



Contents

Corporate Information	1
Directors' Review	2
Condensed Interim Unconsolidated Statement of Financial Position	3
Condensed Interim Unconsolidated Profit and Loss Account	4
Condensed Interim Unconsolidated Statement of Comprehensive Income	5
Condensed Interim Unconsolidated Cash Flow Statement	6
Condensed Interim Unconsolidated Statement of Changes in Equity	7
Notes to the Condensed Interim Unconsolidated Financial Information	8
Islamic Banking Business - Statement of Financial Information	18
Islamic Banking Business - Profit and Loss Account	19
Islamic Banking Business - Statement of Sources and Uses of Charity Fund	20
Condensed Interim Consolidated Statement of Financial Position	23
Condensed Interim Consolidated Profit and Loss Account	24
Condensed Interim Consolidated Statement of Comprehensive Income	25
Condensed Interim Consolidated Cash Flow Statement	26
Condensed Interim Consolidated Statement of Changes in Equity	27
Notes to the Condensed Interim Consolidated Financial Information	28

Corporate Information

Board of Directors	<p>Lt. Gen. Muhammad Mustafa Khan, HI (M) (Retd) – Chairman</p> <p>Lt. Gen. Naeem Khalid Lodhi, HI (M) (Retd)</p> <p>Lt. Gen. Muhammad Haroon Aslam, HI (M), S Bt (Retd)</p> <p>Mr. Qaiser Javed</p> <p>Dr. Nadeem Inayat</p> <p>Mr. Manzoor Ahmed – NIT Nominee</p> <p>Mr. Asif Reza Sana</p> <p>Mr. Zaffar Ahmad Khan</p> <p>Mr. Tariq Hafeez Malik</p> <p>Khawaja Jalaluddin Roomi*</p> <p>Syed M. Husaini – President & Chief Executive</p> <p>* (Subject to fit & proper clearance from SBP)</p>
Board Audit & Compliance Committee	<p>Mr. Asif Reza Sana – Chairman</p> <p>Mr. Qaiser Javed – Member</p> <p>Dr. Nadeem Inayat – Member</p>
Auditors	<p>KPMG Taseer Hadi & Co.</p> <p>Chartered Accountants</p>
Legal Advisors	<p>RIAA LAW Advocates & Corporate Counsellors</p>
Shariah Advisor	<p>Dr. Muhammad Tahir Mansoori</p>
Chief Financial Officer	<p>Mr. Saleem Anwar, FCA</p>
Company Secretary	<p>Mr. Umar Shahzad</p>
Registered / Head Office	<p>AWT Plaza, The Mall</p> <p>P. O. Box No. 1084, Rawalpindi – 46000, Pakistan.</p> <p>Tel: (92 51) 906 3000</p> <p>Fax: (92 51) 927 2455</p> <p>E-mail: webmaster@askaribank.com.pk</p>
Registrar & Share Transfer Office	<p>THK Associates (Pvt) Limited</p> <p>Ground Floor, State Life Building No.3,</p> <p>Dr. Ziauddin Ahmad Road,</p> <p>P. O. Box: 8533, Karachi – 75530</p> <p>Tel: (92 21) 111 000 322</p> <p>Fax: (92 21) 35655595</p>
Entity Ratings	<p>Long Term : AA</p> <p>Short Term : A1 +</p> <p>By PACRA / JCR-VIS</p>
Website	<p>www.askaribank.com.pk</p>

Directors' Review

Dear Shareholders

The Directors present the unaudited condensed interim unconsolidated financial information for the quarter and nine months ended September 30, 2014. The financial results are summarized as under:

	Rupees in thousand
Profit before provisions and taxation	4,319,687
Reversal of provisions against loans and advances	365,231
Impairment and provisions against investments	(261,474)
Profit before taxation	4,423,444
Taxation	(1,310,741)
Profit after taxation	3,112,703
Basic earning per share - Rupees	2.47

The Bank's operating profit (i.e. profit before provisions and taxation) increased to Rs. 4.3 billion during the nine months ended September 30, 2014, a significant 137 percent increase over the corresponding period last year. The overall net revenues earned by the Bank during the period under review increased by a healthy 38 percent, to Rs. 12.5 billion compared to last year's Rs. 9.1 billion. Administrative expenses increased by 12 percent as the Bank continued to expand its branch footprint. During the current nine months, net reversal of provisions and impairment amounting to Rs. 102 million was recorded against a net charge of Rs. 8.0 billion for the corresponding period last year. Consequently, profit before and after taxation increased by 172 percent and 178 percent, respectively. Earnings per share for the nine months period were reported at Rs. 2.47 against last year's loss per share of Rs. 3.13.

The Bank's total assets base rose to Rs. 409 billion as of September 30, 2014 from Rs. 395 billion at December 31, 2013. Customer deposits stood at Rs. 350 billion, while gross advances rose to Rs. 195 billion. The Bank continued with a focus on steady growth of quality assets comprising of advances and investments. Non-performing loans improved by 5.5 percent during the nine months; from Rs. 33.1 billion at December 31, 2013 to Rs. 31.3 billion at September 30, 2014. At September 30, 2014 provision coverage ratio improved to 90.0 percent from 86.4 percent at December 31, 2013, despite a net reversal of provision recognized during the period under review. The Bank issued term finance certificates (subordinated debt) amounting to Rs. 4.0 billion during the period to support further growth of business.

The branch network presently comprises of 291 branches, including 45 Islamic Banking branches, and a whole sale banking branch in Bahrain. The Bank, through the expanding branch network, remains committed to provide unrivaled products and service offerings to its valued customers while striving for improved operational efficiency.

We would like to thank our valued customers for their continued patronage and support, to the SBP 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

-sd-

Lt. Gen. Muhammad Mustafa Khan, HI (M) Retd
Chairman

Rawalpindi
October 25, 2014

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2014

		(Un-audited) September 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		20,975,262	26,104,822
Balances with other banks		5,681,440	9,057,747
Lendings to financial institutions		13,857,754	2,503,207
Investments	7	172,299,820	165,863,237
Advances	8	167,265,188	163,556,632
Operating fixed assets	9	7,855,109	8,567,401
Assets held for sale	9.1.1	708,411	-
Deferred tax assets - net	10	2,553,039	2,977,285
Other assets		18,289,827	16,197,164
		409,485,850	394,827,495
Liabilities			
Bills payable		5,843,479	5,687,542
Borrowings	11	18,818,494	24,545,879
Deposits and other accounts	12	350,311,572	335,241,027
Sub-ordinated loans		7,993,600	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		6,535,725	6,629,759
		389,502,870	376,098,607
Net Assets		<u>19,982,980</u>	<u>18,728,888</u>
Represented By:			
Share capital		12,602,602	12,602,602
Reserves	13	4,647,590	5,613,061
Unappropriated profit / (loss)		1,229,903	(1,582,626)
		18,480,095	16,633,037
Surplus on revaluation of assets - net of tax	14	1,502,885	2,095,851
		<u>19,982,980</u>	<u>18,728,888</u>
Contingencies and Commitments	15		

The annexed notes 1 to 19 and Annexure form an integral part of this condensed interim unconsolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the quarter and nine months ended September 30, 2014

