities	1,009	1,916,612	324,306	583,760,855	2,071	638	586,005,491
Segment return on net assets (%)	0.01	0.79	0.08	0.74	0.01	0.00	
Segment cost of funds (%)	0.00	0.50	0.07	0.80	0.00	0.00	
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	

### 18. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2017: 71.91%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

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

For the quarter ended March 31, 2018

Details of transactions with related parties during the quarter and balances as at March 31, 2018, are as follows:

	March 31, 2018 - (Un-audited)						December 31, 2017 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties
	(Rupees in thousand)											
<b>Balances outstanding as at</b>												
- Advances												
- Secured	584,856	370,313	-	4,787,120	-	-	781,073	390,847	-	3,797,303	-	-
- Un-secured	-	7,762	1,726	-	-	-	-	6,408	695	-	-	-
- Mark-up receivable	387	59,492	11	55,370	-	-	-	56,346	-	27,229	-	-
- Deposits - in local currency	11,281,417	151,560	4,927	9,489,202	3,451	3,024,428	5,674,098	160,366	27,047	6,452,719	3,251	3,042,573
- Deposits - in foreign currencies	185,822	32,392	1,268	1,261,070	-	-	96,617	26,222	1,954	757,299	-	-
- Sub-ordinated loans	-	-	-	24,965	-	-	-	-	-	24,975	-	-
- Mark-up payable - in local currency	18,401	1,037	14	20,668	-	8,551	20,193	1,515	18	11,038	-	6,513
- Mark-up payable - in foreign currencies	53	13	-	1,064	-	-	458	77	2	5,560	-	-
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	2,593,247	-	-	50,000	-	-	1,878,456	-	-
- Investments in shares / units	-	-	-	241,674	-	-	-	-	-	162,561	-	-
- Security deposits receivable	3,600	-	-	-	-	-	3,600	-	-	-	-	-
- Security deposits payable	494	287	-	100,032	-	-	494	504	-	59,772	-	-
- Assets held for sale - net of provision	-	-	-	-	80,720	-	-	-	-	-	80,720	-
- Contribution payable to employees' funds	-	-	-	-	-	87,983	-	-	-	-	-	489,526

	March 31, 2018 - (Un-audited)						March 31, 2017 - (Un-audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary	Other Related Parties
<b>Transactions during the quarter ended</b>												
- Mark-up / interest earned	2,830	3,297	34	76,463	-	-	5,875	2,597	-	71,375	-	-
- Net mark-up / interest expensed	109,349	1,327	39	121,208	-	50,171	66,132	767	135	100,852	101	16,737
- Contributions to employees' funds	-	-	-	-	-	154,883	-	-	-	-	-	131,685
- Rent of property / service charges paid	993	-	-	-	-	-	680	-	-	-	-	-
- Dividend received	-	-	-	2,319	-	-	-	-	-	-	-	-
- Remuneration and allowances paid	-	137,093	-	-	-	1,004	-	111,255	-	-	-	989
- Post employment benefits	-	7,396	-	-	-	-	-	6,886	-	-	-	-
- Fee, commission and brokerage income	20	-	-	3,311	-	-	20	-	-	711	-	-
- Fee, commission and brokerage paid	-	-	-	236	-	-	-	-	-	37	-	-
- Fees and other expenses paid	-	-	1,656	-	-	-	-	167	1,844	-	-	-

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

### 19. Basel III Liquidity Standards

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Liquidity Coverage Ratio (Monthly Average)	196.33%	184.84%
Net Stable Funding Ratio	209.83%	220.45%

### 20. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in this unconsolidated condensed interim financial information except amounts of Rs. 24,694 thousand and Rs. 45,365 thousand for the period ended March 31, 2017, which have been reclassified from mark-up / return / interest earned and other income to fee, commission and brokerage income respectively.

