



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

RIAA Law - 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.askaribank.com.pk

Directors' Review

Dear Shareholders

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

	Rupees in thousand	
	June 30, 2015	June 30, 2014
Six months ended		
Profit before provisions and taxation	5,821,177	2,884,057
(Provision) / reversal of provisions against loans and advances	(175,643)	321,828
Impairment and provisions against investments	(311,089)	(187,087)
Profit before taxation	5,334,445	3,018,798
Taxation	(2,300,270)	(878,592)
Profit after taxation	3,034,175	2,140,206
Basic earnings per share - Rupee	2.41	1.70

The profit after tax for the half year ended June 30, 2015 reached Rs.3.03 billion, a growth of 42 percent over the corresponding period last year despite a one-time increase in income tax charge. Profit before tax increased by 77 percent to Rs.5.33 billion compared to Rs.3.02 billion for the same period last year.

This healthy growth was contributed by a 41 percent build up in earning streams across both interest and non-interest based incomes. Non-interest income grew by 56 percent to reach Rs.4.55 billion during the current half year, which remained an active trading period with sizeable capital gains of Rs.2.7 billion arising mainly on the bond portfolio. Administrative expenses remained well controlled with an increase of 8 percent resulting in a significant improvement in the cost to income ratio from 66 percent in June 2014 to 51 percent in June 2015. Recoveries from non-performing loans contained the net provision charge to Rs.176 million for the current six months as the ratio of non-performing loans to gross advances also improved to 14 percent from 16 percent at December 31, 2014. Earnings per share for the period under review were reported at Rs.2.41 against Rs.1.70 for the corresponding six months of last year.

The Finance Act 2015 has imposed a one-time super tax at the rate of 4 percent on income of banks for the year ended December 31, 2014. This super tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Further, concessional taxation of dividend income and capital gains of banks stands withdrawn retrospectively. Accordingly, the effective tax rate increased to 43 percent for the half year under review compared to 29 percent for the same period last year.

In view of the above results, the Board is pleased to declare an interim cash dividend of 10% (Re. 1.00 per share) for the year ending December 31, 2015.

Total assets of the Bank rose to Rs.500 billion as of June 30, 2015 compared to Rs.447 billion as at December 31, 2014. Customer deposits registered a growth of 9 percent to reach Rs.422 billion with a healthy improvement in overall deposits mix as current accounts registered a growth of 23 percent during the six months ended June 30, 2015. Net advances increased by 13 percent, to Rs.193 billion as of June 30, 2015; while investments grew by 6 percent.

At June 30, 2015 our network reached 370 branches, including 63 Islamic Banking branches, and a whole sale bank branch in Bahrain. The expanding branch network aims to build on the existing momentum with the deposit growth targeted above the market. We are maintaining focus on steady growth of quality assets by capturing the financing requirements arising out of new projects, particularly infrastructure related, besides reinvestment and trade flows within the corporate and commercial segments where we seek to build on our potential. Also, recovery and restructuring of non-performing assets will continue as another key area of focus and our efforts will further intensify to gain an upside through reversal of provisions thereagainst.

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

- sd -
Syed M. Husaini
President & Chief Executive

Rawalpindi
August 25, 2015

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



A.F. FERGUSON & CO.

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

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Askari Bank Limited (the Bank) as at June 30, 2015 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and the notes to the financial information for the half year then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months ended June 30, 2015 and June 30, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2015, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the Bank for the half year ended June 30, 2014 and for the year ended December 31, 2014 were reviewed and audited by KPMG Taseer Hadi & Co., Chartered Accountants who had expressed an unqualified conclusion and opinion thereon dated July 21, 2014 and February 13, 2015, respectively.

- sd -

Chartered Accountants

Islamabad: August 25, 2015

Engagement partner: S. Haider Abbas

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Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2015

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		26,138,071	19,130,113
Balances with other banks		6,630,913	7,068,111
Lendings to financial institutions		13,390,244	3,427,753
Investments	8	230,843,747	217,214,247
Advances	9	193,286,695	170,496,454
Operating fixed assets	10	8,749,826	8,299,488
Assets held for sale		53,703	53,703
Deferred tax assets	11	197,287	875,335
Other assets		20,232,497	20,517,341
		499,522,983	447,082,545
Liabilities			
Bills payable		28,578,813	6,855,020
Borrowings	12	9,940,707	13,742,030
Deposits and other accounts	13	422,495,219	387,586,620
Sub-ordinated loans		4,997,800	7,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,079,285	7,199,014
		474,091,824	423,375,484
Net Assets		25,431,159	23,707,061
Represented By:			
Share capital		12,602,602	12,602,602
Reserves		6,035,127	4,823,738
Unappropriated profit		2,427,340	1,862,223
		21,065,069	19,288,563
Surplus on revaluation of assets - net of tax	14	4,366,090	4,418,498
		25,431,159	23,707,061
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 half year ended June 30, 2015

	Note	For the half year ended		For the quarter ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(Rupees in thousand)					
Mark-up / return / interest earned		18,638,014	15,899,142	9,132,343	8,343,798
Mark-up / return / interest expensed		11,284,030	10,379,396	5,302,980	5,362,132
Net mark-up / interest income		7,353,984	5,519,746	3,829,363	2,981,666
Provision / (reversal of provision) against non-performing loans and advances - net	9.2	175,643	(321,828)	347	(88,121)
Impairment loss on available for sale investments		151,812	65,785	109,658	30,632
Provision for diminution in the value of investments-net		159,277	121,302	49,473	38,905
Bad debts written off directly		-	-	-	-
		486,732	(134,741)	159,478	(18,584)
Net mark-up / interest income after provisions		6,867,252	5,654,487	3,669,885	3,000,250
Non mark-up / interest income					
Fee, commission and brokerage income		864,583	834,484	523,481	488,794
Dividend income		258,482	108,651	214,738	59,883
Income from dealing in foreign currencies		481,583	591,466	249,335	292,496
Gain on sale of securities - net	16	2,673,479	1,130,584	1,842,948	450,629
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-	-	-
Other income		270,367	243,332	129,557	94,766
Total non-markup / interest income		4,548,494	2,908,517	2,960,059	1,386,568
		11,415,746	8,563,004	6,629,944	4,386,818
Non mark-up / interest expenses					
Administrative expenses		5,901,627	5,468,798	3,075,652	2,743,882
Other provisions / write offs		30,291	15,234	30,173	15,234
Other charges		149,383	60,174	89,289	60,171
Total non-markup / interest expenses		6,081,301	5,544,206	3,195,114	2,819,287
		5,334,445	3,018,798	3,434,830	1,567,531
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		5,334,445	3,018,798	3,434,830	1,567,531
Taxation - current		1,178,002	124,169	553,742	92,227
- prior years'	17	416,000	-	416,000	-
- deferred		706,268	754,423	690,811	355,768
		2,300,270	878,592	1,660,553	447,995
Profit after taxation		3,034,175	2,140,206	1,774,277	1,119,536
Basic earnings per share - Rupees		2.41	1.70	1.41	0.89