	Note	September 30, 2014		September 30, 2013	
		For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended (Rupees in thousand)	For the nine months ended
Mark-up / return / interest earned		9,064,752	24,963,894	6,999,015	20,616,772
Mark-up / return / interest expensed		5,817,928	16,197,324	4,517,415	14,284,392
Net mark-up / interest income		3,246,824	8,766,570	2,481,600	6,332,380
(Reversal of provision) / provision against					
non-performing loans and advances - net	8.2	(43,403)	(365,231)	808,508	7,392,208
Impairment loss on available for sale investments		35,761	101,546	-	135,873
Provision for diminution in the value of investments - net		38,626	159,928	63,531	491,208
Reversal of provision against repurchase agreement lendings		-	-	(34,578)	(34,578)
Bad debts written off directly		-	-	-	-
		30,984	(103,757)	837,461	7,984,711
Net mark-up / interest income after provisions		3,215,840	8,870,327	1,644,139	(1,652,331)
Non mark-up / interest income					
Fee, commission and brokerage income		310,392	1,144,876	345,964	939,050
Dividend income		195,569	304,220	318,679	425,945
Income from dealing in foreign currencies		111,870	643,336	214,639	444,904
Gain on sale of securities - net	16	221,572	1,352,156	65,622	637,914
Other income		89,041	332,373	126,870	325,048
		928,444	3,776,961	1,071,774	2,772,861
Total non-markup / interest income		4,144,284	12,647,288	2,715,913	1,120,530
Non mark-up / interest expenses					
Administrative expenses		2,738,964	8,207,762	2,526,129	7,189,232
Other provisions / write offs		506	15,740	250	76,882
Other charges		168	342	15,763	15,989
Total non-markup / interest expenses		2,739,638	8,223,844	2,542,142	7,282,103
		1,404,646	4,423,444	173,771	(6,161,573)
Extra ordinary / unusual items		-	-	-	-
Profit / (loss) before taxation		1,404,646	4,423,444	173,771	(6,161,573)
Taxation - current		443,039	567,208	135,538	311,720
- prior years'		-	-	-	-
- deferred		(10,890)	743,533	(119,021)	(2,523,292)
		432,149	1,310,741	16,517	(2,211,572)
Profit / (loss) after taxation		972,497	3,112,703	157,254	(3,950,001)
Basic earnings / (loss) per share - Rupees		0.77	2.47	0.12	(3.13)

The annexed notes 1 to 19 and Annexure form an integral part of this condensed interim unconsolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the quarter and nine months ended September 30, 2014

	September 30, 2014		September 30, 2013	
	For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended (Rupees in thousand)	For the nine months ended
Profit / (loss) after taxation	972,497	3,112,703	157,254	(3,950,001)
Other comprehensive income				
Effect of translation of net investment in Wholesale Bank Branch	8,204	(5,386)	12,807	17,827
Effect of recognition of actuarial losses	-	-	-	27,897
Total comprehensive income	<u>980,701</u>	<u>3,107,317</u>	<u>170,061</u>	<u>(3,904,277)</u>

The annexed notes 1 to 19 and Annexure form an integral part of this condensed interim unconsolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Profit / (loss) before taxation	4,423,444	(6,161,573)
less: dividend income	(304,220)	(425,945)
	<u>4,119,224</u>	<u>(6,587,518)</u>
Adjustments:		
Depreciation / amortization	541,256	594,691
(Reversal of provision) / provision against non-performing advances - net	(365,231)	7,392,208
Impairment loss on available for sale investments	101,546	135,873
Provision for diminution in the value of investments - net	159,928	491,208
Reversal of provision against repurchase agreement lendings	-	(34,578)
Other provisions / write-offs	15,740	76,882
Net profit on sale of operating fixed assets	(372)	(42,072)
	<u>452,867</u>	<u>8,614,212</u>
	<u>4,572,091</u>	<u>2,026,694</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(12,354,547)	3,674,970
Held for trading securities	-	141,832
Advances	(3,197,754)	(338,260)
Other assets (excluding advance taxation)	(2,095,089)	297,848
	<u>(17,647,390)</u>	<u>3,776,390</u>
Increase / (decrease) in operating liabilities		
Bills payable	155,937	2,457,323
Borrowings	(5,727,385)	6,336,430
Deposits and other accounts	15,070,545	(3,258,088)
Other liabilities (excluding current taxation)	(117,984)	58,114
	<u>9,381,113</u>	<u>5,593,779</u>
Cash flow before tax	<u>(3,694,186)</u>	<u>11,396,863</u>
Income tax paid	<u>(684,830)</u>	<u>(902,926)</u>
Net cash (outflow) / inflow from operating activities	<u>(4,379,016)</u>	<u>10,493,937</u>
Cash flow from investing activities		
Net investments in available for sale securities	(7,649,384)	(17,440,844)
Net investments in held to maturity securities	39,071	533,549
Net investments in subsidiary	-	(100,000)
Dividend income	276,719	339,263
Investments in operating fixed assets - net of adjustment	(560,813)	(228,847)
Sale proceeds of operating fixed assets - disposed off	10,051	50,381
Net cash outflow from investing activities	<u>(7,884,356)</u>	<u>(16,846,498)</u>
Cash flow from financing activities		
Proceeds / (payments) of sub-ordinated loans	3,999,200	(1,496,600)
Advance against issue of right shares	-	3,229,308
Dividends paid	(1,236,309)	(125)
Net cash inflow from financing activities	<u>2,762,891</u>	<u>1,732,583</u>
Effect of translation of net investment in Wholesale Bank Branch	<u>(5,386)</u>	<u>17,827</u>
Decrease in cash and cash equivalents	<u>(9,505,867)</u>	<u>(4,602,151)</u>
Cash and cash equivalents at beginning of the period	<u>36,162,569</u>	<u>33,298,966</u>
Cash and cash equivalents at end of the period	<u>26,656,702</u>	<u>28,696,815</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	20,975,262	24,558,386
Balances with other banks	5,681,440	4,138,429
	<u>26,656,702</u>	<u>28,696,815</u>

The annexed notes 1 to 19 and Annexure form an integral part of this condensed interim unconsolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the nine months ended September 30, 2014

	(Rupees in thousand)							
	Share capital	Advance against issue of right shares	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
						General reserve	Unappropriated profit	
Balance as at January 01, 2013	8,130,711	-	82,659	234,669	3,899,517	4,325,576	886,336	17,559,468
Transfer to General reserve:	-	-	-	-	-	1,004,291	(1,004,291)	-
Total comprehensive income for the nine months ended September 30, 2013								
Net loss for the nine months ended September 30, 2013	-	-	-	-	-	-	(3,950,001)	(3,950,001)
Effect of recognition of actuarial losses	-	-	-	-	-	-	27,897	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	-	17,827	-	-	-	-	17,827
	-	-	17,827	-	-	-	(3,922,104)	(3,904,277)
Transaction with owners, recorded directly in equity								
Advance money received against issue of right shares	-	3,229,308	-	-	-	-	-	3,229,308
Balance as at September 30, 2013	8,130,711	3,229,308	100,486	234,669	3,899,517	5,329,867	(4,040,059)	16,884,499
Total comprehensive income for the quarter ended December 31, 2013								
Net loss for the quarter ended December 31, 2013	-	-	-	-	-	-	(1,529,894)	(1,529,894)
Other comprehensive income								
Effect of actuarial gain	-	-	-	-	-	-	37,326	37,326
Effect of translation of net investment in Wholesale Bank Branch	-	-	(1,477)	-	-	-	-	(1,477)
	-	-	(1,477)	-	-	-	(1,492,568)	(1,494,045)
Transfer to:								
General reserves	-	-	-	-	-	(3,950,001)	3,950,001	-
	8,130,711	3,229,308	99,009	234,669	3,899,517	1,379,866	(1,582,626)	15,390,454
Transaction with owners, recorded directly in equity								
Issue of shares against right issue	4,471,891	(3,229,308)	-	-	-	-	-	1,242,583
Balance as at December 31, 2013	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
Effect of translation of net investment in Wholesale Bank Branch	-	-	(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								
Payment of interim dividend	-	-	-	-	-	-	(1,260,259)	(1,260,259)
Balance as at September 30, 2014	<u>12,602,602</u>	<u>-</u>	<u>93,623</u>	<u>234,669</u>	<u>4,522,058</u>	<u>(202,760)</u>	<u>1,229,903</u>	<u>18,480,095</u>

The annexed notes 1 to 19 and Annexure form an integral part of this condensed interim unconsolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the quarter and nine months ended September 30, 2014

1. STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and commenced business operations from April 1, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the 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, 2014. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.12 percent shares of the Bank as on that date. The ultimate parent of the Bank is Fauji Foundation. The Bank has 286 branches (December 31, 2013: 281 branches); 285 in Pakistan and Azad Jammu and Kashmir, including 42 (December 31, 2013: 40) Islamic Banking branches, 29 (December 31, 2013: 27) 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.

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

3. STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Bank for the nine months ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of said directives have been followed.

The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim unconsolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2013.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated 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, 2013 except for:

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

For the quarter and nine months ended September 30, 2014

4.1 Assets held for sale

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Depreciation is not charged on property, plant and equipment classified as held for sale.

5. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated 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, 2013.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2013.

	Rupees in thousand		
7. INVESTMENTS	Held by the Bank	Given as collateral	Total
As at September 30, 2014 – (Un-audited)	166,103,680	6,196,140	172,299,820
As at December 31, 2013 – (Audited)	150,677,375	15,185,862	165,863,23

	As at September 30, 2014 (Un-audited)		
7.1 Investments by type	Held by the Bank	Given as collateral	Total
Available for sale securities	166,302,385	6,203,610	172,505,995
Held to maturity securities	1,494,605	-	1,494,605
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	449,789	-	449,789
	168,300,482	6,203,610	174,504,092
Provision for diminution in value of investments	(1,690,355)	-	(1,690,355)
Deficit on revaluation of available for sale securities – net	(506,447)	(7,470)	(513,917)
Investments – net of provision	166,103,680	6,196,140	172,299,820

7.2 Investments include Rs. 2,111,887 thousand (December 31, 2013: Rs. 2,160,358 thousand) which have been placed under non-performing status.

7.3 The Bank has availed the relaxation of Rs. 299,805 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 116,239 thousand (December 31, 2013: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

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

For the quarter and nine months ended September 30, 2014

		(Unaudited) September 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		167,875,044	165,349,378
Outside Pakistan		5,615,329	3,633,699
		173,490,373	168,983,077
Lease Financing – In Pakistan		3,378,659	3,832,019
Ijarah Financing – In Pakistan		99,031	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,639,686	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,447,519	10,882,706
Payable outside Pakistan		6,372,986	7,309,627
		16,820,505	18,192,333
Advances – gross		195,428,254	192,170,873
Provision for non-performing advances	8.2		
Specific provision		(27,825,876)	(28,279,285)
General provision		(156,177)	(150,970)
General provision against consumer loans		(181,013)	(183,986)
		(28,163,066)	(28,614,241)
Advances – net of provision		167,265,188	163,556,632

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 278,362 thousand (December 31, 2013: Rs. 143,199 thousand)

8.2 Particulars of provision against non-performing advances

	September 30, 2014 - (Un-audited)				December 31, 2013 - (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	1,231,850	9,969	9,561	1,251,380	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(1,599,315)	(4,762)	(12,534)	(1,616,611)	(756,604)	(11,168)	(22,832)	(790,604)
Net charge / (reversal) for the period / year	(367,465)	5,207	(2,973)	(365,231)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(85,944)	-	-	(85,944)	(427)	-	-	(427)
Amounts charged off – agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	27,825,876	156,177	181,013	28,163,066	28,279,285	150,970	183,986	28,614,241

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

For the quarter and nine months ended September 30, 2014

- 8.3 The SBP vide BSD Circular No. 1 of 2011 dated October 21, 2011 allows benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit is not available for cash or stock dividend. The net FSV benefit has been reduced by Rs. 427,643 thousand, which has resulted in increased charge for specific provision for the period ended by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period ended would have been higher by Rs. 427,643 thousand (September 30, 2013: Rs. 774,310 thousand) and Rs. 277,968 thousand (September 30, 2013: Rs. 503,301 thousand) respectively.
- 8.4 The Bank has availed the relaxation of Rs. 152,022 thousand (December 31, 2013: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.
- 8.5 Advances include Rs. 31,303,138 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2014 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	260,464	-	260,464	-	-
Substandard	447,773	-	447,773	59,864	59,864
Doubtful	616,005	-	616,005	178,139	178,139
Loss	29,978,896	-	29,978,896	27,587,873	27,587,873
	31,303,138	-	31,303,138	27,825,876	27,825,876

Category of classification	December 31, 2013 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	451,923	-	451,923	-	-
Substandard	805,098	-	805,098	104,106	104,106
Doubtful	591,598	-	591,598	239,273	239,273
Loss	31,271,210	-	31,271,210	27,935,906	27,935,906
	33,119,829	-	33,119,829	28,279,285	28,279,285

- 8.5.1 This represents classification made for agricultural and mortgage finances as per the requirement of the Prudential Regulation for Agricultural Financing and Mortgage Financing issued by the State Bank of Pakistan.

Note	(Un-audited)	(Audited)
	September 30, 2014	December 31, 2013
	(Rupees in thousand)	

9. OPERATING FIXED ASSETS

Capital work-in-progress		145,435	35,444
Property and equipment	9.1	6,625,834	7,358,237
Intangibles	9.2	1,083,840	1,173,720
		<u>7,709,674</u>	<u>8,531,957</u>
		<u>7,855,109</u>	<u>8,567,401</u>

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

For the quarter and nine months ended September 30, 2014

		(Un-audited) September 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
9.1 Property and equipment			
Book value at beginning of the period / year		7,358,237	7,568,768
Cost of additions / revaluation during the period / year		409,101	427,693
Book value of deletions / transfers during the period / year		(9,679)	(9,396)
Depreciation charge for the period / year		(423,379)	(625,172)
Book value of adjustments during the period		(35)	(3,656)
Assets transferred to assets held for sale	9.1.1	(708,411)	-
Book value at end of the period / year		<u>6,625,834</u>	<u>7,358,237</u>
9.1.1	The Bank has entered into a commitment to sell one of its buildings including land. Formalities regarding the sale are in process and hence carrying amount of land, building and renovation of Rs. 708.41 million has been reclassified under "other assets" as assets held for sale as per the requirements of IFRS 5 "Non-Current Assets Held for sale and Discontinued Operations". Sale is expected to be completed in second half of 2014. The fair value of these assets is Rs. 720 million.		
		(Un-audited) September 30, 2014	(Audited) December 31, 2013
		(Rupees in thousand)	
9.2 Intangibles			
Book value at beginning of the period / year		1,173,720	1,228,799
Cost of additions during the period / year		41,721	91,369
Amorization charge for the period / year		(117,877)	(146,448)
Book value at end of the period / year		1,097,564	1,173,720
Less: provision for intangible assets		(13,724)	-
		<u>1,083,840</u>	<u>1,173,720</u>
10. DEFERRED TAX ASSETS - NET			
Deferred (credits) / debits arising due to:			
Accelerated tax depreciation and amortization		(496,877)	(518,980)
Unused tax losses		-	120,200
Provision against non-performing advances			
- excess of 1% of total advances		2,786,741	3,432,177
- classified in sub-standard category		71,275	71,278
		<u>2,361,139</u>	<u>3,104,675</u>
Deficit / (surplus) on revaluation of available for sale securities		179,871	(139,419)
Actuarial losses		12,029	12,029
		<u>2,553,039</u>	<u>2,977,285</u>

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

For the quarter and nine months ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
11. BORROWINGS		
In Pakistan local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,375,934	8,617,564
- Long term financing of export oriented projects	56,899	176,991
- Long term financing facility	307,249	149,538
- Refinance scheme for revival of agricultural activities in flood affected areas	-	1,205
- Refinance scheme for revival of SME activities in flood affected areas	-	7,500
	5,740,082	8,952,798
Repo borrowings from financial institutions	6,185,831	15,174,630
Unsecured - in Pakistan local currency		
Call borrowings	5,986,383	-
Overdrawn balance with other banks	389,328	393,825
	6,375,711	393,825
	18,301,624	24,521,253
Outside Pakistan - foreign currencies		
Overdrawn nostro accounts - unsecured	516,870	24,626
	18,818,494	24,545,879

12. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	66,856,679	82,583,524
Savings deposits	192,373,671	171,936,741
Current accounts - remunerative	523,778	402,137
Current accounts - non-remunerative	86,464,128	70,616,433
Special exporters' account	23,006	79,243
Margin accounts	2,472,192	1,667,411
Others	566,785	449,356
Financial institutions		
Remunerative deposits	707,258	7,174,571
Non-Remunerative deposits	324,075	331,611
	350,311,572	335,241,027

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

For the quarter and nine months ended September 30, 2014

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)					
13. RESERVES						
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,866	5,613,061	8,542,421
Effect of translation of net investment in						
Wholesale Bank Branch	(5,386)	-	-	-	(5,386)	16,350
Transfer from un- appropriated profit/(loss)	-	-	622,541	(1,582,626)	(960,085)	(2,945,710)
Balance at end of period / year	<u>93,623</u>	<u>234,669</u>	<u>4,522,058</u>	<u>(202,760)</u>	<u>4,647,590</u>	<u>5,613,061</u>

- 13.1** As at September 30, 2014, the Bank has availed net of tax benefit of Forced Saled Value (FSV) of Rs. 1,567,662 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,836,931	1,836,931
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(418,772)	(474,583)
ii) Listed shares	(123,416)	631,670
iii) Units of open end mutual funds	90,274	174,631
iv) Other securities	(62,003)	66,621
	(513,917)	398,339
Less: related deferred tax	179,871	(139,419)
	(334,046)	258,920
	<u>1,502,885</u>	<u>2,095,851</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

i) Government	-	-
ii) Others	7,352,108	8,024,235
	<u>7,352,108</u>	<u>8,024,235</u>

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.

