



Report for the quarter and nine months ended September 30, 2015



پاک وطن ہے اپنی جان

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Corporate Information

Board of Directors	Lt Gen Khalid Nawaz Khan, HI (M) (Retd), Sitara-i-Esar - Chairman Lt Gen Muhammad Haroon Aslam, HI (M), S Bt (Retd) Lt Gen Shafqaat Ahmed, HI (M) (Retd) Mr. Qaiser Javed Dr. Nadeem Inayat Mr. Manzoor Ahmed - NIT Nominee Mr. Asif Reza Sana Mr. Zaffar Ahmad Khan Mr. Tariq Hafeez Malik Mr. Muhammad Ghous Syed M. Husaini - President & Chief Executive
Board Audit & Compliance Committee	Mr. Asif Reza Sana - Chairman Mr. Qaiser Javed Dr. Nadeem Inayat Mr. Manzoor Ahmed Mr. Tariq Hafeez Malik
Auditors	M/s A. F. Ferguson & Co Chartered Accountants
Legal Advisors	M/s. RIAA, Barker Gillette Advocates & Corporate Counselors
Shariah Board	Mufti Muhammad Zahid - Chairman Mufti Ismatullah - Member Dr. Muhammad Tahir Mansoori - Resident Shariah Board Member
Chief Financial Officer	Mr. Saleem Anwar, FCA
Company Secretary	Mr. Umar Shahzad
Registered Office	AWT Plaza, The Mall, P. O. Box No. 1084 Rawalpindi – 46000, Pakistan. Tel: (92 51) 9272467 & 9063752-3 Fax: (92 51) 9272455 & (92 51) 9272445 E-mail: webmaster@askaribank.com.pk
Registrar & Share Transfer Office	THK Associates (Private) Limited Ground Floor, State Life Building No.3 Dr. Ziauddin Ahmad Road P. O. Box: 8533, Karachi – 75530 Tel: (92 21) 111 000 322 Fax: (92 21) 35655595
Entity Ratings	Long Term: AA Short Term: A1+ By JCR-VIS Credit Rating Company Limited
Website	www.akbl.com.pk

Directors' Review

The Directors present the unaudited condensed interim unconsolidated financial information for the quarter and nine months ended September 30, 2015. The financial results for the nine months are summarized as under:

	Rupees in thousand	
Nine months ended	September 30, 2015	September 30, 2014
Profit before provisions and taxation	7,619,652	4,319,687
(Provision) / reversal of provisions against loans and advances	(230,212)	365,231
Impairment and provisions against investments	(441,181)	(261,474)
Profit before taxation	6,948,259	4,423,444
Taxation	(2,881,133)	(1,310,741)
Profit after taxation	4,067,126	3,112,703
Basic earnings per share - Rupees	3.23	2.47

The Bank delivered strong financial results with a profit before taxation (PBT) of Rs. 6.95 billion for the nine months ended September 30, 2015 compared to Rs. 4.42 billion for the corresponding period last year, registering a year on year growth of 57 percent. Profit after taxation of Rs. 4.07 billion registered an increase of 31 percent; lower than PBT's growth is mainly due to a one-time super tax levied on income of last year and retrospective withdrawal of concessional taxation of dividend income and capital gains of banks. Consequently, earnings per share for the period under review were reported at Rs. 3.23 against Rs. 2.47 for the corresponding nine months of last year.

During the period under review, aggregate revenues increased by 32 percent. Net markup revenues increased by 27 percent supported by a 12 percent growth in advances and a 30 percent rise in PIB holdings - as a result of the repositioning of fixed income portfolios in 2014. Non-markup revenues increased by 43 percent mainly due to capital gains realized from fixed income securities. Additionally, fees and commissions increased by 11 percent over the previous year, as trade, remittances, bancassurance and investment banking continue to make their contributions. Administrative expenses increased by 7 percent reflecting effective cost discipline as the Bank is aggressively investing in network expansion, besides recurring investment in people, brand and technology. Provisions against non-performing assets increased mainly due to the aging of classified portfolios. Resultantly, the coverage ratio increased from 90 percent in December 2014 to 92 percent as of September 30, 2015.

Total assets of the Bank rose to Rs. 516 billion as of September 30, 2015 compared to Rs. 447 billion as at December 31, 2014. Customer deposits registered a growth of 10 percent to reach Rs. 427 billion with a healthy improvement in overall deposits mix as current accounts registered a growth of 9 percent during the nine months ended September 30, 2015. Net advances increased by 12 percent, to Rs. 190 billion as of September 30, 2015; while aggregate investment grew by 25 percent.

At September 30, 2015 our network reached 399 branches, including 74 Islamic Banking branches, and a Wholesale Bank Branch in Bahrain. The expanding branch network aims to build on the existing momentum with the deposit growth targeted above the market.

The economic outlook of the country seems promising on the back of higher industrial growth target, increased budgeted spending on energy, infrastructure and relief projects, that will lead to strong GDP growth. The successful execution of these projects, along with accelerated development of China-Pakistan Economic Corridor, is critical to achieving a step change in the country's macroeconomic trajectory. Though the changes in the interest rate environment have further compressed banking spreads, Askari Bank remains optimistic and is strongly positioned to leverage on the improving economy, expanding branch network, wide range of products and service offerings and strong balance sheet.

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

- sd -

Syed M. Husaini
President & Chief Executive

Rawalpindi
October 16, 2015

- sd -

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

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		19,148,202	19,130,113
Balances with other banks		5,366,729	7,068,111
Lendings to financial institutions		2,854,071	3,427,753
Investments	8	271,641,362	217,214,247
Advances	9	190,166,051	170,496,454
Operating fixed assets	10	9,009,466	8,299,488
Assets held for sale		-	53,703
Deferred tax assets - net		-	875,335
Other assets		17,829,223	20,517,341
		516,015,104	447,082,545
Liabilities			
Bills payable		7,096,234	6,855,020
Borrowings	11	41,804,547	13,742,030
Deposits and other accounts	12	427,313,448	387,586,620
Sub-ordinated loans		4,997,000	7,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	13	161,248	-
Other liabilities		8,637,529	7,199,014
		490,010,006	423,375,484
Net Assets		<u>26,005,098</u>	<u>23,707,061</u>
Represented by			
Share capital		12,602,602	12,602,602
Reserves		6,247,183	4,823,738
Unappropriated profit		1,993,441	1,862,223
		20,843,226	19,288,563
Surplus on revaluation of assets - net of tax	14	5,161,872	4,418,498
		<u>26,005,098</u>	<u>23,707,061</u>
Contingencies and Commitments	15		

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	Note	For the nine months ended		For the quarter ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
(Rupees in thousand)					
Mark-up / return / interest earned		27,602,466	24,963,894	8,964,452	9,064,752
Mark-up / return / interest expensed		16,496,617	16,197,324	5,212,587	5,817,928
Net mark-up / interest income		11,105,849	8,766,570	3,751,865	3,246,824
Provision / (reversal of provision) against non-performing loans and advances - net	9.2	230,212	(365,231)	54,569	(43,403)
Impairment loss on available for sale investments		171,410	101,546	19,598	35,761
Provision for diminution in the value of investments - net		269,771	159,928	110,494	38,626
Bad debts written off directly		-	-	-	-
		671,393	(103,757)	184,661	30,984
Net mark-up / interest income after provisions		10,434,456	8,870,327	3,567,204	3,215,840
Non mark-up / interest income					
Fee, commission and brokerage income		1,264,635	1,144,876	400,052	310,392
Dividend income		276,977	304,220	18,495	195,569
Income from dealing in foreign currencies		622,644	836,336	141,061	244,870
Gain on sale of securities - net	16	3,142,454	1,352,156	468,975	221,572
Unrealised gain on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		359,132	332,373	88,765	89,041
Total non-markup / interest income		5,665,842	3,969,961	1,117,348	1,061,444
		16,100,298	12,840,288	4,684,552	4,277,284
Non mark-up / interest expenses					
Administrative expenses		8,924,927	8,313,607	3,023,300	2,844,809
Other provisions / write offs		32,587	15,740	2,296	506
Other charges		194,525	87,497	45,142	27,323
Total non - markup / interest expenses		9,152,039	8,416,844	3,070,738	2,872,638
		6,948,259	4,423,444	1,613,814	1,404,646
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		6,948,259	4,423,444	1,613,814	1,404,646
Taxation - current		1,813,828	567,208	635,826	443,039
- prior years'	17	431,000	-	15,000	-
- deferred		636,305	743,533	(69,963)	(10,890)
		2,881,133	1,310,741	580,863	432,149
Profit after taxation		4,067,126	3,112,703	1,032,951	972,497
Basic earnings per share - Rupees		3.23	2.47	0.82	0.77