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 half year ended June 30, 2015

	For the half year ended		For the quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
Profit after taxation	3,034,175	2,140,206	1,774,277	1,119,536
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of net investment in Wholesale Bank Branch	2,591	(13,040)	(331)	550
Comprehensive income - transferred to statement of changes in equity	3,036,766	2,127,166	1,773,946	1,120,086
Components of comprehensive income not reflected in equity				
Deficit on revaluation of available for sale securities	(80,628)	(758,326)	(1,735,412)	(1,067,322)
Related deferred tax	28,220	265,414	607,394	373,563
	(52,408)	(492,912)	(1,128,018)	(693,759)
Total comprehensive income	<u>2,984,358</u>	<u>1,634,254</u>	<u>645,928</u>	<u>426,327</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 half year ended June 30, 2015

	June 30, 2015	June 30, 2014
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	5,334,445	3,018,798
Dividend income	(258,482)	(108,651)
	<u>5,075,963</u>	<u>2,910,147</u>
Adjustments:		
Depreciation / amortization	404,000	364,357
Provision / (reversal of provision) against non-performing advances - net	175,643	(321,828)
Impairment loss on available for sale investments	151,812	65,785
Provision for diminution in the value of investments - net	159,277	121,302
Other provisions / write offs	30,291	15,234
Gain on sale of operating fixed assets	(1,950)	(11,438)
	<u>919,073</u>	<u>233,412</u>
	<u>5,995,036</u>	<u>3,143,559</u>
Increase in operating assets		
Lendings to financial institutions	(9,155,853)	(15,609,953)
Advances	(22,689,525)	(8,342,516)
Other assets (excluding advance taxation)	(666,316)	(4,190,500)
	<u>(32,511,694)</u>	<u>(28,142,969)</u>
Increase / (decrease) in operating liabilities		
Bills payable	21,723,793	9,498,787
Borrowings	(3,801,323)	(9,665,623)
Deposits and other accounts	34,908,599	9,599,267
Other liabilities	853,396	1,607,487
	<u>53,684,465</u>	<u>11,039,918</u>
Cash flow before tax	<u>27,167,807</u>	<u>(13,959,492)</u>
Income tax paid	(746,678)	(317,269)
Net cash inflow / (outflow) from operating activities	<u>26,421,129</u>	<u>(14,276,761)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(12,394,628)	13,448,476
Net investments in held to maturity securities	(1,626,589)	79,166
Dividend income received	70,203	89,688
Investments in operating fixed assets net of adjustment	(873,398)	(413,720)
Sale proceeds of operating fixed assets disposed off	6,475	19,492
Net cash (outflow) / inflow from investing activities	<u>(14,817,937)</u>	<u>13,223,102</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(2,995,000)	(800)
Dividend paid	(1,233,385)	(545)
Net cash outflow from financing activities	<u>(4,228,385)</u>	<u>(1,345)</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	2,591	(13,040)
Increase / (decrease) in cash and cash equivalents	<u>7,377,398</u>	<u>(1,068,044)</u>
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>35,003,375</u>	<u>35,094,525</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	26,138,071	24,499,519
Balances with other banks	6,630,913	8,195,006
Call money lendings	2,234,391	2,400,000
	<u>35,003,375</u>	<u>35,094,525</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 half year ended June 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 half year ended June 30, 2014							
Net profit for the half year ended June 30, 2014	-	-	-	-	-	2,140,206	2,140,206
Other comprehensive income related to equity	-	(13,040)	-	-	-	-	(13,040)
	-	(13,040)	-	-	-	2,140,206	2,127,166
Transfer to Statutory reserve	-	-	-	428,041	-	(428,041)	-
Balance as at June 30, 2014	12,602,602	85,969	234,669	4,327,558	(202,760)	1,712,165	18,760,203
Total comprehensive income for the half year ended December 31, 2014							
Net profit for the half year ended December 31, 2014	-	-	-	-	-	1,874,726	1,874,726
Other comprehensive income related to equity	-	3,357	-	-	-	(89,463)	(86,106)
	-	3,357	-	-	-	1,785,263	1,788,620
Transfer to statutory reserve	-	-	-	374,945	-	(374,945)	-
Transaction with owners, recorded directly in equity							
Interim dividend 2014: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
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 half year ended June 30, 2015							
Net profit for the half year ended June 30, 2015	-	-	-	-	-	3,034,175	3,034,175
Other comprehensive income related to equity	-	2,591	-	-	-	-	2,591
	-	2,591	-	-	-	3,034,175	3,036,766
Transfer to Statutory reserve	-	-	-	606,835	-	(606,835)	-
Transaction with owners, recorded directly in equity							
Final dividend 2014: Re. 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)
Balance as at June 30, 2015	12,602,602	91,917	234,669	5,309,338	399,203	2,427,340	21,065,069

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 half year ended June 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 June 30, 2015. The ultimate parent of the Bank is Fauji Foundation. As at June 30, 2015, the Bank had 370 branches (December 31, 2014: 321 branches); 369 in Pakistan and Azad Jammu and Kashmir, including 63 (December 31, 2014: 53) Islamic Banking branches, 34 (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 unconsolidated 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 condensed interim unconsolidated financial information for the half year ended June 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 half year ended June 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

	June 30, 2015 - (Un-audited)			December 31, 2014 - (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
(Rupees in thousand)						
Investments by types:						
Available for sale securities						
Market Treasury Bills	83,511,605	104,774	83,616,379	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	123,394,566	-	123,394,566	98,717,375	-	98,717,375
Fully paid ordinary shares / units	2,745,426	-	2,745,426	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	4,808,311	-	4,808,311	3,631,709	-	3,631,709
Sukuk Certificates	7,068,088	-	7,068,088	6,732,573	-	6,732,573
Government of Pakistan Euro Bonds	1,314,581	-	1,314,581	718,245	-	718,245
Foreign securities	6,555	-	6,555	23,382	-	23,382
	224,782,300	104,774	224,887,074	209,803,736	2,840,522	212,644,258
Held to maturity securities						
Government of Pakistan Euro Bonds	2,330,807	-	2,330,807	1,247,569	-	1,247,569
Sukuk Certificates	753,351	-	753,351	210,000	-	210,000
	3,084,158	-	3,084,158	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	228,316,247	104,774	228,421,021	211,711,094	2,840,522	214,551,616
Provision for diminution in value of investments	(1,887,211)	-	(1,887,211)	(1,727,934)	-	(1,727,934)
Investments - net of provisions	226,429,036	104,774	226,533,810	209,983,160	2,840,522	212,823,682
Surplus on revaluation of available for sale securities - net	4,309,124	813	4,309,937	4,389,679	886	4,390,565
Total investments	230,738,160	105,587	230,843,747	214,372,839	2,841,408	217,214,247