### 21. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on April 19, 2018.

- sd -	- sd -	- sd -	- sd -	- sd -
Chief Financial Officer	A / President & Chief Executive	Director	Director	Chairman

## Islamic Banking Business - Statement of Financial Position

As at March 31, 2018

Annexure

(1 of 4)

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

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)			
<b>ASSETS</b>			
Cash and balances with treasury banks		3,341,944	2,996,103
Balances with other banks		1,080,376	1,162,958
Due from financial institutions		500,000	750,000
Investments		6,654,027	6,733,697
Islamic financing and related assets	A - 1	36,535,638	34,395,936
Operating fixed assets		628,360	654,384
Other assets		949,953	1,022,482
Total Assets		49,690,298	47,715,560
<b>LIABILITIES</b>			
Bills payable		978,612	775,764
Due to Financial Institutions		1,921,768	2,410,152
Deposits and other accounts			
-Current Accounts		13,482,066	12,978,198
-Saving Accounts	A - 2	17,745,356	17,205,872
-Term Deposits		7,241,804	5,824,785
-Others		281,272	497,568
-Deposit from Financial Institutions - remunerative		1,009,755	1,139,554
-Deposits from Financial Institutions - non-remunerative		3,508	4,797
Due to Head Office		1,868,060	1,868,060
Other liabilities		1,699,917	1,519,444
		46,232,118	44,224,194
<b>Net Assets</b>		<b>3,458,180</b>	<b>3,491,366</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		4,100,000	4,100,000
Accumulated losses		(579,575)	(616,817)
		3,520,425	3,483,183
(Deficit) / surplus on revaluation of assets		(62,245)	8,183
		3,458,180	3,491,366
<b>Remuneration to Shariah Board</b>		<b>1,004</b>	<b>3,965</b>
<b>A - 1 Islamic Financing and Related Assets</b>			
Murabaha		5,013,518	4,968,620
Ijara		4,624,151	4,522,339
Musharaka		9,525,622	8,606,677
Diminishing Musharaka		8,720,249	8,678,560
Salam		4,901,073	5,498,419
Istisna		2,168,484	2,370,613
Other Islamic Modes		1,962,330	110,569
		36,915,427	34,755,797
Total provision		(379,789)	(359,861)
	A - 1.1	36,535,638	34,395,936

**A - 1.1 Islamic Mode of Financing**

(Rupees in thousand)

	March 31, 2018 - (Un-audited)							
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	3,852,720	4,259,812	9,525,622	8,667,386	4,587,767	1,654,141	62,435	32,609,883
Advance	1,160,798	364,339	-	52,863	-	-	-	1,578,000
Inventory	-	-	-	-	313,306	514,343	-	827,649
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	1,899,895	1,899,895
	5,013,518	4,624,151	9,525,622	8,720,249	4,901,073	2,168,484	1,962,330	36,915,427
Provision	(81,858)	(120,300)	-	(165,253)	(12,378)	-	-	(379,789)
<b>Total</b>	<b>4,931,660</b>	<b>4,503,851</b>	<b>9,525,622</b>	<b>8,554,996</b>	<b>4,888,695</b>	<b>2,168,484</b>	<b>1,962,330</b>	<b>36,535,638</b>

	December 31, 2017 - (Audited)							
	Murabaha	Ijara	Musharaka	Diminishing Musharaka	Salam	Istisna	Other Islamic Modes	Total
Financing	3,724,973	4,175,959	8,606,677	8,625,354	5,394,534	2,062,034	60,569	32,650,100
Advance	1,243,647	346,380	-	53,206	-	-	-	1,643,233
Inventory	-	-	-	-	103,885	308,579	-	412,464
Receivables against Sale of Salam / Istisna Inventory	-	-	-	-	-	-	50,000	50,000
	4,968,620	4,522,339	8,606,677	8,678,560	5,498,419	2,370,613	110,569	34,755,797
Provision	(79,392)	(128,984)	-	(142,918)	(8,567)	-	-	(359,861)
<b>Total</b>	<b>4,889,228</b>	<b>4,393,355</b>	<b>8,606,677</b>	<b>8,535,642</b>	<b>5,489,852</b>	<b>2,370,613</b>	<b>110,569</b>	<b>34,395,936</b>

**A - 2** These includes remunerative current accounts of Rs. 832,451 thousand (December 31, 2017: Rs. 751,535 thousand).

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

For the quarter ended March 31, 2018

Annexure

(3 of 4)

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	740,405	577,377
Return on deposits and other dues expensed	304,430	278,175
Net spread earned	435,975	299,202
Provision against non-performing financings	19,778	47,806
Provision for diminution in the value of investments	-	18,703
	19,778	66,509
Income after provisions	416,197	232,693
<b>Other Income</b>		
Fee, commission and brokerage Income	41,373	22,982
Income from dealing in foreign currencies	3,827	362
Capital gain on sale of securities	-	-
Other income	9,822	6,792
Total other income	55,022	30,136
	471,219	262,829
<b>Other expenses</b>		
Administrative expenses	433,977	384,981
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	433,977	384,981
	37,242	(122,152)
Extraordinary / unusual items	-	-
Profit / (loss) before taxation	37,242	(122,152)

