



Report for the quarter ended March 31, 2014

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Corporate Information

Board of Directors

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

Lt. Gen. Naeem Khalid Lodhi, HI (M) (Retd)

Lt. Gen. Muhammad Haroon Aslam, HI (M), S Bt (Retd)

Mr. Qaiser Javed

Dr. Nadeem Inayat

Mr. Manzoor Ahmed – NIT Nominee

Mr. Asif Reza Sana

M : Zaffar Ahmad Khan

Mr. Tariq Hafeez Malik

Mr. Muhammad Arif Habib

Syed M. Husaini - President & Chief Executive

(Subject to the Fit & Proper Clearance of first 10 directors)

Board Audit & Compliance 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

Registrar / 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

The Directors present the condensed interim financial statements for the first quarter ended March 31, 2014. The financial results are summarized as under:

	Rupees in thousand
Profit before provisions and taxation	1,335,110
Reversal of provisions against loans and advances - net	116,157
Profit before tax	1,451,267
Taxation	(430,597)
Profit after tax	1,020,670
Basic earnings per share – Rupee	0.81

During the quarter under review, your Bank posted profit after tax of Rs.1,021 million compared to Rs. 276 million for the corresponding quarter last year. The operating profit (i.e. profit before provisions / impairment and taxation) increased by 66% while profit before taxation increased by 242% compared to the first quarter of last year. Net interest income increased by 16% over the corresponding quarter and reflects effective asset liability management and growth of business. Notably, this increase was achieved despite absorbing the adverse impact of increase in minimum rate on deposits. Major contribution to current quarter's revenue is attributable to non-fund income where the Bank was able to realize gains due to positive developments in both foreign exchange and equity market. The administrative expenses increased by 24% mainly due to inflationary upsurge and addition of twenty new branches.

At current quarter end, customer deposits stood at Rs. 307 billion, showing a decline of 8% since year end 2013. The decline reflects management's focus on improving deposit concentration by mobilizing core and sustainable deposits thereby rationalizing Bank's aggregate deposits base. Gross advances as at March 31, 2014 reached Rs. 198 billion, registering an increase of 3% during the quarter. Consequently, the advances deposits ratio improved to 64% from 57% at December 31, 2013. Non-performing loans and advances (NPL) declined by 3% during the current quarter due to aggressive recovery efforts initiated by the Bank. The impact of recovery efforts is also visible through a net reversal of provisions during the current quarter, despite the impact of additional provisions required against the expired benefit of forced sale values. At quarter end, the aggregate provision coverage ratio against NPLs improved to 88% from 86% at year end 2013 while NPLs as a percentage of gross advances ratio improved to 16.3% from 17.2% during the quarter.

At March 31, 2014, your Bank had a network of 281 branches, comprising of 253 branches, 27 sub branches and a wholesale bank branch in Bahrain. Continuing with our network expansion policy, the Bank intends to open more branches and sub branches during 2014.

Askari Bank is now positioned to cultivate growth and business opportunities yielding diversified revenues on the back of expanding branch footprint, innovative products and customized solutions, improving sales efficiencies and service quality and strengthening our operating and controls platform, whilst pursuing stringent expense management discipline. Through this holistic approach, we hope to be able to meet our Shareholders' expectations while contributing to the country's economic growth, amidst the difficult external environment.

We would like to express our sincere appreciation and gratitude to all our Customers for their continued support and confidence, the State Bank of Pakistan for their guidance and to the employees for their continued dedication and hard work.

For and on behalf of the Board

-sd-

Syed M. Husaini
President & Chief Executive

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

Rawalpindi
April 17, 2014

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2014

		(Un-audited) March 31, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		27,298,422	26,104,822
Balances with other banks		8,427,986	9,057,747
Lendings to financial institutions		1,294,101	2,503,207
Investments	7	154,093,900	165,863,237
Advances	8	169,832,191	163,556,632
Operating fixed assets	9	8,546,182	8,567,401
Deferred tax assets - net	10	2,470,482	2,977,285
Other assets		17,249,201	16,197,164
		389,212,465	394,827,495
Liabilities			
Bills payable		5,067,551	5,687,542
Borrowings	11	42,786,074	24,545,879
Deposits and other accounts	12	307,368,058	335,241,027
Sub-ordinated loans		3,994,400	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,059,566	6,629,759
		369,275,649	376,098,607
Net Assets		<u>19,936,816</u>	<u>18,728,888</u>
Represented By:			
Share capital		12,602,602	12,602,602
Reserves	13	4,220,979	5,613,061
Unappropriated profit / (loss)		816,536	(1,582,626)
		17,640,117	16,633,037
Surplus on revaluation of assets - net of tax	14	2,296,699	2,095,851
		<u>19,936,816</u>	<u>18,728,888</u>
Contingencies and Commitments	15		

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

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President & Chief Executive

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Director

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Director

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Chairman

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)
For the Quarter Ended March 31, 2014

		Quarter ended March 31, 2014	Quarter ended March 31, 2013
	Note	(Rupees in thousand)	
Mark-up / return / interest earned		7,555,344	7,286,022
Mark-up / return / interest expensed		5,017,264	5,099,548
Net mark-up / interest income		2,538,080	2,186,474
(Reversal of provision) / provision against			
non-performing loans and advances - net	8.2	(233,707)	214,398
Impairment loss on available for sale investments		35,153	50,708
Provision for diminution in the value of investments - net		82,397	116,521
Bad debts written off directly		-	-
		(116,157)	381,627
Net mark-up / interest income after provisions		2,654,237	1,804,847
Non mark-up / interest income			
Fee, commission and brokerage income		354,811	263,244
Dividend income		48,768	76,725
Income from dealing in foreign currencies		298,970	148,265
Gain on sale of securities - net	16	679,955	244,256
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		-	-
Other income		139,445	85,644
		1,521,949	818,134
Total non mark-up / interest income		4,176,186	2,622,981
Non mark-up / interest expenses			
Administrative expenses		2,724,916	2,198,636
Other provisions / write offs		-	-
Other charges		3	24
Total non mark-up / interest expenses		2,724,919	2,198,660
		1,451,267	424,321
Extra ordinary / unusual items		-	-
Profit before taxation		1,451,267	424,321
Taxation - current		31,942	165,316
- prior years'		-	-
- deferred		398,655	(16,998)
		430,597	148,318
Profit after taxation		1,020,670	276,003
Basic earnings per share - Rupee		0.81	0.22

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

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President & Chief Executive

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Director

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Director

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Chairman

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)
For the Quarter Ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
	(Rupees in thousand)	
Profit after taxation	1,020,670	276,003
Other comprehensive income		
Effect of translation of net investment in Wholesale Bank Branch	(13,590)	2,581
Total comprehensive income	<u>1,007,080</u>	<u>278,584</u>

