



## Contents

Corporate Information	1
Directors' Review	2
Independent Auditors' Report	3
Condensed Interim Unconsolidated Statement of Financial Position	4
Condensed Interim Unconsolidated Profit and Loss Account	5
Condensed Interim Unconsolidated Statement of Comprehensive Income	6
Condensed Interim Unconsolidated Cash Flow Statement	7
Condensed Interim Unconsolidated Statement of Changes in Equity	8
Notes to the Condensed Interim Unconsolidated Financial Information	9
Islamic Banking Business - Statement of Financial Information	19
Islamic Banking Business - Profit and Loss Account	20
Islamic Banking Business - Statement of Sources and Uses of Charity Fund	21
Condensed Interim Consolidated Statement of Financial Position	23
Condensed Interim Consolidated Profit and Loss Account	24
Condensed Interim Consolidated Statement of Comprehensive Income	25
Condensed Interim Consolidated Cash Flow Statement	26
Condensed Interim Consolidated Statement of Changes in Equity	27
Notes to the Condensed Interim Consolidated Financial Information	28

## Corporate Information

Board of Directors	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 Mr. Zaffar Ahmad Khan Mr. Tariq Hafeez Malik Syed M. Husaini – President & Chief Executive
Board Audit & Compliance Committee	Mr. Asif Reza Sana – Chairman Mr. Qaiser Javed – Member Dr. Nadeem Inayat – Member
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisors	RIAA LAW Advocates & Corporate Counsellors
Shariah Advisor	Dr. Muhammad Tahir Mansoori
Chief Financial Officer	Mr. Saleem Anwar, FCA
Company Secretary	Mr. M. A. Ghazali Marghoob, FCA
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: <a href="mailto:webmaster@askaribank.com.pk">webmaster@askaribank.com.pk</a>
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 PACRA / JCR-VIS
Website	<a href="http://www.askaribank.com.pk">www.askaribank.com.pk</a>

## Directors' Review

Dear Shareholders

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

	Rupees in thousand
Profit before provisions and taxation	2,884,057
Reversal of provisions against loans and advances	321,828
Impairment and provisions against investments	(187,087)
Profit before taxation	3,018,798
Taxation	(878,592)
Profit after taxation	2,140,206
Basic earning per share - Rupees	1.70

Your Bank posted marked improvement in financial results during the six month period under review. Profit before taxation was recorded at Rs. 3.02 billion for the half year ended June 30, 2014 as compared to a loss of Rs. 6.34 billion for the corresponding period last year. Profit after taxation increased to Rs. 2.14 billion. Earnings per share for the current half year were reported at Rs. 1.70 as against loss per share of Rs. 3.26 for the corresponding period last year.

During the first six months of 2014, net markup income increased by 43.3 percent over the corresponding period attributable to both; increase in volume of earning assets and improvement in net spreads. Non-markup income grew by 50.7 percent during the same period; mainly contributed by gains on sale of securities – on the back of positive developments in foreign exchange and equity markets. Fee, commission and brokerage income increased by a notable 40.7 percent reflecting improved trade business managed by the Bank. Administrative expenses increased by 17.3 percent, mainly due to additional cost of new branches opened towards the close of 2013, besides inflationary factors.

Total assets of the Bank rose to Rs. 408 billion as of June 30, 2014 compared to Rs. 395 billion as at December 31, 2013. Customer deposits remained above December 31, 2013 level and increased to Rs. 345 billion at June 30, 2014, by 2.9 percent. Net advances increased by 5.3 percent, to 172 billion as of June 30, 2014. The Bank continues to focus on steady growth by maintaining quality assets.

Non-performing loans of the Bank improved by 3.34 percent during the six months; from Rs. 33.12 billion at December 31, 2013 to Rs. 32.01 billion at June 30, 2014. Consequently, at half year end provision coverage ratio improved to 88.4 percent from 86.4 percent at end 2013, despite net reversal of provision recognized during the half year under review.