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

As at March 31, 2018

Annexure  
(4 of 4)

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>Opening balance</b>	6,304	9,257
<b>Additions during the period / year</b>		
- received from customers on delayed payments	2,075	9,255
- non shariah compliant income	-	381
- profit on charity account	-	2
- others	6	97
	2,081	9,735
<b>Payments / Utilization during the period / year</b>		
- education	-	(2,250)
- community welfare (provision of clean drinking water)	-	(3,700)
- health	(1,000)	(4,684)
- orphanage	-	(2,054)
	(1,000)	(12,688)
<b>Closing balance</b>	<u>7,385</u>	<u>6,304</u>

**ASKARI BANK LIMITED  
& ITS SUBSIDIARY**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)  
FOR THE QUARTER ENDED MARCH 31, 2018**





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

For the quarter ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	(Rupees in thousand)	
<b>Profit after taxation</b>	1,377,316	1,242,902
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit and loss account</b>		
Exchange difference on translation of net investment in Wholesale Bank Branch	1,163	1,488
Comprehensive income - transferred to statement of changes in equity	1,378,479	1,244,390
<b>Components of comprehensive income not reflected in equity</b>		
(Deficit) / surplus on revaluation of available for sale securities - net of tax		
Continued operations	(862,317)	433,057
Discontinued operations	5,626	(18,883)
<b>Total comprehensive income</b>	<u>521,788</u>	<u>1,658,564</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	521,082	1,658,614
Non-controlling interest	706	(50)
	<u>521,788</u>	<u>1,658,564</u>
Total comprehensive income arises from:		
Continued operations	519,073	1,664,840
Discontinued operations	2,715	(6,276)
	<u>521,788</u>	<u>1,658,564</u>

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

- sd - Chief Financial Officer	- sd - A / President & Chief Executive	- sd - Director	- sd - Director	- sd - Chairman
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## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2018

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	2,123,551	1,893,071
Less: dividend income	(37,398)	(18,034)
	<u>2,086,153</u>	<u>1,875,037</u>
Adjustments:		
Depreciation / amortization	304,257	637,552
Reversal of provision against non-performing advances - net	(390,753)	(354,495)
Impairment loss on available for sale investments	-	11,298
Reversal of provision for diminution in the value of investments - net	(127,511)	(12,501)
Net loss on sale of operating fixed assets	9	66
	<u>(213,998)</u>	<u>281,920</u>
	1,872,155	2,156,957
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,965,775)	5,068,634
Advances	(9,423,484)	(6,093,099)
Other assets (excluding advance taxation)	2,077,888	3,151,455
	<u>(13,311,371)</u>	<u>2,126,990</u>
Increase / (decrease) in operating liabilities		
Bills payable	(1,387,991)	1,006,783
Borrowings	(47,020,826)	(23,305,236)
Deposits and other accounts	10,953,782	726,619
Other liabilities (excluding current taxation)	(799,779)	(1,257,748)
	<u>(38,254,814)</u>	<u>(22,829,582)</u>
Discontinued operations	1,139	(19,671)
Cash used in operations	<u>(49,692,891)</u>	<u>(18,565,306)</u>
Income tax paid	(657,170)	(932,342)
Net cash outflow from operating activities	<u>(50,350,061)</u>	<u>(19,497,648)</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	54,889,948	13,819,914
Net investments in held to maturity securities	(1,186,128)	(525,180)
Dividend income	22,215	16,771
Investments in operating fixed assets - net of adjustment	(205,811)	(376,395)
Sale proceeds of operating fixed assets - disposed off	6,167	9,581
Discontinued operations	438	19,841
Net cash inflow from investing activities	<u>53,526,829</u>	<u>12,964,532</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(800)	(800)
Dividends paid	(8,775)	(866)
Net cash outflow from financing activities	<u>(9,575)</u>	<u>(1,666)</u>
Effect of translation of net investment in Wholesale Bank Branch	1,163	1,488
<b>Increase / (Decrease) in cash and cash equivalents</b>	<u>3,168,356</u>	<u>(6,533,294)</u>
Cash and cash equivalents at beginning of the period	48,183,160	48,413,889
Cash and cash equivalents at end of the period	<u>51,351,516</u>	<u>41,880,595</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	47,159,253	34,587,862
Balances with other banks	3,692,263	4,742,733
Call money lendings	500,000	2,550,000
	<u>51,351,516</u>	<u>41,880,595</u>