973,337 992,331

Contingent liability in respect of guarantees given, favouring:

i) Government	63,706,921	67,564,698
ii) Banks and other financial institutions	795,065	3,232,089
iii) Others	7,290,528	6,823,472
	71,792,514	77,620,259
	<u>72,765,851</u>	<u>78,612,590</u>

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

For the quarter and nine months ended September 30, 2014

These include guarantees amounting to Rs. 1,073,306 thousand (December 31, 2013: Rs. 993,595 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

(Un-audited)	(Audited)
September 30, 2014	December 31, 2013
(Rupees in thousand)	
80,508,795	79,193,455

15.3 Trade-related contingent liabilities

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.

695,310	809,026
---------	---------

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

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)	(Audited)
September 30, 2014	December 31, 2013
(Rupees in thousand)	

15.6 Commitments in respect of forward lending

Commitment against "Repo" transactions

Purchase and resale agreements	9,939,840	994,312
Sale and repurchase agreements	6,215,156	15,211,984

15.7 Commitments in respect of forward exchange contracts

Purchase	34,501,585	58,454,369
Sale	27,315,621	49,320,257

The above commitments have maturities falling within one year.

15.8 Commitments for acquisition of operating fixed assets

212,261	145,174
---------	---------

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

9,978,750	9,756,031
-----------	-----------

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

For the quarter and nine months ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	

15.10 Other commitments

This represents participation in the equity of proposed
Mortgage Refinance Company.

300,000	300,000
---------	---------

15.11 Bills for collection

Payable in Pakistan

930,535	3,364,728
---------	-----------

Payable outside Pakistan

13,944,810	14,814,641
14,875,345	18,179,369

	September 30, 2014		September 30, 2013	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	

16. GAIN ON SALE OF SECURITIES - NET

Gain on sale of government securities

8,562	53,795	31,142	320,836
-------	--------	--------	---------

Gain on sale of other investments

213,010	1,298,361	34,480	317,078
---------	-----------	--------	---------

221,572	1,352,156	65,622	637,914
---------	-----------	--------	---------

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Sub-Ordinated Loans	Total
	Rupees in thousand							
	For the nine months ended September 30, 2014 - (Un-audited)							
Total income	164,817	371,295	982,822	27,169,796	36,130	15,995	-	28,740,855
Total expenses	47,070	106,038	229,410	23,550,912	10,318	4,568	369,095	24,317,411
Net income / (loss)	117,747	265,257	753,412	3,618,884	25,812	11,427	(369,095)	4,423,444
	For the nine months ended September 30, 2013 - (Un-audited)							
Total income	90,121	(197,962)	1,134,317	22,295,975	54,019	13,163	-	23,389,633
Total expenses	27,762	60,982	341,853	28,597,888	16,641	4,055	502,025	29,551,206
Net income / (loss)	62,359	(258,944)	792,464	(6,301,913)	37,378	9,108	(502,025)	(6,161,573)
	As at September 30, 2014 - (Un-audited)							
Segment Assets (Gross)	118,950	477,967	11,929,147	427,126,929	26,075	11,544	-	439,690,612
Segment Non Performing Loans	-	-	2,600,963	28,702,175	-	-	-	31,303,138
Segment Provision Required	-	-	2,405,872	27,798,891	-	-	-	30,204,763
Segment Liabilities	1,199	4,819	25,752,174	355,577,037	263	116	8,167,262	389,502,870
Segment return on net assets (%)	0.03	0.07	0.18	5.07	0.01	0.00	-	-
Segment cost of funds (%)	0.01	0.02	0.04	4.39	0.00	-	0.07	-
	As at December 31, 2013 - (Audited)							
Segment Assets (Gross)	70,214	152,699	11,994,130	413,056,442	38,548	9,736	-	425,321,769
Segment Non Performing Loans	-	-	2,679,642	30,440,187	-	-	-	33,119,829
Segment Provision Required	-	-	2,439,282	28,054,992	-	-	-	30,494,274
Segment Liabilities	1,067	2,321	24,336,897	347,709,946	586	148	4,047,642	376,098,607
Segment return on net assets (%)	0.03	(0.07)	0.39	8.06	0.02	0.00	-	-
Segment cost of funds (%)	0.01	0.02	0.10	10.47	0.00	0.00	0.17	-

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

For the quarter and nine months ended September 30, 2014

18. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2013: 71.91%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties during the nine months and balances as at September 30, 2014, are as follows:

	September 30, 2014 - (Unaudited)						December 31, 2013 - (Audited)					
	(Rupees in thousand)						(Rupees in thousand)					
	Parent	Key management personnel	Directors	Companies with common directorship having equity under 20%	Associated and Subsidiary Companies	Employee Funds	Parent	Key management personnel	Directors	Companies with common directorship having equity under 20%	Associated and Subsidiary Companies	Employee Funds
Balances outstanding as at												
- Advances	295,148	94,452	800	-	2,721,594	-	79,506	95,926	128	-	2,857,945	-
- Deposits	3,849,731	52,292	114,566	536,943	7,334,758	648,733	5,180,555	40,472	123,537	598,369	7,257,651	309,571
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	6,477,170	-	-	-	1,567,174	-	640,987	-	-	-	985,168	-
- Investments in shares / units - at cost	-	-	-	1,738,315	503,492	-	-	-	-	1,714,494	503,492	-
Transactions during the nine months ended												
- Mark-up / interest earned	10,046	3,689	7	-	252,475	-	2,740	3,726	56	-	96,833	-
- Net mark-up / interest expended	165,327	1,909	4,172	32,513	376,516	11,067	916,233	604	2,490	17,330	43,320	12,682
- Contributions to employees' funds	-	-	-	-	-	343,239	-	-	-	-	-	292,829
- Investment in units of AML funds - at cost - net	-	-	-	116,607	-	-	-	-	-	-	-	-
- Sale of units of AML funds - at cost - net	-	-	-	92,786	-	-	-	-	-	-	-	-
- Rent of property / service charges paid	-	-	-	-	-	7,362	-	-	-	34,350	-	-
- Rent of property / service charges received	-	-	-	-	15,492	-	19,510	-	-	4,335	5,952	-
- Dividend income received	-	-	-	166,050	-	-	-	-	-	112,943	-	-
- Remuneration paid	-	153,541	-	-	-	-	-	121,186	-	-	-	-
- Post employment benefits	-	9,863	-	-	-	-	-	9,001	-	-	-	-
- Insurance premium paid	-	-	-	-	10,986	-	-	-	-	-	81,399	-
- Insurance claims received	-	-	-	-	1,091	-	-	-	-	-	104	-
- Security services costs	-	-	-	-	-	-	-	-	-	104,727	-	-
- Fee, commission and brokerage income	20	-	-	-	3,048	-	-	-	-	1,363	1,578	-
- Fee, commission and brokerage expense	-	-	-	-	92	-	-	-	-	-	-	-
- Fees paid	-	-	3,100	-	-	-	-	-	4,000	-	26	-

19. DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on October 25, 2014.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Islamic Banking Business - Statement of Financial Position

As at September 30, 2014

Annexure

(1 of 3)

The Bank is operating 42 Islamic banking branches including 2 sub-branches at the end of September 30, 2014 as compared to 40 Islamic banking branches including 2 sub-branches at the end of December 31, 2013.

