

Report for the quarter and nine months ended September 30, 2013



banking
forward

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Corporate Information

Board of Directors	Lt. Gen. (R) Muhammad Mustafa Khan, HI (M) - Chariman Lt. Gen. (R) Muhammad Zaki, HI, HI (M) Lt. Gen. (R) Naeem Khalid Lodhi, HI (M) Mr. Qaiser Javed Dr. Nadeem Inayat Mr. Asif Reza Sana Mr. Manzoor Ahmed - NIT Nominee Khawaja Jalaluddin Roomi Syed M. Husaini - President & Chief Executive
Audit Committee	Mr. Asif Reza Sana - Chairman Mr. Qaiser Javed - Member Dr. Nadeem Inayat - Member
Chief Financial Officer	Mr. Saleem Anwar, FCA
Company Secretary	Mr. M. A. Ghazali Marghoob, FCA
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	RIAALAW Advocates & Corporate Counsellors
Shariah Advisor	Dr. Muhammad Tahir Mansoori
Registered / Head Office	AWT Plaza, The Mall, P.O. Box No. 1084, Rawalpindi - 46000, Pakistan. Tel: (92 51) 906 3000 Fax: (92 51) 927 2455 E-mail: webmaster@askaribank.com.pk
Registrar & Share Transfer Office	THK Associates (Pvt) 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 Pakistan Credit Rating Agency (PACRA)
Website	www.askaribank.com.pk

Directors' Review

Dear Shareholders

We present the un-audited financial results of Askari Bank Limited for the quarter and nine months ended September 30, 2013. The financial results and appropriation for the quarter and nine months are summarized as under:

	Rupees in thousand	
	Quarter	Nine months
	Ended on September 30, 2013	
Operating profit	1,011,232	1,823,138
Provisions against non-performing assets	(837,461)	(7,984,711)
Profit / (loss) before tax	173,771	(6,161,573)
Taxation - current and deferred	(16,517)	2,211,572
Profit / (loss) after tax	157,254	(3,950,001)
Earning / (loss) per share - Rs.	0.19	(4.86)
Appropriations:		
Transferred to general reserves		(3,950,001)

In view of the current economic challenges, interest rate environment and recent change of Bank's ownership, your Bank focused on the key elements for long term sustainable growth by pursuing quality assets, enhanced business efficiencies and improvement in impaired assets.

Financial results for the quarter ended September 30, 2013

During the quarter ended September 30, 2013, the operating profit i.e. profit before provisions against non-performing assets and taxation amounted to Rs. 1.0 billion, registering an increase of 18.2 percent over the corresponding quarter of last year. This increase was mainly attributable to a 3.8 percent increase in net aggregate revenues and a 1.0 percent decline in operating expenses. During the quarter, customer deposits increased by 3.5 percent and total assets increased by 4.6 percent. Non-performing loans registered a healthy improvement of 6.4 percent to Rs.32.8 billion from Rs.35.1 billion at June 30, 2013. The non-performing loans have been adequately provided for with provision coverage ratio of 79.7 percent, a notable improvement from 73.2 percent as at June 30, 2013. The management of the Bank is committed to further improving these indicators in the coming periods.

Financial results for the nine months ended September 30, 2013

At September 30, 2013, customer deposits stood at Rs.303.7 billion registering a marginal decline of 1.1 percent during the nine months period. Investments increased to Rs. 160.9 billion as at September 30, 2013 from Rs. 145.4 billion as at December 31, 2012. Despite low private sector credit appetite, gross advances at Rs. 163.0 billion remained almost at the same level as of year end 2012. The low interest rates during most of the nine months period kept banking spreads under pressure. Also, revenue erosion on account of non-performing assets and lesser opportunities for trade and arbitrage resulted in net aggregate revenues to decline by 10.6 percent during the nine months ended September 30, 2013. During the same period, increase in operating expenses was contained at 3.6 percent despite inflationary upsurge. Net provision against non-performing assets during the nine months under review increased to Rs.8.1 billion, and is the main reason for loss after tax of Rs.4.0 billion for the nine months period ended September 30, 2013.

State Bank of Pakistan's (SBP) BSD Circular No.7 dated April 15, 2009 sets out the minimum paid-up capital requirement (MCR) for banks to be raised to Rs.10 billion in a phased manner by December 31, 2013. The required MCR as of September 30, 2013 was Rs.9.0 billion. The paid-up capital of the Bank as of that date amounted to Rs.8.13 billion. The Board, in cognizance of the Bank's compliance status vis-à-vis the regulatory requirements, had announced enhancement in paid-up capital by issue

of 55 percent right shares on July 23, 2013. Upto September 30, 2013, an amount of Rs. 3.2 billion was received as subscription money for the said rights issue and has been treated as paid-up capital for the purposes of MCR as allowed by the SBP vide letter No.BPRD/BA&CP/641/15067/2013 dated October 8, 2013. Accordingly, the enhanced capital has enabled the Bank to meet the regulatory MCR and has also provided room for further growth and expansion.

The macroeconomic outlook remains challenging amidst low productivity, energy crises, security issues, thus impeding investment and growth in the country. The interest based earnings of the sector are already maintaining a downward trajectory and the recent regulatory directive regarding minimum rate of deposits will cause further erosion of banking spreads.

Despite challenging business environment, your Bank is focused on strategic positioning for long-term growth opportunities, while traversing the medium term economic cycles, on the back of innovative banking solutions and emphasis on service quality. Your Bank is actively pursuing strategic branch network expansion, including expansion of alternate delivery channels, mobile, branchless and Islamic banking, to enhance our market share while ensuring sustainable profitability in the coming years.

We take this opportunity to thank our valued customers for their patronage, to our employees for their continued commitment, our shareholders for their trust and confidence and State Bank of Pakistan and other regulatory bodies for their continued guidance.

Syed M. Husaini
President & Chief Executive

Lt. Gen. (R) Muhammad Mustafa Khan
Chairman

Rawalpindi
October 21, 2013

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2013

		(Un-audited) September 30, 2013	(Audited) December 31, 2012 Restated
(Rupees in thousand)			
Assets	Note		
Cash and balances with treasury banks		24,558,386	24,435,380
Balances with other banks		4,138,429	8,863,586
Lendings to financial institutions		2,679,082	6,319,474
Investments	7	160,952,391	145,378,148
Advances	8	136,836,694	143,726,962
Operating fixed assets	9	8,462,917	8,841,091
Deferred tax assets - net	12	2,669,491	-
Other assets		15,605,739	15,462,240
		<u>355,903,129</u>	<u>353,026,881</u>
Liabilities			
Bills payable		6,157,479	3,700,156
Borrowings	10	14,709,047	8,372,617
Deposits and other accounts	11	303,679,128	306,937,216
Sub-ordinated loans		5,490,700	6,987,300
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	-	71,229
Other liabilities		7,401,730	7,386,659
		<u>337,438,084</u>	<u>333,455,177</u>
Net Assets		<u>18,465,045</u>	<u>19,571,704</u>
Represented By:			
Share capital		8,130,711	8,130,711
Reserves	13	9,564,538	8,542,421
Advance against issue of right shares	14	3,229,308	-
Unappropriated (loss) / profit		(4,038,406)	887,988
		<u>16,886,151</u>	<u>17,561,120</u>
Surplus on revaluation of assets - net of tax	15	1,578,894	2,010,584
		<u>18,465,045</u>	<u>19,571,704</u>
Contingencies and Commitments	16		

The annexed notes 1 to 23 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, 2013

Note	September 30, 2013		September 30, 2012	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
	6,999,015	20,616,772	8,221,499	24,855,720
Mark-up / return / interest earned				
	4,517,415	14,284,392	5,691,892	17,662,327
Mark-up / return interest expensed				
Net mark-up / interest income	2,481,600	6,332,380	2,529,607	7,193,393
Provision against non-performing loans and advances - net	8.2.1 808,508	7,392,208	301,040	1,028,576
Impairment loss on available for sale investments	-	135,873	-	10,350
Provision for diminution in the value of investments - net	63,531	491,208	-	-
Reversal of provision against repurchase agreement lendings	(34,578)	(34,578)	-	-
Bad debts written off directly	-	-	-	1,043
	837,461	7,984,711	301,040	1,039,969
Net mark-up / interest income / (expense) after provisions	1,644,139	(1,652,331)	2,228,567	6,153,424
Non mark-up / interest income				
Fee, commission and brokerage income	265,234	858,320	227,594	847,762
Dividend income	318,679	425,945	205,653	944,657
Income from dealing in foreign currencies	214,639	444,904	284,034	779,872
Gain on sale of securities - net	17 65,622	637,914	102,837	180,423
Unrealized gain on revaluation of investments classified as held for trading - net	-	-	1,230	1,230
Other income	207,600	405,778	71,677	235,859
Total non-markup / interest income	1,071,774	2,772,861	893,025	2,989,803
	2,715,913	1,120,530	3,121,592	9,143,227
Non mark-up / interest expenses				
Administrative expenses	2,526,129	7,189,232	2,546,190	6,937,091
Other provisions / write offs	250	76,882	1,510	21,633
Other charges	15,763	15,989	19,679	54,276
Total non-markup / interest expenses	2,542,142	7,282,103	2,567,379	7,013,000
Extra ordinary / unusual items	173,771	(6,161,573)	554,213	2,130,227
Profit / (loss) before taxation				
Taxation - current	(135,538)	(311,720)	(326,596)	(576,536)
- prior years'	-	-	-	-
- deferred	119,021	2,523,292	147,127	(80,182)
	(16,517)	2,211,572	(179,469)	(656,718)
Profit / (loss) after taxation	157,254	(3,950,001)	374,744	1,473,509
Basic earnings / (loss) per share (Rupees)	0.19	(4.86)	0.46	1.81