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	For the nine months ended		For the quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Rupees in thousand)			
Profit after taxation	4,067,126	3,112,703	1,032,951	972,497
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of net investment in Wholesale Bank Branch	8,057	(5,386)	5,466	7,654
Comprehensive income - transferred to statement of changes in equity	4,075,183	3,107,317	1,038,417	980,151
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available for sale securities	1,143,652	(912,255)	1,224,280	(153,929)
Related deferred tax	(400,278)	319,289	(428,498)	53,875
	743,374	(592,966)	795,782	(100,054)
Total comprehensive income	<u>4,818,557</u>	<u>2,514,351</u>	<u>1,834,199</u>	<u>880,097</u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	6,948,259	4,423,444
Dividend income	(276,977)	(304,220)
	<u>6,671,282</u>	<u>4,119,224</u>
Adjustments:		
Depreciation / amortization	617,858	541,256
Provision / (reversal of provision) against non-performing advances - net	230,212	(365,231)
Impairment loss on available for sale investments	171,410	101,546
Provision for diminution in the value of investments - net	269,771	159,928
Other provisions / write offs	32,587	15,740
Gain on sale of operating fixed assets	(4,016)	(372)
	<u>1,317,822</u>	<u>452,867</u>
	<u>7,989,104</u>	<u>4,572,091</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	749,999	(12,354,547)
Advances	(19,582,775)	(3,197,754)
Other assets (excluding advance taxation)	<u>1,728,767</u>	<u>(2,095,089)</u>
	<u>(17,104,009)</u>	<u>(17,647,390)</u>
Increase / (decrease) in operating liabilities		
Bills payable	241,214	155,937
Borrowings	28,062,517	(5,727,385)
Deposits and other accounts	39,726,828	15,070,545
Other liabilities	<u>1,043,934</u>	<u>(117,984)</u>
	<u>69,074,493</u>	<u>9,381,113</u>
Cash flow before tax	<u>59,959,588</u>	<u>(3,694,186)</u>
Income tax paid	<u>(1,601,082)</u>	<u>(684,830)</u>
Net cash inflow / (outflow) from operating activities	<u>58,358,506</u>	<u>(4,379,016)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(52,026,168)	(7,649,384)
Net investments in held to maturity securities	(1,698,476)	39,071
Sale of assets held for sale	53,703	-
Dividend income received	258,329	276,719
Investments in operating fixed assets - net of adjustment	(1,349,534)	(560,813)
Sale proceeds of operating fixed assets disposed off	<u>10,346</u>	<u>10,051</u>
Net cash outflow from investing activities	<u>(54,751,800)</u>	<u>(7,884,356)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(2,995,800)	3,999,200
Dividends paid	<u>(2,125,939)</u>	<u>(1,236,309)</u>
Net cash (outflow) / inflow from financing activities	<u>(5,121,739)</u>	<u>2,762,891</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	8,057	(5,386)
	<u>(1,506,976)</u>	<u>(9,505,867)</u>
Decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	<u>27,625,977</u>	<u>36,162,569</u>
Cash and cash equivalents at end of the period	<u>26,119,001</u>	<u>26,656,702</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	19,148,202	20,975,262
Balances with other banks	5,366,729	5,681,440
Call money lendings	<u>1,604,070</u>	<u>-</u>
	<u>26,119,001</u>	<u>26,656,702</u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	(Rupees in thousand)						
	Share Capital	Capital reserves		Statutory reserve	Revenue reserve		Total
		Exchange translation reserve	Share premium account		General reserve	Unappropriated profit	
Balance as at January 01, 2014	12,602,602	99,009	234,669	3,899,517	1,379,866	(1,582,626)	16,633,037
Transfer to General reserve	-	-	-	-	(1,582,626)	1,582,626	-
Total comprehensive income for the nine months ended September 30, 2014							
Net profit for the nine months ended September 30, 2014	-	-	-	-	-	3,112,703	3,112,703
Other comprehensive income related to equity	-	(5,386)	-	-	-	-	(5,386)
	-	(5,386)	-	-	-	3,112,703	3,107,317
Transfer to Statutory reserve	-	-	-	622,541	-	(622,541)	-
Transaction with owners, recorded directly in equity							
Interim dividend 2014: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at September 30, 2014	12,602,602	93,623	234,669	4,522,058	(202,760)	1,229,902	18,480,094
Total comprehensive income for quarter ended December 31, 2014							
Net profit for the quarter ended December 31, 2014	-	-	-	-	-	902,229	902,229
Other comprehensive income related to equity	-	(4,297)	-	-	-	(89,463)	(93,760)
	-	(4,297)	-	-	-	812,766	808,469
Transfer to statutory reserve	-	-	-	180,445	-	(180,445)	-
Balance as at December 31, 2014	12,602,602	89,326	234,669	4,702,503	(202,760)	1,862,223	19,288,563
Transfer to General reserve	-	-	-	-	1,862,223	(1,862,223)	-
Total comprehensive income for the nine months ended September 30, 2015							
Net profit for the nine months ended September 30, 2015	-	-	-	-	-	4,067,126	4,067,126
Other comprehensive income related to equity	-	8,057	-	-	-	-	8,057
	-	8,057	-	-	-	4,067,126	4,075,183
Transfer to Statutory reserve	-	-	-	813,425	-	(813,425)	-
Transaction with owners, recorded directly in equity							
Final dividend 2014: Re. 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)
Interim dividend 2015: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at September 30, 2015	12,602,602	97,383	234,669	5,515,928	399,203	1,993,441	20,843,226

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and commenced business operations from April 1, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The Fauji Consortium comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2015. The ultimate parent of the Bank is Fauji Foundation. As at September 30, 2015, the Bank had 399 branches (December 31, 2014: 321 branches); 398 in Pakistan and Azad Jammu and Kashmir, including 74 (December 31, 2014: 53) Islamic Banking branches, 33 (December 31, 2014: 31) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

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

2. BASIS OF MEASUREMENT

This condensed interim unconsolidated financial information has been prepared under historical cost convention except that certain fixed assets are stated at revalued amount and certain investments and commitments in respect of forward foreign exchange contracts have been marked to market and are carried at fair value and certain staff retirement benefits are carried at present value.

3. STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information for the nine months ended September 30, 2015 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 Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

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

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 annual financial statements of the Bank for the year ended December 31, 2014.

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

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

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

For the quarter and nine months ended September 30, 2015

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.

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, 2014.

Amendments and interpretations to approved accounting standards effective from January 1, 2015 are not expected to have 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, 2014.

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, 2014.

8. INVESTMENTS

(Rupees in thousand)

	September 30, 2015 - (Un-audited)			December 31, 2014 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Investments by types:						
Available for sale securities						
Market Treasury Bills	129,053,933	3,823,657	132,877,590	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	85,788,354	28,347,159	114,135,513	98,717,375	-	98,717,375
Fully paid ordinary shares / units	2,410,767	-	2,410,767	2,618,908	-	2,618,908
Units of open end mutual funds	1,783,068	-	1,783,068	1,733,068	-	1,733,068
Fully paid preference shares	150,100	-	150,100	264,890	-	264,890
Term Finance Certificates	4,707,633	-	4,707,633	3,631,709	-	3,631,709
Sukuk Certificates	7,073,390	-	7,073,390	6,732,573	-	6,732,573
Government of Pakistan Euro Bonds	1,354,223	-	1,354,223	718,245	-	718,245
Foreign securities	6,732	-	6,732	23,382	-	23,382
	232,328,200	32,170,816	264,499,016	209,803,736	2,840,522	212,644,258
Held to maturity securities						
Government of Pakistan Euro Bonds	2,404,336	-	2,404,336	1,247,569	-	1,247,569
Sukuk Certificates	751,709	-	751,709	210,000	-	210,000
	3,156,045	-	3,156,045	1,457,569	-	1,457,569
Investment in subsidiaries						
Askari Investment Management Limited	335,000	-	335,000	335,000	-	335,000
Askari Securities Limited	114,789	-	114,789	114,789	-	114,789
	449,789	-	449,789	449,789	-	449,789
Investments at cost	235,934,034	32,170,816	268,104,850	211,711,094	2,840,522	214,551,616
Provision for diminution in value of investments	(1,997,705)	-	(1,997,705)	(1,727,934)	-	(1,727,934)
Investments - net of provisions	233,936,329	32,170,816	266,107,145	209,983,160	2,840,522	212,823,682
Surplus on revaluation of available for sale securities - net	4,441,008	1,093,209	5,534,217	4,389,679	886	4,390,565
Total investments	238,377,337	33,264,025	271,641,362	214,372,839	2,841,408	217,214,247