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

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President & Chief Executive

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Director

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Director

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Chairman

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)
For the Quarter Ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,451,267	424,321
Less: dividend income	(48,768)	(76,725)
	1,402,499	347,596
Adjustments:		
Depreciation/amortization	183,596	196,782
(Reversal of provision) / provision against non-performing advances - net	(233,707)	214,398
Impairment loss on available for sale investments	35,153	50,708
Provision for diminution in the value of investments - net	82,397	116,521
Net profit on sale of operating fixed assets	(13,161)	(57)
	54,278	578,352
	1,456,777	925,948
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,209,106	(2,103,474)
Held for trading securities	-	113,980
Advances	(6,229,363)	(4,592,658)
Other assets (excluding advance taxation)	(739,539)	1,045,254
	(5,759,796)	(5,536,898)
Increase/(decrease) / in operating liabilities		
Bills payable	(619,991)	(315,404)
Borrowings	18,240,195	23,972,601
Deposits and other accounts	(27,872,969)	(10,952,924)
Other liabilities (excluding current taxation)	3,430,353	(656,869)
	(6,822,412)	12,047,404
Cash flow before tax	(11,125,431)	7,436,454
Income tax paid	(142,172)	(19,259)
Net cash (outflow) / inflow from operating activities	(11,267,603)	7,417,195
Cash flow from investing activities		
Net investments in available for sale securities	11,869,490	(11,927,660)
Net investments in held to maturity securities	91,293	32,059
Net investments in subsidiary	-	(100,000)
Dividend income	34,862	21,016
Investments in operating fixed assets - net of adjustment	(165,918)	(65,324)
Sale proceeds of operating fixed assets - disposed off	15,851	2,248
Net cash inflow / (outflow) from investing activities	11,845,578	(12,037,661)
Cash flow from financing activities		
Payments of sub-ordinated loans	-	(1,495,500)
Dividends paid	(546)	(23)
Net cash outflow from financing activities	(546)	(1,495,523)
Effect of translation of net investment in Wholesale Bank Branch	(13,590)	2,581
Increase / (decrease) in cash and cash equivalents	563,839	(6,113,408)
Cash and cash equivalents at beginning of the period	35,162,569	33,298,966
Cash and cash equivalents at end of the period	35,726,408	27,185,558
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	27,298,422	22,101,959
Balances with other banks	8,427,986	5,083,599
	35,726,408	27,185,558

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

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President & Chief Executive

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Director

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Director

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Chairman

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-Audited)
For the Quarter Ended March 31, 2014

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Unappropriated profit	
Balance as at January 01, 2013	8,130,711	82,659	234,669	3,899,517	4,325,576	886,336	17,559,468
Transfer to General reserve:	-	-	-	-	1,004,291	(1,004,291)	-
Total comprehensive income for the quarter ended March 31, 2013							
Net profit for the quarter ended March 31, 2013	-	-	-	-	-	276,003	276,003
Effect of translation of net investment in Wholesale Bank Branch	-	2,581	-	-	-	-	2,581
	-	2,581	-	-	-	276,003	278,584
Transfer to Statutory reserve	-	-	-	55,201	-	(55,201)	-
Balance as at March 31, 2013	8,130,711	85,240	234,669	3,954,718	5,329,867	102,847	17,838,052
Total comprehensive income for the nine months ended December 31, 2013							
Net loss for the nine months ended December 31, 2013	-	-	-	-	-	(5,755,898)	(5,755,898)
Effect of actuarial gain	-	-	-	-	-	65,223	65,223
Effect of translation of net investment in Wholesale Bank Branch	-	13,769	-	-	-	-	13,769
	-	13,769	-	-	-	(5,690,675)	(5,676,906)
Transfer to:							
Statutory reserves	-	-	-	(55,201)	-	55,201	-
General reserves	-	-	-	-	(3,950,001)	3,950,001	-
	8,130,711	99,009	234,669	3,899,517	1,379,866	(1,582,626)	12,161,146
Transaction with owners, recorded directly in equity							
Issue of shares against right issue	4,471,891	-	-	-	-	-	4,471,891
Balance as at December 31, 2013	12,602,602	99,009	234,669	3,899,517	1,379,866	(1,582,626)	16,633,037
Transfer to General reserve	-	-	-	-	(1,582,626)	1,582,626	-
Total comprehensive income for the quarter ended March 31, 2014							
Net profit for the quarter ended March 31, 2014	-	-	-	-	-	1,020,670	1,020,670
Effect of translation of net investment in Wholesale Bank Branch	-	(13,590)	-	-	-	-	(13,590)
	-	(13,590)	-	-	-	1,020,670	1,007,080
Transfer to Statutory reserve	-	-	-	204,134	-	(204,134)	-
Balance as at March 31, 2014	12,602,602	85,419	234,669	4,103,651	(202,760)	816,536	17,640,117

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

-sd-
President & Chief Executive

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Director

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Director

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Chairman

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited) For the Quarter Ended March 31, 2014

1. STATUS AND NATURE OF BUSINESS

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

The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on March 31, 2014. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.09 percent shares of the Bank as on that date. The Bank has 281 branches (December 31, 2013: 281 branches); 280 in Pakistan and Azad Jammu and Kashmir, including 40 (December 31, 2013: 40) Islamic Banking branches, 27 (December 31, 2013: 27) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

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

2. BASIS OF MEASUREMENT

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

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

3. STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Bank for the quarter ended March 31, 2014 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies 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 format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim unconsolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2013.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2013.

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

5. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2013.

6. FINANCIAL RISK MANAGEMENT

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

7. INVESTMENTS

	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
As at March 31, 2014 – (Un-audited)	118,139,363	35,954,537	154,093,900
As at December 31, 2013 – (Audited)	150,677,375	15,185,862	165,863,237

7.1 Investments by type

	As at March 31, 2014 (Un-audited)		
	Held by the Bank	Given as collateral	Total
	(Rupees in thousand)		
Available for sale securities	117,370,103	35,683,411	153,053,514
Held to maturity securities	1,442,383	-	1,442,383
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	449,789	-	449,789
	119,315,978	35,683,411	154,999,389
Provision for diminution in value of investments	(1,612,824)	-	(1,612,824)
Surplus on revaluation of available for sale securities – net	436,209	271,126	707,335
Investments – net of provision	118,139,363	35,954,537	154,093,900

7.2 Investments include Rs. 2,139,545 thousand (December 31, 2013: Rs. 2,160,358 thousand) which have been placed under non-performing status.

7.3 The Bank has availed the relaxation of Rs. 399,741 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 136,554 thousand (December 31, 2012: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

		(Un-audited) March 31, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		166,445,330	165,349,378
Outside Pakistan		5,862,517	3,633,699
		172,307,847	168,983,077
Lease Financing – In Pakistan		3,566,391	3,832,019
Ijarah Financing – In Pakistan		119,421	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,157,959	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		11,327,978	10,882,706
Payable outside Pakistan		9,728,640	7,309,627
		21,056,618	18,192,333
Advances – gross		198,208,236	192,170,873
Provision for non-performing advances	8.2		
Specific provision		(28,040,933)	(28,279,285)
General provision		(158,069)	(150,970)
General provision against consumer loans		(177,043)	(183,986)
		(28,376,045)	(28,614,241)
Advances – net of provision		169,832,191	163,556,632

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 178,518 thousand (December 31, 2013: Rs. 143,199 thousand)

8.2 Particulars of provision against non-performing advances

	March 31, 2014 (Un-audited)				December 31, 2013 – (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	506,913	7,232	1,570	515,715	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(740,776)	(133)	(8,513)	(749,422)	(756,604)	(11,168)	(22,832)	(790,604)
Net charge / (reversal) for the period / year	(233,863)	7,099	(6,943)	(233,707)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(4,489)	-	-	(4,489)	(427)	-	-	(427)
Amounts charged off – agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	28,040,933	158,069	177,043	28,376,045	28,279,285	150,970	183,986	28,614,241

8.3 The SBP vide BSD Circular No. 1 of 2011 dated October 21, 2011 allows benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit is not available for cash or stock dividend. The net FSV benefit has been reduced by Rs. 311,215 thousand, which has resulted in increased charge for specific provision for the period ended by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period ended would have been higher by Rs. 311,215 thousand (March 31, 2013: Rs. 162,641 thousand) and Rs. 202,290 thousand (March 31, 2013: Rs. 105,717 thousand) respectively.