The annexed notes 1 to 23 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, 2013

	September 30, 2013		September 30, 2012	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
Profit / (loss) after taxation	157,254	(3,950,001)	374,744	1,473,509
Other comprehensive income				
Effect of rescheduled / restructured classified advances	-	-	-	(94,085)
Effect of recognition of actuarial losses	-	27,897	-	-
Effect of translation of net investment in Wholesale Bank Branch	12,807	17,827	898	3,060
Total comprehensive income	<u>170,061</u>	<u>(3,904,277)</u>	<u>375,642</u>	<u>1,382,484</u>

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- sd -
President & Chief Executive

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Director

- sd -
Director

- sd -
Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2013

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit before taxation	(6,161,573)	2,130,227
Add: Dividend income	(425,945)	(944,657)
	<u>(6,587,518)</u>	<u>1,185,570</u>
Adjustments:		
Depreciation / amortization	594,691	650,331
Provision against non-performing advances - net	7,392,208	1,028,576
Impairment loss on available for sale investments	135,873	10,350
Provision for diminution in the value of investments - net	491,208	-
Reversal of provision against repurchase agreement lendings	(34,578)	-
Bad debts written off directly	-	1,043
Unrealised gain on revaluation of investments classified as held for trading - net	-	(1,230)
Other provisions / write offs	76,882	21,633
Net profit on sale of operating fixed assets	(42,072)	(420)
	<u>8,614,212</u>	<u>1,710,283</u>
	<u>2,026,694</u>	<u>2,895,853</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	3,674,970	(584,425)
Held for trading securities	141,832	(33,980)
Advances	(338,260)	236,860
Other assets (excluding advance taxation)	297,848	1,656,703
	<u>3,776,390</u>	<u>1,275,158</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,457,323	611,541
Borrowings	6,336,430	8,796,671
Deposits and other accounts	(3,258,088)	1,735,860
Other liabilities (excluding current taxation)	58,114	640,647
	<u>5,593,779</u>	<u>11,784,719</u>
	<u>11,396,863</u>	<u>15,955,730</u>
Income tax paid	(902,926)	(1,548,449)
Net cash inflow from operating activities	<u>10,493,937</u>	<u>14,407,281</u>
Cash flow from investing activities		
Net investments in available for sale securities	(17,440,844)	(12,475,363)
Net investments in held to maturity securities	533,549	385,397
Net investments in subsidiary	(100,000)	-
Dividend income	339,263	844,025
Investments in operating fixed assets - net of adjustments	(228,847)	(316,847)
Sale proceeds of operating fixed assets - disposed off	50,381	6,157
Net cash outflow from investing activities	<u>(16,846,498)</u>	<u>(11,556,631)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(1,496,600)	(1,700)
Advance against issue of right shares	3,229,308	-
Dividends paid	(125)	(760)
Net cash inflow / (outflow) from financing activities	<u>1,732,583</u>	<u>(2,460)</u>
Effect of translation of net investment in Wholesale Bank Branch	17,827	3,060
(Decrease) / Increase in cash and cash equivalents	<u>(4,602,151)</u>	<u>2,851,250</u>
Cash and cash equivalents at beginning of the period	<u>33,298,966</u>	<u>32,403,236</u>
Cash and cash equivalents at end of the period	<u>28,696,815</u>	<u>35,254,486</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	24,558,386	24,564,150
Balances with other banks	4,138,429	10,690,336
	<u>28,696,815</u>	<u>35,254,486</u>

The annexed notes 1 to 23 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, 2013

	(Rupees in thousand)								
	Share capital	Advance against issue of right shares	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves General reserve	Unappropriated profit / (loss)	Total
Balance as at January 01, 2012 - as previously reported	7,070,184	-	75,296	234,669	3,648,445	94,085	4,083,945	1,302,158	16,508,782
Effect of retrospective change in accounting policy with respect to accounting for actuarial losses	-	-	-	-	-	-	-	(112,634)	(112,634)
Balance as at January 01, 2012 - represented	7,070,184	-	75,296	234,669	3,648,445	94,085	4,083,945	1,189,524	16,396,148
Transfer to General reserve	-	-	-	-	-	-	1,302,158	(1,302,158)	-
Distribution to owners									
Bonus shares declared / issued subsequent to year ended December 31, 2011	1,060,527	-	-	-	-	-	(1,060,527)	-	-
Total comprehensive income for the nine months ended September 30, 2012									
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	-	-	1,473,509	1,473,509
Effect of rescheduled / restructured classified advances	-	-	-	-	(94,085)	-	-	-	(94,085)
Effect of translation of net investment in Wholesale Bank Branch	-	-	2,162	-	-	-	-	-	2,162
Transfer to Statutory reserve	-	-	2,162	-	(94,085)	-	-	1,473,509	1,381,586
	-	-	-	251,072	-	-	-	(251,072)	-
Balance as at September 30, 2012 - represented	8,130,711	-	77,458	234,669	3,899,517	-	4,325,576	1,109,803	17,777,734
Total comprehensive income for the quarter ended December 31, 2012									
Net loss for the quarter ended December 31, 2012	-	-	-	-	-	-	-	(209,162)	(209,162)
Effect of recognition of actuarial losses	-	-	-	-	-	-	-	(12,653)	(12,653)
Effect of translation of net investment in Wholesale Bank Branch	-	-	5,201	-	-	-	-	-	5,201
Transfer to Statutory reserve	-	-	5,201	-	-	-	-	(221,815)	(216,614)
Balance as at December 31, 2012 - represented	8,130,711	-	82,659	234,669	3,899,517	-	4,325,576	887,988	17,561,120
Transfer to General reserve	-	-	-	-	-	-	1,004,290	(1,004,290)	-
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 - note - 18	-	-	-	-	-	-	-	27,897	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	-	17,827	-	-	-	-	-	17,827
Transfer to Statutory reserve	-	-	17,827	-	-	-	-	(3,922,104)	(3,904,277)
Transactions 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	-	5,329,866	(4,038,406)	16,886,151

The annexed notes 1 to 23 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, 2013

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 is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Bank is situated at AWT Plaza, The Mall, Rawalpindi.

The Bank obtained its business commencement certificate on February 26, 1992 and started operations from April 1, 1992. The Bank has 261 branches (December 31, 2012: 261 branches); 260 in Pakistan and Azad Jammu and Kashmir, including 32 (December 31, 2012: 32) Islamic Banking branches, 24 (December 31, 2012: 24) 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.

- 1.2 The process of acquisition of the Bank's shareholding by Fauji Consortium; comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) was completed at the close of business on June 20, 2013. The collective shareholding of Fauji Consortium in the Bank was 71.91 percent as on September 30, 2013. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.09 percent shares of the Bank as on that date.
- 1.3 State Bank of Pakistan's (SBP) BSD Circular No. 7 dated April 15, 2009 sets out the minimum paid-up capital requirement (MCR) for banks to be raised to Rs. 10 billion in a phased manner by December 31, 2013. The required MCR (net of losses) as of September 30, 2013 was Rs. 9 billion. The paid-up capital of the Bank as of September 30, 2013 was Rs. 8.13 billion. The Board of Directors of the Bank in their meeting held on July 23, 2013 had announced enhancement of paid-up capital by issue of 55 percent right shares at par value of Rs.10 per share. As mentioned in note 14, the Bank has raised Rs. 3.2 billion as subscription money against the right issue till September 30, 2013. The SBP vide its letter No. BPRD/BA&CP/641/15067/2013 dated October 8, 2013, has allowed the Bank to treat the said subscription money as a part of paid up capital for MCR purposes as of September 30, 2013.

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 certain 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, 2013 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 (IAS) 34, 'Interim Financial Reporting' 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, 2012.

SBP vide BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard

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

For the quarter and nine months ended September 30, 2013

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, instruments 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, 2012 except for:

4.1 Grant

Grants are recognized as income over the periods to match with the related costs on a systematic basis.

4.2 Change in accounting policy - staff retirement benefits

Defined benefit plans

IAS 19 (as revised in June 2011) Employees Benefits became effective during the period. The amendments to IAS 19 changed the method of accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the full recognition of variations in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and effects of retrospective application of this change in accounting policy has been disclosed in note 18.

5. ACCOUNTING ESTIMATES

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2012.

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, 2012.

7 INVESTMENTS

As at September 30, 2013 - (Un-audited)
As at December 31, 2012 - (Audited)

(Rupees in thousand)			
	Held by the Bank	Given as collateral	Total
	154,499,244	6,453,147	160,952,391
	145,378,148	-	145,378,148

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

For the quarter and nine months ended September 30, 2013

7.1 Investments by type

	As at September 30, 2013 (un-audited)		
	Held by the Bank	Given as collateral	Total
Held for trading securities	10,014	-	10,014
Available for sale securities	152,231,078	6,453,147	158,684,225
Held to maturity securities	3,075,089	-	3,075,089
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	399,789	-	399,789
	<u>155,769,673</u>	<u>6,453,147</u>	<u>162,222,820</u>
Provision for diminution in value of investments	(1,088,227)	-	(1,088,227)
Deficit on revaluation of available for sale securities - net	(182,202)	-	(182,202)
Investments - net of provision	<u>154,499,244</u>	<u>6,453,147</u>	<u>160,952,391</u>

7.2 Investments include Rs. 2,164,892 thousand (December 31, 2012: Rs. 2,014,475 thousand) which have been placed under non-performing status and the Bank maintains provision of Rs. 994,521 thousand (December 31, 2012: Rs. 503,315 thousand) against non performing investments.