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

- sd -  
Chief Financial Officer

- sd -  
A / 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, 2018

	(Rupees in thousand)								
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
<b>Balance as at January 01, 2017 - as previously reported</b>	12,602,602	93,511	234,669	6,755,314	1,772,459	4,090,445	25,549,000	37,908	25,586,908
Effect of retrospective change in accounting policy with respect to accounting for surplus on revaluation of fixed assets	-	-	-	-	-	(107,658)	(107,658)	-	(107,658)
<b>Balance as at January 01, 2017 - as restated</b>	12,602,602	93,511	234,669	6,755,314	1,772,459	3,982,787	25,441,342	37,908	25,479,250
Transfer to General reserve	-	-	-	-	3,982,787	(3,982,787)	-	-	-
<b>Total comprehensive income for the quarter ended March 31, 2017</b>									
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
	-	1,488	-	-	-	1,238,042	1,239,530	4,860	1,244,390
Transfer to Statutory reserve	-	-	-	246,094	-	(246,094)	-	-	-
<b>Transaction with owners, recorded directly in equity</b>									
Final dividend 2016: Rs. 1.5 per share	-	-	-	-	(1,890,390)	-	(1,890,390)	-	(1,890,390)
<b>Balance as at March 31, 2017</b>	12,602,602	94,999	234,669	7,001,408	3,864,856	991,948	24,790,482	42,768	24,833,250
<b>Total comprehensive income for the nine months ended December 31, 2017</b>									
Net profit for the nine months ended December 31, 2017	-	-	-	-	-	3,883,821	3,883,821	1,574	3,885,395
Other comprehensive income related to equity	-	28,848	-	-	-	(113,963)	(85,115)	11	(85,104)
	-	28,848	-	-	-	3,769,858	3,798,706	1,585	3,800,291
Transfer to Statutory reserve	-	-	-	807,483	-	(807,483)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	9,824	9,824	-	9,824
<b>Transaction with owners, recorded directly in equity</b>									
Interim dividend 2017: Re. 1 per share	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
<b>Balance as at December 31, 2017</b>	12,602,602	123,847	234,669	7,808,891	3,864,856	2,703,887	27,338,752	44,353	27,383,105
Transfer to General reserve	-	-	-	-	2,703,887	(2,703,887)	-	-	-
<b>Total comprehensive income for the quarter ended March 31, 2018</b>									
Net profit for the quarter ended March 31, 2018	-	-	-	-	-	1,378,073	1,378,073	(757)	1,377,316
Other comprehensive income related to equity	-	1,163	-	-	-	-	1,163	-	1,163
	-	1,163	-	-	-	1,378,073	1,379,236	(757)	1,378,479
Transfer to Statutory reserve	-	-	-	276,045	-	(276,045)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	1,000	1,000	-	1,000
<b>Balance as at March 31, 2018</b>	12,602,602	125,010	234,669	8,084,936	6,568,743	1,103,028	28,718,988	43,596	28,762,584

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

- sd -  
Chief Financial Officer

- sd -  
A / 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, 2018

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

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

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Bank holds 74% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

### **2. BASIS OF MEASUREMENT**

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

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

This consolidated condensed interim financial information of the Group for the quarter ended March 31, 2018 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 Act, 2017, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

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

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

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

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

For the quarter ended March 31, 2018

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

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

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

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

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

Consequent to the enactment of the Companies Act, 2017 (the Act), the Group has changed its accounting policy for treatment of deficit on revaluation of fixed assets wherein any decrease in carrying amount of fixed asset as a result of revaluation is charged to profit and loss account, However the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, any decrease in the carrying amount of fixed assets was netted off against surplus on revaluation of any other fixed assets. Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been lower by Rs. 107,658 thousand and unappropriated profit would have been higher by the same amount. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated. Since the impact of the above change in accounting policy is considered immaterial, the Group has not presented the third statement of financial position for the year prior to last year. The effect of the restatement has been disclosed in note 14.2 to this consolidated condensed interim financial information.