	Note	September 30, 2014	December 31, 2013
		(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		1,068,218	967,333
Balances with and due from financial institutions		4,002,883	4,220,069
Due from financial institutions		3,930,878	1,000,000
Investments		4,924,602	6,479,280
Islamic financing and related assets	A-2.1	6,897,282	5,315,393
Operating fixed assets		236,115	203,193
Deferred tax assets		-	-
Other assets		1,171,932	568,500
Total Assets		22,231,910	18,753,768
LIABILITIES			
Bills payable		265,670	209,457
Due to Financial Institutions		-	-
Deposits and other accounts			
-Current Accounts		5,217,028	5,117,573
-Saving Accounts	A-3	8,053,141	5,900,029
-Term Deposits		6,163,988	5,495,838
-Others		191,480	112,887
-Deposit from Financial Institutions - Remunerative		35,784	840,949
-Deposits from Financial Institutions - Non-remunerative		1,605	490
Due to Head Office		750,000	299,593
Other liabilities		466,698	311,705
		21,145,394	18,288,521
Net Assets		1,086,516	465,247
REPRESENTED BY			
Islamic Banking Fund		1,600,000	1,000,000
Reserves		-	-
Unappropriated / Unremitted loss		(530,080)	(563,957)
		1,069,920	436,043
Surplus / (deficit) on revaluation of assets		16,596	29,204
		1,086,516	465,247
Remuneration to Shariah Advisor / Board		1,181	1,378
A-2.1 Islamic Financing and Related Assets			
Islamic modes of financing	A-2.1.1	6,785,292	5,056,235
Advance against islamic financing		111,990	259,158
Inventories		-	-
		6,897,282	5,315,393
A-2.1.1 Islamic modes of Financing			
Murabaha		1,204,951	2,201,192
Ijara		1,601,352	1,003,028
Musharaka		450,000	-
Diminishing Musharaka		2,287,847	1,034,065
Salam		1,206,334	788,810
Other Islamic Modes		34,808	29,140
		6,785,292	5,056,235

A-3 Includes remunerative current accounts of Rs. 523,778 thousand (December 31, 2013: Rs.402,137 thousand)

Islamic Banking Business - Profit and Loss Account

For the nine months ended September 30, 2014

Annexure

(2 of 3)

	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	1,220,719	903,131
Return on deposits and other dues expensed	662,557	529,464
Net spread earned	558,162	373,667
 (Reversal of provision) / provision against non-performing financings	(49,985)	73,577
Provision against consumer financings	-	-
Provision for diminution in the value of investments	51,176	168,259
Bad debts written off directly	-	-
	1,191	241,836
Income after provisions	556,971	131,831
 Other Income		
Fee, commission and brokerage Income	23,028	17,618
Dividend income	-	-
Income from dealing in foreign currencies	2,145	2,408
Capital gain on sale of securities	50	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	30,755	19,891
Total other income	55,978	39,917
	612,949	171,748
 Other expenses		
Administrative expenses	579,072	420,849
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	579,072	420,849
	33,877	(249,101)
Extra Ordinary / unusual items	-	-
Profit / (loss) before taxation	33,877	(249,101)

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

Annexure

For the nine months ended September 30, 2014

(3 of 3)

	September 30, 2014	December 31, 2013
	(Rupees in thousand)	
Opening balance	677	38
Additions during the period / year		
- received from customers on delayed payments	2,450	485
- non shariah compliant income	500	140
- profit on charity account	2	14
	2,952	639
Payments/ utilization during the period / year		
- education	-	-
- relief and disaster recovery	(2,480)	-
- health	-	-
- orphanage	-	-
	(2,480)	-
Closing balance	<u>1,149</u>	<u>677</u>

**ASKARI BANK LIMITED
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (Un-Audited)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2014**

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2014

		(Un-audited) September 30, 2014	(Audited) December 31, 2013
		(Rupees in thousand)	
ASSETS	Note		
Cash and balances with treasury banks		20,975,262	26,104,835
Balances with other banks		5,710,106	9,124,531
Lendings to financial institutions		13,857,754	2,503,207
Investments	7	172,431,590	165,897,833
Advances	8	167,315,577	163,560,629
Operating fixed assets	9	7,907,551	8,623,410
Assets held for sale	9.1.1	708,411	-
Deferred tax assets - net	10	2,572,435	2,999,526
Other assets		18,416,748	16,282,792
		409,895,434	395,096,763
LIABILITIES			
Bills payable		5,843,479	5,687,542
Borrowings	11	18,818,494	24,545,879
Deposits and other accounts	12	350,304,249	335,173,378
Sub-ordinated loans		7,993,600	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		6,655,587	6,724,055
		389,615,409	376,125,254
NET ASSETS		20,280,025	18,971,509
Represented By:			
Share capital		12,602,602	12,602,602
Reserves	13	4,646,945	5,612,416
Unappropriated profit / (loss)		1,497,664	(1,370,719)
		18,747,211	16,844,299
Non-controlling interest		32,455	31,359
		18,779,666	16,875,658
Surplus on revaluation of assets - net of tax	14	1,500,359	2,095,851
		20,280,025	18,971,509
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the quarter and nine months ended September 30, 2014

	Note	September 30, 2014		September 30, 2013	
		For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended (Rupees in thousand)	For the nine months ended
Mark-up / return / interest earned		9,056,146	24,966,005	6,999,653	20,617,904
Mark-up / return / interest expensed		5,817,734	16,196,286	4,517,262	14,284,350
Net mark-up / interest income		3,238,412	8,769,719	2,482,391	6,333,554
(Reversal of provision) / provision against non-performing loans and advances - net	8.2	(43,403)	(365,231)	808,508	7,392,208
Impairment loss on available for sale investments		35,761	101,546	-	135,873
Provision for diminution in the value of investments - net		38,626	159,928	(36,469)	391,208
Reversal of provision against repurchase agreement lendings		-	-	(34,578)	(34,578)
Bad debts written off directly		-	-	-	-
		30,984	(103,757)	737,461	7,884,711
Net mark-up / interest income after provisions		3,207,428	8,873,476	1,744,930	(1,551,157)
Non mark-up / interest income					
Fee, commission and brokerage income		415,425	1,269,757	309,312	972,280
Dividend income		196,806	305,700	318,694	425,960
Income from dealing in foreign currencies		111,870	643,336	214,639	444,904
Gain on sale of securities - net	16	232,023	1,362,853	66,099	639,961
Unrealised gain on revaluation of investments classified as held for trading - net		(7,538)	-	2,017	5,783
Other income		37,349	350,033	209,281	411,363
		985,935	3,931,679	1,120,042	2,900,251
Total non-markup / interest income		4,193,363	12,805,155	2,864,972	1,349,094
Non mark-up / interest expenses					
Administrative expenses		2,774,787	8,332,467	2,578,526	7,324,988
Other provisions / write offs		506	15,740	250	76,882
Other charges		6,350	6,524	15,763	15,989
Total non-markup / interest expenses		2,781,643	8,354,731	2,594,539	7,417,859
		1,411,720	4,450,424	270,433	(6,068,765)
Share of profit of associate		12,318	34,848	7,741	21,850
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		1,424,038	4,485,272	278,174	(6,046,915)
Taxation - current		442,913	567,934	135,978	312,510
- prior years'		-	-	-	-
- deferred		(6,738)	747,685	(102,472)	(2,510,716)
		436,175	1,315,619	33,506	(2,198,206)
Profit after taxation		987,863	3,169,653	244,668	(3,848,709)
Attributable to:					
Equity holders of the Bank		987,504	3,168,557	243,869	(3,850,601)
Non-controlling interest		359	1,096	799	1,892
		987,863	3,169,653	244,668	(3,848,709)

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the quarter and nine months ended September 30, 2014