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

For the quarter and nine months ended September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
9. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		198,217,320	176,508,166
Outside Pakistan		2,301,754	5,269,273
		<u>200,519,074</u>	<u>181,777,439</u>
Lease financing - In Pakistan		3,637,674	2,961,795
Ijarah financing - In Pakistan		213,549	96,640
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	9.1	2,084,462	1,729,948
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		6,434,942	5,938,714
Payable outside Pakistan		5,672,908	6,160,983
		<u>12,107,850</u>	<u>12,099,697</u>
Advances - gross		218,562,609	198,665,519
Provision for non-performing advances	9.2		
Specific provision		(27,994,186)	(27,801,250)
General provision		(188,032)	(177,555)
General provision against consumer loans		(214,340)	(190,260)
		<u>(28,396,558)</u>	<u>(28,169,065)</u>
Advances - net of provision		<u>190,166,051</u>	<u>170,496,454</u>

9.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 582,584 thousand (December 31, 2014: Rs. 344,312 thousand).

9.2 Particulars of provision against non-performing advances

	(Rupees in thousand)			
	September 30, 2015 - (Un-audited)			
	Specific	General	Consumer Financing-General	Total
Opening balance	27,801,250	177,555	190,260	28,169,065
Charge for the period / year	1,348,721	24,389	27,669	1,400,779
Reversal for the period / year	(1,153,066)	(13,912)	(3,589)	(1,170,567)
Net charge / (reversal) for the period / year	195,655	10,477	24,080	230,212
Amounts written off	(2,719)	-	-	(2,719)
Amounts charged off - agri loans	-	-	-	-
Closing balance	<u>27,994,186</u>	<u>188,032</u>	<u>214,340</u>	<u>28,396,558</u>
	December 31, 2014 - (Audited)			
	Specific	General	Consumer Financing-General	Total
Opening balance	28,279,285	150,970	183,986	28,614,241
Charge for the period / year	1,827,110	32,988	18,808	1,878,906
Reversal for the period / year	(1,943,167)	(6,403)	(12,534)	(1,962,104)
Net charge / (reversal) for the period / year	(116,057)	26,585	6,274	(83,198)
Amounts written off	(86,238)	-	-	(86,238)
Amounts charged off - agri loans	(275,740)	-	-	(275,740)
Closing balance	<u>27,801,250</u>	<u>177,555</u>	<u>190,260</u>	<u>28,169,065</u>

9.3 The net Forced Saled Value (FSV) benefit already availed has been decreased by Rs. 472,054 thousand, which has resulted in corresponding increase in charge for specific provision for the period. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 472,054 thousand (2014: Rs. 195,262 thousand) and Rs. 306,835 thousand (2014: Rs. 126,920 thousand) respectively. Further, at September 30, 2015, cumulative net of tax benefit of FSV is Rs. 1,145,418 thousand (December 31, 2014: Rs. 1,452,253 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011.

9.4 The Bank has availed the relaxation of Rs. 121,549 thousand (December 31, 2014: Rs. 142,530 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

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

For the quarter and nine months ended September 30, 2015

- 9.5 Advances include Rs. 30,934,969 thousand (December 31, 2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

Category of classification	(Rupees in thousand)				
	September 30, 2015 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.5.1	365,240	-	365,240	6	6
Substandard	470,956	-	470,956	34,251	34,251
Doubtful	665,094	-	665,094	158,617	158,617
Loss	29,433,679	-	29,433,679	27,801,312	27,801,312
	<u>30,934,969</u>	<u>-</u>	<u>30,934,969</u>	<u>27,994,186</u>	<u>27,994,186</u>

Category of classification	December 31, 2014 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.5.1	306,125	-	306,125	40	40
Substandard	753,536	-	753,536	51,637	51,637
Doubtful	623,341	-	623,341	178,938	178,938
Loss	29,692,727	-	29,692,727	27,570,635	27,570,635
	<u>31,375,729</u>	<u>-</u>	<u>31,375,729</u>	<u>27,801,250</u>	<u>27,801,250</u>

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		(Rupees in thousand)	
10. OPERATING FIXED ASSETS			
Capital work-in-progress		689,540	453,944
Property and equipment	10.1	7,381,618	6,785,951
Intangibles	10.2	998,520	1,105,270
		8,380,138	7,891,221
Provision against operating fixed assets		(60,212)	(45,677)
		<u>9,009,466</u>	<u>8,299,488</u>
10.1 Property and equipment			
Book value at beginning of the period / year		6,785,951	7,358,237
Cost of additions during the period / year		1,090,178	748,009
Book value of deletions / transfers during the period / year		(6,330)	(447,343)
Depreciation charge for the period / year		(487,348)	(555,143)
Book value of adjustments during the period / year		(833)	(317,809)
Book value at end of the period / year		<u>7,381,618</u>	<u>6,785,951</u>
10.2 Intangibles			
Book value at beginning of the period / year		1,105,270	1,173,720
Cost of additions during the period / year		23,760	45,897
Amortization charge for the period / year		(130,510)	(157,651)
Book value of adjustments during the period / year		-	43,304
Book value at end of the period / year		<u>998,520</u>	<u>1,105,270</u>

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

For the quarter and nine months ended September 30, 2015

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
11. BORROWINGS		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
Export refinance scheme	6,981,828	7,432,761
Long term financing of export oriented projects	14,772	41,892
Long term financing facility	1,009,675	479,199
	<u>8,006,275</u>	<u>7,953,852</u>
Repo borrowings		
State Bank of Pakistan	32,897,126	894,753
Financial Institutions	297,068	1,938,070
	<u>33,194,194</u>	<u>2,832,823</u>
Unsecured		
Call borrowings	-	1,998,235
Overdrawn balance with other banks	205	379,498
	<u>205</u>	<u>2,377,733</u>
	<u>41,200,674</u>	<u>13,164,408</u>
Outside Pakistan - foreign currencies		
Unsecured - Overdrawn nostro accounts	603,873	577,622
	<u>41,804,547</u>	<u>13,742,030</u>
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	78,980,128	91,328,822
Savings deposits	243,775,524	203,230,490
Current accounts - remunerative	528,487	566,193
Current accounts - non-remunerative	96,651,930	88,522,366
Special exporters' account	59,614	17,008
Margin accounts	2,165,845	2,452,708
Others	817,648	572,252
Financial institutions		
Remunerative deposits	4,035,716	603,878
Non-remunerative deposits	298,556	292,903
	<u>427,313,448</u>	<u>387,586,620</u>
13. DEFERRED TAX LIABILITIES / (ASSETS) - NET		
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation and amortization	459,703	481,648
Provision against non-performing advances		
- excess of 1% of total advances	(2,115,980)	(2,774,230)
- classified in sub-standard category	(71,278)	(71,278)
	<u>(1,727,555)</u>	<u>(2,363,860)</u>
Surplus on revaluation of available for sale securities	1,936,976	1,536,698
Actuarial losses	(48,173)	(48,173)
	<u>161,248</u>	<u>(875,335)</u>

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

For the quarter and nine months ended September 30, 2015

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,564,631	1,564,631
Surplus / (deficit) on revaluation of available for sale investments		
Federal Government securities	5,580,389	4,137,811
Listed shares	(95,060)	166,885
Units of open end mutual funds	106,566	176,629
Other securities	(57,678)	(90,760)
	5,534,217	4,390,565
Related deferred tax	(1,936,976)	(1,536,698)
	3,597,241	2,853,867
	5,161,872	4,418,498
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Others	4,536,558	6,623,269
15.2 Transaction-related contingent liabilities		
Money for which the Bank is contingently liable:		
Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	599,495	973,315
Contingent liability in respect of guarantees given, favouring:		
Government	66,970,612	62,583,779
Banks and other financial institutions	10,444,103	2,723,312
Others	11,378,853	7,820,249
	88,793,568	73,127,340
	89,393,063	74,100,655
These include guarantees amounting to Rs.1,038,657 thousand (December 31, 2014: Rs. 1,109,716 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.		
	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	84,666,139	63,896,465
15.4 Other contingencies		
15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	764,014	687,056

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

For the quarter and nine months ended September 30, 2015

15.4.2 The Bank is contesting a case filed against it and some of its ex-employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the potential liability of the Bank is estimated not to be more than Rs. 100 million (December 31, 2014: Rs. 100 million). However, the case is likely to be decided in the Bank's favour.