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

- 8.4** The Bank has availed the relaxation of Rs. 169,397 thousand (December 31, 2012: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.
- 8.5** Advances include Rs. 32,260,986 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2014 (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	291,884	-	291,884	-	-
Substandard	553,665	-	553,665	97,718	97,718
Doubtful	757,082	-	757,082	208,133	208,133
Loss	30,658,355	-	30,658,355	27,735,082	27,735,082
	32,260,986	-	32,260,986	28,040,933	28,040,933

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

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

	Note	(Un-audited)	(Audited)
		March 31,	December 31,
		2014	2013
		(Rupees in thousand)	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		72,031	35,444
Property and equipment	9.1	7,329,300	7,358,237
Intangibles	9.2	1,144,851	1,173,720
		8,474,151	8,531,957
		<u>8,546,182</u>	<u>8,567,401</u>
9.1 Property and equipment			
Book value at beginning of the period / year		7,358,237	7,568,768
Cost of additions / revaluation during the period / year		119,485	27,693
Book value of deletions / transfers during the period / year		(2,690)	(9,396)
Depreciation charge for the period / year		(144,881)	(625,172)
Book value of adjustments during the period		(851)	(3,656)
Book value at end of the period / year		<u>7,329,300</u>	<u>7,358,237</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
9.2 Intangibles		
Book value at beginning of the period / year	1,173,720	1,228,799
Cost of additions during the period / year	9,846	91,369
Amorization charge for the period / year	(38,715)	(146,448)
Book value at end of the period / year	<u>1,144,851</u>	<u>1,173,720</u>
10. DEFERRED TAX ASSETS - NET		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation and amortization	(544,797)	(518,980)
Unused tax losses	402,045	120,200
Provision against non-performing advances		
- excess of 1% of total advances	2,777,494	3,432,177
- classified in sub-standard category	71,278	71,278
	<u>2,706,020</u>	<u>3,104,675</u>
Surplus on revaluation of available for sale securities	(247,567)	(139,419)
Actuarial losses	12,029	12,029
	<u>2,470,482</u>	<u>2,977,285</u>
11. BORROWINGS		
In Pakistan local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,532,603	8,617,564
- Long term financing of export oriented projects	146,009	176,991
- Long term financing facility	141,989	149,538
- Refinance scheme for revival of agricultural activities in flood affected areas	1,205	1,205
- Refinance scheme for revival of SME activities in flood affected areas	7,500	7,500
	<u>5,829,306</u>	<u>8,952,798</u>
Repo borrowings from financial institutions	35,636,354	15,174,630
Unsecured - in Pakistan local currency		
Overdrawn balance with other banks	406,412	393,825
Outside Pakistan - foreign currencies		
Overdrawn nostro accounts - unsecured	914,002	24,626
	<u>42,786,074</u>	<u>24,545,879</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	60,971,280	82,583,524
Savings deposits	169,261,757	171,936,741
Current accounts – remunerative	481,123	402,137
Current accounts – non-remunerative	73,612,332	70,616,433
Special exporters' account	6,099	79,243
Margin accounts	2,121,999	1,667,411
Others	413,123	449,356
Financial institutions		
Remunerative deposits	360,472	7,174,571
Non-Remunerative deposits	139,873	331,611
	<u>307,368,058</u>	<u>335,241,027</u>

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)					
13. RESERVES						
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,221	5,612,416	8,541,776
Effect of translation of net investment in Wholesale Bank Branch	(13,590)	-	-	-	(13,590)	16,350
Transfer from un-appropriated profit	-	-	204,134	(1,582,626)	(1,378,492)	(2,945,710)
Balance at end of period / year	<u>85,419</u>	<u>234,669</u>	<u>4,103,651</u>	<u>(203,405)</u>	<u>4,220,334</u>	<u>5,612,416</u>

13.1 As at March 31, 2014, the Bank has availed net of tax benefit of Forced Sale Value (FSV) of Rs. 1,643,341 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,836,931	1,836,931
Surplus / (deficit) on revaluation of available for sale investments		
i) Federal Government securities	62,400	(474,583)
ii) Listed shares	471,750	631,670
iii) Units of open end mutual funds	179,530	174,631
iv) Other securities	(6,345)	66,621
	707,335	398,339
Less: related deferred tax	(247,567)	(139,419)
	459,768	258,920
	<u>2,296,699</u>	<u>2,095,851</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

i) Government	-	-
ii) Others	11,971,698	8,024,235
	<u>11,971,698</u>	<u>8,024,235</u>

15.2 Transaction-related contingent liabilities

Money for which the Bank is contingently liable:

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

990,886 992,331

Contingent liability in respect of guarantees given, favouring:

i) Government	69,506,501	67,564,698
ii) Banks and other financial institutions	1,469,241	3,232,089
iii) Others	6,866,965	6,823,472
	77,842,707	77,620,259
	<u>78,833,593</u>	<u>78,612,590</u>

These include guarantees amounting to Rs. 957,595 thousand (December 31, 2013: Rs. 993,595 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.3 Transaction-related contingent liabilities	<u>64,315,831</u>	<u>79,193,455</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.4 Other Contingencies		
15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	689,014	809,026
15.4.2 The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million.		
15.5 Tax contingencies		
For the Tax Years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour.		
	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions	976,075	994,312
Purchase and resale agreements	35,692,201	15,211,984
Sale and repurchase agreements		
15.7 Commitments in respect of forward exchange contracts		
Purchase	52,980,396	58,454,369
Sale	41,632,430	49,320,257
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	212,532	145,174
15.9 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for		
	8,999,653	9,756,031
15.10 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.		
	300,000	300,000