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

### **6. ACCOUNTING ESTIMATES**

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

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

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

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

For the quarter ended March 31, 2018

### 8. INVESTMENTS

#### 8.1 Investments by types:

	March 31, 2018 - (Un-audited)			December 31, 2017 - (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
(Rupees in thousand)						
Available for sale securities						
Market Treasury Bills	108,622,945	-	108,622,945	101,156,523	28,801,009	129,957,532
Pakistan Investment Bonds	120,120,561	1,052,033	121,172,594	136,643,765	17,556,510	154,200,275
Fully paid ordinary shares / units	4,520,095	-	4,520,095	4,546,851	-	4,546,851
Units of open end mutual funds	1,275,794	-	1,275,794	1,600,876	-	1,600,876
Fully paid preference shares	27,314	-	27,314	27,314	-	27,314
Term Finance Certificates	5,187,207	-	5,187,207	5,747,142	-	5,747,142
Sukuk Certificates	12,817,488	-	12,817,488	12,768,137	-	12,768,137
Commercial Papers	382,138	-	382,138	375,075	-	375,075
Foreign Government Bonds	238,334	-	238,334	228,590	-	228,590
Government of Pakistan Euro Bonds	890,968	-	890,968	573,033	-	573,033
	<u>254,082,844</u>	<u>1,052,033</u>	<u>255,134,877</u>	<u>263,667,306</u>	<u>46,357,519</u>	<u>310,024,825</u>
Held to maturity securities						
Government of Pakistan Euro Bonds	959,962	2,194,406	3,154,368	1,318,629	1,706,222	3,024,851
Sukuk Certificates	2,982,746	1,422,460	4,405,206	2,294,387	1,054,208	3,348,595
	<u>3,942,708</u>	<u>3,616,866</u>	<u>7,559,574</u>	<u>3,613,016</u>	<u>2,760,430</u>	<u>6,373,446</u>
Investments at cost	<u>258,025,552</u>	<u>4,668,899</u>	<u>262,694,451</u>	<u>267,280,322</u>	<u>49,117,949</u>	<u>316,398,271</u>
Provision for diminution in the value of investments	(1,914,768)	-	(1,914,768)	(2,042,279)	-	(2,042,279)
Investments - net of provisions	<u>256,110,784</u>	<u>4,668,899</u>	<u>260,779,683</u>	<u>265,238,043</u>	<u>49,117,949</u>	<u>314,355,992</u>
(Deficit) / surplus on revaluation of available for sale securities - net	(801,973)	76,087	(725,886)	399,719	201,037	600,756
Total investments	<u>255,308,811</u>	<u>4,744,986</u>	<u>260,053,797</u>	<u>265,637,762</u>	<u>49,318,986</u>	<u>314,956,748</u>

### 9. ADVANCES

Loans, cash credits, running finances, etc.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)		
In Pakistan	230,537,808	223,766,645
Outside Pakistan	<u>6,204,952</u>	<u>7,688,190</u>
	<u>236,742,760</u>	<u>231,454,835</u>
Islamic financing and related assets - note A - 1 of Annexure	36,915,427	34,755,797
Net investment in finance lease - In Pakistan	8,366,549	8,652,030
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	3,917,720	3,516,094
Payable outside Pakistan	<u>7,293,154</u>	<u>5,960,914</u>
	<u>11,210,874</u>	<u>9,477,008</u>
Advances - gross	<u>293,235,610</u>	<u>284,339,670</u>
Provision for non-performing advances - note 9.1		
Specific provision	(24,538,562)	(24,962,069)
General provision	(244,355)	(236,940)
General provision against consumer loans	<u>(472,914)</u>	<u>(447,575)</u>
	<u>(25,255,831)</u>	<u>(25,646,584)</u>
Advances - net of provision	<u>267,979,779</u>	<u>258,693,086</u>

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

For the quarter ended March 31, 2018

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

	March 31, 2018 - (Un-audited)				December 31, 2017- (Audited)			
	Specific	General	Consumer Financing - General	Total	Specific	General	Consumer Financing - General	Total
	(Rupees in thousand)							
Opening balance	24,962,069	236,940	447,575	25,646,584	26,353,791	236,944	368,599	26,959,334
Charge for the period / year	248,164	8,148	25,339	281,651	891,105	37,450	90,267	1,018,822
Reversal for the period / year	(671,671)	(733)	-	(672,404)	(2,159,610)	(37,454)	(11,291)	(2,208,355)
Net (reversal) / charge for the period / year	(423,507)	7,415	25,339	(390,753)	(1,268,505)	(4)	78,976	(1,189,533)
Amounts charged off - agri loans	-	-	-	-	(123,217)	-	-	(123,217)
Closing balance	<u>24,538,562</u>	<u>244,355</u>	<u>472,914</u>	<u>25,255,831</u>	<u>24,962,069</u>	<u>236,940</u>	<u>447,575</u>	<u>25,646,584</u>