15.5 Tax contingencies

For the tax years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,251,028	2,020,072
Sale and repurchase agreements	33,206,215	2,851,757
15.7 Commitments in respect of forward exchange contracts		
Purchase	36,959,852	37,365,321
Sale	24,150,739	29,097,183
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	250,653	299,779
15.9 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for	8,489,941	11,788,818
15.10 Other commitments		
Participation in the equity of proposed Mortgage Refinance Company	300,000	300,000
Commitment for the purchase of shares of Foundation Securities (Private) Limited - a related party	248,554	-
15.11 Bills for collection		
Payable in Pakistan	2,771,509	898,052
Payable outside Pakistan	13,187,546	13,233,935
	<u>15,959,055</u>	<u>14,131,987</u>

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

For the quarter and nine months ended September 30, 2015

	(Rupees in thousand)			
	For the nine months ended		For the quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
16. GAIN ON SALE OF SECURITIES - NET				
Gain on sale of government securities	2,455,476	53,795	160,079	8,562
Gain on sale of other investments - note 16.1	686,978	1,298,361	308,896	213,010
	<u>3,142,454</u>	<u>1,352,156</u>	<u>468,975</u>	<u>221,572</u>

16.1 This includes gain of Rs. 215 million on sale of shares of a former associated company (Askari General Insurance Company Limited).

17. TAXATION

In terms of the Finance Act, 2015 income of the Bank derived from dividend and capital gains is now taxed at the normal tax rate instead of previously applicable reduced rates. Further, a one time super tax at the rate of 4 percent of the taxable income has also been levied for the tax year 2015. The effect of the above amendments incorporated in this unconsolidated condensed financial information includes prior year tax charge of Rs. 161,672 thousand (September 30, 2014: Nil) in respect of super tax and Rs. 269,328 thousand (September 30, 2014: Nil) in respect of increased tax rates on dividend income and capital gains.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Rupees in thousand)						
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Sub-Ordinated Loans
	For the nine months ended September 30, 2015 - (Un-audited)						
Total income	120,059	619,086	1,155,330	31,323,839	32,582	17,412	-
Total expenses	32,910	169,702	271,550	25,606,366	8,931	4,773	225,817
Net income / (loss)	87,149	449,384	883,780	5,717,473	23,651	12,639	(225,817)
	For the nine months ended September 30, 2014 - (Un-audited)						
Total income	164,817	371,295	982,822	27,362,796	36,130	15,995	-
Total expenses	47,070	106,038	229,410	23,743,912	10,318	4,568	369,095
Net income / (loss)	117,747	265,257	753,412	3,618,884	25,812	11,427	(369,095)
	As at September 30, 2015 - (Un-audited)						
Segment assets (gross)	69,825	360,054	13,456,265	532,922,127	18,949	10,126	-
Segment non performing loans	-	-	2,381,557	28,553,412	-	-	-
Segment provision required	-	-	2,341,288	28,480,954	-	-	-
Segment liabilities	894	4,608	30,453,071	454,529,376	243	130	5,021,684
Segment return on assets (%)	0.03	0.17	0.32	8.67	0.01	0.00	-
Segment cost of funds (%)	0.01	0.05	0.08	7.48	0.00	-	0.07
	As at December 31, 2014 - (Audited)						
Segment assets (gross)	84,640	168,289	17,482,272	459,603,801	24,547	9,899	-
Segment non performing loans	-	-	2,524,600	28,851,129	-	-	-
Segment provision required	-	-	2,387,399	27,903,504	-	-	-
Segment liabilities	822	1,634	27,678,028	387,655,314	238	96	8,039,352
Segment return on assets (%)	0.04	0.08	0.32	9.02	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.07	7.88	-	-	0.12

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

For the quarter and nine months ended September 30, 2015

19. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (Parent) held 71.91% (December 31, 2014: 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, employees' funds and Shariah Advisor/ Board.

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

Details of transactions with related parties during the nine months and balances as at September 30, 2015, are as follows:

Balances outstanding as at	September 30, 2015 - (Unaudited)						December 31, 2014 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary and Associated Companies	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Subsidiary and Associated Companies	Other Related Parties
Advances	663,341	245,986	597	-	4,441,688	-	572,699	174,807	673	-	2,519,946	-
Deposits	1,807,610	71,047	26,899	1,152,009	5,509,443	164,006	6,904,596	37,646	100,879	468,531	5,262,016	141,191
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	-	722,888	-	5,495,137	-	-	-	894,301	-
Investments in shares / units - at cost	-	-	-	1,738,315	449,789	-	-	-	-	1,738,315	449,789	-
Security deposits against lease	-	704	-	-	3,180	-	-	-	-	-	1,823	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	53,703	-
Transactions during the half year ended	September 30, 2015 - (Unaudited)						September 30, 2014 - (Unaudited)					
Mark-up / interest earned	18,169	6,591	-	-	254,549	-	10,046	3,689	7	-	252,475	-
Mark-up / interest expensed	212,878	2,025	542	39,942	364,217	8,556	165,327	1,909	4,172	32,513	376,516	11,067
Rent of property paid	14,400	-	-	-	4,903	-	-	-	-	-	-	-
Contributions to employees' funds	-	-	-	-	-	421,676	-	-	-	-	-	343,239
Purchase of units of AIML funds - at cost - net	-	-	-	-	-	-	-	-	-	116,607	-	-
Sale of units of AIML funds - at cost - net	-	-	-	-	-	-	-	-	-	92,786	-	-
Rent of property / service charges received	-	-	-	-	-	-	-	-	-	-	15,492	-
Dividend income received	-	-	-	179,201	-	-	-	-	-	116,050	-	-
Remuneration paid	-	246,953	-	-	-	1,985	-	153,541	-	-	-	-
Post employment benefits	-	17,066	-	-	-	-	-	9,863	-	-	-	-
Insurance premium paid	-	-	-	-	9,476	-	-	-	-	-	10,986	-
Insurance claims received	-	-	-	-	673	-	-	-	-	-	1,091	-
Dividends paid	1,812,564	360	351	-	12	3,300	906,282	14	104	-	-	-
Fee, commission and brokerage income	2,341	-	-	-	3,903	-	20	-	-	-	3,048	-
Fee, commission and brokerage expense	-	-	-	-	133	-	-	-	-	-	92	-
Fees paid for meeting	-	-	3,725	-	-	-	-	-	3,100	-	-	-

20. GENERAL

20.1 The figures have been rounded off to the nearest thousand.

20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this unconsolidated condensed interim financial information.

21. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on October 16, 2015.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Islamic Banking Business - Statement of Financial Position

As at September 30, 2015

Annexure
(1 of 3)

The Bank is operating 74 Islamic banking branches including 3 sub-branches at the end of September 30, 2015 as compared to 53 Islamic banking branches including 1 sub-branch at the end of December 31, 2014.