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

For the half year ended June 30, 2015

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
	Note	(Rupees in thousand)	
9. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		199,392,853	176,508,166
Outside Pakistan		4,849,909	5,269,273
		<u>204,242,762</u>	<u>181,777,439</u>
Lease financing - In Pakistan		3,211,824	2,961,795
Ijarah financing - In Pakistan		92,822	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		5,711,972	5,938,714
Payable outside Pakistan		6,284,842	6,160,983
		<u>11,996,814</u>	<u>12,099,697</u>
Advances - gross		221,628,684	198,665,519
Provision for non-performing advances	9.2		
Specific provision		(27,946,409)	(27,801,250)
General provision		(193,943)	(177,555)
General provision against consumer loans		(201,637)	(190,260)
		<u>(28,341,989)</u>	<u>(28,169,065)</u>
Advances - net of provision		<u>193,286,695</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. 474,551 thousand (December 31, 2014: Rs. 344,312 thousand)

9.2 Particulars of provision against non-performing advances

	(Rupees in thousand)			
	June 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	947,263	23,887	14,966	986,116
Reversal for the period / year	(799,385)	(7,499)	(3,589)	(810,473)
Net charge / (reversal) for the period / year	147,878	16,388	11,377	175,643
Amounts written off	(2,719)	-	-	(2,719)
Amounts charged off - agri loans	-	-	-	-
Closing balance	<u>27,946,409</u>	<u>193,943</u>	<u>201,637</u>	<u>28,341,989</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. 450,681 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. 450,681 thousand (2014: Rs. 195,262 thousand) and Rs. 292,943 thousand (2014: Rs. 126,920 thousand) respectively. Further, at June 30, 2015, cumulative net of tax benefit of FSV is Rs. 1,159,310 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. 131,040 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 half year ended June 30, 2015

9.5 Advances include Rs. 30,918,109 thousand (December 31, 2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

(Rupees in thousand)					
Category of classification	June 30, 2015 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned - note 9.5.1	243,788	-	243,788	16	16
Substandard	407,133	-	407,133	38,736	38,736
Doubtful	999,493	-	999,493	178,245	178,245
Loss	29,267,695	-	29,267,695	27,729,412	27,729,412
	<u>30,918,109</u>	<u>-</u>	<u>30,918,109</u>	<u>27,946,409</u>	<u>27,946,409</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) June 30, 2015	(Audited) December 31, 2014
		(Rupees in thousand)	
10. OPERATING FIXED ASSETS			
Capital work-in-progress		416,593	453,944
Property and equipment	10.1	7,361,224	6,785,951
Intangibles	10.2	1,032,221	1,105,270
		8,393,445	7,891,221
Provision against operating fixed assets		(60,212)	(45,677)
		<u>8,749,826</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		896,662	748,009
Book value of deletions / transfers during the period / year		(4,525)	(447,343)
Depreciation charge for the period / year		(316,864)	(555,143)
Book value of adjustments during the period / year		-	(317,809)
Book value at end of the period / year		<u>7,361,224</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		14,087	45,897
Amortization charge for the period / year		(87,136)	(157,651)
Book value of adjustments during the period / year		-	43,304
Book value at end of the period / year		<u>1,032,221</u>	<u>1,105,270</u>

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

For the half year ended June 30, 2015

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
11. DEFERRED TAX ASSETS - NET		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation and amortization	(518,932)	(481,648)
Provision against non-performing advances		
- excess of 1% of total advances	2,105,246	2,774,230
- classified in sub-standard category	71,278	71,278
	<u>1,657,592</u>	<u>2,363,860</u>
Surplus on revaluation of available for sale securities	(1,508,478)	(1,536,698)
Actuarial losses	48,173	48,173
	<u><u>197,287</u></u>	<u><u>875,335</u></u>
12. BORROWINGS		
In Pakistan local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	6,431,802	7,432,761
- Long term financing of export oriented projects	19,294	41,892
- Long term financing facility	888,367	479,199
	<u>7,339,463</u>	<u>7,953,852</u>
Repo borrowings		
- State Bank of Pakistan	-	894,753
- Financial Institutions	101,244	1,938,070
	<u>101,244</u>	<u>2,832,823</u>
Unsecured		
- Call borrowings	2,500,000	1,998,235
- Overdrawn balance with other banks	-	379,498
	<u>2,500,000</u>	<u>2,377,733</u>
	<u>9,940,707</u>	<u>13,164,408</u>
Outside Pakistan - foreign currencies		
Unsecured - Overdrawn nostro accounts	-	577,622
	<u>9,940,707</u>	<u>13,742,030</u>
13. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	81,823,664	91,328,822
Savings deposits	224,009,599	203,230,490
Current accounts - remunerative	643,195	566,193
Current accounts - non-remunerative	109,837,802	88,522,366
Special exporters' account	10,641	17,008
Margin accounts	2,504,264	2,452,708
Others	759,900	572,252
Financial institutions		
Remunerative deposits	2,644,633	603,878
Non-remunerative deposits	261,521	292,903
	<u><u>422,495,219</u></u>	<u><u>387,586,620</u></u>

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

For the half year ended June 30, 2015

	(Un-audited) June 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	4,233,003	4,137,811
Listed shares	29,239	166,885
Units of open end mutual funds	90,152	176,629
Other securities	(42,457)	(90,760)
	4,309,937	4,390,565
Related deferred tax	(1,508,478)	(1,536,698)
	2,801,459	2,853,867
	<u>4,366,090</u>	<u>4,418,498</u>
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Others	7,196,596	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	442,278	973,315
Contingent liability in respect of guarantees given, favouring:		
Government	61,922,933	62,583,779
Banks and other financial institutions	7,248,186	2,723,312
Others	9,932,550	7,820,249
	79,103,669	73,127,340
	<u>79,545,947</u>	<u>74,100,655</u>
These include guarantees amounting to Rs. 1,097,868 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) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	70,448,589	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.	765,009	687,056