**9.2** The net Forced Sale Value (FSV) benefit already availed has been increased by Rs. 192 thousand, which has resulted in a decreased charge for specific provision for the period by the same amount. Had the FSV benefit not increased, before and after tax profit for the period would have been lower by Rs. 192 thousand (2017: higher by Rs. 107,385 thousand) and Rs. 125 thousand (2017: higher by Rs. 69,800 thousand) respectively. Further, at March 31, 2018, cumulative net of tax benefit of FSV is Rs. 720,328 thousand (December 31, 2017: Rs. 720,203 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for payment of cash or stock dividend.

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

**9.4** Advances include Rs. 26,651,499 thousand (December 31, 2017: Rs. 26,753,027 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 9.4.1		167,524	-	167,524	-
Substandard		555,517	-	555,517	106,209
Doubtful		629,635	-	629,635	269,971
Loss		25,298,823	-	25,298,823	24,162,382
		<u>26,651,499</u>	<u>-</u>	<u>26,651,499</u>	<u>24,538,562</u>
Category of classification	December 31, 2017 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 9.4.1		137,409	-	137,409	-
Substandard		118,878	-	118,878	15,600
Doubtful		701,369	-	701,369	280,067
Loss		25,795,371	-	25,795,371	24,666,402
		<u>26,753,027</u>	<u>-</u>	<u>26,753,027</u>	<u>24,962,069</u>

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

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

For the quarter ended March 31, 2018

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		170,209	160,636
Property and equipment	10.1	9,695,460	9,764,664
Intangibles	10.2	782,900	827,931
		10,478,360	10,592,595
Provision against operating fixed assets		(24,404)	(24,404)
		<u>10,624,165</u>	<u>10,728,827</u>
<b>10.1 Property and equipment</b>			
Book value at beginning of the period / year		9,764,664	9,851,669
Cost of additions / revaluation during the period / year		192,195	1,260,980
Book value of deletions / transfers during the period / year		(6,176)	(28,684)
Depreciation charge for the period / year		(255,183)	(1,326,435)
Book value of adjustments during the period / year		(40)	7,134
Book value at end of the period / year		<u>9,695,460</u>	<u>9,764,664</u>
<b>10.2 Intangibles</b>			
Book value at beginning of the period / year		827,931	922,212
Cost of additions during the period / year		4,043	102,195
Amortization charge for the period / year		(49,074)	(196,476)
Book value at end of the period / year		<u>782,900</u>	<u>827,931</u>
<b>11. DISCONTINUED OPERATIONS</b>			
<b>11.1</b> An analysis of the assets and liabilities attributable to discontinued operations at the balance sheet date is as follows:			
		(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in thousand)			
<b>11.1.1 Assets attributable to discontinued operations</b>			
Cash and balances with treasury banks		-	-
Balances with other banks		183,854	167,994
Lendings to financial institutions		-	-
Investments		46,037	40,411
Advances		810	810
Operating fixed assets		20,579	21,017
Deferred tax assets		-	-
Other assets		98,784	97,717
		<u>350,064</u>	<u>327,949</u>

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>Liabilities associated with discontinued operations</b>		
Bills payable	-	-
Borrowings	-	-
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Other liabilities	157,143	140,741
	<u>157,143</u>	<u>140,741</u>

(Un-audited) March 31, 2018	(Un-audited) March 31, 2017
(Rupees in thousand)	

### 11.1.2 Financial Performance

<b>Mark-up / return / interest earned</b>	180	19
<b>Mark-up / return / interest expensed</b>	-	-
Net mark-up / interest income	<u>180</u>	<u>19</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>180</u>	<u>19</u>
<b>Non mark-up / interest income</b>		
Fee, commission and brokerage income	9,544	37,169
Dividend income	-	160
Income from dealing in foreign currencies	-	-
Gain on sale of securities - net	-	24,468
Unrealised gain on revaluation of investments classified as held for trading - net	-	4,749
Other income	124	283
Total non-markup / interest income	<u>9,668</u>	<u>66,829</u>
<b>Non mark-up / interest expenses</b>		
Administrative expenses	11,512	46,991
Other provisions / write offs	-	-
Other charges	-	-
Total non-markup / interest expenses	<u>11,512</u>	<u>46,991</u>
Extraordinary / unusual items	-	-
<b>(Loss) / profit before taxation</b>	<u>(1,664)</u>	<u>19,857</u>
Taxation - current	(1,247)	(7,345)
- prior years'	-	-
- deferred	-	95
	<u>(1,247)</u>	<u>(7,250)</u>
<b>(Loss) / profit after taxation</b>	<u>(2,911)</u>	<u>12,607</u>