7.3 During the period, the Bank has availed Forced Sale Value (FSV) benefit of Rs. 107,532 thousand (September 30, 2012: Rs. 83,854 thousand) against non-performing investments. Had the FSV benefit not been recognized, before and after tax loss for the nine months would have been higher by Rs. 107,532 thousand (September 30, 2012: lower by Rs. 83,854 thousand) and Rs. 69,896 thousand (September 30, 2012: lower by Rs. 54,505 thousand) respectively.

7.4 The Bank has availed the relaxation of Rs. 424,083 thousand (December 31, 2012: Rs. 809,460 thousand) and Rs. 169,679 thousand (December 31, 2012: Rs. 304,250 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.

	Note	(Un-audited)	(Audited)
		September 30, 2013	December 31, 2012
(Rupees in thousand)			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		137,966,054	137,295,155
Outside Pakistan		3,659,170	3,351,665
		<u>141,625,224</u>	<u>140,646,820</u>
Lease Financing - In Pakistan		4,118,167	4,827,289
Ijarah Financing - In Pakistan		163,008	307,336
Net book value of assets/ investments in Ijarah under IFAS 2			
In Pakistan	8.1	828,907	380,311
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,262,240	9,967,185
Payable outside Pakistan		5,991,994	6,725,769
		<u>16,254,234</u>	<u>16,692,954</u>
Advances - gross		162,989,540	162,854,710
Provision for non-performing advances	8.2		
Specific provision		(25,845,242)	(18,796,160)
General provision		(121,864)	(127,698)
General provision against consumer loans		(185,740)	(203,890)
		<u>(26,152,846)</u>	<u>(19,127,748)</u>
Advances - net of provision		<u>136,836,694</u>	<u>143,726,962</u>

8.1 Net book value of assets/ investments in Ijarah under IFAS 2 is net of depreciation of Rs. 119,190 thousand (December 31, 2012: Rs. 104,905 thousand)

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

For the quarter and nine months ended September 30, 2013

8.2 Particulars of provision against non-performing advances

	September 30, 2013 - (Un-audited)				December 31, 2012 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
	(Rupees in thousand)				(Rupees in thousand)			
Opening balance	18,796,160	127,698	203,890	19,127,748	16,291,514	132,130	245,046	16,668,690
Transfer from investments	-	-	-	-	22,500	-	-	22,500
Charge for the period / year	7,839,414	5,334	1,455	7,846,203	3,532,354	9,575	332	3,542,261
Reversal for the period / year	(423,222)	(11,168)	(19,605)	(453,995)	(1,050,208)	(14,007)	(41,488)	(1,105,703)
Net charge / (reversal) for the period / year	7,416,192	(5,834)	(18,150)	7,392,208	2,482,146	(4,432)	(41,156)	2,436,558
Amounts written off	(427)	-	-	(427)	-	-	-	-
Amounts charge off - ogri loans	(366,683)	-	-	(366,683)	-	-	-	-
Closing balance	25,845,242	121,864	185,740	26,152,846	18,796,160	127,698	203,890	19,127,748

	September 30, 2013 (Un-audited)		September 30, 2012 (Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	

8.2.1 Provision against non-performing advances

Net charge for the period - note 8.3	808,508	7,392,208	301,040	1,122,661
Reversal of capital reserve	-	-	-	(94,085)
	<u>808,508</u>	<u>7,392,208</u>	<u>301,040</u>	<u>1,028,576</u>

8.3 This includes specific provision on subjective basis against certain loans and advances, further, during the period the Bank has not availed FSV benefit on Agri Loans in its entirety and FSV benefit of Rs. 1,843 million on provisioning against other loans and advances. Furthermore, net reduction in FSV benefit during the period amounted to Rs. 774,310 thousand resulting in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend.

8.4 The Bank has availed the relaxation of Rs. 156,710 thousand (December 31, 2012: Rs. 262,880 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

8.5 Advances include Rs. 32,830,348 thousand (December 31, 2012: Rs. 26,518,448 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2013 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	513,616	-	513,616	-	-
Substandard	708,872	-	708,872	100,597	100,597
Doubtful	3,041,621	-	3,041,621	1,381,806	1,381,806
Loss	28,566,239	-	28,566,239	24,362,837	24,362,837
	<u>32,830,348</u>	<u>-</u>	<u>32,830,348</u>	<u>25,845,240</u>	<u>25,845,240</u>

Category of Classification	December 31, 2012 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	127,181	-	127,181	-	-
Substandard	709,386	-	709,386	110,070	110,070
Doubtful	3,015,923	-	3,015,923	307,730	307,730
Loss	22,665,958	-	22,665,958	18,378,360	18,378,360
	<u>26,518,448</u>	<u>-</u>	<u>26,518,448</u>	<u>18,796,160</u>	<u>18,796,160</u>

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

For the quarter and nine months ended September 30, 2013

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) September 30, 2013	(Audited) December 31, 2012
(Rupees in thousand)			
9. OPERATING FIXED ASSETS			
Capital work-in-progress		71,495	43,524
Property and equipment	9.1	7,268,101	7,568,768
Intangibles	9.2	1,123,321	1,228,799
		8,391,422	8,797,567
		<u>8,462,917</u>	<u>8,841,091</u>
9.1 Property and equipment			
Book value at beginning of the period / year		7,568,768	8,080,756
Cost of additions during the period / year		198,019	236,194
Book value of deletions / transfers during the period / year		(8,309)	(7,589)
Depreciation charge for the period / year		(486,356)	(719,205)
Book value of adjustments during the period / year		(4,021)	(21,388)
Book value at end of the period / year		<u>7,268,101</u>	<u>7,568,768</u>
9.2 Intangibles			
Book value at beginning of the period / year		1,228,799	1,224,730
Cost of additions during the period / year		2,857	144,162
Amortization charge for the period / year		(108,335)	(140,093)
Book value at end of the period / year		<u>1,123,321</u>	<u>1,228,799</u>
10. BORROWINGS			
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
- Export refinance scheme		6,114,657	7,170,013
- Long term financing of export oriented projects		232,784	400,104
- Long term financing facility		159,433	195,076
- Refinance scheme for revival of agricultural activities in flood affected areas		1,455	2,745
- Refinance scheme for revival of SME activities in flood affected areas		-	7,500
		6,508,329	7,775,438
Repo borrowings from financial institutions		6,449,983	-
Un-secured			
Call borrowings		-	500,000
Overdrawn balance with other banks		228,163	84,581
		228,163	584,581
Outside Pakistan - foreign currencies		13,186,475	8,360,019
- Overdrawn nostro accounts - unsecured		1,522,572	12,598
		<u>14,709,047</u>	<u>8,372,617</u>

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013	(Audited) December 31, 2012				
	(Rupees in thousand)					
11. DEPOSITS AND OTHER ACCOUNTS						
Customers						
Fixed deposits	57,639,698	75,647,191				
Savings deposits	180,078,826	155,646,270				
Current accounts - non-remunerative	62,362,522	62,694,946				
Special exporters' account	54,119	22,282				
Margin accounts	1,910,748	2,316,551				
Others	468,121	406,476				
Financial institutions						
Remunerative deposits	1,031,937	9,381,065				
Non-Remunerative deposits	133,157	822,435				
	<u>303,679,128</u>	<u>306,937,216</u>				
12. DEFERRED TAX (ASSETS) / LIABILITIES - NET						
Deferred credits / (debits) arising due to:						
Accelerated tax depreciation and amortization	522,007	606,572				
Minimum tax	(223,258)	-				
Unused tax losses	(173,812)	-				
Provision against non performing advances						
- excess of 1% of total advances	(2,586,784)	(651,007)				
- classified in sub-standard category	(111,747)	(5,867)				
	<u>(2,573,594)</u>	<u>(50,302)</u>				
(Deficit) / surplus on revaluation of available for sale investments	(63,771)	168,678				
Actuarial losses	(32,126)	(47,147)				
	<u>(95,897)</u>	<u>121,531</u>				
	<u>(2,669,491)</u>	<u>71,229</u>				
13. RESERVES						
	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)					
Balance at beginning of the period / year - restated	82,659	234,669	3,899,517	4,325,576	8,542,421	8,136,440
Effect of translation of net investment in Wholesale Bank Branch	17,827	-	-	-	17,827	7,363
Transfer from un-appropriated profit	-	-	-	1,004,290	1,004,290	1,553,230
Bonus shares issued	-	-	-	-	-	(1,060,527)
Reversal of capital reserve	-	-	-	-	-	(94,085)
Balance at end of the period / year	<u>100,486</u>	<u>234,669</u>	<u>3,899,517</u>	<u>5,329,866</u>	<u>9,564,538</u>	<u>8,542,421</u>

13.1 As at September 30, 2013, the Bank has availed net of tax benefit of Forced Saled Value (FSV) of Rs. 2,662 million (December 31, 2012: Rs. 3,095 million) in respect of pledged collaterals against non-performing assets as allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent of FSV benefit availed are not available for distribution by way of cash or stock dividend.

13.2 Under section 21 of the Banking Companies Ordinance, 1962, every Banking company incorporated in Pakistan is required to transfer not less than 20% of balance of profit to a statutory reserve until the amount in statutory reserve together with amount in share premium account equals to or exceed the paid-up capital of the Bank and thereafter 10% of the balance of profit of the holding company are to be transferred to this reserve.

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

For the quarter and nine months ended September 30, 2013

14 ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents amount received from the shareholders of the Bank as advance against rights issue till September 30, 2013.

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
15. SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of land	1,697,325	1,697,325
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(637,514)	781,542
ii) Listed shares	443,669	(34,407)
iii) Units of open end mutual funds	144,717	8,032
iv) Other securities	(133,074)	(273,230)
	(182,202)	481,937
Less: related deferred tax	63,771	(168,678)
	(118,431)	313,259
	<u>1,578,894</u>	<u>2,010,584</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

i) Government	-	-
ii) Others	7,042,040	5,373,983
	<u>7,042,040</u>	<u>5,373,983</u>

16.2 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.