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

For the half year ended June 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 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) June 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	11,189,743	2,020,072
Sale and repurchase agreements	105,411	2,851,757
15.7 Commitments in respect of forward exchange contracts		
Purchase	46,398,332	37,365,321
Sale	42,468,994	29,097,183
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	211,353	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	10,440,784	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	745,174	898,052
Payable outside Pakistan	13,430,490	13,233,935
	<u>14,175,664</u>	<u>14,131,987</u>

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

For the half year ended June 30, 2015

	(Rupees in thousand)			
	For the half year ended		For the quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
16. GAIN ON SALE OF SECURITIES - NET				
Gain on sale of government securities	2,295,397	45,233	1,729,686	20,702
Gain on sale of other investments	378,082	1,085,351	113,262	429,927
	<u>2,673,479</u>	<u>1,130,584</u>	<u>1,842,948</u>	<u>450,629</u>

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 interim financial information includes prior year tax charge of Rs. 146,672 thousand (June 30,2014: Nil) in respect of super tax and Rs. 269,328 thousand (June 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 half year ended June 30, 2015 - (Un-audited)						
Total income	82,367	368,795	825,744	21,873,898	24,064	11,640	-
Total expenses	21,495	96,245	177,118	17,343,439	6,280	3,038	204,448
Net income / (loss)	60,872	272,550	648,626	4,530,459	17,784	8,602	(204,448)
	For the half year ended June 30,2014 - (Un-audited)						
Total income	141,605	318,344	660,759	17,650,458	25,417	11,076	-
Total expenses	41,308	92,866	151,001	15,252,074	7,415	3,231	240,966
Net income / (loss)	100,297	225,478	509,758	2,398,384	18,002	7,845	(240,966)
	As at June 30, 2015 - (Un-audited)						
Segment assets (gross)	63,889	286,061	13,339,364	516,459,370	18,666	9,029	-
Segment non performing loans	-	-	2,430,968	28,487,141	-	-	-
Segment provision required	-	-	2,367,659	28,285,737	-	-	-
Segment liabilities	717	3,211	31,204,932	437,758,312	210	101	5,124,341
Segment return on assets (%)	0.03	0.16	0.35	9.24	0.01	0.00	-
Segment cost of funds (%)	0.01	0.04	0.08	7.73	0.00	-	0.09
	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 half year ended June 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 half year and balances as at June 30, 2015, are as follows:

Balances outstanding as at	June 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	84,475	246,531	1,603	-	3,962,795	-	572,699	174,807	673	-	2,519,946	-
Deposits	2,130,171	52,955	22,305	1,232,004	8,339,409	60,436	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	-	-	-	685,356	-	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	-	-	3,463	-	-	-	-	-	1,823	-
Assets held for sale	-	-	-	-	53,703	-	-	-	-	-	53,703	-
Transactions during the half year ended	June 30, 2015 - (Un-audited)						June 30, 2014 - (Un-audited)					
Mark-up / interest earned	8,059	4,296	-	-	158,176	-	5,605	2,608	7	-	167,523	-
Mark-up / interest expensed	189,753	1,388	283	24,990	264,787	6,080	66,278	1,432	2,740	24,481	224,718	6,170
Contributions to employees' funds	-	-	-	-	-	276,777	-	-	-	-	-	236,422
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	-	-	-	-	-	-	-	-	-	-	15,208	-
Dividend income received	-	-	-	178,565	-	-	-	-	-	9,928	-	-
Remuneration paid	-	142,971	-	-	-	790	-	82,762	-	-	-	699
Post employment benefits	-	10,640	-	-	-	-	-	6,511	-	-	-	-
Insurance premium paid	-	-	-	-	6,567	-	-	-	-	-	9,774	-
Insurance claims received	-	-	-	-	673	-	-	-	-	-	432	-
Dividend paid	906,282	174	126	-	6	-	-	-	-	-	-	-
Fee, commission and brokerage income	2,321	-	-	-	3,369	-	20	-	-	-	2,553	-
Fee, commission and brokerage expense	-	-	-	-	58	-	-	-	-	-	50	-
Fees paid for meeting	-	-	2,488	-	-	50	-	-	1,975	-	-	-

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.

20.3 Non adjusting event after the date of statement of financial position

The Board of Directors in its meeting held on August 25, 2015 has declared an interim cash dividend of Re 1.00 per share amounting to Rs 1,260,260 thousand for the year ending December 31, 2015.

21. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors on August 25, 2015.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Islamic Banking Business - Statement of Financial Position

As at June 30, 2015

Annexure
(1 of 3)

The Bank is operating 63 Islamic banking branches including 1 sub-branch at the end of June 30, 2015 as compared to 53 Islamic banking branches including 1 sub-branch at the end of December 31, 2014.

	Note	June 30, 2015	December 31, 2014
		(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		1,759,515	1,362,316
Balances with other banks		3,363,260	5,718,849
Due from financial institutions		2,234,391	1,427,753
Investments		5,855,460	5,873,828
Islamic financing and related assets	A-2.1	13,513,377	10,052,972
Operating fixed assets		441,012	306,939
Deferred tax assets		-	-
Other assets		1,102,976	855,022
Total Assets		28,269,991	25,597,679
LIABILITIES			
Bills payable		407,735	286,036
Due to financial institutions		-	-
Deposits and other accounts			
-Current accounts		8,139,475	6,686,585
-Saving accounts	A-3	9,932,878	8,670,358
-Term deposits		5,147,549	5,686,258
-Others		328,536	158,892
-Deposit from financial institutions - remunerative		1,960,430	17,073
-Deposits from financial institutions - non-remunerative		855	1,553
Due to head office		-	1,875,000
Other liabilities		666,673	880,386
		26,584,131	24,262,141
Net Assets		1,685,860	1,335,538
REPRESENTED BY			
Islamic banking fund		2,125,000	1,850,000
Reserves		-	-
Unappropriated / unremitted loss		(452,650)	(499,213)
		1,672,350	1,350,787
Surplus / (deficit) on revaluation of assets		13,510	(15,249)
		1,685,860	1,335,538
Remuneration to Shariah Advisor / Board		840	1,598
A-2.1 Islamic Financing and Related Assets			
Islamic modes of financing	A-2.1.1	13,244,842	9,872,132
Advance against islamic financing		268,535	180,840
Inventories		-	-
		13,513,377	10,052,972
A-2.1.1 Islamic Modes of Financing			
Murabaha		3,605,582	2,094,546
Ijara		2,034,216	1,700,298
Musharaka		400,000	450,000
Diminishing Musharaka		4,883,359	3,257,300
Salam		2,238,575	2,333,674
Istisna		42,852	-
Other islamic modes		40,258	36,314
		13,244,842	9,872,132