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Un-audited) March 31, 2017
	(Rupees in thousand)	
<b>11.1.3 Other comprehensive income</b>		
(Loss) / profit after tax	(2,911)	12,607
Surplus / (deficit) on revaluation of assets - net of tax	5,626	(18,883)
Total comprehensive income	<u>2,715</u>	<u>(6,276)</u>
<b>11.1.4 Cash flow information</b>		
Net cash flows from / (used in) operating activities	<u>1,139</u>	<u>(19,671)</u>
Net cash flows from investing activities	<u>438</u>	<u>19,841</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>12. BORROWINGS</b>		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	10,396,048	12,029,461
- Long term financing facility	4,855,308	4,673,546
- Financing facility for storage of agricultural produce	8,333	9,167
- Renewable energy financing facility	189,940	126,427
	<u>15,449,629</u>	<u>16,838,601</u>
Repo borrowings		
- State Bank of Pakistan	-	40,522,945
- Financial Institutions	3,616,609	8,622,609
	<u>3,616,609</u>	<u>49,145,554</u>
Unsecured		
- Call borrowings	<u>4,229,748</u>	<u>5,599,688</u>
	<u>23,295,986</u>	<u>71,583,843</u>
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	<u>1,270,499</u>	<u>3,468</u>
	<u>24,566,485</u>	<u>71,587,311</u>
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	86,633,652	81,535,107
Savings deposits	295,619,107	291,527,924
Current accounts - remunerative	832,451	751,535
Current accounts - non-remunerative	144,596,939	143,678,468
Special exporters' account	156,361	150,636
Margin accounts	3,436,086	3,514,747
Others	963,375	1,163,372
Financial institutions		
Remunerative deposits	3,972,224	2,817,279
Non-remunerative deposits	548,638	665,983
	<u>536,758,833</u>	<u>525,805,051</u>

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017 Restated
<b>14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	(Rupees in thousand)	
Surplus on revaluation of:		
Operating fixed assets	2,940,128	2,940,128
Non banking assets acquired in satisfaction of claims - note 14.1	1,810,635	1,811,635
Available for sale investments		
i) Federal Government securities	(406,130)	1,503,492
ii) Listed shares	(441,259)	(981,249)
iii) Units of open end mutual funds	108,358	51,259
iv) Other securities	13,145	27,254
	(725,886)	600,756
Related deferred tax	254,060	(210,265)
	(471,826)	390,491
	<u>4,278,937</u>	<u>5,142,254</u>

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

Surplus on revaluation as at beginning of the period / year	1,811,635	1,617,860
Recognised during the period / year	-	203,599
Realised on disposal during the period / year	-	(3,278)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(1,000)	(6,546)
Surplus on revaluation as at end of the period / year	<u>1,810,635</u>	<u>1,811,635</u>

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

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

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

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
<b>15. CONTINGENCIES AND COMMITMENTS</b>	(Rupees in thousand)	

### 15.1 Direct credit substitutes

i) Government	3,202,602	416,852
ii) Others	9,613,782	10,884,649
	<u>12,816,384</u>	<u>11,301,501</u>

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

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>15.2 Transaction-related contingent liabilities</b>		
Money for which the Bank is contingently liable:		
Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	965,330	671,079
Contingent liability in respect of guarantees given, favouring:		
i) Government	114,855,837	101,289,688
ii) Banks and other financial institutions	8,979,499	8,480,982
iii) Others	26,798,547	31,580,906
	<u>150,633,883</u>	<u>141,351,576</u>
	<u>151,599,213</u>	<u>142,022,655</u>
These include guarantees amounting to Rs. 1,564,564 thousand (December 31, 2017: Rs. 1,564,564 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Group.		
	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in thousand)	
<b>15.3 Trade-related contingent liabilities</b>	<u>158,786,276</u>	<u>173,128,678</u>
<b>15.4 Other Contingencies</b>		
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	<u>913,154</u>	<u>778,013</u>
<b>15.5 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	7,502,441	1,515,752
Sale and repurchase agreements	<u>3,645,793</u>	<u>49,250,012</u>
<b>15.6 Commitments in respect of forward Repo</b>		
Forward sale and repurchase agreements	<u>288,750</u>	<u>-</u>
<b>15.7 Commitments in respect of forward exchange contracts</b>		
Purchase	21,398,685	26,354,478
Sale	<u>8,420,602</u>	<u>9,083,720</u>
The above commitments have maturities falling within one year		
<b>15.8 Commitments in respect of forward purchase / sale of listed equity securities</b>	<u>11,086</u>	<u>9,690</u>
<b>15.9 Commitments for acquisition of operating fixed assets</b>	<u>91,402</u>	<u>119,195</u>