662,956	233,955
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Contingent liability in respect of guarantees given, favouring:

i) Government	68,244,100	79,212,961
ii) Banks and other financial institutions	1,083,571	808,020
iii) Others	8,026,735	13,813,083
	77,354,406	93,834,064
	<u>78,017,362</u>	<u>94,068,019</u>

These include guarantees amounting to Rs. 993,595 thousand (December 31, 2012: Rs. 901,381 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, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.3 Trade-related contingent liabilities	<u>77,392,105</u>	<u>44,442,449</u>

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013 (Rupees in thousand)	(Audited) December 31, 2012 (Rupees in thousand)
16.4 Other Contingencies		
16.4.1 This represents certain claims filed 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>782,567</u>	<u>615,071</u>
16.4.2 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.		
16.5 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 and 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 Commissioner Inland Revenue (Appeals) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the Appellate Tribunal Inland Revenue with respect to matters not decided in its favour.		
	(Un-audited) September 30, 2013 (Rupees in thousand)	(Audited) December 31, 2012 (Rupees in thousand)
16.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,979,777	5,823,130
Sale and repurchase agreements	<u>6,451,660</u>	<u>-</u>
16.7 Commitments in respect of forward exchange contracts		
Purchase	61,940,600	13,497,314
Sale	<u>47,182,318</u>	<u>8,926,334</u>
The above commitments have maturities falling within one year.		
16.8 Commitments in respect of forward sale of listed equity securities		
Sale	<u>55,258</u>	<u>138,191</u>
16.9 Commitments for acquisition of operating fixed assets	<u>127,198</u>	<u>140,070</u>
16.10 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 Rs. 8,291,896 thousand (December 31, 2012: Rs. 6,480,778 thousand).		
	(Un-audited) September 30, 2013 (Rupees in thousand)	(Audited) December 31, 2012 (Rupees in thousand)
16.11 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.12 Bills for collection		
Payable in Pakistan	2,384,559	1,162,798
Payable outside Pakistan	11,966,648	11,126,400
	<u>14,351,207</u>	<u>12,289,198</u>

	September 30, 2013 (Un-audited)		September 30, 2012 (Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
17. GAIN ON SALE OF SECURITIES				
Gain on sale of government securities	31,142	320,836	85,636	132,227
Gain on sale of other investments	34,480	317,078	17,201	48,196
	<u>65,622</u>	<u>637,914</u>	<u>102,837</u>	<u>180,423</u>

18. EFFECTS OF CHANGE IN ACCOUNTING POLICY - STAFF RETIREMENT BENEFITS

The change in accounting policy as disclosed in note 4.2 has been accounted for retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in adjustment of prior year financial statements.

Effects of retrospective application of change in accounting policy are as follows:

	As at December 31, 2012		
	As previously reported	Effect of Restatement	As Restated
	(Rupees in thousand)		
18.1 Effect on balance Sheet			
Increase in defined benefit obligation	-	134,705	134,705
Decrease in deferred tax liability - net	118,376	(47,147)	71,229
Decrease in advance taxation	3,674,110	(28,745)	3,645,364
Decrease in un-appropriated profit	1,004,290	(116,302)	887,988
	<u> </u>	<u> </u>	<u> </u>
	Nine months ended September 30, 2013	For the year ended December 31, 2012	Prior to January 1, 2012
	(Rupees in thousand)		
18.2 Effect on profit and loss account			
Net increase in profit after tax	-	11,280	75,570
Net increase in tax expenses	-	(3,948)	(26,450)
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
18.3 Effect on other comprehensive income			
Actuarial losses reclassified to other comprehensive income	-	11,280	75,570
Net actuarial (gain)/loss recognized in other comprehensive income	(27,897)	1,373	86,185
	<u>(27,897)</u>	<u>12,653</u>	<u>161,755</u>
		December 31, 2012	December 31, 2011
The effect on earnings per share related to the restatement is as follows:			
Basic and diluted earnings per share - Rupee		<u>0.01</u>	<u>0.01</u>

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

For the quarter and nine months ended September 30, 2013

18.4 Staff retirement benefits

Changes in defined benefit obligation, fair value of plan assets are as follows:

(Rupees in thousand)	January 1, 2012	Current service cost	Interest cost	Expected return on plan assets	Benefits paid	Actuarial losses recognized in other comprehensive income	Contribution by the employer	December 31, 2012
Defined benefit obligation	997,952	156,238	124,744	-	(86,204)	14,805	-	1,207,535
Fair value of plan assets	(865,358)	-	-	(108,558)	86,204	(1,413)	(183,705)	(1,072,830)
Defined benefit liability	<u>132,594</u>	<u>156,238</u>	<u>124,744</u>	<u>(108,558)</u>	<u>-</u>	<u>13,392</u>	<u>(183,705)</u>	<u>134,705</u>

There is no change in the actuarial assumptions which has been disclosed in note 35.8 to the financial statements for the year ended December 31, 2012 except for change in expected rate of return on investments from 11% to 11.5%.

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Sub-Ordinated loans	Total
	Rupees in thousand							
	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)
	For the nine months ended September 30, 2012 - (Un-audited)							
Total income	92,984	338,854	1,389,801	25,970,496	41,006	12,382	-	27,845,523
Total expenses	23,031	83,930	349,727	24,514,946	10,157	3,067	730,438	25,715,296
Net income / (loss)	69,953	254,924	1,040,074	1,455,550	30,849	9,315	(730,438)	2,130,227
	As at September 30, 2013 - (Un-audited)							
Segment Assets (Gross)	93,390	215,156	16,646,462	366,437,563	55,978	13,640	-	383,462,189
Segment Non Performing Loans	-	-	2,858,341	29,972,007	-	-	-	32,830,348
Segment Provision Required	-	-	2,518,032	25,041,028	-	-	-	27,559,060
Segment Liabilities	1,474	3,396	20,760,080	310,946,400	884	215	5,725,635	337,438,084
Segment return on net assets (%)	0.05	(0.11)	0.64	12.58	0.03	0.01	-	
Segment cost of funds (%)	0.02	0.03	0.19	16.14	0.01	0.00	0.28	
	As at December 31, 2012 - (Audited)							
Segment Assets (Gross)	67,809	329,278	14,659,149	357,935,122	27,939	8,035	-	373,027,332
Segment Non Performing Loans	-	-	2,873,636	23,644,812	-	-	-	26,518,448
Segment Provision Required	-	-	2,523,806	17,476,645	-	-	-	20,000,451
Segment Liabilities	1,046	5,081	18,867,165	307,438,571	431	124	7,142,759	333,455,177
Segment return on net assets (%)	0.04	0.10	0.52	9.80	0.02	-	-	
Segment cost of funds (%)	0.01	0.03	0.16	10.06	-	-	0.29	

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

For the quarter and nine months ended September 30, 2013

20. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2012: AWT held 50.57%) 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, 2013, are as follows:

	September 30, 2013 (Un-audited)						December 31, 2012 (Audited) - note - 20.2					
	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Employees' Funds	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Employees' Funds
Balances outstanding as at												
- Advances	85,594	62,179	749	-	2,721,248	-	-	111,092	6,011	145	-	-
- Deposits	504,942	30,910	104,871	385,610	5,270,965	606,501	17,755,898	28,306	39,306	349,635	405,377	52,611
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	626,866	-	-	-	1,262,759	-	-	-	-	233,955	-	-
- Investment in shares/ units - at cost	-	-	-	1,714,495	453,492	-	-	-	-	1,714,494	353,492	-
- Security deposits against lease	-	-	-	-	-	-	-	-	-	132	-	-
- Investment in TFGs issued by the Bank	-	-	-	-	2,393	-	-	-	-	-	3,659	-
Transactions during the nine months ended												
	September 30, 2013 (Un-audited) - note - 20.1						September 30, 2012 (Un-audited) - note - 20.2					
- Mark-up / interest earned	2,740	3,726	56	-	96,833	-	-	4,442	910	13	-	-
- Net mark-up / interest expensed	916,233	604	2,490	17,330	43,320	12,682	1,767,633	1,241	6,513	16,989	2,910	10,216
- Contributions to employees' funds	-	-	-	-	-	292,829	-	-	-	-	-	277,115
- Investment / redemption of units of AINL funds - at cost	-	-	-	-	-	-	-	-	-	99,991	-	-
- Rent of property / service charges paid	7,362	-	-	34,350	-	-	39,149	-	-	56,271	-	-
- Rent of property / service charges received	19,510	-	-	4,335	5,952	-	19,398	-	-	4,772	5,334	-
- Dividend income received	-	-	-	112,943	-	-	-	-	-	730,950	-	-
- Remuneration paid	-	121,186	-	-	-	-	-	178,258	-	-	-	-
- Post employment benefits	-	9,001	-	-	-	-	-	13,798	-	-	-	-
- Insurance premium paid	-	-	-	-	81,399	-	-	-	-	-	24,068	-
- Insurance claims received	-	-	-	-	104	-	-	-	-	-	35	-
- Security services costs	-	-	-	104,727	-	-	-	-	-	148,253	-	-
- Fee, commission and brokerage income	-	-	-	1,363	1,578	-	-	-	-	-	-	-
- Fee, commission and brokerage paid	-	-	-	-	-	-	-	-	-	-	656	-
- Fees paid	-	-	4,000	-	26	-	-	-	3,400	-	-	-

20.1 These include transactions with those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT) upto June 20, 2013. Further related parties transactions of Fauji Consortium are included from June 21, 2013 onward.

20.2 Comparative figures of December 31, 2012 and September 30, 2012 are of those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT).

21 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 21, 2013 proposed appropriation of loss after tax for the nine months ended September 30, 2013 amounting to Rs. 3,950,001 thousand to General Reserve. The effect of this appropriation will be accounted for during the quarter ending December 31, 2013.