Our branch network presently comprises of 281 branches, including 40 Islamic Banking branches, 27 sub-branches and a whole sale bank branch in Bahrain. The Bank continues to expand its branch network, introduce new products and service offerings while keeping focus on operational efficiencies – to further grow Bank's business, balance sheet and revenues.

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

-sd-  
Syed M. Husaini  
President & Chief Executive

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

Rawalpindi  
July 21, 2014



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sixth Floor, State Life Building No. 5  
Jinnah Avenue, Blue Area  
Islamabad, Pakistan

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

### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Askari Bank Limited ("the Bank") as at June 30, 2014 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended June 30, 2014 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**ISLAMABAD**  
**July 21, 2014**

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**KPMG TASEER HADI & Co.**  
**CHARTERED ACCOUNTANTS**  
**Engagement Partner**  
**Mr. Riaz Pesnani**

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## Condensed Interim Unconsolidated Statement of Financial Position

As at June 30, 2014

		(Un-audited) June 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
<b>Assets</b>			
Cash and balances with treasury banks		24,499,519	26,104,822
Balances with other banks		8,195,006	9,057,747
Lendings to financial institutions		19,513,160	2,503,207
Investments	7	151,390,182	165,863,237
Advances	8	172,251,933	163,556,632
Operating fixed assets	9	7,887,124	8,567,401
Assets held for sale	9.1.1	708,411	-
Deferred tax assets - net	10	2,488,275	2,977,285
Other assets		20,566,712	16,197,164
		407,500,322	394,827,495
<b>Liabilities</b>			
Bills payable		15,186,329	5,687,542
Borrowings	11	14,880,256	24,545,879
Deposits and other accounts	12	344,840,294	335,241,027
Sub-ordinated loans		3,993,600	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,236,701	6,629,759
		387,137,180	376,098,607
<b>Net Assets</b>		<u>20,363,142</u>	<u>18,728,888</u>
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves	13	4,445,436	5,613,061
Unappropriated profit / (loss)		1,712,165	(1,582,626)
		18,760,203	16,633,037
Surplus on revaluation of assets - net of tax	14	1,602,939	2,095,851
		<u>20,363,142</u>	<u>18,728,888</u>
<b>Contingencies and Commitments</b>	15		

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

-sd-  
President & Chief Executive

-sd-  
Director

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Director

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Chairman

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

For the half year ended June 30, 2014

	Note	June 30, 2014		June 30, 2013	
		For the quarter ended (Rupees in thousand)	For the half year ended	For the quarter ended (Rupees in thousand)	For the half year ended
<b>Mark-up / return / interest earned</b>		8,343,798	15,899,142	6,331,735	13,617,757
<b>Mark-up / return / interest expensed</b>		5,362,132	10,379,396	4,667,429	9,766,977
Net mark-up / interest income		2,981,666	5,519,746	1,664,306	3,850,780
(Reversal of provision) / provision against non-performing loans and advances - net	8.2	(88,121)	(321,828)	6,369,302	6,583,700
Impairment loss on available for sale investments		30,632	65,785	85,165	135,873
Provision for diminution in the value of investments - net		38,905	121,302	311,156	427,677
Bad debts written off directly		-	-	-	-
		(18,584)	(134,741)	6,765,623	7,147,250
Net mark-up / interest income after provisions		3,000,250	5,654,487	(5,101,317)	(3,296,470)
<b>Non mark-up / interest income</b>		479,673	834,484	329,842	593,086
Fee, commission and brokerage income		59,883	108,651	30,541	107,266
Dividend income		232,496	531,466	82,000	230,265
Income from dealing in foreign currencies		450,629	1,130,584	328,036	572,292
Gain on sale of securities - net	16	103,887	243,332	112,534	198,178
Other income		1,326,568	2,848,517	882,953	1,701,087
Total non-markup / interest income		4,326,818	8,503,004	(4,218,364)	(1,595,383)
<b>Non mark-up / interest expenses</b>		2,743,882	5,468,798	2,464,467	4,663,103
Administrative expenses		15,234	15,234	76,632	76,632
Other provisions / write offs		171	174	202	226
Other charges		2,759,287	5,484,206	2,541,301	4,739,961
Total non-markup / interest expenses		1,567,531	3,018,798	(6,759,665)	(6,335,344)
Extra ordinary / unusual items		-	-	-	-
<b>Profit / (loss) before taxation</b>		1,567,531	3,018,798	(6,759,665)	(6,335,344)
Taxation - current		92,227	124,169	10,866	176,182
- prior years'		-	-	-	-
- deferred		355,768	754,423	(2,387,273)	(2,404,271)
		447,995	878,592	(2,376,407)	(2,228,089)
<b>Profit / (loss) after taxation</b>		1,119,536	2,140,206	(4,383,258)	(4,107,255)
<b>Basic earnings / (loss) per share - Rupees</b>		0.89	1.70	(3.48)	(3.26)