	Note	September 30, 2015	December 31, 2014
		(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		2,190,801	1,362,316
Balances with other banks		4,768,539	5,718,849
Due from financial institutions		1,604,070	1,427,753
Investments		5,816,597	5,873,828
Islamic financing and related assets	A-2.1	12,640,946	10,052,972
Operating fixed assets		476,385	306,939
Deferred tax assets		-	-
Other assets		1,036,797	855,022
Total Assets		28,534,135	25,597,679
LIABILITIES			
Bills payable		441,702	286,036
Due to financial institutions		-	-
Deposits and other accounts			
-Current accounts		6,775,568	6,686,585
-Saving accounts	A-3	9,760,683	8,670,358
-Term deposits		5,735,545	5,686,258
-Others		332,540	158,892
-Deposit from financial institutions - remunerative		2,715,896	17,073
-Deposits from financial institutions - non - remunerative		676	1,553
Due to head office		300,000	1,875,000
Other liabilities		719,369	880,386
		26,781,979	24,262,141
Net Assets		1,752,156	1,335,538
REPRESENTED BY			
Islamic banking fund		2,125,000	1,850,000
Reserves		-	-
Unappropriated / unremitted loss		(386,585)	(499,213)
		1,738,415	1,350,787
Surplus / (deficit) on revaluation of assets		13,741	(15,249)
		1,752,156	1,335,538
Remuneration to Shariah Advisor / Board		1,985	1,598
A-2.1 Islamic Financing and Related Assets			
Islamic modes of financing	A-2.1.1	11,912,275	9,872,132
Advance against islamic financing		499,866	180,840
Inventories		228,805	-
		12,640,946	10,052,972
A-2.1.1 Islamic Modes of Financing			
Murabaha		3,117,035	2,094,546
Ijara		2,154,342	1,700,298
Musharaka		350,000	450,000
Diminishing Musharaka		5,134,720	3,257,300
Salam		1,026,440	2,333,674
Istisna		87,281	-
Other islamic modes		42,457	36,314
		11,912,275	9,872,132

A-3 These include remunerative current accounts of Rs. 528,487 thousand (December 31, 2014: Rs. 566,193 thousand).

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

For the nine months ended September 30, 2015

Annexure
(2 of 3)

	September 30, 2015	September 30, 2014
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	1,513,269	1,220,719
Return on deposits and other dues expensed	699,363	662,557
Net spread earned	813,906	558,162
Reversal of provision against non-performing financings	(26,232)	(49,985)
Provision for diminution in the value of investments	35,045	51,176
Bad debts written off directly	-	-
	8,813	1,191
Income after provisions	805,093	556,971
Other Income		
Fee, commission and brokerage Income	45,551	23,028
Dividend income	-	-
Income from dealing in foreign currencies	8,358	2,145
Capital gain on sale of securities	13,932	50
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	8,820	30,755
Total other income	76,661	55,978
	881,754	612,949
Other expenses		
Administrative expenses	768,996	579,072
Other provisions / write offs	-	-
Other charges	130	-
Total other expenses	769,126	579,072
	112,628	33,877
Extra ordinary / unusual items	-	-
Profit before taxation	112,628	33,877

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

For the nine months ended September 30, 2015

Annexure
(3 of 3)

	September 30, 2015	December 31, 2014
	(Rupees in thousand)	
Opening balance	2,096	677
Additions during the period / year		
- received from customers on delayed payments	2,666	3,861
- non shariah compliant income	498	536
- profit on charity account	1	2
	3,165	4,399
Payments / utilization during the period / year		
- education	(300)	-
- health	(788)	(500)
- orphanage	(300)	-
- relief and disaster recovery	-	(2,480)
	(1,388)	(2,980)
Closing balance	<u>3,873</u>	<u>2,096</u>

**ASKARI BANK LIMITED
& ITS SUBSIDIARIES**

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE QUARTER AND NINE MONTHS ENDED
SEPTEMBER 30, 2015
(UN-AUDITED)**

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

As at September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		19,148,352	19,130,113
Balances with other banks		5,393,450	7,121,128
Lendings to financial institutions		2,854,071	3,427,753
Investments	8	271,667,180	217,213,560
Advances	9	190,170,693	170,501,323
Operating fixed assets	10	9,058,159	8,350,849
Assets held for sale		-	201,582
Deferred tax assets - net		-	897,746
Other assets		18,282,626	20,767,647
		516,574,531	447,611,701
Liabilities			
Bills payable		7,096,234	6,855,020
Borrowings	11	41,804,547	13,742,030
Deposits and other accounts	12	427,270,066	387,534,873
Sub-ordinated loans		4,997,000	7,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	13	141,708	-
Other liabilities		9,055,051	7,460,863
		490,364,606	423,585,586
Net Assets		26,209,925	24,026,115
Represented by			
Share capital		12,602,602	12,602,602
Reserves		6,246,538	4,823,093
Unappropriated profit		2,161,287	2,150,715
		21,010,427	19,576,410
Non-controlling interest		36,335	32,134
		21,046,762	19,608,544
Surplus on revaluation of assets - net of tax	14	5,163,163	4,417,571
		26,209,925	24,026,115
Contingencies and Commitments	15		

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	Note	For the nine months ended		For the quarter ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
		(Rupees in thousand)			
Mark-up / return / interest earned		27,606,308	24,966,005	8,964,625	9,056,146
Mark-up / return / interest expensed		16,494,729	16,196,286	5,212,400	5,817,734
Net mark-up / interest income		11,111,579	8,769,719	3,752,225	3,238,412
Provision / (reversal of provision) against non-performing loans and advances - net	9.2	230,212	(365,231)	54,569	(43,403)
Impairment loss on available for sale investments		171,410	101,546	19,598	35,761
Provision for diminution in the value of investments - net		269,771	159,928	110,494	38,626
Bad debts written off directly		-	-	-	-
		671,393	(103,757)	184,661	30,984
Net mark-up / interest income after provisions		10,440,186	8,873,476	3,567,564	3,207,428
Non mark-up / interest income					
Fee, commission and brokerage income		1,422,608	1,269,757	454,538	415,425
Dividend income		281,260	305,700	18,495	196,806
Income from dealing in foreign currencies		622,644	643,336	141,061	111,870
Gain on sale of securities - net	16	3,006,140	1,362,853	325,838	232,023
Unrealised loss on revaluation of investments classified as held for trading - net		(3,958)	-	(6,699)	(7,538)
Other income		362,112	350,033	85,846	37,349
Total non-markup / interest income		5,690,806	3,931,679	1,019,079	985,935
		16,130,992	12,805,155	4,586,643	4,193,363
Non mark-up / interest expenses					
Administrative expenses		9,061,457	8,245,312	3,072,155	2,687,632
Other provisions / write offs		32,587	15,740	2,296	506
Other charges		194,525	93,679	45,142	93,505
Total non - markup / interest expenses		9,288,569	8,354,731	3,119,593	2,781,643
		6,842,424	4,450,424	1,467,051	1,411,720
Share of profit of associate		-	34,848	-	12,318
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		6,842,424	4,485,272	1,467,051	1,424,038
Taxation - current		1,824,438	567,934	639,746	442,913
- prior years'	17	431,000	-	15,000	-
- deferred		636,305	747,685	(69,963)	(6,738)
		2,891,743	1,315,619	584,783	436,175
Profit after taxation		3,950,681	3,169,653	882,268	987,863
Attributable to:					
Equity holders of the Bank		3,946,480	3,168,557	881,140	987,849
Non-controlling interest		4,201	1,096	1,128	14
		3,950,681	3,169,653	882,268	987,863