22 CORRESPONDING FIGURES

Previous period's figures have been rearranged and reclassified where necessary for the purpose of comparison.

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

For the quarter and nine months ended September 30, 2013

23 DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on October 21, 2013.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Islamic Banking Business - Statement of Financial Position

Annexure
(1 of 2)

As at September 30, 2013

The Bank is operating 34 Islamic banking branches including 2 sub-branches at nine months ended September 30, 2013 as compared to 31 Islamic banking branches including 2 sub-branches at the end of prior period.

		(Un-audited) September 30, 2013	(Audited) December 31, 2012
		(Rupees in thousand)	
ASSETS	Note		
Cash and balances with treasury banks		910,963	837,972
Balances with other banks		527,638	899,960
Due from Financial Institutions		-	-
Investments		9,868,725	10,201,914
Islamic financing and related assets	A-2.1	4,081,305	3,127,541
Operating fixed assets		205,313	216,087
Deferred tax assets		-	-
Other assets		459,357	505,564
Total Assets		16,053,301	15,789,038
LIABILITIES			
Bills payable		203,881	129,735
Due to Financial Institutions		-	500,000
Deposits and other accounts			
-Current Accounts		3,420,719	3,105,265
-Saving Accounts		4,271,525	3,582,107
-Term Deposits		5,802,780	6,030,957
-Others		134,181	54,469
-Deposits from Financial Institutions - Non-remunerative		543,263	1,112,699
-Deposit from Financial Institutions - Remunerative		534	2,304
Due to Head Office		731,182	156,176
Other liabilities		319,245	312,571
		15,427,310	14,986,283
Net Assets		625,991	802,755
REPRESENTED BY			
Islamic Banking Fund		1,000,000	1,000,000
Reserves		-	-
Unappropriated / Unremitted loss		(378,425)	(129,324)
		621,575	870,676
Surplus / (deficit) on revaluation of assets		4,416	(67,921)
		625,991	802,755
Remuneration to Shariah Advisor / Board		1,025	1,347
CHARITY FUND			
Opening Balance		38	213
Additions during the period / year		363	3,111
Payments / Utilization during the period / year		-	(3,286)
Closing Balance		401	38
A-2.1 Islamic Financing and Related Assets			
Islamic modes of financing	A-2.1.1	4,030,312	3,095,960
Advance against Islamic financing		50,993	31,581
Inventories		-	-
		4,081,305	3,127,541
A-2.1.1 Islamic modes of Financing			
Murabaha		1,410,441	536,565
Ijarah		895,219	619,847
Musharaka		-	-
Diminishing Musharaka		1,322,415	1,420,998
Salam		380,220	498,532
Other Islamic Modes		22,017	20,018
		4,030,312	3,095,960

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

For the nine months ended September 30, 2013

Annexure
(2 of 2)

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	903,131	1,145,997
Return on deposits and other dues expensed	529,464	688,676
Net spread earned	373,667	457,321
Provision / (Reversal of provision) against non-performing financings	73,577	(37,600)
Provision against consumer financings	-	-
Provision for diminution in the value of investments	168,259	-
Bad debts written off directly	-	-
	241,836	(37,600)
Income after provisions	131,831	494,921
Other Income		
Fee, commission and brokerage Income	17,618	16,553
Dividend income	-	-
Income from dealing in foreign currencies	2,408	1,378
Capital gain on sale of securities	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	19,891	13,951
Total other income	39,917	31,882
	171,748	526,803
Other expenses		
Administrative expenses	420,849	408,491
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	420,849	408,491
	(249,101)	118,312
Extraordinary / unusual items	-	-
(Loss) / profit before taxation	(249,101)	118,312

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**ASKARI BANK LIMITED
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (Un-Audited)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2013**

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2013

		(Un-audited) September 30, 2013	(Audited) December 31, 2012 Restated
(Rupees in thousand)			
Assets	Note		
Cash and balances with treasury banks		24,558,620	24,435,422
Balances with other banks		4,176,675	8,865,303
Lendings to financial institutions		2,679,082	6,341,474
Investments	7	161,039,629	145,354,253
Advances	8	136,837,994	143,727,835
Operating fixed assets	9	8,522,178	8,901,522
Deferred tax assets - net	12	2,692,152	-
Other assets		15,712,565	15,556,719
		<u>356,218,895</u>	<u>353,182,528</u>
Liabilities			
Bills payable		6,157,479	3,700,156
Borrowings	10	14,709,047	8,376,740
Deposits and other accounts	11	303,672,132	306,929,729
Sub-ordinated loans		5,490,700	6,987,300
Liabilities against assets subject to finance lease		-	1,018
Deferred tax liabilities - net	12	-	35,992
Other liabilities		7,483,825	7,440,514
		<u>337,513,183</u>	<u>333,471,449</u>
Net Assets		<u>18,705,712</u>	<u>19,711,079</u>
Represented By:			
Share capital		8,130,711	8,130,711
Reserves	13	9,563,893	8,541,776
Advance against issue of right shares	14	3,229,308	-
Unappropriated (loss) / profit		(3,828,427)	998,567
		<u>17,095,485</u>	<u>17,671,054</u>
Non-controlling interest		31,333	29,441
		<u>17,126,818</u>	<u>17,700,495</u>
Surplus on revaluation of assets - net of tax	15	1,578,894	2,010,584
		<u>18,705,712</u>	<u>19,711,079</u>
Contingencies and Commitments	16		

The annexed notes 1 to 23 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, 2013

	Note	September 30, 2013		September 30, 2012	
		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		6,999,653	20,617,904	8,222,022	24,857,379
Mark-up / return interest expensed		4,517,262	14,284,350	5,692,162	17,663,053
Net mark-up / interest income		2,482,391	6,333,554	2,529,860	7,194,326
Provision against non-performing loans and advances - net	8.2.1	808,508	7,392,208	301,040	1,028,576
Impairment loss on available for sale investments		-	135,873	-	10,350
Provision for diminution in the value of investments - net		(36,469)	391,208	-	-
Reversal of provision against repurchase agreement lendings		(34,578)	(34,578)	-	-
Bad debts written off directly		-	-	-	1,043
		737,461	7,884,711	301,040	1,039,969
Net mark-up / interest income / (expense) after provisions		1,744,930	(1,551,157)	2,228,820	6,154,357
Non mark-up / interest income					
Fee, commission and brokerage income		309,312	972,280	263,322	995,271
Dividend income		318,694	425,960	205,662	944,666
Income from dealing in foreign currencies		214,639	444,904	284,034	779,872
Gain on sale of securities - net	17	66,099	639,961	102,423	183,851
Unrealized gain on revaluation of investments classified as held for trading - net		2,017	5,783	2,745	3,019
Other income		209,281	411,363	73,501	232,652
Total non-markup / interest income		1,120,042	2,900,251	931,687	3,139,331
		2,864,972	1,349,094	3,160,507	9,293,688
Non mark-up / interest expenses					
Administrative expenses		2,578,526	7,324,988	2,580,550	7,073,800
Other provisions / write offs		250	76,882	1,510	21,633
Other charges		15,763	15,989	19,679	54,276
Total non-markup / interest expenses		2,594,539	7,417,859	2,601,739	7,149,709
		270,433	(6,068,765)	558,768	2,143,979
Share of profit of associate		7,741	21,850	4,441	22,696
Extra ordinary / unusual items		-	-	-	-
Profit / (loss) before taxation		278,174	(6,046,915)	563,209	2,166,675
Taxation - current		(135,978)	(312,510)	(326,499)	(578,154)
- prior years'		-	-	-	-
- deferred		102,472	2,510,716	147,023	(80,182)
		(33,506)	2,198,206	(179,476)	(658,336)
Profit / (loss) after taxation		244,668	(3,848,709)	383,733	1,508,339
Attributable to:					
Equity holders of the Bank		243,869	(3,850,601)	383,725	1,507,418
Non-controlling interest		799	1,892	8	921
		244,668	(3,848,709)	383,733	1,508,339

The annexed notes 1 to 23 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, 2013

	September 30, 2013		September 30, 2012	
	For the quarter ended (Rupees in thousand)	For the nine months ended (Rupees in thousand)	For the quarter ended (Rupees in thousand)	For the nine months ended (Rupees in thousand)
Profit / (loss) after taxation	244,668	(3,848,709)	383,733	1,508,339
Other comprehensive income				
Effect of rescheduled / restructured classified advances	-	-	-	(94,085)
Effect of recognition of actuarial losses	-	27,897	-	-
Effect of translation of net investment in Wholesale Bank Branch	12,807	17,827	898	3,060
Total comprehensive income	<u>257,475</u>	<u>(3,802,985)</u>	<u>384,631</u>	<u>1,417,314</u>
Attributable to:				
Equity holders of the Bank	256,676	(3,804,877)	384,623	1,416,393
Non-controlling interest	799	1,892	8	921
	<u>257,475</u>	<u>(3,802,985)</u>	<u>384,631</u>	<u>1,417,314</u>

The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial information.