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 half year ended June 30, 2014

	June 30, 2014		June 30, 2013	
	For the quarter ended (Rupees in thousand)	For the half year ended	For the quarter ended (Rupees in thousand)	For the half year ended
<b>Profit / (loss) after taxation</b>	1,119,536	2,140,206	(4,383,258)	(4,107,255)
<b>Other comprehensive income</b>				
Effect of translation of net investment in Wholesale Bank Branch	550	(13,040)	2,439	5,020
Effect of recognition of actuarial gain	-	-	27,897	27,897
<b>Total comprehensive income</b>	<u>1,120,086</u>	<u>2,127,166</u>	<u>(4,352,922)</u>	<u>(4,074,338)</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

-sd-  
Chairman



## Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the half year ended June 30, 2014

	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	3,018,798	(6,335,344)
less: dividend income	(108,651)	(107,266)
	<u>2,910,147</u>	<u>(6,442,610)</u>
Adjustments:		
Depreciation / amortization	364,357	396,765
(Reversal of provision) / provision against non-performing advances - net	(321,828)	6,583,700
Impairment loss on available for sale investments	65,785	135,873
Provision for diminution in the value of investments - net	121,302	427,677
Other provisions / write-offs	15,234	76,632
Net profit on sale of operating fixed assets	(11,438)	(1,180)
	<u>233,412</u>	<u>7,619,467</u>
	<u>3,143,559</u>	<u>1,176,857</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(18,009,953)	6,136,559
Held for trading securities	-	139,130
Advances	(8,342,516)	(3,144,045)
Other assets (excluding advance taxation)	(4,190,500)	158,909
	<u>(30,542,969)</u>	<u>3,290,553</u>
Increase / (decrease) in operating liabilities		
Bills payable	9,498,787	2,700,183
Borrowings	(9,665,623)	781,710
Deposits and other accounts	9,599,267	(13,612,294)
Other liabilities (excluding current taxation)	1,607,487	2,355,982
	<u>11,039,918</u>	<u>(7,774,419)</u>
Cash flow before tax	<u>(16,359,492)</u>	<u>(3,307,009)</u>
Income tax paid	(317,269)	(965,474)
Net cash outflow from operating activities	<u>(16,676,761)</u>	<u>(4,272,483)</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	13,448,476	(19,097)
Net investments in held to maturity securities	79,166	102,946
Net investments in subsidiary	-	(100,000)
Dividend income	89,688	101,179
Investments in operating fixed assets - net of adjustment	(413,720)	(188,620)
Sale proceeds of operating fixed assets - disposed off	19,492	5,484
Net cash inflow / (outflow) from investing activities	<u>13,223,102</u>	<u>(98,108)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(800)	(1,496,600)
Dividends paid	(545)	(80)
Net cash outflow from financing activities	<u>(1,345)</u>	<u>(1,496,680)</u>
Effect of translation of net investment in Wholesale Bank Branch	(13,040)	5,020
<b>Decrease in cash and cash equivalents</b>	<u>(3,468,044)</u>	<u>(5,862,251)</u>
Cash and cash equivalents at beginning of the period	36,162,569	33,298,966
Cash and cash equivalents at end of the period	<u>32,694,525</u>	<u>27,436,715</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	24,499,519	24,853,731
Balances with other banks	8,195,006	2,582,984
	<u>32,694,525</u>	<u>27,436,715</u>