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.11 Bills for collection		
Payable in Pakistan	3,052,932	3,364,728
Payable outside Pakistan	14,102,449	14,814,641
	<u>17,155,381</u>	<u>18,179,369</u>
	(Un-audited) March 31, 2014	(Un-audited) March 31, 2013
	(Rupees in thousand)	
16. GAIN ON SALE OF SECURITIES - NET		
Gain on sale of government securities	24,531	141,363
Gain on sale of other investments	655,424	102,893
	<u>679,955</u>	<u>244,256</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
	Rupees in thousand									
	For the quarter ended March 31, 2014 - (Un-audited)									
Total income	65,360	226,181	308,427	8,458,659	13,284	5,382	-	-	-	9,077,293
Total expenses	19,620	67,898	59,818	7,351,453	3,988	1,615	-	-	121,634	7,626,026
Net income / (loss)	45,740	158,283	248,609	1,107,206	9,296	3,767	-	-	(121,634)	1,451,267
	For the quarter ended March 31, 2013 - (Un-audited)									
Total income	25,459	87,240	373,649	7,597,915	14,824	5,069	-	-	-	8,104,156
Total expenses	6,907	23,668	99,996	7,368,750	4,022	1,375	-	-	175,117	7,679,835
Net income / (loss)	18,552	63,572	273,653	229,165	10,802	3,694	-	-	(175,117)	424,321
	As at March 31, 2014 - (Un-audited)									
Segment Assets (Gross)	135,229	467,969	11,484,225	407,223,896	27,485	11,134	-	-	-	419,349,938
Segment Non Performing Loans	-	-	2,616,004	29,644,982	-	-	-	-	-	32,260,986
Segment Provision Required	-	-	2,424,692	27,927,905	-	-	-	-	-	30,352,597
Segment Liabilities	2,713	9,390	23,871,766	341,224,584	551	223	-	-	4,166,422	369,275,649
Segment return on net assets (%)	0.07	0.23	0.31	8.63	0.01	0.01	-	-	-	-
Segment cost of funds (%)	0.02	0.07	0.06	7.50	0.00	-	-	-	0.12	-
	As at December 31, 2013 - (Audited)									
Segment Assets (Gross)	70,214	152,699	11,994,130	413,056,442	38,548	9,736	-	-	-	425,321,769
Segment Non Performing Loans	-	-	2,679,642	30,440,187	-	-	-	-	-	33,119,829
Segment Provision Required	-	-	2,439,282	28,054,992	-	-	-	-	-	30,494,274
Segment Liabilities	1,067	2,321	24,336,897	347,709,946	586	148	-	-	4,047,642	376,098,607
Segment return on net assets (%)	0.03	(0.07)	0.39	8.06	0.02	0.00	-	-	-	-
Segment cost of funds (%)	0.01	0.02	0.10	10.47	0.00	0.00	-	-	0.17	-

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

18. RELATED PARTY TRANSACTIONS

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

	March 31, 2014 - (Unaudited)					December 31, 2013 - (Audited)				
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Employee Funds	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%
Balances outstanding as at										
- Advances	78,921	98,039	401	-	2,657,583	-	79,506	95,926	128	-
- Deposits	814,520	43,215	101,901	504,719	3,837,945	179,116	5,180,555	40,472	123,537	2,857,945
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	639,949	-	-	1,250,583	-	-	640,987	-	-	7,257,651
- Investments in shares / units - at cost	-	-	-	1,738,315	503,492	-	-	-	-	598,369
										7,257,651
										309,571
										985,168
										503,492
	March 31, 2014 - (Unaudited)					March 31, 2013 - (Unaudited) - note 18.1				
Transactions during the quarter ended										
- Mark-up / interest earned	726	1,079	-	-	85,666	-	1,249	43	-	-
- Net mark-up / interest expensed	42,946	583	1,314	9,066	114,062	4,098	464,642	471	5,826	740
- Contributions to employees' funds	-	-	-	-	-	101,648	-	-	-	-
- Investment in units of AFML funds - at cost - net	-	-	-	116,607	-	-	-	-	-	35,002
- Sale of units of AFML funds - at cost - net	-	-	-	92,786	-	-	-	-	-	-
- Rent of property / service charges paid	-	-	-	-	-	-	2,531	-	16,831	-
- Rent of property / service charges received	-	-	-	8,944	6,265	-	18,742	-	4,335	5,695
- Dividend income received	-	-	-	4,751	-	-	-	-	5,268	-
- Pensioner paid	-	36,964	-	-	-	-	54,925	-	-	-
- Post employment benefits	-	2,888	-	-	-	-	4,186	-	-	-
- Insurance premium paid	-	-	-	-	1,381	-	-	-	-	488
- Insurance claims received	-	-	-	-	216	-	-	-	-	14
- Security services costs	-	-	-	-	-	-	-	-	55,835	-
- Fee, commission and brokerage income	21	-	-	-	2,581	-	-	-	-	-
- Fee, commission and brokerage expense	-	-	-	-	24	-	-	-	-	-
- Fees paid	-	-	1,200	-	-	-	-	1,425	-	6

18.1 Comparative figures of March 31, 2013 are of those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT).

19. DATE OF AUTHORIZATION

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on April 17, 2014.

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Islamic Banking Business - Statement of Financial Position

As at March 31, 2014

Annexure
(1 of 3)

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

	Note	March 31, 2014	December 31, 2013
		(Rupees in thousand)	
ASSETS			
Cash and balances with treasury banks		1,027,279	967,333
Balances with and due from financial institutions		7,242,777	4,220,069
Due from financial institutions		-	1,000,000
Investments		3,408,683	6,479,280
Islamic financing and related assets	A-2.1	7,070,327	5,315,393
Operating fixed assets		214,951	203,193
Deferred tax assets		-	-
Other assets		754,302	568,500
Total Assets		19,718,319	18,753,768
LIABILITIES			
Bills payable		290,548	209,457
Due to Financial Institutions		-	-
Deposits and other accounts			
-Current Accounts	A-3	4,413,473	5,117,573
-Saving Accounts		6,882,468	5,900,029
-Term Deposits		5,269,755	5,495,838
-Others		58,083	112,887
-Deposit from Financial Institutions - Remunerative		120,063	840,949
-Deposits from Financial Institutions - Non-remunerative		1,910	490
Due to Head Office		1,239,466	299,593
Other liabilities		373,994	311,705
		18,649,760	18,288,521
Net Assets		1,068,559	465,247
REPRESENTED BY			
Islamic Banking Fund		1,600,000	1,000,000
Reserves		-	-
Unappropriated / Unremitted loss		(592,425)	(563,957)
		1,007,575	436,043
Surplus / (deficit) on revaluation of assets		60,984	29,204
		1,068,559	465,247
Remuneration to Shariah Advisor/Board		351	1,378
A-2.1 Islamic Financing and Related Assets			
Islamic modes of financing	A-2.1.1	6,841,399	5,056,235
Advance against Islamic financing		228,928	259,158
Inventories		-	-
		7,070,327	5,315,393
A-2.1.1 Islamic modes of Financing			
Murabaha		2,041,986	2,201,192
Ijara		1,127,099	1,003,028
Musharaka		500,000	-
Diminishing Musharaka		1,207,309	1,034,065
Salam		1,928,260	788,810
Other Islamic Modes		36,745	29,140
		6,841,399	5,056,235
A-3	Includes remunerative current accounts of Rs. 481,123 thousand (December 31, 2013: Rs.402,137 thousand)		

Islamic Banking Business - Profit and Loss Account

For the Quarter Ended March 31, 2014

Annexure
(2 of 3)