A-3 These include remunerative current accounts of Rs. 643,195 thousand (December 31, 2014: Rs. 566,193 thousand)

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

For the half year ended June 30, 2015

Annexure
(2 of 3)

	June 30, 2015	June 30, 2014
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	1,019,981	730,975
Return on deposits and other dues expensed	494,475	424,940
Net spread earned	525,506	306,035
Provision / (reversal of provision) against non-performing financings	19,777	(44,270)
Provision against consumer financings	-	-
Provision for diminution in the value of investments	23,174	37,869
Bad debts written off directly	-	-
	42,951	(6,401)
Income after provisions	482,555	312,436
Other Income		
Fee, commission and brokerage Income	29,398	15,909
Dividend income	-	-
Income from dealing in foreign currencies	2,844	1,373
Capital gain on sale of securities	12,232	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	5,333	24,818
Total other income	49,807	42,100
	532,362	354,536
Other expenses		
Administrative expenses	485,669	376,428
Other provisions / write offs	-	-
Other charges	130	-
Total other expenses	485,799	376,428
	46,563	(21,892)
Extra ordinary / unusual items	-	-
Profit / (loss) before taxation	46,563	(21,892)

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

For the half year ended June 30, 2015

Annexure
(3 of 3)

	June 30, 2015	December 31, 2014
	(Rupees in thousand)	
Opening balance	2,096	677
Additions during the period / year		
- received from customers on delayed payments	2,412	3,861
- non shariah compliant income	26	536
- profit on charity account	1	2
	2,439	4,399
Payments / utilization during the period / year		
- education	(300)	(500)
- health	(788)	-
- relief and disaster recovery	-	(2,480)
	(1,088)	(2,980)
Closing balance	3,447	2,096

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ASKARI BANK LIMITED
& ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
JUNE 30, 2015
(UN-AUDITED)

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

As at June 30, 2015

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
		(Rupees in thousand)	
Assets	Note		
Cash and balances with treasury banks		26,138,085	19,130,113
Balances with other banks		6,708,985	7,121,128
Lendings to financial institutions		13,390,244	3,427,753
Investments	8	230,859,193	217,213,560
Advances	9	193,292,945	170,501,323
Operating fixed assets	10	8,799,820	8,350,849
Assets held for sale		201,582	201,582
Deferred tax assets - net	11	219,698	897,746
Other assets		20,405,167	20,767,647
		500,015,719	447,611,701
Liabilities			
Bills payable		28,578,813	6,855,020
Borrowings	12	9,940,707	13,742,030
Deposits and other accounts	13	422,447,027	387,534,873
Sub-ordinated loans		4,997,800	7,992,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,265,994	7,460,863
		474,230,341	423,585,586
Net Assets		25,785,378	24,026,115
Represented By:			
Share capital		12,602,602	12,602,602
Reserves		6,034,482	4,823,093
Unappropriated profit		2,746,997	2,150,715
		21,384,081	19,576,410
Non-controlling interest		35,207	32,134
		21,419,288	19,608,544
Surplus on revaluation of assets - net of tax	14	4,366,090	4,417,571
		25,785,378	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 half year ended June 30, 2015

	Note	For the half year ended		For the quarter ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
		(Rupees in thousand)			
Mark-up / return / interest earned		18,641,683	15,909,859	9,132,899	8,350,219
Mark-up / return / interest expensed		11,282,329	10,378,552	5,301,976	5,361,957
Net mark-up / interest income		7,359,354	5,531,307	3,830,923	2,988,262
Provision / (reversal of provision) against non - performing loans and advances - net	9.2	175,643	(321,828)	347	(88,121)
Impairment loss on available for sale investments		151,812	65,785	109,658	30,632
Provision for diminution in the value of investments - net		159,277	121,302	49,473	38,905
Bad debts written off directly		-	-	-	-
		486,732	(134,741)	159,478	(18,584)
Net mark-up / interest income after provisions		6,872,622	5,666,048	3,671,445	3,006,846
Non mark-up / interest income					
Fee, commission and brokerage income		968,070	854,332	613,384	489,005
Dividend income		262,765	108,894	218,781	59,886
Income from dealing in foreign currencies		481,583	531,466	249,335	232,496
Gain on sale of securities - net	16	2,680,302	1,130,830	1,847,953	450,875
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		2,741	7,538	(276)	4,308
Other income		276,266	312,684	98,234	139,683
Total non-markup / interest income		4,671,727	2,945,744	3,027,411	1,376,253
		11,544,349	8,611,792	6,698,856	4,383,099
Non mark-up / interest expenses					
Administrative expenses		5,989,302	5,557,680	3,121,158	2,788,867
Other provisions / write offs		30,291	15,234	30,173	15,234
Other charges		149,383	174	89,289	171
Total non-markup / interest expenses		6,168,976	5,573,088	3,240,620	2,804,272
		5,375,373	3,038,704	3,458,236	1,578,827
Share of profit of associate		-	22,530	-	10,914
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		5,375,373	3,061,234	3,458,236	1,589,741
Taxation - current		1,184,692	125,021	557,530	92,655
- prior years'	17	416,000	-	416,000	-
- deferred		706,268	754,423	690,811	355,768
		2,306,960	879,444	1,664,341	448,423
Profit after taxation		3,068,413	2,181,790	1,793,895	1,141,318
Attribute to:					
Equity holders of the Bank		3,065,340	2,180,708	1,791,691	1,140,973
Non - controlling interest		3,073	1,082	2,204	345
		3,068,413	2,181,790	1,793,895	1,141,318

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 half year ended June 30, 2015

	For the half year ended		For the quarter ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Rupees in thousand)			
Profit after taxation	3,068,413	2,181,790	1,793,895	1,141,318
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of net investment in Wholesale Bank Branch	2,591	(13,040)	(331)	550
Comprehensive income - transferred to statement of changes in equity	3,071,004	2,168,750	1,793,564	1,141,868
Components of comprehensive income not reflected in equity				
Deficit on revaluation of available for sale securities	(79,244)	(758,326)	(1,735,412)	(1,067,322)
Related deferred tax	27,735	265,414	607,394	373,563
	(51,509)	(492,912)	(1,128,018)	(693,759)
Total comprehensive income	<u>3,019,495</u>	<u>1,675,838</u>	<u>665,546</u>	<u>448,109</u>
Attributable to:				
Equity holders of the Bank	3,016,422	1,674,756	663,342	447,764
Non-controlling interest	3,073	1,082	2,204	345
	<u>3,019,495</u>	<u>1,675,838</u>	<u>665,546</u>	<u>448,109</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 half year ended June 30, 2015