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

For the quarter ended March 31, 2018

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

### 15.10 Commitments to extend credit

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

<u>12,841,511</u>	<u>14,826,508</u>
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### 15.11 Other commitments

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

<u>-</u>	<u>281,640</u>
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### 15.12 Bills For Collection

Payable in Pakistan  
Payable outside Pakistan

5,861,636	4,502,306
<u>20,426,247</u>	<u>15,768,120</u>
<u>26,287,883</u>	<u>20,270,426</u>

## 16. TAX STATUS

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

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

For the quarter ended March 31, 2018

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5 to annual financial statements.

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

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

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

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

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

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

	March 31, 2018 - (Un-audited)		
	Level 1	Level 2	Level 3
	(Rupees in thousand)		
<b>Financial assets:</b>			
Available for sale securities			
Market Treasury Bills	-	108,610,541	-
Pakistan Investment Bonds	-	120,835,767	-
Fully paid ordinary shares / units	3,829,245	-	18,360
Units of open end mutual funds	-	1,384,152	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	604,816	3,502,566	-
Sukuk Certificates	568,960	11,687,712	-
Commercial Papers	-	-	382,138
Foreign Government Bonds	-	234,176	-
Government of Pakistan Euro Bonds	-	879,070	-
	<u>5,069,741</u>	<u>247,133,984</u>	<u>400,498</u>
<b>Non-financial assets:</b>			
Operating fixed assets			
Property and equipment (freehold and leasehold land)	-	-	4,897,385
Other assets			
Non-banking assets acquired in satisfaction of claims	-	-	5,525,115
	<u>-</u>	<u>-</u>	<u>10,422,500</u>

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

### For the quarter ended March 31, 2018

December 31, 2017- (Audited)		
Level 1	Level 2	Level 3
(Rupees in thousand)		

#### Financial assets:

Available for sale securities			
Market Treasury Bills	-	129,956,900	-
Pakistan Investment Bonds	-	155,714,864	-
Fully paid ordinary shares / units	3,384,942	-	18,360
Units of open end mutual funds	-	1,652,135	-
Fully paid preference shares	66,720	-	-
Term Finance Certificates	703,899	3,770,651	-
Sukuk Certificates	575,400	11,674,521	-
Commercial Papers	-	-	375,075
Foreign Government Bonds	-	228,426	-
Government of Pakistan Euro Bonds	-	571,409	-
	<u>4,730,961</u>	<u>303,568,906</u>	<u>393,435</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	-	-	5,001,571
	<u>-</u>	<u>-</u>	<u>9,791,298</u>

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

### 18. 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 thousands									
For the quarter ended March 31, 2018 - (Un - audited)									
Total income	32,338	5,023,046	504,172	4,723,873	66,339	20,426	-	9,848	10,380,042
Total expenses	3,169	2,998,722	400,662	4,835,587	6,501	2,002	-	11,512	8,258,155
Net income / (loss)	29,169	2,024,324	103,510	(111,714)	59,838	18,424	-	(1,664)	2,121,887
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
As at March 31, 2018 - (Un - audited)									
Segment Assets (Gross)	75,899	309,644,565	20,419,382	316,187,981	155,701	47,940	-	416,871	646,948,339
Segment Non Performing Loans	-	-	2,158,619	24,492,880	-	-	-	-	26,651,499
Segment Provision Required	-	1,238,986	2,442,042	23,971,105	-	-	-	66,807	27,718,940
Segment Liabilities	1,009	1,916,612	324,306	583,760,596	2,071	638	-	157,143	586,162,375
Segment return on net assets (%)	0.02	3.15	0.32	2.96	0.04	0.01	-	0.01	
Segment cost of funds (%)	0.00	1.98	0.26	3.20	0.00	0.00	-	0.01	
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 (%)	-	3.16	0.26	2.19	0.01	0.00	0.02	0.01	





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