	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	354,206	311,333
Return on deposits and other dues expensed	213,782	182,982
Net spread earned	140,424	128,351
(Reversal of provision) / provision against non-performing financings	(21,115)	2
Provision against consumer financings	-	-
Provision for diminution in the value of investments	26,434	25,111
Bad debts written off directly	-	-
	5,319	25,113
Income after provisions	135,105	103,238

Other Income

Fee, commission and brokerage Income	7,199	5,275
Dividend income	-	-
Income from dealing in foreign currencies	159	434
Capital gain on sale of securities	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	9,924	5,760
Total other income	17,282	11,469
	152,387	114,707

Other expenses

Administrative expenses	180,855	132,331
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	180,855	132,331
	(28,468)	(17,624)
Extra Ordinary / unusual items	-	-
Loss before taxation	(28,468)	(17,624)

Islamic Banking Business - Statement of Sources and Uses of Chairty Fund
For the Quarter Ended March 31, 2014

Annexure
(3 of 3)

	March 31, 2014	December 31, 2013
	(Rupees in thousand)	
Opening balance	677	38
Additions during the period / year		
- received from customers on delayed payments	610	485
- Non shariah compliant income	500	140
- profit on charity account	-	14
	1,110	639
Payments/ utilization during the period / year		
- education	-	-
- health	-	-
- orphanage	-	-
	-	-
Closing balance	<u>1,787</u>	<u>677</u>

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**ASKARI BANK LIMITED
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2014**

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2014

		(Un-audited) March 31, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		27,298,542	26,104,835
Balances with other banks		8,482,694	9,124,531
Lendings to financial institutions		1,294,101	2,503,207
Investments	7	154,173,923	165,897,833
Advances	8	169,837,274	163,560,629
Operating fixed assets	9	8,602,519	8,623,410
Deferred tax assets - net	10	2,491,235	2,999,526
Other assets		17,403,027	16,282,792
		389,583,315	395,096,763
Liabilities			
Bills payable		5,067,551	5,687,542
Borrowings	11	42,786,074	24,545,879
Deposits and other accounts	12	307,365,488	335,173,378
Sub-ordinated loans		3,994,400	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		10,170,563	6,724,055
		369,384,076	376,125,254
Net Assets		<u>20,199,239</u>	<u>18,971,509</u>
Represented By:			
Share capital		12,602,602	12,602,602
Reserves	13	4,220,334	5,612,416
Unappropriated profit / (loss)		1,047,508	(1,370,719)
		17,870,444	16,844,299
Non-controlling interest		32,096	31,359
		17,902,540	16,875,658
Surplus on revaluation of assets - net of tax	14	2,296,699	2,095,851
		<u>20,199,239</u>	<u>18,971,509</u>
Contingencies and Commitments	15		

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

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the Quarter Ended March 31, 2014

		Quarter ended March 31, 2014	Quarter ended March 31, 2013
	Note	(Rupees in thousand)	
Mark-up / return / interest earned		7,559,640	7,286,464
Mark-up / return / interest expensed		5,016,595	5,099,542
Net mark-up / interest income		2,453,045	2,186,922
(Reversal of provision) / provision against non-performing loans and advances - net	8.2	(233,707)	214,398
Impairment loss on available for sale investments		35,153	50,708
Provision for diminution in the value of investments - net		82,397	116,521
Bad debts written off directly		-	-
		(116,157)	381,627
Net mark-up / interest income after provisions		2,659,202	1,805,295
Non mark-up / interest income			
Fee, commission and brokerage income		365,327	268,068
Dividend income		49,008	76,725
Income from dealing in foreign currencies		298,970	148,265
Gain on sale of securities - net	16	679,955	245,557
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		3,230	1,191
Other income		173,001	113,115
		1,569,491	852,921
Total non mark-up / interest income		4,228,693	2,658,216
Non mark-up / interest expenses			
Administrative expenses		2,768,813	2,234,046
Other provisions / write offs		-	-
Other charges		3	2,108
Total non mark-up / interest expenses		2,768,816	2,236,154
		1,459,877	422,062
Share of Profit of associate		11,616	5,362
Extra ordinary / unusual items		-	-
Profit before taxation		1,471,493	427,062
Taxation - current		32,366	165,617
- prior years'		-	-
- deferred		398,655	(16,998)
		431,021	148,617
Profit after taxation		1,040,472	278,805
Attributable to:			
Equity holders of the Bank		1,039,735	278,389
Non-controlling interest		737	416
		1,040,472	278,805

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

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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

For the Quarter Ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
	Rupees in '000	
Profit after taxation	1,040,472	278,805
Other comprehensive income		
Effect of translation of net investment in Wholesale Bank Branch	(13,590)	2,581
Total comprehensive income	<u>1,026,882</u>	<u>281,386</u>
Attributable to:		
Equity holders of the Bank	1,026,145	280,970
Non-controlling interest	737	416
	<u>1,026,882</u>	<u>281,386</u>

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

-sd-
President & Chief Executive

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Director

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Director

-sd-
Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Quarter Ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	1,471,493	427,424
Less: dividend income	(49,008)	(76,725)
	<u>1,422,485</u>	<u>350,699</u>
Adjustments:		
Depreciation/amortization	187,030	199,845
(Reversal of provision) / provision against non-performing advances - net	(233,707)	214,398
Impairment loss on sale of investments	35,153	50,708
Provision for diminution in the value of investments - net	82,397	116,521
Unrealised gain on revaluation of investments classified as held for trading - net	(3,230)	(1,191)
Net profit on sale of operating fixed assets	(13,161)	(57)
Share of profit of associate	(11,616)	(5,362)
	<u>42,866</u>	<u>574,862</u>
	<u>1,465,351</u>	<u>925,561</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	1,209,106	(2,103,474)
Held for trading securities	(21,589)	9,257
Advances	(6,230,449)	(4,592,636)
Other assets (excluding advance taxation)	(799,099)	1,043,054
	<u>(5,842,031)</u>	<u>(5,643,799)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(619,991)	(315,404)
Borrowings	18,240,195	23,968,478
Deposits and other accounts	(27,807,890)	(10,947,698)
Other liabilities (excluding current taxation)	3,447,054	(647,160)
	<u>(6,740,632)</u>	<u>12,058,216</u>
	<u>(11,117,312)</u>	<u>7,339,978</u>
Cash flow before tax		
Income tax paid	(142,596)	(19,560)
Net cash (outflow) / inflow from operating activities	<u>(11,259,908)</u>	<u>7,320,418</u>
Cash flow from investing activities		
Net investments in available for sale securities	11,853,348	(11,926,674)
Net investments in held to maturity securities	91,293	32,059
Dividend income	35,102	21,016
Investments in operating fixed assets - net of adjustments	(169,680)	(67,842)
Sale proceeds of operating fixed assets	15,851	2,248
Net cash inflow/ (outflow) from investing activities	<u>11,825,914</u>	<u>(11,939,193)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	-	(1,495,500)
Payment of lease obligations	-	(110)
Dividends paid	(546)	(23)
Net cash outflow from financing activities	<u>(546)</u>	<u>(1,495,633)</u>
Effect of translation of net investment in Wholesale Bank Branch	(13,590)	2,581
Decrease in cash and cash equivalents	<u>551,870</u>	<u>(6,111,827)</u>
Cash and cash equivalents at beginning of the period	35,229,366	33,322,725
Cash and cash equivalents at end of the period	<u>35,781,236</u>	<u>27,210,898</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	27,298,542	22,102,054
Balances with other banks	8,482,694	5,086,844
Term deposits with MCB Bank	-	22,000
	<u>35,781,236</u>	<u>27,210,898</u>