	June 30, 2015	June 30, 2014
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	5,375,373	3,061,234
Dividend income	(262,765)	(108,894)
	<u>5,112,608</u>	<u>2,952,340</u>
Adjustments:		
Depreciation / amortization	409,710	370,228
Provision / (reversal of provision) against non-performing advances - net	175,643	(321,828)
Impairment loss on available for sale investments	151,812	65,785
Provision for diminution in the value of investments - net	159,277	121,302
Unrealised gain on revaluation of investments classified as held for trading - net	(2,741)	(7,538)
Gain on sale of operating fixed assets	(1,950)	(11,438)
Share of profit of associate	-	(22,530)
	<u>891,751</u>	<u>193,981</u>
	<u>6,004,359</u>	<u>3,146,321</u>
Increase in operating assets		
Lendings to financial institutions	(9,155,853)	(15,609,953)
Held for trading securities	(26,618)	(55,152)
Advances	(22,690,906)	(8,376,835)
Other assets (excluding advance taxation)	(577,760)	(4,180,603)
	<u>(32,451,137)</u>	<u>(28,222,543)</u>
Increase / (decrease) in operating liabilities		
Bills payable	21,723,793	9,498,787
Borrowings	(3,801,323)	(9,665,623)
Deposits and other accounts	34,912,154	9,649,191
Other liabilities	778,256	1,621,457
	<u>53,612,880</u>	<u>11,103,812</u>
Cash flow before tax	<u>27,166,102</u>	<u>(13,972,410)</u>
Income tax paid	(734,452)	(318,121)
Net cash inflow / (outflow) from operating activities	<u>26,431,650</u>	<u>(14,290,531)</u>
Cash flow from investing activities		
Net investments in available for sale securities	(12,380,020)	13,432,334
Net investments in held to maturity securities	(1,626,589)	79,166
Dividend income received	74,486	89,931
Investments in operating fixed assets	(881,466)	(419,316)
Sale proceeds of operating fixed assets disposed off	10,200	19,492
Net cash (outflow) / inflow from investing activities	<u>(14,803,389)</u>	<u>13,201,607</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(2,995,000)	(800)
Dividend paid	(1,233,385)	(545)
Net cash outflow from financing activities	<u>(4,228,385)</u>	<u>(1,345)</u>
Exchange difference on translation of net investment in Wholesale Bank Branch	2,591	(13,040)
Increase / (decrease) in cash and cash equivalents	<u>7,402,467</u>	<u>(1,103,309)</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>35,081,461</u></u>	<u><u>35,126,057</u></u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	26,138,085	24,499,519
Balances with other banks	6,708,985	8,226,538
Call money lendings	2,234,391	2,400,000
	<u><u>35,081,461</u></u>	<u><u>35,126,057</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 half year ended June 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 half year ended June 30, 2014									
Net profit for the half year ended June 30, 2014	-	-	-	-	-	2,180,708	2,180,708	1,082	2,181,790
Other comprehensive income related to equity	-	(13,040)	-	-	-	-	(13,040)	-	(13,040)
	-	(13,040)	-	-	-	2,180,708	2,167,668	1,082	2,168,750
Transfer to statutory reserve	-	-	-	428,041	-	(428,041)	-	-	-
Balance as at June 30, 2014	12,602,602	85,969	234,669	4,327,558	(203,405)	1,964,574	19,011,967	32,441	19,044,408
Total comprehensive income for the half year ended December 31, 2014									
Net profit for the half year ended December 31, 2014	-	-	-	-	-	1,912,307	1,912,307	(373)	1,911,934
Other comprehensive income related to equity	-	3,357	-	-	-	(90,961)	(87,604)	66	(87,538)
	-	3,357	-	-	-	1,821,346	1,824,703	(307)	1,824,396
Transfer to statutory reserve	-	-	-	374,945	-	(374,945)	-	-	-
	12,602,602	89,326	234,669	4,702,503	(203,405)	3,410,975	20,836,670	32,134	20,868,804
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 half year ended June 30, 2015									
Net profit for the half year ended June 30, 2015	-	-	-	-	-	3,065,340	3,065,340	3,073	3,068,413
Other comprehensive income related to equity	-	2,591	-	-	-	-	2,591	-	2,591
	-	2,591	-	-	-	3,065,340	3,067,931	3,073	3,071,004
Transfer to statutory reserve	-	-	-	606,835	-	(606,835)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2014: Re 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)	-	(1,260,260)
Balance as at June 30, 2015	12,602,602	91,917	234,669	5,309,338	398,558	2,746,997	21,384,081	35,207	21,419,288

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 half year ended June 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 June 30, 2015. The ultimate parent of the Bank is Fauji Foundation. As at June 30, 2015, the Bank had 370 branches (December 31, 2014: 321 branches); 369 in Pakistan and Azad Jammu and Kashmir, including 63 (December 31, 2014: 53) Islamic Banking branches, 34 (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 half year ended June 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 half year ended June 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.

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

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

For the half year ended June 30, 2015

annual 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 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, 2014.

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, 2014.

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

For the half year ended June 30, 2015

(Rupees in thousand)

8. INVESTMENTS

Investments by types:

Held for trading securities

	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Fully paid ordinary shares	31	-	31	38	-	38
Pakistan Investment Bonds	36,365	-	36,365	21,972	-	21,972
Units of open end mutual funds	193,492	-	193,492	162,137	-	162,137
	229,888	-	229,888	184,147	-	184,147

Available for sale securities

Market Treasury Bills	83,511,605	104,774	83,616,379	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	123,394,566	-	123,394,566	98,717,375	-	98,717,375
Fully paid ordinary shares / units	2,790,005	-	2,790,005	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	4,808,311	-	4,808,311	3,631,709	-	3,631,709
Sukuk Certificates	7,068,088	-	7,068,088	6,747,181	-	6,747,181
Government of Pakistan Euro Bonds	1,314,581	-	1,314,581	718,245	-	718,245
Foreign securities	6,555	-	6,555	23,382	-	23,382
	224,826,879	104,774	224,931,653	209,862,923	2,840,522	212,703,445

Held to maturity securities

Government of Pakistan Euro Bonds	2,330,807	-	2,330,807	1,247,569	-	1,247,569
Sukuk Certificates	753,351	-	753,351	210,000	-	210,000
	3,084,158	-	3,084,158	1,457,569	-	1,457,569

Investments at cost

	228,140,925	104,774	228,245,699	211,504,639	2,840,522	214,345,161
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Provision for diminution in value of investments

	(1,699,184)	-	(1,699,184)	(1,539,907)	-	(1,539,907)
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Investments - net of provisions

	226,441,741	104,774	226,546,515	209,964,732	2,840,522	212,805,254
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Unrealized gain on revaluation of held for trading securities - net

	2,741	-	2,741	19,123	-	19,123
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Surplus on revaluation of available for sale securities - net

	4,309,124	813	4,309,937	4,388,297	886	4,389,183
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Total investments

	230,753,606	105,587	230,859,193	214,372,152	2,841,408	217,213,560
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9. ADVANCES

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	

Loans, cash credits, running finances, etc.