- sd -	- sd -	- sd -	- sd -
President & Chief Executive	Director	Director	Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2013

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit before taxation	(6,046,915)	2,166,675
Add: Dividend income	(425,960)	(944,666)
	<u>(6,472,875)</u>	<u>1,222,009</u>
Adjustments:		
Depreciation / amortization	604,295	663,314
Provision against non-performing advances - net	7,392,208	1,028,576
Impairment loss on available for sale investments	135,873	10,350
Provision for diminution in the value of investments - net	391,208	-
Reversal of provision against repurchase agreement lendings	(34,578)	-
Bad debts written off directly	-	1,043
Unrealised gain on revaluation of investments classified as held for trading - net	(5,783)	(3,019)
Other provisions / write offs	76,882	21,633
Net profit on sale of operating fixed assets	(42,072)	(688)
Finance charges on leased assets	-	149
Share of profit of associate	(21,850)	(22,696)
	<u>8,496,183</u>	<u>1,698,662</u>
	<u>2,023,308</u>	<u>2,920,671</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	3,674,970	(584,425)
Held for trading securities	50,837	(48,311)
Advances	(338,689)	238,678
Other assets (excluding advance taxation)	281,481	1,647,292
	<u>3,668,599</u>	<u>1,253,234</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,457,323	611,541
Borrowings	6,332,307	8,809,062
Deposits and other accounts	(3,257,597)	1,737,959
Other liabilities (excluding current taxation)	86,354	649,314
	<u>5,618,387</u>	<u>11,807,876</u>
	<u>11,310,294</u>	<u>15,981,781</u>
Income tax paid	(903,717)	(1,550,128)
Net cash inflow from operating activities	<u>10,406,577</u>	<u>14,431,653</u>
Cash flow from investing activities		
Net investments in available for sale securities	(17,433,347)	(12,475,362)
Net investments in held to maturity securities	533,549	385,397
Dividend income	339,278	844,034
Investments in operating fixed assets	(235,854)	(340,285)
Sale proceeds of operating fixed assets	52,975	6,797
Net cash outflow from investing activities	<u>(16,743,399)</u>	<u>(11,579,419)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(1,496,600)	(1,700)
Payments of lease obligations	(1,018)	(1,338)
Advance against issue of right shares	3,229,308	-
Dividends paid	(125)	(760)
Net cash inflow / (outflow) from financing activities	<u>1,731,565</u>	<u>(3,798)</u>
Effect of translation of net investment in Wholesale Bank Branch	17,827	3,060
(Decrease) / Increase in cash and cash equivalents	<u>(4,587,430)</u>	<u>2,851,496</u>
Cash and cash equivalents at beginning of the period	33,322,725	32,426,322
Cash and cash equivalents at end of the period	<u>28,735,295</u>	<u>35,277,818</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	24,558,620	24,564,276
Balances with other banks	4,176,675	10,691,542
Term deposits with MCB Bank	-	22,000
	<u>28,735,295</u>	<u>35,277,818</u>

The annexed notes 1 to 23 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, 2013

(Rupees in thousand)

	Share capital	Advance against issue of right shares	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves			Non-controlling interest	Total
							General reserve	Unappropriated profit / (loss)	Sub-Total		
Balance as at January 1, 2012 - as previously reported	7,070,184	-	75,296	234,669	3,648,445	94,085	4,083,300	1,380,018	16,585,997	28,377	16,614,374
Effect of retrospective change in accounting policy with respect to accounting for actuarial losses	-	-	-	-	-	-	-	(112,634)	(112,634)	-	(112,634)
Balance as at January 1, 2012 - represented	7,070,184	-	75,296	234,669	3,648,445	94,085	4,083,300	1,267,384	16,473,363	28,377	16,501,740
Transfer to General reserve	-	-	-	-	-	-	1,302,158	(1,302,158)	-	-	-
Distribution to owners	-	-	-	-	-	-	-	-	-	-	-
Bonus shares declared / issued subsequent to year ended December 31, 2011	1,040,527	-	-	-	-	-	(1,040,527)	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	-	-	-	1,507,418	1,507,418	913	1,508,331
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	-	-	1,507,418	1,507,418	913	1,508,331
Effect of rescheduled / restructured classified advances	-	-	-	-	-	(94,085)	-	-	(94,085)	-	(94,085)
Effect of translation of net investment in Wholesale Bank Branch	-	-	2,162	-	-	-	-	-	2,162	-	2,162
Transfer to Statutory reserve	-	-	2,162	-	-	(94,085)	-	1,507,418	1,415,495	913	1,416,408
Balance as at September 30, 2012 - represented	8,130,711	-	77,458	234,669	3,899,517	-	4,324,931	1,221,572	17,888,858	29,290	17,918,148
Total comprehensive income for the quarter ended December 31, 2012	-	-	-	-	-	-	-	(235,658)	(235,658)	151	(235,507)
Net loss for the quarter ended December 31, 2012	-	-	-	-	-	-	-	(235,658)	(235,658)	151	(235,507)
Effect of recognition of actuarial losses	-	-	-	-	-	-	-	12,653	12,653	-	12,653
Effect of translation of net investment in Wholesale Bank Branch	-	-	5,201	-	-	-	-	-	5,201	-	5,201
Transfer to Statutory reserve	-	-	5,201	-	-	-	-	(223,005)	(217,804)	151	(217,653)
Balance as at December 31, 2012 - represented	8,130,711	-	82,659	234,669	3,899,517	-	4,324,931	998,567	17,671,054	29,441	17,700,495
Transfer to General reserve	-	-	-	-	-	-	1,004,290	(1,004,290)	-	-	-
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	-	-	-	(3,850,601)	(3,850,601)	1,892	(3,848,709)
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 - note - 18	-	-	-	-	-	-	-	27,897	27,897	-	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	-	17,827	-	-	-	-	-	17,827	-	17,827
Transfer to Statutory reserve	-	-	17,827	-	-	-	-	(3,822,704)	(3,804,877)	1,892	(3,802,985)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Advance money received against issue of right shares	-	3,229,308	-	-	-	-	-	-	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	-	5,329,221	(3,828,427)	17,095,485	31,333	17,126,818

The annexed notes 1 to 23 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, 2013

1. STATUS AND NATURE OF BUSINESS

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

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Bank is situated at AWT Plaza, The Mall, Rawalpindi. The Bank obtained its business commencement certificate on February 26, 1992 and started operations from April 01, 1992. Fauji Fertilizer Company Limited (FFCL) holds 54.09% (December 31, 2012: 50.57% were held by AWT) of the Bank's share capital at the half year end. The Bank has 261 branches (December 31, 2012: 261 branches); 260 in Pakistan and Azad Jammu and Kashmir, including 32 (December 31, 2012: 32) Islamic Banking branches, 24 (December 31, 2012: 24) 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.

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 Islamabad. AIML obtained its certificate of commencement of business on September 22, 2005.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the Companies Ordinance, 1984 as a public limited company 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 ASL is situated at ISE Towers, 55-B, Jinnah Avenue, Islamabad. The remaining 26% shares are held by AWT. Non-controlling interest as disclosed in consolidated statement of financial position represents AWT's share in ASL.

The financial statements of AIML and ASL have been consolidated based on their un-audited financial statements for the nine months ended September 30, 2013.

- 1.2 The process of acquisition of the Bank's shareholding by Fauji Consortium; comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) was completed at the close of business on June 20, 2013. The collective shareholding of Fauji Consortium in the Bank was 71.91 percent as on September 30, 2013. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.09 percent shares of the Bank as on that date.
- 1.3 State Bank of Pakistan's (SBP) BSD Circular No. 7 dated April 15, 2009 sets out the minimum paid-up capital requirement (MCR) for banks to be raised to Rs. 10 billion in a phased manner by December 31, 2013. The required MCR (net of losses) as of September 30, 2013 was Rs. 9 billion. The paid-up capital of the Bank as of September 30, 2013 was Rs. 8.13 billion. The Board of Directors of the Bank in their meeting held on July 23, 2013 had announced enhancement of paid-up capital by issue of 55 percent right shares at par value of Rs. 10 per share. As mentioned in note 14, the Bank has raised Rs. 3.2 billion as subscription money against the right issue till September 30, 2013. The SBP vide its letter No. BPRD/BA&CP/641/15067/2013 dated October 8, 2013, has allowed the Bank to treat the said subscription money as a part of paid up capital for MCR purposes as of September 30, 2013.

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 certain 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.

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

For the quarter and nine months ended September 30, 2013

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, 2013 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 (IAS) 34, 'Interim Financial Reporting' 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, 2012.

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, instruments have been valued in accordance with the requirements of various circulars issued by SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of this condensed interim consolidated financial information are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2012, except for:

4.1 Grant

Grants are recognized as income over the periods to match with the related costs on a systematic basis.

4.2 Change in accounting policy - staff retirement benefits

Defined benefit plans

IAS 19 (as revised in June 2011) Employees Benefits became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and effects of retrospective application of this change in accounting policy has been disclosed in note 18.

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

For the quarter and nine months ended September 30, 2013

5. ACCOUNTING ESTIMATES

The basis and methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2012.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2012.

7 INVESTMENTS	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
As at September 30, 2013 - (Un-audited)	154,586,482	6,453,147	161,039,629
As at December 31, 2012 - (Audited)	145,354,253	-	145,354,253

7.1 Investments by type

	As at September 30, 2013 (un-audited)		
	Held by the Bank	Given as collateral	Total
Held for trading securities	158,024	-	158,024
Available for sale securities	152,275,657	6,453,147	158,728,804
Held to maturity securities	3,075,089	-	3,075,089
Investment in an associated company	154,331	-	154,331
	<u>155,663,101</u>	<u>6,453,147</u>	<u>162,116,248</u>
Provision for diminution in the value of investments - net	(900,200)	-	(900,200)
Unrealized gain on revaluation of investments classified as held for trading - net	5,783	-	5,783
Surplus on revaluation of available for sale securities - net	(182,202)	-	(182,202)
Investments - net of provision	<u>154,586,482</u>	<u>6,453,147</u>	<u>161,039,629</u>

7.2 Investments include Rs. 2,164,892 thousand (December 31, 2012: Rs. 2,014,475 thousand) which have been placed under non-performing status and the Group maintains provision of Rs. 994,521 thousand (December 31, 2012: Rs. 503,315 thousand) against non-performing investments.