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

-sd-
President & Chief Executive

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Director

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Director

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Chairman

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

For the Quarter Ended March 31, 2014

Rupees in thousands

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total (loss)	Non-controlling interest	Total
					General reserve	Unappropriated profit			
Balance as at January 01, 2013	8,130,711	82,659	234,669	3,899,517	4,324,931	998,438	17,670,925	29,441	17,700,366
Transfer to General reserve	-	-	-	-	1,004,291	(1,004,291)	-	-	-
Total comprehensive income for the quarter ended March 31, 2013									
Net profit for the quarter ended March 31, 2013	-	-	-	-	-	278,389	278,389	416	278,805
Effect of translation of net investment in Wholesale Bank Branch	-	2,581	-	-	-	-	2,581	-	2,581
	-	2,581	-	-	-	278,389	280,970	416	281,386
Transfer to Statutory reserve	-	-	-	55,201	-	(55,201)	-	-	-
Balance as at March 31, 2013	8,130,711	85,240	234,669	3,954,718	5,329,222	217,335	17,951,895	29,857	17,981,752
Total comprehensive income for the nine months ended December 31, 2013									
Net profit for the nine months ended December 31, 2013	-	-	-	-	-	(5,657,790)	(5,657,790)	1,745	(5,656,045)
Effect of recognition of actuarial gain / (loss)	-	-	-	-	-	64,534	64,534	(243)	64,291
Effect of translation of net investment in Wholesale Bank Branch	-	13,769	-	-	-	-	13,769	-	13,769
	-	13,769	-	-	-	(5,593,256)	(5,579,487)	1,502	(5,577,985)
Transfer to:									
Statutory reserve	-	-	-	(55,201)	-	55,201	-	-	-
General reserve	-	-	-	-	(3,950,001)	3,950,001	-	-	-
	8,130,711	99,009	234,669	3,899,517	1,379,221	(1,370,719)	12,372,408	31,359	12,403,767
Transaction with owners, recorded directly in equity									
Issue of shares against right issue	4,471,891	-	-	-	-	-	4,471,891	-	4,471,891
Balance as at December 31, 2013	12,602,602	99,009	234,669	3,899,517	1,379,221	(1,370,719)	16,844,299	31,359	16,875,658
Transfer to General reserve	-	-	-	-	(1,582,626)	1,582,626	-	-	-
Total comprehensive income for the quarter ended March 31, 2014									
Net profit for the quarter ended March 31, 2014	-	-	-	-	-	1,039,735	1,039,735	737	1,040,472
Effect of translation of net investment in Wholesale Bank Branch	-	(13,590)	-	-	-	-	(13,590)	-	(13,590)
	-	(13,590)	-	-	-	1,039,735	1,026,145	737	1,026,882
Transfer to Statutory reserve	-	-	-	204,134	-	(204,134)	-	-	-
Balance as at March 31, 2014	12,602,602	85,419	234,669	4,103,651	(203,405)	1,047,508	17,870,444	32,096	17,902,540

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

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

1. STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company, Askari Investment Management Limited, a wholly owned subsidiary 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 commenced business operations from April 01, 1992. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi and its shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on March 31, 2014. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.09 percent shares of the Bank as on that date. The Bank has 281 branches (December 31, 2013: 281 branches); 280 in Pakistan and Azad Jammu and Kashmir, including 40 (December 31, 2013: 40) Islamic Banking branches, 27 (December 31, 2013: 27) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

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

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

The financial statements of AIML and ASL have been consolidated based on their un-audited financial statements for the quarter ended March 31, 2014.

2. BASIS OF MEASUREMENT

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

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

3. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the quarter ended March 31, 2014 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies 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.

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

For the Quarter Ended March 31, 2014

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2013.

5. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2013.

6. FINANCIAL RISK MANAGEMENT

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

7. INVESTMENTS

	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
As at March 31, 2014 - (Un-audited)	118,219,386	35,954,537	154,173,923
As at December 31, 2013 - (Audited)	150,711,971	15,185,862	165,897,833

7.1 Investments by type

	As at March 31, 2014 (Un-audited)		
	Held by the Bank	Given as collateral	Total
	(Rupees in thousand)		
Held for trading securities	126,127	-	126,127
Available for sale securities	117,468,131	35,683,411	153,151,542
Held to maturity securities	1,442,383	-	1,442,383
Investment in an associated company	168,103	-	168,103
	119,204,744	35,683,411	154,888,155
Provision for diminution in value of investments	(1,424,797)	-	(1,424,797)
Unrealized gain on revaluation of investments classified as held for trading	3,230	-	3,230
Surplus on revaluation of available for sale securities - net	436,209	271,126	707,335
Investments - net of provision	118,219,386	35,954,537	154,173,923

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

For the Quarter Ended March 31, 2014

7.2 Investments include Rs. 2,139,545 thousand (December 31, 2013: Rs. 2,160,358 thousand) which have been placed under non-performing status.

7.3 The Bank has availed the relaxation of Rs. 399,741 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 136,554 thousand (December 31, 2012: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

		(Un-audited) March 31, 2014	(Audited) December 31, 2013
8. ADVANCES	Note		
Loans, cash credits, running finances, etc.			
In Pakistan		166,450,413	165,353,375
Outside Pakistan		5,862,517	3,633,699
		172,312,930	168,987,074
Lease Financing - In Pakistan		3,566,391	3,832,019
Ijarah Financing - In Pakistan		119,421	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,157,959	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		11,327,978	10,882,706
Payable outside Pakistan		9,728,640	7,309,627
		21,056,618	18,192,333
Advances - gross		198,213,319	192,174,870
Provision for non-performing advances	8.2		
Specific provision		(28,040,933)	(28,279,285)
General provision		(158,069)	(150,970)
General provision against consumer loans		(177,043)	(183,986)
		(28,376,045)	(28,614,241)
Advances - net of provision		169,837,274	163,560,629

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 178,518 thousand (December 31, 2013: Rs. 143,199 thousand)

8.2 Particulars of provision against non-performing advances

(Rupees in thousand)

	March 31, 2014 (Un-audited)				December 31, 2013 - (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	506,913	7,232	1,570	515,715	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(740,776)	(133)	(8,513)	(749,422)	(756,604)	(11,168)	(22,832)	(790,604)
Net charge / (reversal) for the period / year	(233,863)	7,099	(6,943)	(233,707)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(4,489)	-	-	(4,489)	(427)	-	-	(427)
Amounts charged off - agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	28,040,933	158,069	177,043	28,376,045	28,279,285	150,970	183,986	28,614,241