In Pakistan	199,399,103	176,513,035
Outside Pakistan	4,849,909	5,269,273
	204,249,012	181,782,308

Lease financing - In Pakistan

	3,211,824	2,961,795
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Ijarah financing - In Pakistan

	92,822	96,640
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Net book value of assets / investments in Ijarah under IFAS 2

In Pakistan	2,084,462	1,729,948
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	5,711,972	5,938,714
Payable outside Pakistan	6,284,842	6,160,983
	11,996,814	12,099,697

Advances - gross

	221,634,934	198,670,388
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Provision for non - performing advances

Specific provision	(27,946,409)	(27,801,250)
General provision	(193,943)	(177,555)
General provision against consumer loans	(201,637)	(190,260)
	(28,341,989)	(28,169,065)

Advances - net of provision	193,292,945	170,501,323
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Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2015

9.1 Net book value of assets/ investments in Ijarah under IFAS 2 is net of depreciation of Rs. 474,551 thousand (December 31, 2014: Rs. 344,312 thousand).

9.2 Particulars of provision against non-performing advances

	June 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	947,263	23,887	14,966	986,116	1,827,110	32,988	18,808	1,878,906
Reversal for the period / year	(799,385)	(7,499)	(3,589)	(810,473)	(1,943,167)	(6,403)	(12,534)	(1,962,104)
Net charge / (reversal) for the period / year	147,878	16,388	11,377	175,643	(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	27,946,409	193,943	201,637	28,341,989	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. 450,681 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. 450,681 thousand (2014: Rs. 195,262 thousand) and Rs. 292,943 thousand (2014: Rs. 126,920 thousand) respectively. Further, at June 30, 2015, cumulative net of tax benefit of FSV is Rs. 1,159,310 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. 131,040 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. 30,918,109 thousand (December 31, 2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

Category of classification	Note	(Rupees in thousand)				
		June 30, 2015 - (Un-audited)				
		Classified Advances			Provision Required	Provision Held
		Domestic	Overseas	Total		
Other Assets Especially Mentioned	9.5.1	243,788	-	243,788	16	16
Substandard		407,133	-	407,133	38,736	38,736
Doubtful		999,493	-	999,493	178,245	178,245
Loss		29,267,695	-	29,267,695	27,729,412	27,729,412
		30,918,109	-	30,918,109	27,946,409	27,946,409
Category of classification		December 31, 2014 - (Audited)				
		Classified Advances			Provision Required	Provision Held
		Domestic	Overseas	Total		
Other Assets Especially Mentioned	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
		31,375,729	-	31,375,729	27,801,250	27,801,250

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 half year ended June 30, 2015

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
		(Rupees in thousand)	
10. OPERATING FIXED ASSETS	Note		
Capital work-in-progress		416,593	453,944
Property and equipment	10.1	7,391,468	6,820,193
Intangibles	10.2	1,051,971	1,122,389
		8,443,439	7,942,582
Provision against operating fixed assets		(60,212)	(45,677)
		<u>8,799,820</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		901,199	755,229
Book value of deletions / transfers during the period / year		(8,250)	(448,120)
Depreciation charge for the period / year		(321,674)	(564,417)
Book value of adjustments during the period / year		-	(317,810)
Book value at end of the period / year		<u>7,391,468</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		17,618	45,897
Amortization charge for the period / year		(88,036)	(159,466)
Book value of adjustments during the period / year		-	43,304
Book value at end of the period / year		<u>1,051,971</u>	<u>1,122,389</u>
11. DEFERRED TAX ASSETS			
Deferred (credits) / debits arising due to:			
Accelerated tax depreciation and amortization		(521,642)	(483,813)
Provision for staff benefits		(1,149)	1,153
Provision against non-performing advances			
- excess of 1% of total advances		2,105,246	2,774,230
- classified in sub-standard category		71,584	71,278
Unused tax losses		25,964	20,422
		<u>1,680,003</u>	<u>2,383,270</u>
Surplus on revaluation of available for sale securities		(1,508,478)	(1,536,241)
Actuarial losses		48,173	50,717
		<u>219,698</u>	<u>897,746</u>

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

For the half year ended June 30, 2015

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
12. BORROWINGS		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	6,431,802	7,432,761
- Long term financing of export oriented projects	19,294	41,892
- Long term financing facility	888,367	479,199
	<u>7,339,463</u>	<u>7,953,852</u>
Repo borrowings		
- State Bank of Pakistan	-	894,753
- Financial Institutions	101,244	1,938,070
	<u>101,244</u>	<u>2,832,823</u>
Unsecured		
- Call borrowings	2,500,000	1,998,235
- Overdrawn balance with other banks	-	379,498
	<u>2,500,000</u>	<u>2,377,733</u>
	<u>9,940,707</u>	<u>13,164,408</u>
Outside Pakistan - foreign currencies		
Unsecured - Overdrawn nostro accounts	-	577,622
	<u>9,940,707</u>	<u>13,742,030</u>
13. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	81,823,664	91,328,822
Savings deposits	223,961,407	203,230,490
Current accounts - remunerative	643,195	566,193
Current accounts - non-remunerative	109,837,802	88,516,497
Special exporters' account	10,641	17,008
Margin accounts	2,504,264	2,452,708
Others	759,900	526,374
Financial institutions		
Remunerative deposits	2,644,633	603,878
Non-Remunerative deposits	261,521	292,903
	<u>422,447,027</u>	<u>387,534,873</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	4,233,003	4,137,811
Listed shares	29,239	165,501
Units of open end mutual funds	90,152	176,629
Other securities	(42,457)	(90,760)
	<u>4,309,937</u>	<u>4,389,181</u>
Related deferred tax	(1,508,478)	(1,536,241)
	<u>2,801,459</u>	<u>2,852,940</u>
	<u>4,366,090</u>	<u>4,417,571</u>

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

For the half year ended June 30, 2015

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Others	7,196,596	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.	442,278	973,315
Contingent liability in respect of guarantees given, favouring:		
Government	61,922,933	62,583,779
Banks and other financial institutions	7,248,186	2,723,312
Others	9,932,550	7,820,249
	79,103,669	73,127,340
	79,545,947	74,100,655

These include guarantees amounting to Rs. 1,097,868 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 Group.