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

-sd-  
President & Chief Executive

-sd-  
Director

-sd-  
Director

-sd-  
Chairman

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

For the half year ended June 30, 2014

	(Rupees in thousand)						
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Unappropriated profit	
<b>Balance as at January 01, 2013</b>	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)	-
<b>Total comprehensive income for the half year ended June 30, 2013</b>							
Net loss for the half year ended June 30, 2013	-	-	-	-	-	(4,107,255)	(4,107,255)
Effect of recognition of actuarial gain	-	-	-	-	-	27,897	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	5,020	-	-	-	-	5,020
	-	5,020	-	-	-	(4,079,358)	(4,074,338)
<b>Balance as at June 30, 2013</b>	8,130,711	87,679	234,669	3,899,517	5,329,867	(4,197,313)	13,485,130
<b>Total comprehensive income for the six months ended December 31, 2013</b>							
Net loss for the six months ended December 31, 2013	-	-	-	-	-	(1,372,640)	(1,372,640)
Other comprehensive income							
Effect of actuarial gain	-	-	-	-	-	37,326	37,326
Effect of translation of net investment in Wholesale Bank Branch	-	11,330	-	-	-	-	11,330
	-	11,330	-	-	-	(1,335,314)	(1,323,984)
Transfer to:							
General reserve	-	-	-	-	(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
<b>Transaction with owners, recorded directly in equity</b>							
Issue of shares against right issue	4,471,891	-	-	-	-	-	4,471,891
<b>Balance as at December 31, 2013</b>	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	-
<b>Total comprehensive income for the half year ended June 30, 2014</b>							
Net profit for the half year ended June 30, 2014	-	-	-	-	-	2,140,206	2,140,206
Effect of translation of net investment in Wholesale Bank Branch	-	(13,040)	-	-	-	-	(13,040)
	-	(13,040)	-	-	-	2,140,206	2,127,166
Transfer to Statutory reserve	-	-	-	428,041	-	(428,041)	-
<b>Balance as at June 30, 2014</b>	<u>12,602,602</u>	<u>85,969</u>	<u>234,669</u>	<u>4,327,558</u>	<u>(202,760)</u>	<u>1,712,165</u>	<u>18,760,203</u>

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

-sd-  
President & Chief Executive

-sd-  
Director

-sd-  
Director

-sd-  
Chairman

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

For the half year ended June 30, 2014

### 1. STATUS AND NATURE OF BUSINESS

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

The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 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 ultimate parent of the Bank is Fauji Foundation. 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 half year ended June 30, 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, except for:

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

For the half year ended June 30, 2014

### 4.1 Assets held for sale

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

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

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

### 5. ACCOUNTING ESTIMATES

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

### 6. FINANCIAL RISK MANAGEMENT

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

7. INVESTMENTS	Rupees in thousand		
	Held by the Bank	Given as collateral	Total
As at June 30, 2014 - (Un-audited)	147,576,376	3,813,806	151,390,182
As at December 31, 2013 - (Audited)	150,677,375	15,185,862	165,863,237

7.1 Investments by type	As at June 30, 2014 (Un-audited)		
	Held by the Bank	Given as collateral	Total
Available for sale securities	147,621,291	3,822,605	151,443,896
Held to maturity securities	1,454,510	-	1,454,510
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	449,789	-	449,789
	149,579,293	3,822,605	153,401,898
Provision for diminution in value of investments	(1,651,729)	-	(1,651,729)
Deficit on revaluation of available for sale securities - net	(351,188)	(8,799)	(359,987)
Investments - net of provision	147,576,376	3,813,806	151,390,182