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	For the nine months ended		For the quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Rupees in thousand)			
Profit after taxation	3,950,681	3,169,653	882,268	987,863
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of net investment in Wholesale Bank Branch	8,057	(5,386)	5,466	7,654
Comprehensive income - transferred to statement of changes in equity	3,958,738	3,164,267	887,734	995,517
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available for sale securities	1,147,022	(916,141)	1,226,266	(157,815)
Related deferred tax	(401,458)	320,649	(429,193)	55,235
	745,564	(595,492)	797,073	(102,580)
Total comprehensive income	<u>4,704,302</u>	<u>2,568,775</u>	<u>1,684,807</u>	<u>892,937</u>
Attributable to:				
Equity holders of the Bank	4,700,101	2,567,679	1,683,679	892,923
Non-controlling interest	4,201	1,096	1,128	14
	<u>4,704,302</u>	<u>2,568,775</u>	<u>1,684,807</u>	<u>892,937</u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	6,842,424	4,485,272
Dividend income	(281,260)	(305,700)
	<u>6,561,163</u>	<u>4,179,572</u>
Adjustments:		
Depreciation / amortization	626,445	550,072
Provision / (reversal of provision) against non-performing advances - net	230,212	(365,231)
Impairment loss on available for sale investments	171,410	101,546
Provision for diminution in the value of investments - net	269,771	159,928
Unrealised loss on revaluation of investments classified as held for trading - net	3,958	-
Gain on sale of operating fixed assets	(4,016)	(372)
Share of profit of associate	-	(34,848)
	<u>1,297,780</u>	<u>411,095</u>
	<u>7,858,943</u>	<u>4,590,667</u>
Increase / (decrease) in operating assets		
Lendings to financial institutions	749,999	(12,354,547)
Held for trading securities	(43,689)	(70,704)
Advances	(19,582,548)	(3,244,146)
Other assets (excluding advance taxation)	1,544,161	(2,113,245)
	<u>(17,332,077)</u>	<u>(17,782,642)</u>
Increase / (decrease) in operating liabilities		
Bills payable	241,214	155,937
Borrowings	28,062,517	(5,727,385)
Deposits and other accounts	39,735,193	15,130,871
Other liabilities	1,199,607	(92,418)
	<u>69,238,531</u>	<u>9,467,005</u>
Cash flow before tax	<u>59,765,397</u>	<u>(3,724,970)</u>
Income tax paid	(1,592,776)	(685,556)
Net cash inflow / (outflow) from operating activities	<u>58,172,621</u>	<u>(4,410,526)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(52,011,560)	(7,651,542)
Net investments in held to maturity securities	(1,698,476)	39,071
Dividend income received	262,612	278,199
Investments in operating fixed assets	(1,356,766)	(566,756)
Sale of assets held for sale	201,582	-
Sale proceeds of operating fixed assets disposed off	10,546	10,051
Net cash outflow from investing activities	<u>(54,592,061)</u>	<u>(7,890,977)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(2,995,800)	3,999,200
Dividends paid	(2,125,939)	(1,236,309)
Net cash (outflow) / inflow from financing activities	<u>(5,121,739)</u>	<u>2,762,891</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	8,057	(5,386)
Decrease in cash and cash equivalents	<u>(1,533,122)</u>	<u>(9,543,998)</u>
Cash and cash equivalents at beginning of the period	<u>27,678,994</u>	<u>36,229,366</u>
Cash and cash equivalents at end of the period	<u><u>26,145,872</u></u>	<u><u>26,685,368</u></u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	19,148,352	20,975,262
Balances with other banks	5,393,450	5,710,106
Call money lendings	1,604,070	-
	<u><u>26,145,872</u></u>	<u><u>26,685,368</u></u>

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

	(Rupees in thousand)								
	Share capital	Capital Reserves		Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
		Exchange translation reserve	Share premium account		General reserve	Unappropriated profit			
Balance as at January 01, 2014	12,602,602	99,009	234,669	3,899,517	1,379,221	(1,370,719)	16,844,299	31,359	16,875,658
Transfer to General reserve	-	-	-	-	(1,582,626)	1,582,626	-	-	-
Total comprehensive income for the nine months ended September 30, 2014									
Net profit for the nine months ended September 30, 2014	-	-	-	-	-	3,168,557	3,168,557	1,096	3,169,653
Other comprehensive income related to equity	-	(5,386)	-	-	-	-	(5,386)	-	(5,386)
	-	(5,386)	-	-	-	3,168,557	3,163,171	1,096	3,164,267
Transfer to Statutory reserve	-	-	-	622,541	-	(622,541)	-	-	-
Balance as at September 30, 2014	12,602,602	93,623	234,669	4,522,058	(203,405)	2,757,923	20,007,470	32,455	20,039,925
Total comprehensive income for the quarter ended December 31, 2014									
Net profit for the quarter ended December 31, 2014	-	-	-	-	-	924,458	924,458	(387)	924,071
Other comprehensive income related to equity	-	(4,297)	-	-	-	(90,961)	(95,258)	66	(95,192)
	-	(4,297)	-	-	-	833,497	829,200	(321)	828,879
Transfer to Statutory reserve	-	-	-	180,445	-	(180,445)	-	-	-
Transaction with owners, recorded directly in equity									
Interim dividend 2014: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Balance as at December 31, 2014	12,602,602	89,326	234,669	4,702,503	(203,405)	2,150,715	19,576,410	32,134	19,608,544
Transfer to General reserve	-	-	-	-	1,862,223	(1,862,223)	-	-	-
Total comprehensive income for the nine months ended September 30, 2015									
Net profit for the nine months ended September 30, 2015	-	-	-	-	-	3,946,480	3,946,480	4,201	3,950,681
Other comprehensive income related to equity	-	8,057	-	-	-	-	8,057	-	8,057
	-	8,057	-	-	-	3,946,480	3,954,537	4,201	3,958,738
Transfer to Statutory reserve	-	-	-	813,425	-	(813,425)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2014: Re 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Interim dividend 2015: Re 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)	-	(1,260,260)
Balance as at September 30, 2015	12,602,602	97,383	234,669	5,515,928	398,558	2,161,287	21,010,427	36,335	21,046,762

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

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and commenced business operations from April 01, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The Fauji Consortium comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on September 30, 2015. The ultimate parent of the Bank is Fauji Foundation. As at September 30, 2015, the Bank had 399 branches (December 31, 2014: 321 branches); 398 in Pakistan and Azad Jammu and Kashmir, including 74 (December 31, 2014: 53) Islamic Banking branches, 33 (December 31, 2014: 31) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

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

Askari Securities Limited (ASL) was incorporated in Pakistan on October 01, 1999 under the Companies Ordinance, 1984 as a public limited company and obtained corporate membership of the Islamabad Stock Exchange on December 24, 1999. The Bank acquired 74% ordinary shares of ASL on October 1, 2007. The Principal activity includes share brokerage, investment advisory and consultancy services. The registered office of the company is situated at ISE Towers, 55-B, Jinnah Avenue, Islamabad.

The financial statements of AIML and ASL have been consolidated based on their un-audited financial statements for the nine months ended September 30, 2015.

2. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under historical cost convention except that certain fixed assets are stated at revalued amount and certain investments and commitments in respect of forward foreign exchange contracts have been marked to market and are carried at fair value and certain staff retirement benefits are carried at present value.

3. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Group for the nine months ended September 30, 2015 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 Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of said directives have been followed.

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.

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

For the quarter and nine months ended September 30, 2015

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 Group for the year ended December 31, 2014.

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated 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, 2014.

Amendments and interpretations to approved accounting standards effective from January 1, 2015 are not expected to have material impact on this consolidated condensed interim financial information.

6. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated 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, 2014.

7. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2014.

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

For the quarter and nine months ended September 30, 2015

8. INVESTMENTS	(Rupees in thousand)					
	September 30, 2015 - (Un-audited)			December 31, 2014 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Investments by types:						
Held for trading securities						
Fully paid ordinary shares	31	-	31	38	-	38
Pakistan Investment Bonds	-	-	-	21,972	-	21,972
Units of open end mutual funds	246,928	-	246,928	162,137	-	162,137
	246,959	-	246,959	184,147	-	184,147
Available for sale securities						
Market Treasury Bills	129,053,933	3,823,657	132,877,590	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	85,788,354	28,347,159	114,135,513	98,717,375	-	98,717,375
Fully paid ordinary shares / units	2,455,346	-	2,455,346	2,663,487	-	2,663,487
Units of open end mutual funds	1,783,068	-	1,783,068	1,733,068	-	1,733,068
Fully paid preference shares	150,100	-	150,100	264,890	-	264,890
Term Finance Certificates	4,707,633	-	4,707,633	3,631,709	-	3,631,709
Sukuk Certificates	7,073,390	-	7,073,390	6,747,181	-	6,747,181
Government of Pakistan Euro Bonds	1,354,223	-	1,354,223	718,245	-	718,245
Foreign securities	6,732	-	6,732	23,382	-	23,382
	232,372,779	32,170,816	264,543,595	209,862,923	2,840,522	212,703,445
Held to maturity securities						
Government of Pakistan Euro Bonds	2,404,336	-	2,404,336	1,247,569	-	1,247,569
Sukuk Certificates	751,709	-	751,709	210,000	-	210,000
	3,156,045	-	3,156,045	1,457,569	-	1,457,569
Investments at cost	235,775,783	32,170,816	267,946,599	211,504,639	2,840,522	214,345,161
Provision for diminution in value of investments	(1,809,678)	-	(1,809,678)	(1,539,907)	-	(1,539,907)
Investments - net of provisions	233,966,105	32,170,816	266,136,921	209,964,732	2,840,522	212,805,254
Unrealized (loss) / gain on revaluation of held for trading securities - net	(3,958)	-	(3,958)	19,123	-	19,123
Surplus on revaluation of available for sale securities - net	4,441,008	1,093,209	5,534,217	4,388,297	886	4,389,183
Total investments	238,403,155	33,264,025	271,667,180	214,372,152	2,841,408	217,213,560