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	70,448,589	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.	765,009	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.		
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.		

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

For the half year ended June 30, 2015

	(Un-audited) June 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	11,189,743	2,020,072
Sale and repurchase agreements	105,411	2,851,757
15.7 Commitments in respect of forward exchange contracts		
Purchase	46,398,332	37,365,321
Sale	42,468,994	29,097,183
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	251,773	299,779
15.9 Commitments in respect of forward sale of listed equity securities		
Sale	-	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		
	10,440,784	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	745,174	898,052
Payable outside Pakistan	13,430,490	13,233,935
	14,175,664	14,131,987
	(Rupees in thousand)	
	For the half year ended	For the quarter ended
	June 30, 2015	June 30, 2014
16. GAIN ON SALE OF SECURITIES - NET		
Gain on sale of government securities	2,295,397	45,233
Gain on sale of other investments	384,905	1,085,351
	2,680,302	1,130,584
	1,729,686	20,702
	118,267	429,927
	1,847,953	450,629

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 consolidated condensed interim financial information includes prior year tax charge of Rs. 146,672 thousand (June 30, 2014: Nil) in respect of super tax and Rs. 269,328 thousand (June 30, 2014: Nil) in respect of increased tax rates on dividend income and capital gains.

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

For the half year ended June 30, 2015

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 half year ended June 30, 2015 - (Un-audited)										
Total income	82,367	368,795	825,744	21,872,208	24,064	11,640	95,766	33,755	-	23,314,339
Total expenses	21,495	96,245	177,118	17,338,847	6,280	3,038	74,635	21,053	204,448	17,943,159
Net income / (loss)	60,872	272,550	648,626	4,533,361	17,784	8,602	21,131	12,702	(204,448)	5,371,180
For the half year ended June 30, 2014 - (Un-audited)										
Total income	141,605	318,344	660,759	17,594,030	25,417	11,076	86,238	18,134	-	18,855,603
Total expenses	41,308	92,866	151,001	15,194,854	7,415	3,231	71,370	13,888	240,966	15,816,899
Net income / (loss)	100,297	225,478	509,758	2,399,176	18,002	7,845	14,868	4,246	(240,966)	3,038,704
As at June 30, 2015 - (Un-audited)										
Segment assets (gross)	63,889	286,061	13,339,364	516,161,041	18,666	9,029	410,142	259,112	-	530,547,304
Segment non performing loans	-	-	2,430,968	28,487,141	-	-	-	-	-	30,918,109
Segment provision required	-	-	2,367,659	28,097,710	-	-	-	66,216	-	30,531,585
Segment liabilities	717	3,211	31,204,932	437,703,224	210	101	79,204	114,401	5,124,341	474,230,341
Segment return on assets (%)	0.03	0.16	0.35	9.23	0.01	0.00	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.04	0.08	7.72	0.00	0.00	0.03	0.01	0.09	-
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	-

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 group's share capital at the period end. The group 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.

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

For the half year ended June 30, 2015

Details of transactions with related parties during the half year ended and balances as at June 30, 2015 are as follows:

Balances outstanding as at	June 30, 2015 (Unaudited)						December 31, 2014 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Other Related Parties	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Other Related Parties
Advances	84,475	246,531	1,603	-	3,962,795	-	572,699	174,807	673	-	2,519,946	-
Deposits	2,130,171	52,955	22,305	1,232,004	8,291,902	60,436	6,904,596	37,646	100,879	468,531	5,210,269	139,933
Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	-	-	-	5,495,137	-	-	-	894,301	-
Investments in shares / units - at cost	-	-	-	1,931,699	-	-	-	-	-	1,912,167	-	-
Security deposits against lease	-	704	-	-	3,463	-	-	-	-	-	1,823	-
Management fee and commission receivable from AAAF, AHYS, AIAAF, AIIIF, ASCF and AEF	-	-	-	10,297	-	-	-	-	-	3,164	-	-
Reimbursable expenses on behalf of AAAF, AHYS, AIAAF, AIIIF, ASCF and AEF	-	-	-	53,621	-	-	-	-	-	37,161	-	-
Pre-paid insurance premium by AIML	-	-	-	-	545	-	-	-	-	-	1,155	-
Payable to employee funds	-	-	-	-	-	9,464	-	-	-	-	-	7,895
Transactions during the half year ended	June 30, 2015 (Unaudited)						June 30, 2014 (Unaudited)					
Mark-up / interest earned	8,059	4,296	-	-	158,176	-	5,605	2,608	7	-	167,523	-
Mark-up / interest expensed	189,753	1,388	283	24,990	264,774	6,080	66,278	1,432	2,740	244,841	224,718	6,153
Contributions to employees' funds	-	-	-	-	-	279,574	-	-	-	-	-	240,012
Investment in shares / units - at cost	-	-	-	19,532	-	-	-	-	-	23,821	-	-
Rent of property / service charges received	-	-	-	-	-	-	-	-	-	-	15,378	-
Dividend income received	-	-	-	178,565	-	-	-	-	-	9,928	-	-
Remuneration paid	-	142,971	-	-	-	790	-	82,762	-	-	-	699
Post employment benefits	-	10,640	-	-	-	-	-	6,511	-	-	-	-
Insurance premium paid	-	-	-	251	6,814	-	-	-	-	-	13,989	-
Insurance claims received	-	-	-	-	673	-	-	-	-	-	432	-
Fee, commission and brokerage income	2,321	-	-	-	3,365	-	20	-	-	-	2,621	-
Dividend paid	906,282	174	126	-	6	-	-	-	-	-	-	-
Remuneration earned by AIML from AAAF, AHYS, AIAAF, AIIIF, ASCF and AEF	-	-	-	70,308	-	-	-	-	-	65,330	-	-
Fee paid for meetings	-	-	2,488	-	-	50	-	-	1,975	-	-	-

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.

20.3 Non adjusting event after the date of statement of financial position

The Board of Directors in its meeting held on August 25, 2015 has declared an interim cash dividend of Re 1.00 per share amounting to Rs 1,260,260 thousand for the year ending December 31, 2015.

21. DATE OF AUTHORISATION

This consolidated condensed interim financial information was authorized for issue by the Board of Directors on August 25, 2015.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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