**7.2** Investments include Rs. 2,124,920 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. 349,773 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 126,788 thousand (December 31, 2013: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

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

For the half year ended June 30, 2014

		(Unaudited) June 30, 2014	(Audited) December 31, 2013
	Note	(Rupees in thousand)	
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		170,547,175	165,349,378
Outside Pakistan		5,630,365	3,633,699
		176,177,540	168,983,077
Lease Financing - In Pakistan		3,413,558	3,832,019
Ijarah Financing - In Pakistan		105,270	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,278,657	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,786,647	10,882,706
Payable outside Pakistan		8,778,146	7,309,627
		19,564,793	18,192,333
Advances - gross		200,539,818	192,170,873
Provision for non-performing advances	8.2		
Specific provision		(27,948,031)	(28,279,285)
General provision		(160,791)	(150,970)
General provision against consumer loans		(179,063)	(183,986)
		(28,287,885)	(28,614,241)
Advances - net of provision		172,251,933	163,556,632

- 8.1** Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 219,899 thousand (December 31, 2013: Rs. 143,199 thousand)

### 8.2 Particulars of provision against non-performing advances

	June 30, 2014 (Un-audited)				December 31, 2013 - (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing General	Total
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	867,678	9,956	4,001	881,635	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(1,194,404)	(135)	(8,924)	(1,203,463)	(756,604)	(11,168)	(22,832)	(790,604)
Net charge / (reversal) for the period / year	(326,726)	9,821	(4,923)	(321,828)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(4,528)	-	-	(4,528)	(427)	-	-	(427)
Amounts charged off - agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	27,948,031	160,791	179,063	28,287,885	28,279,285	150,970	183,986	28,614,241

**Notes to the Condensed Interim Unconsolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

- 8.3** The SBP vide BSD Circular No. 1 of 2011 dated October 21, 2011 allows benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit is not available for cash or stock dividend. The net FSV benefit has been reduced by Rs. 195,262 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. 195,262 thousand (June 30, 2013: Rs. 257,017 thousand) and Rs. 126,920 thousand (June 30, 2013: Rs. 167,061 thousand) respectively.
- 8.4** The Bank has availed the relaxation of Rs. 160,773 thousand (December 31, 2013: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.
- 8.5** Advances include Rs. 32,012,459 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2014 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	375,956	-	375,956	-	-
Substandard	581,811	-	581,811	67,908	67,908
Doubtful	704,058	-	704,058	161,805	161,805
Loss	30,350,634	-	30,350,634	27,718,318	27,718,318
	<u>32,012,459</u>	<u>-</u>	<u>32,012,459</u>	<u>27,948,031</u>	<u>27,948,031</u>

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

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

	Note	(Un-audited)	(Audited)
		June 30,	December 31,
		2014	2013
		(Rupees in thousand)	
<b>9. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		126,149	35,444
Property and equipment	9.1	6,638,021	7,358,237
Intangibles	9.2	1,122,954	1,173,720
		<u>7,760,975</u>	<u>8,531,957</u>
		<u>7,887,124</u>	<u>8,567,401</u>

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

For the half year ended June 30, 2014

		(Un-audited)	(Audited)
		June 30, 2014	December 31, 2013
	Note	(Rupees in thousand)	
<b>9.1 Property and equipment</b>			
Book value at beginning of the period / year		7,358,237	7,568,768
Cost of additions / revaluation during the period / year		281,763	427,693
Book value of deletions / transfers during the period / year		(8,054)	(9,396)
Depreciation charge for the period / year		(286,063)	(625,172)
Book value of adjustments during the period		549	(3,656)
Assets transferred to assets held for sale	9.1.1	(708,411)	-
Book value at end of the period / year		<u>6,638,021</u>	<u>7,358,237</u>

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

		(Un-audited)	(Audited)
		June 30, 2014	December 31, 2013
		(Rupees in thousand)	
<b>9.2 Intangibles</b>			
Book value at beginning of the period / year		1,173,720	1,228,799
Cost of additions during the period / year		41,252	91,369
Amorization charge for the period / year		(78,294)	(146,448)
Book value at end of the period / year		1,136,678	1,173,720
Less: provision for intangible assets		(13,724)	-
		<u>1,122,954</u>	<u>1,173,720</u>