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

- 8.3** The SBP vide BSD Circular No. 1 of 2011 dated October 21, 2011 allows benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit is not available for cash or stock dividend. The net FSV benefit has been reduced by Rs. 311,215 thousand, which has resulted in increased charge for specific provision for the period ended by the same amount. Had the FSV benefit not reduced, before and after tax profit for the period ended would have been higher by Rs. 311,215 thousand (March 31, 2013: Rs. 162,641 thousand) and Rs. 202,290 thousand (March 31, 2013: Rs. 105,717 thousand) respectively.
- 8.4** The Group has availed the relaxation of Rs. 169,397 thousand (December 31, 2012: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.
- 8.5** Advances include Rs. 32,260,986 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2014 - (Un-audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	Required	Held
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	291,884	-	291,884	-	-
Substandard	553,665	-	553,665	97,718	97,718
Doubtful	757,082	-	757,082	208,133	208,133
Loss	30,658,355	-	30,658,355	27,735,082	27,735,082
	<u>32,260,986</u>	<u>-</u>	<u>32,260,986</u>	<u>28,040,933</u>	<u>28,040,933</u>

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

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

	Note	(Un-audited)	(Audited)
		March 31, 2014	December 31, 2013
		(Rupees in thousand)	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		72,031	35,444
Property and equipment	9.1	7,367,165	7,395,312
Intangibles	9.2	1,163,323	1,192,654
		8,530,488	8,587,966
		<u>8,602,519</u>	<u>8,623,410</u>

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

For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
9.1 Property and equipment		
Book value at beginning of the period / year	7,395,312	7,610,632
Cost of additions / revaluation during the period / year	123,247	437,873
Book value of deletions / transfers during the period / year	(2,690)	(13,382)
Depreciation charge for the period / year	(147,853)	(635,896)
Book value of adjustments during the period	(851)	(3,915)
Book value at end of the period / year	<u>7,367,165</u>	<u>7,395,312</u>
9.2 Intangibles		
Book value at beginning of the period / year	1,192,654	1,247,366
Cost of additions during the period / year	9,846	93,551
Amorization charge for the period / year	(39,177)	(148,263)
Book value at end of the period / year	<u>1,163,323</u>	<u>1,192,654</u>
10. DEFERRED TAX ASSETS - NET		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation and amortization	(547,507)	(521,691)
Provision for staff benefit	(1,149)	646
Unused tax losses	426,351	144,506
Provision against non-performing advances		
- excess of 1% of total advances	2,777,494	3,432,177
- classified in sub-standard category	71,584	71,278
	<u>2,726,773</u>	<u>3,126,916</u>
Surplus on revaluation of available for sale securities	(247,567)	(139,419)
Actuarial losses	12,029	12,029
	<u>2,491,235</u>	<u>2,999,526</u>
11. BORROWINGS		
In Pakistan local currency		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,532,603	8,617,564
- Long term financing of export oriented projects	146,009	176,991
- Long term financing facility	141,989	149,538
- Refinance scheme for revival of agricultural activities in flood affected areas	1,205	1,205
- Refinance scheme for revival of SME activities in flood affected areas	7,500	7,500
	<u>5,829,306</u>	<u>8,952,798</u>
Repo borrowings from financial institutions	35,636,354	15,174,630
Unsecured - in Pakistan local currency		
Overdrawn balance with other banks	406,412	393,825
Outside Pakistan - foreign currencies		
Overdrawn nostro accounts - unsecured	914,002	24,626
	<u>42,786,074</u>	<u>24,545,879</u>

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	60,971,280	82,583,524
Savings deposits	169,259,187	171,936,741
Current accounts - remunerative	481,123	402,137
Current accounts - non-remunerative	73,612,332	70,612,313
Special exporters' account	6,099	79,243
Margin accounts	2,121,999	1,667,411
Others	413,123	385,827
Financial institutions		
Remunerative deposits	360,472	7,174,571
Non-Remunerative deposits	139,873	331,611
	<u>307,365,488</u>	<u>335,173,378</u>

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)					
13. RESERVES						
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,221	5,612,416	8,541,776
Effect of translation of net investment in						
Wholesale Bank Branch	(13,590)	-	-	-	(13,590)	16,350
Transfer from un-appropriated profit	-	-	204,134	(1,582,626)	(1,378,492)	(2,945,710)
Balance at end of period / year	<u>85,419</u>	<u>234,669</u>	<u>4,103,651</u>	<u>(203,405)</u>	<u>4,220,334</u>	<u>5,612,416</u>

13.1 As at March 31, 2014, the Group has availed net of tax benefit of Forced Sale Value (FSV) of Rs. 1,643,341 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,836,931	1,836,931
Surplus / (deficit) on revaluation of available for sale investments		
i) Federal Government securities	62,400	(474,583)
ii) Listed shares	471,750	631,670
iii) Units of open end mutual funds	179,530	174,631
iv) Other securities	(6,345)	66,621
	707,335	398,339
Less: related deferred tax	(247,567)	(139,419)
	459,768	258,920
	<u>2,296,699</u>	<u>2,095,851</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

i) Government	-	-
ii) Others	11,971,698	8,024,235
	<u>11,971,698</u>	<u>8,024,235</u>

15.2 Transaction-related contingent liabilities

Money for which the Bank is contingently liable:

Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.	990,886	992,331
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Contingent liability in respect of guarantees given, favouring:

i) Government	69,506,501	67,564,698
ii) Banks and other financial institutions	1,469,241	3,232,089
iii) Others	6,866,965	6,823,472
	77,842,707	77,620,259
	<u>78,833,593</u>	<u>78,612,590</u>

These include guarantees amounting to Rs. 957,595 thousand (December 31, 2013: Rs. 993,595 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.3 Transaction-related contingent liabilities	<u>64,315,831</u>	<u>79,193,455</u>

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.4 Other Contingencies		
15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	689,014	809,026
15.4.2 The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million.		
15.5 Tax contingencies		
i) For the Tax Years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour.		
ii) Income tax demand of Rs. 9,565 thousand, not acknowledged as debt, has been challenged by ASL and are currently in appeal; ASL expects favourable outcome of appeal.		
iii) Group's share of income tax demand of Rs. 1,794 thousand, not acknowledged as debt, has been challenged by AGICO and are currently in appeal; AGICO expects favourable outcome of appeal.		
	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	976,075	994,312
Sale and repurchase agreements	35,692,201	15,211,984
15.7 Commitments in respect of forward exchange contracts		
Purchase	52,980,396	58,454,369
Sale	41,632,430	49,320,257
The above commitments have maturities falling within one year.		
15.8 Commitments for acquisition of operating fixed assets	251,912	145,174
15.9 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for	8,999,653	9,756,031
15.10 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	300,000	300,000

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the Quarter Ended March 31, 2014

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
(Rupees in thousand)		
15.11 Bills for collection		
Payable in Pakistan	3,052,932	3,364,728
Payable outside Pakistan	14,102,449	14,814,641
	<u>17,155,381</u>	<u>18,179,369</u>
	(Un-audited) March 31, 2014	(Un-audited) March 31, 2013
(Rupees in thousand)		
16. GAIN ON SALE OF SECURITIES - NET		
Gain on sale of government securities	24,531	141,363
Gain on sale of other investments	655,424	104,194
	<u>679,955</u>	<u>245,557</u>