7.3 During the year, the Group has availed Forced Sale Value (FSV) benefit of Rs. 107,532 thousand (September 30, 2012: Rs. 83,854 thousand) against non-performing investments. Had the FSV benefit not been recognized, before and after tax loss for the nine months ended would have been higher by Rs. 107,532 thousand (September 30, 2012: lower by Rs. 83,854) and higher by Rs. 69,896 thousand (September 30, 2012: lower by Rs. 54,505) respectively.

7.4 The Group has availed relaxation of Rs. 424,083 thousand (December 31, 2012: Rs. 809,460 thousand) and Rs. 169,679 thousand (December 31, 2012: Rs. 304,250 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, 2013

8 ADVANCES	Note	(Un-audited)	(Audited)
		September 30, 2013	December 31, 2012
		(Rupees in thousand)	
Loans, cash credits, running finances, etc.			
In Pakistan		137,967,354	137,296,028
Outside Pakistan		3,659,170	3,351,665
		141,626,524	140,647,693
Lease Financing - In Pakistan		4,118,167	4,827,289
Ijarah Financing - In Pakistan		163,008	307,336
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	828,907	380,311
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,262,240	9,967,185
Payable outside Pakistan		5,991,994	6,725,769
		16,254,234	16,692,954
Advances - gross		162,990,840	162,855,583
Provision for non-performing advances	8.2		
Specific provision		(25,845,242)	(18,796,160)
General provision		(121,864)	(127,698)
General provision against consumer loans		(185,740)	(203,890)
		(26,152,846)	(19,127,748)
Advances - net of provision		136,837,994	143,727,835

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 119,190 thousand (December 31, 2012: Rs. 104,905 thousand).

8.2 Particulars of provision against non-performing advances

	September 30, 2013 - (Un-audited)				December 31, 2012 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
	(Rupees in thousand)				(Rupees in thousand)			
Opening balance	18,796,160	127,698	203,890	19,127,748	16,291,514	132,130	245,046	16,668,690
Transfer from investments	-	-	-	-	22,500	-	-	22,500
Charge for the period / year	7,839,414	5,334	1,455	7,846,203	3,532,354	9,575	332	3,542,261
Reversal for the period / year	(423,222)	(11,168)	(19,605)	(453,995)	(1,050,208)	(14,007)	(41,488)	(1,105,703)
Net charge / (reversal) for the period / year	7,416,192	(5,834)	(18,150)	7,392,208	2,482,146	(4,432)	(41,156)	2,436,558
Amounts written off	(427)	-	-	(427)	-	-	-	-
Amounts charge off - ogri loans	(366,683)	-	-	(366,683)	-	-	-	-
Closing balance	25,845,242	121,864	185,740	26,152,846	18,796,160	127,698	203,890	19,127,748

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

For the quarter and nine months ended September 30, 2013

	September 30, 2013 (Un-audited)		September 30, 2012 (Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
8.2.1 Provision against non-performing advances				
Net charge for the period / year - note 8.3	808,508	7,392,208	301,040	1,122,661
Reversal of capital reserve	-	-	-	(94,085)
	<u>808,508</u>	<u>7,392,208</u>	<u>301,040</u>	<u>1,028,576</u>

8.3 This includes specific provision on subjective basis against certain loans and advances, further, during the period the Group has not availed FSV benefit on Agri Loans in its entirety and FSV benefit of Rs. 1,843 million on provisioning against other loans and advances. Furthermore, net reduction in FSV benefit during the period amounted to Rs. 774,310 thousand resulting in increased charge for specific provision for the period ended by the same amount. The FSV benefit is not available for cash or stock dividend.

8.4 The Group has availed the relaxation of Rs. 156,710 thousand (December 31, 2012: Rs. 262,880 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.

8.5 Advances include Rs. 32,830,348 thousand (December 31, 2012: Rs. 26,518,448 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2013 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	513,616	-	513,616	-	-
Substandard	708,872	-	708,872	100,597	100,597
Doubtful	3,041,621	-	3,041,621	1,381,806	1,381,806
Loss	28,566,239	-	28,566,239	24,362,837	24,362,837
	<u>32,830,348</u>	<u>-</u>	<u>32,830,348</u>	<u>25,845,240</u>	<u>25,845,240</u>
Category of Classification	December 31, 2012 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	127,181	-	127,181	-	-
Substandard	709,386	-	709,386	110,070	110,070
Doubtful	3,015,923	-	3,015,923	307,730	307,730
Loss	22,665,958	-	22,665,958	18,378,360	18,378,360
	<u>26,518,448</u>	<u>-</u>	<u>26,518,448</u>	<u>18,796,160</u>	<u>18,796,160</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.

9. OPERATING FIXED ASSETS	Note	(Un-audited)	(Audited)
		September 30, 2013	December 31, 2012
		(Rupees in thousand)	
Capital work-in-progress		71,495	43,524
Property and equipment	9.1	7,307,959	7,610,632
Intangibles	9.2	1,142,724	1,247,366
		8,450,683	8,857,998
		<u>8,522,178</u>	<u>8,901,522</u>

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
9.1 Property and equipment		
Book value at beginning of the period / year	7,610,632	8,115,106
Cost of additions during the period / year	206,706	262,146
Book value of deletions / transfers during the period / year	(10,730)	(11,150)
Depreciation charge for the period / year	(494,628)	(734,082)
Book value of adjustments during the period / year	(4,021)	(21,388)
Book value at end of the period / year	<u>7,307,959</u>	<u>7,610,632</u>
9.2 Intangibles		
Book value at beginning of the period / year	1,247,366	1,283,979
Cost of additions during the period / year	5,198	149,346
Book value of deletions during the period / year	(173)	-
Amortization charge for the period / year	(109,667)	(44,579)
Book value of adjustments	-	(141,380)
Book value at end of the period / year	<u>1,142,724</u>	<u>1,247,366</u>
10. BORROWINGS		
In Pakistan - local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	6,114,657	7,170,013
- Long term financing of export oriented projects	232,784	400,104
- Long term financing facility	159,433	195,076
- Refinance scheme for revival of agricultural activities in flood affected areas	1,455	2,745
- Refinance scheme for revival of SME activities in flood affected areas	-	7,500
	6,508,329	7,775,438
Repo borrowings from financial institutions		
Repo borrowings	6,449,983	-
Others	-	4,123
	12,958,312	7,779,561
Un-secured		
Call borrowings	-	500,000
Overdrawn balance with other banks	228,163	84,581
	228,163	584,581
Outside Pakistan - foreign currencies	13,186,475	8,364,142
- Overdrawn nostro accounts - unsecured	1,522,572	12,598
	<u>14,709,047</u>	<u>8,376,740</u>

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

For the quarter and nine months ended September 30, 2013

14 ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents amount received from the shareholders of the Bank as advance against rights issue till September 30, 2013.

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
15. SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of land	1,697,325	1,697,325
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(637,514)	781,542
ii) Listed shares	443,669	(34,407)
iii) Units of open end mutual funds	144,717	8,032
iv) Other securities	(133,074)	(273,230)
	(182,202)	481,937
Less: related deferred tax	63,771	(168,678)
	(118,431)	313,259
	<u>1,578,894</u>	<u>2,010,584</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

i) Government	-	-
ii) Others	7,042,040	5,373,983
	<u>7,042,040</u>	<u>5,373,983</u>

16.2 Transaction-related contingent liabilities

Money for which the Group is contingently liable:

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

662,956 233,955

Contingent liability in respect of guarantees given, favouring:

i) Government	68,244,100	79,212,961
ii) Banks and other financial institutions	1,083,571	808,020
iii) Others	8,026,735	13,813,083
	77,354,406	93,834,064
	<u>78,017,362</u>	<u>94,068,019</u>

These include guarantees amounting to Rs. 935,595 thousand (December 31, 2012: Rs. 901,381 thousand) against which the Group is contesting court proceedings and these are not likely to result in any liability against the Group.

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.3 Trade-related contingent liabilities	<u>77,392,105</u>	<u>44,442,449</u>

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.4 Other Contingencies		
16.4.1 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.	782,567	615,071
16.4.2 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.		
16.5 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 and 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 Commissioner Inland Revenue (Appeals) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the Appellate Tribunal Inland Revenue 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, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	1,979,777	5,823,130
Sale and repurchase agreements	6,451,660	-
16.7 Commitments in respect of forward exchange contracts		
Purchase	61,940,600	13,497,314
Sale	47,182,318	8,926,334
16.8 Commitments for acquisition of operating fixed assets	155,260	140,070
16.9 Commitments in respect of forward sale of listed equity shares		
Sale	55,258	157,880
16.10 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 Rs. 8,291,896 thousand (December 31, 2012: Rs. 6,480,778 thousand).		

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

For the quarter and nine months ended September 30, 2013

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in thousand)	
16.11 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>
16.12 Bills for collection		
Payable in Pakistan	2,384,559	1,162,798
Payable outside Pakistan	<u>11,966,648</u>	<u>11,126,400</u>
	<u>14,351,207</u>	<u>12,289,198</u>

	September 30, 2013 (Un-audited)		September 30, 2012 (Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
17. GAIN ON SALE OF SECURITIES				
Gain on sale of government securities	31,142	320,836	85,636	132,227
	34,957	319,125	16,787	51,624
	<u>66,099</u>	<u>639,961</u>	<u>102,423</u>	<u>183,851</u>

18. EFFECTS OF CHANGE IN ACCOUNTING POLICY - STAFF RETIREMENT BENEFITS

The change in accounting policy as disclosed in note 4.2 has been accounted for retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in adjustment of prior year financial statements.