## 10. DEFERRED TAX ASSETS - NET

Deferred (credits) / debits arising due to:			
Accelerated tax depreciation and amortization		(489,800)	(518,980)
Unused tax losses		-	120,200
Provision against non-performing advances			
- excess of 1% of total advances		2,768,773	3,432,177
- classified in sub-standard category		71,278	71,278
		<u>2,350,251</u>	<u>3,104,675</u>
Deficit / (surplus) on revaluation of available for sale securities		125,995	(139,419)
Actuarial losses		12,029	12,029
		<u>2,488,275</u>	<u>2,977,285</u>

**Notes to the Condensed Interim Unconsolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
<b>11. BORROWINGS</b>		
<b>In Pakistan local currency</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,829,544	8,617,564
- Long term financing of export oriented projects	93,923	176,991
- Long term financing facility	178,801	149,538
- Refinance scheme for revival of agricultural activities in flood affected areas	475	1,205
- Refinance scheme for revival of SME activities in flood affected areas	-	7,500
	6,102,743	8,952,798
Repo borrowings from financial institutions	3,799,871	15,174,630
<b>Unsecured - in Pakistan local currency</b>		
Call borrowings	4,483,654	-
Overdrawn balance with other banks	491,343	393,825
	4,974,997	393,825
	14,877,611	24,521,253
<b>Outside Pakistan - foreign currencies</b>		
Overdrawn nostro accounts - unsecured	2,645	24,626
	14,880,256	24,545,879
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	69,534,201	82,583,524
Savings deposits	171,593,041	171,936,741
Current accounts - remunerative	669,381	402,137
Current accounts - non-remunerative	98,022,799	70,616,433
Special exporters' account	33,748	79,243
Margin accounts	2,853,855	1,667,411
Others	1,123,769	449,356
Financial institutions		
Remunerative deposits	766,357	7,174,571
Non-Remunerative deposits	243,143	331,611
	344,840,294	335,241,027



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

For the half year ended June 30, 2014

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)					
<b>13. RESERVES</b>						
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,866	5,613,061	8,542,421
Effect of translation of net investment in						
Wholesale Bank Branch	(13,040)	-	-	-	(13,040)	16,350
Transfer from un- appropriated profit/(loss)	-	-	428,041	(1,582,626)	(1,154,585)	(2,945,710)
Balance at end of period / year	<u>85,969</u>	<u>234,669</u>	<u>4,327,558</u>	<u>(202,760)</u>	<u>4,445,436</u>	<u>5,613,061</u>

- 13.1** As at June 30, 2014, the Bank has availed net of tax benefit of Forced Saled Value (FSV) of Rs. 1,718,710 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
<b>14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of land	1,836,931	1,836,931
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(476,185)	(474,583)
ii) Listed shares	121,758	631,670
iii) Units of open end mutual funds	79,818	174,631
iv) Other securities	(85,378)	66,621
	(359,987)	398,339
Less: related deferred tax	125,995	(139,419)
	(233,992)	258,920
	<u>1,602,939</u>	<u>2,095,851</u>

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Direct credit substitutes

i) Government	-	-
ii) Others	6,950,940	8,024,235
	<u>6,950,940</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.

346,432                      992,331

Contingent liability in respect of guarantees given, favouring:

i) Government	62,368,892	67,564,698
ii) Banks and other financial institutions	2,950,154	3,232,089
iii) Others	8,465,191	6,823,472
	73,784,237	77,620,259
	<u>74,130,669</u>	<u>78,612,590</u>

**Notes to the Condensed Interim Unconsolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

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)	(Audited)
	June 30,	December 31,
	2014	2013
	(Rupees in thousand)	
<b>15.3 Trade-related contingent liabilities</b>	<u>69,755,800</u>	<u>79,193,455</u>

**15.4 Other Contingencies**

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

<u>696,867</u>	<u>809,026</u>
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15.4.2 The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million.