9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan
Outside Pakistan

Lease financing - In Pakistan

Ijarah financing - In Pakistan

Net book value of assets / investments in Ijarah under IFAS 2

In Pakistan

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan

Payable outside Pakistan

Advances - gross

Provision for non - performing advances

Specific provision

General provision

General provision against consumer loans

Advances - net of provision

Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
	198,221,962	176,513,035
	2,301,754	5,269,273
	200,523,716	181,782,308
	3,637,674	2,961,795
	213,549	96,640
	2,084,462	1,729,948
	6,434,942	5,938,714
	5,672,908	6,160,983
	12,107,850	12,099,697
	218,567,251	198,670,388
	(27,994,186)	(27,801,250)
	(188,032)	(177,555)
	(214,340)	(190,260)
	(28,396,558)	(28,169,065)
	190,170,693	170,501,323

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

For the quarter and nine months ended September 30, 2015

9.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 582,584 thousand (December 31, 2014: Rs. 344,312 thousand).

9.2 Particulars of provision against non-performing advances

	(Rupees in thousand)							
	September 30, 2015 - (Un-audited)				December 31, 2014 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
Opening balance	27,801,250	177,555	190,260	28,169,065	28,279,285	150,970	183,986	28,614,241
Charge for the period / year	1,348,721	24,389	27,669	1,400,779	1,827,110	32,988	18,808	1,878,906
Reversal for the period / year	(1,153,066)	(13,912)	(3,589)	(1,170,567)	(1,943,167)	(6,403)	(12,534)	(1,962,104)
Net charge / (reversal) for the period / year	195,655	10,477	24,080	230,212	(116,057)	26,585	6,274	(83,198)
Amounts written off	(2,719)	-	-	(2,719)	(86,238)	-	-	(86,238)
Amounts charged off - agri loans	-	-	-	-	(275,740)	-	-	(275,740)
Closing balance	27,994,186	188,032	214,340	28,396,558	27,801,250	177,555	190,260	28,169,065

9.3 The net Forced Saled Value (FSV) benefit already availed has been decreased by Rs. 472,054 thousand, which has resulted in corresponding increase in charge for specific provision for the period. Had the FSV benefit not reduced, before and after tax profit for the period would have been higher by Rs. 472,054 thousand (2014: Rs. 195,262 thousand) and Rs. 306,835 thousand (2014: Rs. 126,920 thousand) respectively. Further, at September 30, 2015, cumulative net of tax benefit of FSV is Rs. 1,145,418 thousand (December 31, 2014: Rs. 1,452,253 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011.

9.4 The Bank has availed the relaxation of Rs. 121,549 thousand (December 31, 2014: Rs. 142,530 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

9.5 Advances include Rs. 30,934,969 thousand (December 31, 2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

	(Rupees in thousand)				
	September 30, 2015 - (Un-audited)				
Category of classification	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.5.1	365,240	-	365,240	6	6
Substandard	470,956	-	470,956	34,251	34,251
Doubtful	665,094	-	665,094	158,617	158,617
Loss	29,433,679	-	29,433,679	27,801,312	27,801,312
	<u>30,934,969</u>	<u>-</u>	<u>30,934,969</u>	<u>27,994,186</u>	<u>27,994,186</u>
	December 31, 2014 - (Audited)				
Category of classification	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.5.1	306,125	-	306,125	40	40
Substandard	753,536	-	753,536	51,637	51,637
Doubtful	623,341	-	623,341	178,938	178,938
Loss	29,692,727	-	29,692,727	27,570,635	27,570,635
	<u>31,375,729</u>	<u>-</u>	<u>31,375,729</u>	<u>27,801,250</u>	<u>27,801,250</u>

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

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

For the quarter and nine months ended September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
		(Rupees in thousand)	
10. OPERATING FIXED ASSETS	Note		
Capital work-in-progress		689,540	453,944
Property and equipment	10.1	7,411,097	6,820,193
Intangibles	10.2	1,017,734	1,122,389
		8,428,831	7,942,582
Provision against operating fixed assets		(60,212)	(45,677)
		<u>9,058,159</u>	<u>8,350,849</u>
10.1 Property and equipment			
Book value at beginning of the period / year		6,820,193	7,395,311
Cost of additions during the period / year		1,093,879	755,229
Book value of deletions / transfers during the period / year		(6,530)	(448,120)
Depreciation charge for the period / year		(494,499)	(564,417)
Book value of adjustments during the period / year		(1,946)	(317,810)
Book value at end of the period / year		<u>7,411,097</u>	<u>6,820,193</u>
10.2 Intangibles			
Book value at beginning of the period / year		1,122,389	1,192,654
Cost of additions during the period / year		27,291	45,897
Amortization charge for the period / year		(131,946)	(159,466)
Book value of adjustments during the period / year		-	43,304
Book value at end of the period / year		<u>1,017,734</u>	<u>1,122,389</u>
11. BORROWINGS			
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
Export refinance scheme		6,981,828	7,432,761
Long term financing of export oriented projects		14,772	41,892
Long term financing facility		1,009,675	479,199
		<u>8,006,275</u>	<u>7,953,852</u>
Repo borrowings			
State Bank of Pakistan		32,897,126	894,753
Financial Institutions		297,068	1,938,070
		<u>33,194,194</u>	<u>2,832,823</u>
Unsecured			
Call borrowings		-	1,998,235
Overdrawn balance with other banks		205	379,498
		<u>205</u>	<u>2,377,733</u>
		41,200,674	13,164,408
Outside Pakistan - foreign currencies			
Unsecured - Overdrawn nostro accounts		603,873	577,622
		<u>41,804,547</u>	<u>13,742,030</u>

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

For the quarter and nine months ended September 30, 2015

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	78,980,128	91,328,822
Savings deposits	243,732,142	203,230,490
Current accounts - remunerative	528,487	566,193
Current accounts - non-remunerative	96,651,930	88,516,497
Special exporters' account	59,614	17,008
Margin accounts	2,165,845	2,452,708
Others	817,648	526,374
Financial institutions		
Remunerative deposits	4,035,716	603,878
Non-remunerative deposits	298,556	292,903
	<u>427,270,066</u>	<u>387,534,873</u>
13. DEFERRED TAX LIABILITIES / (ASSETS) - NET		
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	464,604	483,813
Provision for staff benefits	1,829	(1,153)
Provision against non-performing advances		
- excess of 1% of total advances	(2,115,980)	(2,774,230)
- classified in sub-standard category	(71,584)	(71,278)
Unused tax losses	(25,964)	(20,422)
	<u>(1,747,095)</u>	<u>(2,383,270)</u>
Surplus on revaluation of available for sale securities	1,936,976	1,536,241
Actuarial losses	(48,173)	(50,717)
	<u>141,708</u>	<u>(897,746)</u>
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,564,631	1,564,631
Surplus / (deficit) on revaluation of available for sale investments		
Federal Government securities	5,580,389	4,137,811
Listed shares	(93,074)	165,501
Units of open end mutual funds	106,566	176,629
Other securities	(57,678)	(90,760)
	<u>5,536,203</u>	<u>4,389,181</u>
Related deferred tax	(1,937,671)	(1,536,241)
	<u>3,598,532</u>	<u>2,852,940</u>
	<u>5,163,163</u>	<u>4,417,571</u>

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

For the quarter and nine months ended September 30, 2015

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Others	4,536,558	6,623,269
15.2 Transaction-related contingent liabilities		
Money for which the Bank is contingently liable:		
Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.	599,495	973,315
Contingent liability in respect of guarantees given, favouring:		
Government	66,970,612	62,583,779
Banks and other financial institutions	10,444,103	2,723,312
Others	11,378,853	7,820,249
	88,793,568	73,127,340
	89,393,063	74,100,655
These include guarantees amounting to Rs.1,038,657 thousand (December 31, 2014: Rs. 1,109,716 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.		
	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	84,666,139	63,896,465
15.4 Other contingencies		
15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	764,014	687,056
15.4.2 The Bank is contesting a case filed against it and some of its ex-employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the potential liability of the Bank is estimated not to be more than Rs.100 million (December 31, 2014: Rs. 100 million). However, the case is likely to be decided in the Bank's favour.		