	September 30, 2014		September 30, 2013	
	For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended	For the nine months ended
			(Rupees in thousand)	
Profit / (loss) after taxation	987,863	3,169,653	244,668	(3,848,709)
Other comprehensive income				
Effect of translation of net investment in Wholesale Bank Branch	8,204	(5,386)	12,807	17,827
Effect of recognition of actuarial losses	-	-	-	27,897
Total comprehensive income	<u>996,067</u>	<u>3,164,267</u>	<u>257,475</u>	<u>(3,802,985)</u>
Attributable to:				
Equity holders of the Bank	994,971	3,163,468	256,676	(3,804,877)
Non-controlling interest	1,096	799	799	1,892
	<u>996,067</u>	<u>3,164,267</u>	<u>257,475</u>	<u>(3,802,985)</u>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Profit / (loss) before taxation	4,485,272	(6,046,915)
less: dividend income	(305,700)	(425,960)
	<u>4,179,572</u>	<u>(6,472,875)</u>
Adjustments:		
Depreciation	550,072	604,295
(Reversal of provision) / provision against non-performing advances - net	(365,231)	7,392,208
Impairment loss on sale of investments	101,546	135,873
Provision for diminution in the value of investments - net	159,928	391,208
Reversal of provision against repurchase agreement lendings	-	(34,578)
Unrealised gain on revaluation of investments classified as held for trading - net	-	(5,783)
Other provisions / write-offs	-	76,882
Net profit on sale of operating fixed assets	(372)	(42,072)
Share of profit of associate	(34,848)	(21,850)
	<u>411,095</u>	<u>8,496,183</u>
(Increase) / decrease in operating assets	<u>4,590,667</u>	<u>2,023,308</u>
Lendings to financial institutions	(12,354,547)	3,674,970
Held for trading securities	(70,704)	50,837
Advances	(3,244,146)	(338,689)
Other assets (excluding advance taxation)	(2,113,245)	281,481
	<u>(17,782,642)</u>	<u>3,668,599</u>
Increase / (decrease) in operating liabilities		
Bills payable	155,937	2,457,323
Borrowings	(5,727,385)	6,332,307
Deposits and other accounts	15,130,871	(3,257,597)
Other liabilities (excluding current taxation)	(92,418)	86,354
	<u>9,467,005</u>	<u>5,618,387</u>
Cash flow before tax	<u>(3,724,970)</u>	<u>11,310,294</u>
Income tax paid	<u>(685,556)</u>	<u>(903,717)</u>
Net cash (outflow) / inflow from operating activities	<u>(4,410,526)</u>	<u>10,406,577</u>
Cash flow from investing activities		
Net investments in available for sale securities	(7,651,542)	(17,433,347)
Net investments in held to maturity securities	39,071	533,549
Dividend income	278,199	339,278
Investments in operating fixed assets	(566,756)	(235,854)
Sale proceeds of operating fixed assets	10,051	52,975
Net cash outflow from investing activities	<u>(7,890,977)</u>	<u>(16,743,399)</u>
Cash flow from financing activities		
Proceeds / (payments) of sub-ordinated loans	3,999,200	(1,496,600)
Payment of lease obligations	-	(1,018)
Advance against issue of right shares	-	3,229,308
Dividends paid	(1,236,309)	(125)
Net cash inflow from financing activities	<u>2,762,891</u>	<u>1,731,565</u>
Effect of translation of net investment in Wholesale Bank Branch	<u>(5,386)</u>	<u>17,827</u>
Decrease in cash and cash equivalents	<u>(9,543,998)</u>	<u>(4,587,430)</u>
Cash and cash equivalents at beginning of the period	<u>36,229,366</u>	<u>33,322,725</u>
Cash and cash equivalents at end of the period	<u>26,685,368</u>	<u>28,735,295</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	20,975,262	24,558,620
Balances with other banks	5,710,106	4,176,675
	<u>26,685,368</u>	<u>28,735,295</u>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the nine months ended September 30, 2014

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
Balance as at January 01, 2013	8,130,711	82,659	234,669	3,899,517	4,324,931	998,438	17,670,925	29,441	17,700,366
Transfer to General reserve					1,004,291	(1,004,291)	-		
Total comprehensive income for the nine months ended September 30, 2013									
Net loss for the nine months ended September 30, 2013	-	-	-	-	-	(3,850,601)	(3,850,601)	1,892	(3,848,709)
Effect of recognition of actuarial losses	-	-	-	-	-	27,897	27,897	-	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	17,827	-	-	-	-	17,827	-	17,827
	-	17,827	-	-	-	(3,822,704)	(3,804,877)	1,892	(3,802,985)
Transfer to Statutory reserve	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2013	8,130,711	100,486	234,669	3,899,517	5,329,222	(3,828,557)	13,866,048	31,333	13,897,381
Total comprehensive income for the quarter ended December 31, 2013									
Net profit for the quarter ended December 31, 2013	-	-	-	-	-	(1,528,800)	(1,528,800)	269	(1,528,531)
Effect of recognition of actuarial gain / (loss)	-	-	-	-	-	36,637	36,637	(243)	36,394
Effect of translation of net investment in Wholesale Bank Branch	-	(1,477)	-	-	-	-	(1,477)	-	(1,477)
	-	(1,477)	-	-	-	(1,492,163)	(1,493,640)	26	(1,493,614)
Transfer to:									
Statutory reserve	-	-	-	-	-	-	-	-	-
General reserve	-	-	-	-	(3,950,001)	3,950,001	-	-	-
	8,130,711	99,009	234,669	3,899,517	1,379,221	(1,370,719)	12,372,408	31,359	12,403,767
Transaction with owners, recorded directly in equity									
Issue of shares against right issue	4,471,891	-	-	-	-	-	4,471,891	-	4,471,891
Balance as at December 31, 2013	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
Effect of translation of net investment in Wholesale Bank Branch	-	(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)	-	-	-
Transaction with owners, recorded directly in equity									
Payment of interim dividend	-	-	-	-	-	(1,260,259)	(1,260,259)	-	(1,260,259)
Balance as at September 30, 2014	<u>12,602,602</u>	<u>93,623</u>	<u>234,669</u>	<u>4,522,058</u>	<u>(203,405)</u>	<u>1,497,664</u>	<u>18,747,211</u>	<u>32,455</u>	<u>18,779,666</u>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the quarter and nine months ended September 30, 2014

1. STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company, Askari Investment Management Limited, a wholly owned subsidiary and Askari Securities Limited, a partly owned subsidiary.

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, 2014. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.12 percent shares of the Bank as on that date. The ultimate parent of the Group is Fauji Foundation. The Bank has 286 branches (December 31, 2013: 281 branches); 285 in Pakistan and Azad Jammu and Kashmir, including 42 (December 31, 2013: 40) Islamic Banking branches, 29 (December 31, 2013: 27) 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, 2014.

2. BASIS OF MEASUREMENT

This condensed interim consolidated 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.

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

3. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the nine months ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of said directives have been followed.

The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2013.

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 Condensed Interim Consolidated Financial Information (Un-audited)
For the quarter and nine months ended September 30, 2014

4. 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, 2013 except for:

4.1 Assets held for sale

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Depreciation is not charged on property, plant and equipment classified as held for sale.

5. 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, 2013.

6. 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, 2013.

7. INVESTMENTS

	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
As at September 30, 2014 - (Un-audited)	166,235,450	6,196,140	172,431,590
As at December 31, 2013 - (Audited)	150,711,971	15,185,862	165,897,833

7.1 Investments by type

	As at September 30, 2014 (Un-audited)		
	Held by the Bank	Given as collateral	Total
Held for trading securities	175,242	-	175,242
Available for sale securities	166,386,429	6,203,610	172,590,039
Held to maturity securities	1,494,605	-	1,494,605
Investment in an associated company	191,335	-	191,335
	168,247,611	6,203,610	174,451,221
Provision for diminution in value of investments	(1,502,328)	-	(1,502,328)
Deficit on revaluation of available for sale securities - net	(509,833)	(7,470)	(517,303)
Investments - net of provision	166,235,450	6,196,140	172,431,590

7.2 Investments include Rs. 2,111,887 thousand (December 31, 2013: Rs. 2,160,358 thousand) which have been placed under non-performing status.