Effects of retrospective application of change in accounting policy are as follows:

	As at December 31, 2012		
	As previously reported	Effect of Restatement	As Restated
	(Rupees in thousand)		
18.1 Effect on balance Sheet			
Increase in defined benefit obligation	9,475	134,705	144,180
Decrease in deferred tax liability - net	<u>83,139</u>	<u>(47,147)</u>	<u>35,992</u>
Decrease in advance taxation	<u>3,693,655</u>	<u>(28,745)</u>	<u>3,664,910</u>
Net increase in unappropriated profit	<u>1,114,869</u>	<u>(116,302)</u>	<u>998,567</u>
	Nine months ended September 30, 2013	For the year ended December 31, 2012	Prior to January 1, 2012
18.2 Effect on profit and loss account			
Net increase in profit after tax	-	11,280	75,570
Net increase in tax expenses	-	(3,948)	(26,450)
	<u>-</u>	<u>7,332</u>	<u>49,120</u>
18.3 Effect on other comprehensive income			
Amortization of actuarial gain reclassified to other comprehensive income	-	11,280	75,570
Net expense recognized in other comprehensive income	<u>(27,897)</u>	<u>1,373</u>	<u>86,185</u>
	<u>(27,897)</u>	<u>12,653</u>	<u>161,755</u>
		December 31, 2012	December 31, 2011
The effect on earnings per share related to the restatement is as following:			
Basic and diluted earnings per share - Rupee		<u>0.01</u>	<u>0.01</u>

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

For the quarter and nine months ended September 30, 2013

18.4 Staff retirement benefits

Changes in defined benefit obligation, fair value of plan assets are as follows:

(Rupees in thousand)	January 1, 2012	Current service cost	Interest cost	Expected return on plan assets	Benefits paid	Actuarial losses recognized in other comprehensive income	Contribution by the employer	December 31, 2012
Defined benefit obligation	1,001,255	164,341	125,060	-	(86,204)	15,101	-	1,219,553
Fair value of plan assets	(866,311)	-	-	(110,149)	86,204	(1,413)	(183,704)	(1,075,373)
Defined benefit liability	<u>134,944</u>	<u>164,341</u>	<u>125,060</u>	<u>(110,149)</u>	<u>-</u>	<u>13,688</u>	<u>(183,704)</u>	<u>144,180</u>

There is no change in the actuarial assumptions which has been disclosed in note 35.8 to the financial statements for the year ended December 31, 2012.

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated loans	Total
Rupees in thousand										
For the nine months ended September 30, 2013 - (Un-audited)										
Total income	90,121	(197,962)	1,134,317	22,317,145	54,019	13,163	100,038	29,164	-	23,540,005
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	(6,166,698)	37,378	9,108	(27,833)	7,276	(502,025)	(6,046,915)
For the nine months ended September 30, 2012 - (Un-audited)										
Total income	92,984	338,854	1,389,674	25,982,982	41,006	12,382	138,688	22,836	-	28,019,406
Total expenses	23,031	83,930	357,947	24,496,569	9,977	3,067	129,430	18,342	730,438	25,852,731
Net income / (loss)	69,953	254,924	1,031,727	1,486,413	31,029	9,315	9,258	4,494	(730,438)	2,166,675
As at September 30, 2013 - (Un-audited)										
Segment Assets (Gross)	93,390	215,156	16,646,462	366,144,387	55,978	13,640	267,060	203,052	-	383,639,125
Segment Non Performing Loans	-	-	2,858,341	29,972,007	-	-	-	-	-	32,830,348
Segment Provision Required	-	-	2,518,032	24,835,983	-	-	-	66,215	-	27,420,230
Segment Liabilities	1,474	3,396	20,760,080	310,939,408	884	215	35,770	46,321	5,725,635	337,513,183
Segment return on net assets (%)	0.05	(0.11)	0.64	12.58	0.03	0.01	0.06	0.02	-	-
Segment cost of funds (%)	0.02	0.04	0.20	16.98	0.01	0.00	0.08	0.01	0.30	-
As at December 31, 2012 - (Audited)										
Segment Assets (Gross)	67,659	177,881	14,661,421	357,923,728	28,009	8,055	101,185	193,229	-	373,161,167
Segment Non Performing Loans	-	-	2,873,636	23,644,812	-	-	-	-	-	26,518,448
Segment Provision Required	-	-	2,523,806	17,388,618	-	-	-	66,215	-	19,978,639
Segment Liabilities	984	2,574	18,853,154	307,421,947	405	117	15,904	33,605	7,142,759	333,471,449
Segment return on net assets (%)	0.04	0.10	0.52	9.80	0.02	-	0.05	0.01	-	-
Segment cost of funds (%)	0.01	0.03	0.14	10.08	-	-	0.05	0.01	0.29	-

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

For the quarter and nine months ended September 30, 2013

20. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited ("the Parent") holds 71.91% (December 31, 2012: AWT held 50.57%) of the Bank'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 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, 2013, are as follows:

	September 30, 2013 (Un-audited)					December 31, 2012 (Audited) - note - 20.2						
	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employees' Funds	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employees' Funds
(Rupees in thousand)												
Balances outstanding as at												
- Advances	85,574	62,179	749	-	2,721,248	-	-	111,092	6,011	145	-	-
- Deposits	504,942	30,910	104,871	385,610	5,270,965	606,501	17,775,898	28,306	39,306	349,635	405,377	52,611
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	626,866	-	-	-	1,262,759	-	-	-	-	233,955	-	-
- Investment in shares / units - at cost	-	-	-	1,714,495	154,331	-	-	-	-	1,770,695	353,492	-
- Security deposits against lease	-	-	-	-	-	-	-	-	-	132	-	-
- Investment in TFCs issued by the Bank	-	-	-	-	2,393	-	-	-	-	-	3,659	-
- Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	5,489	-	-	-	-	-	2,602	-	-
- Management fee and commission receivable from Askari High Yield Scheme (AHYS)	-	-	-	2,988	-	-	-	-	-	2,405	-	-
- Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	501	-	-	-	-	-	150	-	-
- Management fee and commission receivable from Askari Asset Allocation Fund (AAAF)	-	-	-	458	-	-	-	-	-	461	-	-
- Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	464	-	-	-	-	-	-	-	-
- Management fee and commission receivable from Askari Islamic Income Fund (AIIF)	-	-	-	498	-	-	-	-	-	1,046	-	-
- Management fee and commission receivable from Askari Islamic Asset Allocation Fund (AIAAF)	-	-	-	330	-	-	-	-	-	392	-	-
- Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	380	-	-	-	-	-	88	-	-
- Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	3,943	-	-	-	-	-	4,655	-	-
- Management fee and commission receivable from Askari Sovereign Cash Fund (ASCF)	-	-	-	5,201	-	-	-	-	-	1,002	-	-
- Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	256	-	-	-	-	-	-	-	-
- Management fee and commission receivable from Askari Equity Fund (AEF)	-	-	-	1,404	-	-	-	-	-	347	-	-
- Management fee and commission receivable from Askari Sovereign Yield Enhancer (ASYE)	-	-	-	1,498	-	-	-	-	-	1,883	-	-
- Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer (ASYE)	-	-	-	360	-	-	-	-	-	1,349	-	-
- Pre-paid insurance premium by AIML	-	-	-	-	569	-	-	-	-	-	-	-
- Payable to employee funds	-	-	-	-	-	7,947	-	-	-	-	-	9,475
Transactions during the nine months ended												
- Mark-up / interest earned	2,740	3,726	56	-	96,833	-	-	4,442	910	13	-	-
- Net mark-up / interest expensed	916,233	604	2,490	17,330	43,320	12,682	1,767,633	1,241	6,513	16,989	2,572	10,216
- Contributions to employees' funds	-	-	-	-	-	294,860	-	-	-	-	-	277,573
- Investment in shares / units - at cost	-	-	-	-	-	-	-	-	-	107,985	-	-
- Rent of property / service charges paid	7,362	-	-	34,350	-	-	39,149	-	-	56,271	-	-
- Rent of property / service charges received	19,510	-	-	4,335	5,952	-	19,398	-	-	4,772	4,944	-
- Dividend income received	-	-	-	112,943	-	-	-	-	-	730,950	-	-
- Remuneration paid	-	121,186	-	-	-	-	-	178,258	-	-	-	-
- Post employment benefits	-	9,001	-	-	-	-	-	13,798	-	-	-	-
- Insurance premium paid	-	-	-	-	81,399	-	-	-	-	-	24,885	-
- Insurance claims received	-	-	-	-	104	-	-	-	-	-	35	-
- Security services costs	-	-	-	104,727	-	-	-	-	-	148,622	-	-
- Fee, commission and brokerage income	-	-	-	1,363	1,578	-	-	-	181	-	160	-
- Fee, commission and brokerage paid	-	-	-	-	-	-	-	-	-	-	656	-
- Payment received by AIML from ASCF against reimbursable expenses	-	-	-	-	-	-	-	-	-	2,518	-	-
- Remuneration received by AIML from AAAF, AHYS, AIAAF, AIIF, ASCF and AEF	-	-	-	91,644	-	-	-	-	-	133,988	-	-
- Fees paid	-	-	4,000	-	26	-	-	-	3,400	-	-	-

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

For the quarter and nine months ended September 30, 2013

20.1 These include transactions with those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT) upto June 20, 2013. Further related parties transactions of Fauji Consortium are included from June 21, 2013 onward.

20.2 Comparative figures of December 31, 2012 and June 30, 2012 are of those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT).

21. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 21, 2013 proposed appropriation of the Bank's loss after tax for the nine months ended September 30, 2013 amounting to Rs, 3,950,001 thousand to General Reserve. The effect of this appropriation will be accounted for during the quarter ending December 31, 2013.

22. CORRESPONDING FIGURES

Previous period's figures have been rearranged and reclassified where necessary for the purpose of comparison.

23. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on October 21, 2013.

- sd -

President & Chief Executive

- sd -

Director

- sd -

Director

- sd -

Chairman

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