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
Rupees in thousand										
For the quarter ended March 31, 2014 - (Un-audited)										
Total income	65,360	226,181	308,427	8,457,099	13,284	5,382	41,360	12,038	-	9,129,131
Total expenses	19,620	67,898	59,818	7,349,500	3,988	1,615	35,909	9,272	121,634	7,669,254
Net income / (loss)	45,740	158,283	248,609	1,107,599	9,296	3,767	5,451	2,766	(121,634)	1,459,877
For the quarter ended March 31, 2013 - (Un-audited)										
Total income	25,459	87,240	373,649	7,596,541	14,824	5,069	28,901	7,702	-	8,139,385
Total expenses	6,907	23,668	99,996	7,367,072	4,022	1,375	33,058	6,108	175,117	7,717,323
Net income / (loss)	18,552	63,572	273,653	229,469	10,802	3,694	(4,157)	1,594	(175,117)	422,062
As at March 31, 2014 - (Un-audited)										
Segment Assets (Gross)	135,229	467,969	11,484,225	407,084,905	27,485	11,134	328,147	275,007	-	419,814,101
Segment Non Performing Loans	-	-	2,616,004	29,644,982	-	-	-	-	-	32,260,986
Segment Provision Required	-	-	2,424,692	27,739,878	-	-	-	66,216	-	30,230,786
Segment Liabilities	2,713	9,390	23,871,766	341,221,590	551	223	41,684	69,737	4,166,422	369,384,076
Segment return on net assets (%)	0.07	0.23	0.31	8.62	0.01	0.01	0.04	0.01	-	-
Segment cost of funds (%)	0.02	0.07	0.06	7.89	0.00	-	0.04	0.01	0.12	-
As at December 31, 2013 - (Audited)										
Segment Assets (Gross)	70,214	152,699	11,994,130	412,641,188	38,548	9,736	379,388	183,322	-	425,469,225
Segment Non Performing Loans	-	-	2,679,642	30,440,187	-	-	-	-	-	33,119,829
Segment Provision Required	-	-	2,439,282	27,866,965	-	-	-	66,216	-	30,372,463
Segment Liabilities	1,067	2,321	24,336,897	347,591,697	586	148	82,163	62,733	4,047,642	376,125,254
Segment return on net assets (%)	0.03	(0.07)	0.39	8.06	0.02	0.00	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.10	10.91	0.00	0.00	0.05	0.01	0.17	-

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

For the Quarter Ended March 31, 2014

18. RELATED PARTY TRANSACTIONS

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

Details of transactions with related parties during the quarter and balances as at March 31, 2014 are as follows:

	March 31, 2013 - (Audited)						December 31, 2013 - (Audited)					
	Parent	Key management personnel	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds		Parent	Key management personnel	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds	
Balances outstanding as at												
- Advances	78,921	98,039	401	-	2,557,583	-	79,506	95,926	128	-	2,857,945	-
- Deposits	814,520	43,715	101,901	504,719	1,337,945	184,752	5,186,555	40,472	123,537	598,369	7,189,990	309,571
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	639,949	-	-	1,250,583	-	-	640,987	-	-	-	985,168	-
- Investment in shares / units - at cost	-	-	-	1,738,315	53,703	-	-	-	-	1,714,494	501,492	-
- Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	6,930	-	-	-	-	-	3,892	-	-
- Management fee and commission receivable from Askari High Yield Scheme (AHYS)	-	-	-	8,905	-	-	-	-	-	92	-	-
- Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	1,029	-	-	-	-	-	540	-	-
- Management fee and commission receivable from Askari Asset Allocation Fund (AAAF)	-	-	-	1,361	-	-	-	-	-	14	-	-
- Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	1,356	-	-	-	-	-	655	-	-
- Management fee and commission receivable from Askari Islamic Income Fund (AEIF)	-	-	-	1,118	-	-	-	-	-	14	-	-
- Management fee and commission receivable from Askari Islamic Asset Allocation Fund (IAAAF)	-	-	-	936	-	-	-	-	-	480	-	-
- Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	1,361	-	-	-	-	-	12	-	-
- Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	11,331	-	-	-	-	-	5,987	-	-
- Management fee and commission receivable from Askari Sovereign Cash Fund (ASCFC)	-	-	-	15,622	-	-	-	-	-	159	-	-
- Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	797	-	-	-	-	-	374	-	-
- Management fee and commission receivable from Askari Equity Fund (AEF)	-	-	-	1,228	-	-	-	-	-	10	-	-
- Management fee and commission receivable from Askari Sovereign Yield Enhancer (ASYE)	-	-	-	2,754	-	-	-	-	-	29	-	-
- Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer (ASYE)	-	-	-	2,552	-	-	-	-	-	1,892	-	-
- Pre-paid insurance premium by AWM	-	-	-	-	167	-	-	-	-	-	808	-
- Payable to employee funds	-	-	-	-	-	144,179	-	-	-	-	-	4,445
	March 31, 2014 - (Unaudited)						March 31, 2013 - (Unaudited)					
	Parent	Key management personnel	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds		Parent	Key management personnel	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds	
Transactions during the quarter ended												
- Mark-up / interest earned	725	1,079	-	-	85,666	-	-	1,249	43	-	-	-
- Net mark-up / interest expense	42,946	583	1,314	9,066	114,062	4,998	464,642	471	418	5,826	-	4,277
- Contributions to employees' fund	-	-	-	-	-	102,304	-	-	-	-	-	35,835
- Investment in shares / units - at cost	-	-	-	23,821	-	-	-	-	-	94,582	-	-
- Rent of property / service charges paid	-	-	-	-	-	-	2,531	-	-	17,230	-	-
- Rent of property / service charges received	-	-	-	8,944	6,265	-	18,742	-	-	4,335	-	-
- Dividend income received	-	-	-	4,751	-	-	-	-	-	5,768	-	-
- Remuneration paid	-	36,964	-	-	-	-	-	54,925	-	-	-	-
- Post employment benefits	-	2,888	-	-	-	-	-	4,186	-	-	-	-
- Insurance premium paid	-	-	-	1,526	-	-	-	-	-	-	995	-
- Insurance claims received	-	-	-	216	-	-	-	-	-	-	14	-
- Security services cost	-	-	-	-	-	-	-	-	-	55,862	-	-
- Fee, commission and brokerage income	271	-	-	2,649	-	-	-	-	-	233	-	-
- Payments received by AWM from ASFC against reimbursable expenses	-	-	-	-	-	-	-	-	-	-	-	-
- Remuneration received by AWM from AAAT, AHYS, AAASF, AEIF, ASFC and AEF	-	-	-	31,841	-	-	-	-	-	21,850	-	-
- Fees paid	-	-	1,200	-	-	-	-	-	1,425	-	6	-

18.1 Comparative figures of March 31, 2013 are of those related parties which were categorized as related parties based on the ownership at that time (i.e. parent being AWT).

19. DATE OF AUTHORIZATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on April 17, 2014

-sd-
President & Chief Executive

-sd-
Director

-sd-
Director

-sd-
Chairman

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