7.3 The Group has availed the relaxation of Rs. 299,805 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 116,239 thousand (December 31, 2013: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

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

For the quarter and nine months ended September 30, 2014

		(Un-audited) September 30, 2014 (Rupees in thousand)	(Audited) December 31, 2013
8. ADVANCES	Note		
Loans, cash credits, running finances, etc.			
In Pakistan		167,925,433	165,353,375
Outside Pakistan		5,615,329	3,633,699
		173,540,762	168,987,074
Lease Financing – In Pakistan		3,378,659	3,832,019
Ijarah Financing – In Pakistan		99,031	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,639,686	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,447,519	10,882,706
Payable outside Pakistan		6,372,986	7,309,627
		16,820,505	18,192,333
Advances – gross		195,478,643	192,174,870
Provision for non-performing advances	8.2		
Specific provision		(27,825,876)	(28,279,285)
General provision		(156,177)	(150,970)
General provision against consumer loans		(181,013)	(183,986)
		(28,163,066)	(28,614,241)
Advances – net of provision		167,315,577	163,560,629

- 8.1** Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 278,362 thousand (December 31, 2013: Rs. 143,199 thousand)

8.2 Particulars of provision against non-performing advances

	September 30, 2014 (Un-audited)				December 31, 2013 (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing-General	Total
	(Rupees in thousand)				(Rupees in thousand)			
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	1,231,850	9,969	9,561	1,251,380	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(1,599,315)	(4,762)	(12,534)	(1,616,611)	(756,604)	(11,168)	(22,832)	(790,604)
Net (reversal) / charge for the period / year	(367,465)	5,207	(2,973)	(365,231)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(85,944)	-	-	(85,944)	(427)	-	-	(427)
Amounts charged off – agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	27,825,876	156,177	181,013	28,163,066	28,279,285	150,970	183,986	28,614,241

- 8.3** The SBP vide BSD Circular No. 1 of 2011 dated October 21, 2011 allows benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit is not available for cash or stock dividend. The net FSV benefit has been reduced by Rs. 427,643 thousand, which has resulted in increased charge for specific provision for the period ended by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period ended would have been higher by Rs. 427,643 thousand (September 30, 2013: Rs. 774,310 thousand) and Rs. 277,968 thousand (September 30, 2013: Rs. 167,061 thousand) respectively.

- 8.4** The Group has availed the relaxation of Rs. 152,022 thousand (December 31, 2013: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the quarter and nine months ended September 30, 2014

- 8.5** Advances include Rs. 31,303,138 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2014 - (Un audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	Required	Held
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	260,464	-	260,464	-	-
Substandard	447,773	-	447,773	59,864	59,864
Doubtful	616,005	-	616,005	178,139	178,139
Loss	29,978,896	-	29,978,896	27,587,873	27,587,873
	<u>31,303,138</u>	<u>-</u>	<u>31,303,138</u>	<u>27,825,876</u>	<u>27,825,876</u>

Category of classification	December 31, 2013 - (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	Required	Held
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	451,923	-	451,923	-	-
Substandard	805,098	-	805,098	104,106	104,106
Doubtful	591,598	-	591,598	239,273	239,273
Loss	31,271,210	-	31,271,210	27,935,906	27,935,906
	<u>33,119,829</u>	<u>-</u>	<u>33,119,829</u>	<u>28,279,285</u>	<u>28,279,285</u>

- 8.5.1** This represents classification made for agricultural finances as per the requirement of the Prudential Regulation for Agricultural Financing issued by the State Bank of Pakistan.

	Note	(Un-audited)	(Audited)
		September 30,	December 31,
		2014	2013
		(Rupees in thousand)	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		145,435	35,444
Property and equipment	9.1	6,660,711	7,395,312
Intangibles	9.2	1,101,405	1,192,654
		<u>7,762,116</u>	<u>8,587,966</u>
		<u>7,907,551</u>	<u>8,623,410</u>
9.1 Property and equipment			
Book value at beginning of the period / year		7,395,312	7,610,632
Cost of additions during the period / year		415,044	437,873
Book value of deletions / transfers during the period / year		(12,641)	(13,382)
Depreciation charge for the period / year		(430,826)	(635,896)
Book value of adjustments		2,233	(3,915)
Assets transferred to assets held for sale	9.1.1	(708,411)	-
Book value at end of the period / year		<u>6,660,711</u>	<u>7,395,312</u>

- 9.1.1** The Bank has entered into a commitment to sell one of its buildings including land. Formalities regarding the sale are in process and hence carrying amount of land, building and renovation of Rs. 708.41 million has been reclassified under "other assets" as assets held for sale as per the requirements of IFRS 5 "Non-Current Assets Held for sale and Discontinued Operations". Sale is expected to be completed in second half of 2014. The fair value of these assets is Rs. 720 million.

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

For the quarter and nine months ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
(Rupees in thousand)		
9.2 Intangibles		
Book value at beginning of the period / year	1,192,654	1,247,366
Cost of additions during the period / year	41,721	93,551
Amortization charge for the period / year	(119,246)	(148,263)
Book value at end of the period / year	1,115,129	1,192,654
Less: provision for intangible assets	(13,724)	-
	<u>1,101,405</u>	<u>1,192,654</u>
10. DEFERRED TAX ASSETS - NET		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation	(502,433)	(521,691)
Provision for staff benefits	340	646
Provision against non performing advances		
- excess of 1% of total advances	2,786,741	3,432,177
- classified in sub-standard category	71,581	71,278
Unused tax losses	24,306	144,506
	<u>2,380,535</u>	<u>3,126,916</u>
Deficit / (surplus) on revaluation of available for sale securities	179,871	(139,419)
Actuarial losses	12,029	12,029
	<u>191,900</u>	<u>(127,390)</u>
	<u>2,572,435</u>	<u>2,999,526</u>
11. BORROWINGS		
In Pakistan local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,375,934	8,617,564
- Long term financing of export oriented projects	56,899	176,991
- Long term financing facility	307,249	149,538
- Refinance scheme for revival of agricultural activities		
in flood affected areas	-	1,205
- Refinance scheme for revival of SME activities		
in flood affected areas	-	7,500
	<u>5,740,082</u>	<u>8,952,798</u>
Repo borrowings from financial institutions	6,185,831	15,174,630
Unsecured - in Pakistan local currency		
Call borrowings	5,986,383	-
Overdrawn balance with other banks	389,328	393,825
	<u>6,375,711</u>	<u>393,825</u>
	<u>18,301,624</u>	<u>24,521,253</u>
Outside Pakistan - foreign currencies		
Overdrawn nostro accounts - unsecured	516,870	24,626
	<u>18,818,494</u>	<u>24,545,879</u>

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the quarter and nine months ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	66,856,679	82,583,524
Savings deposits	192,366,348	171,936,741
Current accounts - remunerative	523,778	402,137
Current accounts - non-remunerative	86,464,128	70,612,313
Special exporters' account	23,006	79,243
Margin accounts	2,472,192	1,667,411
Others	566,785	385,827
Financial institutions		
Remunerative deposits	707,258	7,174,571
Non-Remunerative deposits	324,075	331,611
	<u>350,304,249</u>	<u>335,173,378</u>

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)					
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,221	5,612,416	8,541,776
Effect of translation of net investment in Wholesale Bank Branch	(5,386)	-	-	-	(5,386)	16,350
Transfer from un-appropriated profit	-	-	622,541	(1,582,626)	(960,085)	(2,945,710)
Balance at end of period / year	<u>93,623</u>	<u>234,669</u>	<u>4,522,058</u>	<u>(203,405)</u>	<u>4,646,945</u>	<u>5,612,416</u>

- 13.1** As at September 30, 2014, the Group has availed net of tax benefit of Forced Saled Value (FSV) of Rs. 1,567,662 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,836,931	1,836,931
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(418,772)	(474,583)
ii) Listed shares	(127,302)	631,670
iii) Units of open end mutual funds	90,274	174,631
iv) Other securities	(62,003)	66,621
	(517,803)	398,339
Less: related deferred tax	181,231	(139,419)
	<u>(336,572)</u>	<u>258,920</u>
	<u>1,500,359</u>	<u>2,095,851</u>

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

For the quarter and nine months ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

i) Government	-	-
ii) Others	7,352,108	8,024,235
	<u>7,352,108</u>	<u>8,024,235</u>

15.2 Transaction-related contingent liabilities

Money for which the Group is contingently liable:

Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.	973,337	992,331
---	---------	---------

Contingent liability in respect of guarantees given, favouring:

i) Government	63,706,921	67,564,698
ii) Banks and other financial institutions	795,065	3,232,089
iii) Others	7,290,528	6,823,472
	<u>71,792,514</u>	<u>77,620,259</u>
	<u>72,765,851</u>	<u>78,612,590</u>

These include guarantees amounting to Rs. 1,073,306 thousand (December 31, 2013: Rs. 993,595 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, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	

15.3 Trade-related contingent liabilities

	<u>80,508,795</u>	<u>79,193,455</u>
--	-------------------	-------------------

15.4 Other Contingencies

- 15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.