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

For the quarter and nine months ended September 30, 2015

15.5 Tax contingencies

- i) For the Tax Years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour.
- ii) Income tax demand of Rs. 9,565 thousand, not acknowledged as debt, has been challenged by ASL and are currently in appeal; ASL expects favourable outcome of appeal.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,251,028	2,020,072
Sale and repurchase agreements	33,206,215	2,851,757
15.7 Commitments in respect of forward exchange contracts		
Purchase	36,959,852	37,365,321
Sale	24,150,739	29,097,183
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	250,653	299,779
15.9 Commitments in respect of forward sale of listed equity securities		
Sale	35,762	96,058
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	8,489,941	11,788,818
15.11 Other commitments		
Participation in the equity of proposed Mortgage Refinance Company	300,000	300,000
Commitment for the purchase of shares of Foundation Securities (Private) Limited - a related party.	248,554	-
15.12 Bills for collection		
Payable in Pakistan	2,771,509	898,052
Payable outside Pakistan	13,187,546	13,233,935
	<u>15,959,055</u>	<u>14,131,987</u>

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

For the quarter and nine months ended September 30, 2015

	(Rupees in thousand)			
	For the nine months ended		For the quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
16. GAIN ON SALE OF SECURITIES - NET				
Gain on sale of government securities	2,455,476	53,795	160,079	8,562
Gain on sale of other investments note - 16.1	550,664	1,309,058	165,759	223,461
	<u>3,006,140</u>	<u>1,362,853</u>	<u>325,838</u>	<u>232,023</u>

16.1 This includes gain of Rs. 67 million on sale of shares of a former associated company (Askari General Insurance Company Limited).

17. TAXATION

In terms of the Finance Act, 2015 income of the Bank derived from dividend and capital gains is now taxed at the normal tax rate instead of previously applicable reduced rates. Further, a one time super tax at the rate of 4 percent of the taxable income has also been levied for the tax year 2015. The effect of the above amendments incorporated in this unconsolidated condensed financial information includes prior year tax charge of Rs. 161,672 thousand (September 30, 2014: Nil) in respect of super tax and Rs. 269,328 thousand (September 30, 2014: Nil) in respect of increased tax rates on dividend income and capital gains.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Rupees in thousand)									
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
	For the nine months ended September 30, 2015 - (Un-audited)									
Total income	120,059	619,086	1,155,330	31,169,245	32,582	17,412	132,080	51,320	-	33,297,114
Total expenses	32,910	169,702	271,550	25,588,940	8,931	4,773	117,038	35,030	225,817	26,454,691
Net income / (loss)	87,149	449,384	883,780	5,580,305	23,651	12,639	15,042	16,290	(225,817)	6,842,423
	For the nine months ended September 30, 2014 - (Un-audited)									
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
	For the nine months ended September 30, 2014 - (Un-audited)									
Total income	164,817	371,295	982,822	27,168,128	36,130	15,995	127,229	31,268	-	28,897,684
Total expenses	47,070	106,038	229,410	23,544,137	10,318	4,568	109,276	27,348	369,095	24,447,260
Net income / (loss)	117,747	265,257	753,412	3,623,991	25,812	11,427	17,953	3,920	(369,095)	4,450,424
	As at September 30, 2015 - (Un-audited)									
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
	As at September 30, 2015 - (Un-audited)									
Segment assets (gross)	69,825	360,054	13,456,265	532,475,833	18,949	10,126	398,530	481,597	-	547,271,179
Segment non performing loans	-	-	2,381,557	28,553,412	-	-	-	-	-	30,934,969
Segment provision required	-	-	2,341,288	28,289,144	-	-	-	66,216	-	30,696,648
Segment liabilities	894	4,608	30,453,071	454,478,987	243	130	71,692	333,297	5,021,684	490,364,606
Segment return on assets (%)	0.03	0.17	0.32	8.62	0.01	0.00	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.05	0.08	7.47	0.00	0.00	0.03	0.01	0.07	-
	As at December 31, 2014 - (Audited)									
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
	As at December 31, 2014 - (Audited)									
Segment assets (gross)	84,445	167,900	17,480,805	459,196,420	24,490	9,876	493,240	277,939	-	477,735,115
Segment non performing loans	-	-	2,524,600	28,851,129	-	-	-	-	-	31,375,729
Segment provision required	-	-	2,387,400	27,669,799	-	-	-	66,215	-	30,123,414
Segment liabilities	822	1,634	27,678,028	387,602,268	238	96	183,434	79,714	8,039,352	423,585,586
Segment return on assets (%)	0.04	0.08	0.32	9.02	0.01	-	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.08	8.29	-	-	0.04	0.01	0.12	-

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

For the quarter and nine months ended September 30, 2015

19. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (Parent) held 71.91% (December 31, 2014: 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, employees' funds and shariah advisor/ board. Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties during the nine months and balances as at September 30, 2015 are as follows:

Balances outstanding as at	September 30, 2015 - (Un-audited)						December 31, 2014 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Other Related Parties
Advances	663,341	245,986	597	-	4,441,688	-	572,699	174,807	673	-	2,519,946	-
Deposits	1,807,610	71,047	26,899	1,152,009	5,466,061	164,006	6,904,596	37,646	100,879	468,531	5,262,016	141,191
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	-	722,888	-	5,495,137	-	-	-	894,301	-
Investment in shares / units - at cost	-	-	-	1,980,663	-	-	-	-	-	1,912,167	-	-
Security deposits against lease	-	704	-	-	3,180	-	-	-	-	-	1,823	-
Management fee and commission receivable from AAAF, AHYS, AIAAF, AILF, ASCF and AEF	-	-	-	13,122	-	178	-	-	-	3,164	-	-
Reimbursable expenses on behalf of AAAF, AHYS, AIAAF, AILF, ASCF and AEF	-	-	-	74,961	-	-	-	-	-	37,161	-	-
Pre-paid insurance premium by AIML	-	-	-	-	199	-	-	-	-	-	1,155	-
Payable to employee funds	-	-	-	-	-	9,969	-	-	-	-	-	7,895
Transactions during the nine months ended	September 30, 2015 - (Unaudited)						September 30, 2014 - (Unaudited)					
Mark-up / interest earned	18,169	6,591	-	-	254,549	-	10,046	3,689	7	-	252,475	-
Mark-up / interest expensed	212,878	2,025	542	39,942	364,204	8,556	165,327	1,909	4,172	32,513	373,216	11,067
Contributions to employees' funds	-	-	-	-	-	429,374	-	-	-	-	-	355,927
Investment in shares / units - at cost	-	-	-	68,496	-	-	-	-	-	23,821	-	-
Rent of property / service charges received	-	-	-	-	686	-	-	-	-	-	15,662	-
Dividend income received	-	-	-	179,201	-	-	-	-	-	166,050	-	-
Remuneration paid	-	246,953	-	-	-	1,985	-	153,541	-	-	-	-
Post employment benefits	-	17,066	-	-	-	-	-	9,863	-	-	-	-
Insurance premium paid	-	-	-	251	9,807	-	-	-	-	-	11,536	-
Insurance claims received	-	-	-	-	2,101	-	-	-	-	-	1,091	-
Fee, commission and brokerage income	2,341	-	-	-	4,244	-	20	-	-	-	3,294	-
Dividends paid	1,812,564	360	351	-	12	3,300	906,282	14	104	-	-	-
Remuneration received by AIML from AAAF, AHYS, AIAAF, AILF, ASCF and AEF	-	-	-	121,416	-	-	-	-	-	95,086	-	-
Fees paid for meeting	-	-	3,725	-	-	-	-	-	3,100	-	-	-

20. GENERAL

20.1 The figures have been rounded off to the nearest thousand.

20.2 Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of transactions for the purpose of comparison. However, no significant reclassifications have been made in this consolidated condensed interim financial information.

21. DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors on October 16, 2015.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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