	<u>695,310</u>	<u>809,026</u>
--	----------------	----------------

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

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the quarter and nine months ended September 30, 2014

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.
- iii) Group's share of income tax demand of Rs. 1,794 thousand, not acknowledged as debt, has been challenged by AGICO and are currently in appeal; AGICO expects favourable outcome of appeal.

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	9,939,840	994,312
Sale and repurchase agreements	6,215,156	15,211,984
15.7 Commitments in respect of forward exchange contracts		
Purchase	34,501,585	58,454,369
Sale	27,315,621	49,320,257
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	251,641	145,174
15.9 Commitments in respect of forward sale of listed equity securities		
Sale	32,027	45,570
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	9,978,750	9,756,031
15.11 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	300,000	300,000
15.12 Bills for collection		
Payable in Pakistan	930,535	3,364,728
Payable outside Pakistan	13,944,810	14,814,641
	14,875,345	18,179,369

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the quarter and nine months ended September 30, 2014

	September 30, 2014		September 30, 2013	
	For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended (Rupees in thousand)	For the nine months ended
16. GAIN ON SALE OF SECURITIES - NET				
Gain on sale of government securities	8,562	53,795	31,142	320,836
Gain on sale of other investments	223,461	1,309,058	34,957	319,125
	<u>232,023</u>	<u>1,362,853</u>	<u>66,099</u>	<u>639,961</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	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
For the nine months ended September 30, 2013 - (Un-audited)										
Total income	90,121	(197,962)	1,134,317	22,295,295	54,019	13,163	100,038	29,164	-	23,518,155
Total expenses	27,762	60,982	341,853	28,483,843	16,641	4,055	127,871	21,888	502,025	29,586,920
Net income / (loss)	62,359	(258,944)	792,464	(6,188,548)	37,378	9,108	(27,833)	7,276	(502,025)	(6,068,765)
As at September 30, 2014 - (Un-audited)										
Segment Assets (Gross)	118,950	477,967	11,929,147	426,804,973	26,075	11,544	350,567	271,549	-	439,990,772
Segment Non Performing Loans	-	-	2,600,963	28,702,175	-	-	-	-	-	31,303,138
Segment Provision Required	-	-	2,405,872	27,623,250	-	-	-	66,216	-	30,095,338
Segment Liabilities	1,199	4,819	25,752,174	355,570,409	263	116	65,297	53,870	8,167,262	389,615,409
Segment return on net assets (%)	0.03	0.07	0.18	5.06	0.01	0.00	0.02	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.04	4.61	0.00	0.00	0.02	0.01	0.07	-
As at December 31, 2013 - (Audited)										
Segment Assets (Gross)	70,214	152,699	11,994,130	412,641,188	38,548	9,736	379,388	183,322	-	425,469,225
Segment Non Performing Loans	-	-	2,679,642	30,440,187	-	-	-	-	-	33,119,829
Segment Provision Required	-	-	2,439,282	27,866,965	-	-	-	-	66,216	30,372,463
Segment Liabilities	1,067	2,321	24,336,897	347,591,697	586	148	82,163	62,733	4,047,642	376,125,254
Segment return on net assets (%)	0.03	(0.07)	0.39	8.06	0.02	-	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.11	10.91	-	-	0.05	0.01	0.17	-

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

For the quarter and nine months ended September 30, 2014

18. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2013: 71.91%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds. Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties during the nine months and balances as at September 30, 2014, are as follows:

	September 30, 2014 - (UnAudited)						December 31, 2013 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employee Funds	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employee Funds
Balances outstanding as at												
-Advances	295,148	94,452	800	-	2,721,594	-	79,506	95,926	128	-	2,857,945	-
-Deposits	3,849,731	52,292	114,566	536,943	7,334,758	654,369	5,180,555	40,472	123,537	598,369	7,189,990	309,571
-Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	6,477,170	-	-	-	1,567,174	-	640,987	-	-	-	985,168	-
-Investment in shares / units - at cost	-	-	-	1,738,315	53,703	-	-	-	-	1,714,494	503,492	-
-Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	7,936	-	-	-	-	-	3,892	-	-
-Management fee and commission receivable from Askari High Yield Scheme (AHYS)	-	-	-	37,165	-	-	-	-	-	92	-	-
-Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	1,075	-	-	-	-	-	540	-	-
-Management fee and commission receivable from Askari Asset Allocation Fund (AAAF)	-	-	-	4,302	-	-	-	-	-	14	-	-
-Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	1,155	-	-	-	-	-	655	-	-
-Management fee and commission receivable from Askari Islamic Income Fund (AIIF)	-	-	-	79	-	-	-	-	-	14	-	-
-Management fee and commission receivable from Askari Islamic Asset Allocation Fund (AIAAF)	-	-	-	2,481	-	-	-	-	-	480	-	-
-Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	841	-	-	-	-	-	12	-	-
-Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	11,516	-	-	-	-	-	5,987	-	-
-Management fee and commission receivable from Askari Sovereign Cash Fund (ASCF)	-	-	-	39,524	-	-	-	-	-	159	-	-
-Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	769	-	-	-	-	-	374	-	-
-Management fee and commission receivable from Askari Equity Fund (AEF)	-	-	-	2,796	-	-	-	-	-	10	-	-
-Management fee and commission receivable from Askari Sovereign Yield Enhancer (ASYE)	-	-	-	193	-	-	-	-	-	29	-	-
-Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer (ASYE)	-	-	-	8,818	-	-	-	-	-	1,892	-	-
-Pre-paid insurance premium by AIML	-	-	-	-	420	-	-	-	-	-	808	-
-Payable to employee funds	-	-	-	-	-	6,921	-	-	-	-	-	4,445
	September 30, 2014 - (Unaudited)						September 30, 2013 - (Unaudited)					
Transactions during the nine months ended												
- Mark-up / interest earned	10,046	3,689	7	-	252,475	-	2,740	3,726	56	-	96,833	-
- Net mark-up / interest expensed	165,327	1,909	4,172	32,513	376,516	11,067	916,233	604	2,490	17,330	43,320	12,682
- Contributions to employees' funds	-	-	-	-	-	355,927	-	-	-	-	-	294,860
- Investment in shares / units - at cost	-	-	-	23,821	-	-	-	-	-	-	-	-
- Rent of property / service charges paid	-	-	-	-	-	-	-	-	-	-	-	-
- Rent of property / service charges received	-	-	-	-	15,662	-	-	-	-	34,350	-	-
- Dividend income received	-	-	-	166,050	-	-	19,510	-	-	4,335	5,952	-
- Remuneration paid	-	153,541	-	-	-	-	-	121,186	-	112,943	-	-
- Post employment benefits	-	9,863	-	-	-	-	-	9,001	-	-	-	-
- Insurance premium paid	-	-	-	-	11,536	-	-	-	-	-	81,399	-
- Insurance claims received	-	-	-	-	1,091	-	-	-	-	-	104	-
- Security services cost	-	-	-	-	-	-	-	-	-	104,727	-	-
- Fee, commission and brokerage income	20	-	-	-	3,294	-	-	-	-	1,363	1,578	-
- Payment received by AIML from ASCF against reimbursable expenses	-	-	-	-	-	-	-	-	-	-	-	-
- Remuneration received by AIML from AAAF, AHYS, AIAAF, AIIF, ASCF and AEF	-	-	-	95,086	-	-	-	-	-	91,644	-	-
- Fees paid	-	-	3,100	-	-	-	-	-	4,000	-	26	-

19. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on October 25, 2014

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

www.askaribank.com.pk