**15.5 Tax contingencies**

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

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

**15.6 Commitments in respect of forward lending**

Commitment against "Repo" transactions

Purchase and resale agreements	16,819,911	994,312
Sale and repurchase agreements	<u>3,818,904</u>	<u>15,211,984</u>

**15.7 Commitments in respect of forward exchange contracts**

Purchase	44,313,422	58,454,369
Sale	<u>39,158,084</u>	<u>49,320,257</u>

The above commitments have maturities falling within one year.

<b>15.8 Commitments for acquisition of operating fixed assets</b>	<u>148,319</u>	<u>145,174</u>
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**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

<u>12,364,247</u>	<u>9,756,031</u>
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**Notes to the Condensed Interim Unconsolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

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

**15.10 Other commitments**

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

	300,000	300,000
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**15.11 Bills for collection**

Payable in Pakistan

610,943	3,364,728
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Payable outside Pakistan

15,869,928	14,814,641
<u>16,480,871</u>	<u>18,179,369</u>

	June 30, 2014	June 30, 2013
	For the	For the
	quarter ended	quarter ended
	For the half	For the half
	year ended	year ended
	(Rupees in thousand)	(Rupees in thousand)

**16. GAIN ON SALE OF SECURITIES - NET**

Gain on sale of government securities

20,702	45,233	148,331	289,694
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Gain on sale of other investments

429,927	1,085,351	179,705	282,598
<u>450,629</u>	<u>1,130,584</u>	<u>328,036</u>	<u>572,292</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 half year ended June 30, 2014 - (Un-audited)									
Total income	141,605	318,344	660,759	17,590,458	25,417	11,076	-	-	-	18,747,659
Total expenses	41,308	92,866	151,001	15,192,074	7,415	3,231	-	-	240,966	15,728,861
Net income / (loss)	100,297	225,478	509,758	2,398,384	18,002	7,845	-	-	(240,966)	3,018,798
	For the half year ended June 30, 2013 - (Un-audited)									
Total income	65,125	(65,397)	804,156	14,475,871	30,154	8,935	-	-	-	15,318,844
Total expenses	19,825	19,908	249,318	21,014,619	9,180	2,720	-	-	338,618	21,654,188
Net income / (loss)	45,300	(85,305)	554,838	(6,538,748)	20,974	6,215	-	-	(338,618)	(6,335,344)
	As at June 30, 2014 - (Un-audited)									
Segment Assets (Gross)	143,562	549,410	11,524,208	425,537,100	25,768	11,229	-	-	-	437,791,277
Segment Non Performing Loans	-	-	2,716,332	29,296,127	-	-	-	-	-	32,012,459
Segment Provision Required	-	-	2,415,559	27,875,397	-	-	-	-	-	30,290,956
Segment Liabilities	2,088	7,989	26,543,615	356,541,110	375	163	-	-	4,041,840	387,137,180
Segment return on net assets (%)	0.07	0.16	0.33	8.77	0.01	0.01	-	-	-	-
Segment cost of funds (%)	0.02	0.05	0.08	7.57	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 half year ended June 30, 2014

### 18. RELATED PARTY TRANSACTIONS

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

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

Details of transactions with related parties during the half year and balances as at June 30, 2014, are as follows:

	June 30, 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%	Associated and Subsidiary Companies	Employee Funds
Balances outstanding as at												
- Advances	704,486	120,438	1,371	-	2,716,653	-	79,506	95,926	128	-	2,857,945	-
- Deposits	3,239,192	41,455	98,681	617,626	6,590,075	81,348	5,180,555	40,472	123,537	598,369	7,257,651	309,571
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	626,866	-	-	-	1,415,282	-	640,987	-	-	-	985,168	-
- Investments in shares / units - at cost	-	-	-	1,738,315	503,492	-	-	-	-	1,714,494	503,492	-
	June 30, 2014 - (Unaudited)						June 30, 2013 - (Unaudited) - note 18.1					
Transactions during the half year ended												
- Mark-up / interest earned	5,605	2,608	7	-	167,523	-	220	2,951	43	-	9,965	-
- Net mark-up / interest expensed	66,278	1,432	2,740	24,481	224,718	6,153	878,641	479	1,223	7,870	9,107	3,578
- Contributions to employees' funds	-	-	-	-	-	236,422	-	-	-	-	-	147,419
- Investment in units of AIML funds - at cost - net	-	-	-	116,607	-	-	-	-	-	-	-	-
- Sale of units of AIML funds - at cost - net	-	-	-	92,786	-	-	-	-	-	-	-	-
- Rent of property / service charges paid	-	-	-	-	-	7,362	-	-	-	34,350	-	-
- Rent of property / service charges received	-	-	-	-	15,208	-	19,510	-	-	4,335	5,695	-
- Dividend income received	-	-	-	9,928	-	-	-	-	-	8,868	-	-
- Remuneration paid	-	82,762	-	-	-	-	-	85,392	-	-	-	-
- Post employment benefits	-	6,511	-	-	-	-	-	6,729	-	-	-	-
- Insurance premium paid	-	-	-	-	9,774	-	-	-	-	-	15,973	-
- Insurance claims received	-	-	-	-	432	-	-	-	-	-	14	-
- Security services costs	-	-	-	-	-	-	-	-	-	104,727	-	-
- Fee, commission and brokerage income	20	-	-	-	2,553	-	-	-	-	1,363	-	-
- Fee, commission and brokerage expense	-	-	-	-	50	-	-	-	-	-	-	-
- Fees paid	-	-	1,975	-	-	-	-	-	3,450	-	26	-

18.1 Comparative figures of June 30, 2013 are of those related parties which were categorized as related parties based on the ownership at that time.

### 19. DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on July 21, 2014.

-sd-  
President & Chief Executive

-sd-  
Director

-sd-  
Director

-sd-  
Chairman

# Islamic Banking Business - Statement of Financial Position

As at June 30, 2014

Annexure

(1 of 3)

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

	Note	June 30, 2014	December 31, 2013
		(Rupees in thousand)	
<b>ASSETS</b>			
Cash and balances with treasury banks		1,247,561	967,333
Balances with and due from financial institutions		5,962,764	4,220,069
Due from financial institutions		2,400,000	1,000,000
Investments		4,495,279	6,479,280
Islamic financing and related assets	A-2.1	7,490,745	5,315,393
Operating fixed assets		226,638	203,193
Deferred tax assets		-	-
Other assets		703,908	568,500
Total Assets		22,526,895	18,753,768
<b>LIABILITIES</b>			
Bills payable		346,038	209,457
Due to Financial Institutions		-	-
Deposits and other accounts			
-Current Accounts	A-3	5,623,441	5,117,573
-Saving Accounts		8,658,857	5,900,029
-Term Deposits		4,820,502	5,495,838
-Others		746,827	112,887
-Deposit from Financial Institutions - Remunerative		7,243	840,949
-Deposits from Financial Institutions - Non-remunerative		992	490
Due to Head Office		450,000	299,593
Other liabilities		803,660	311,705
		21,457,560	18,288,521
<b>Net Assets</b>		<u>1,069,335</u>	<u>465,247</u>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		1,600,000	1,000,000
Reserves		-	-
Unappropriated / Unremitted loss		(585,849)	(563,957)
		1,014,151	436,043
Surplus / (deficit) on revaluation of assets		55,184	29,204
		<u>1,069,335</u>	<u>465,247</u>
<b>Remuneration to Shariah Advisor/Board</b>		<u>699</u>	<u>1,378</u>
<b>A-2.1 Islamic Financing and Related Assets</b>			
Islamic modes of financing	A-2.1.1	7,198,783	5,056,235
Advance against Islamic financing		291,962	259,158
Inventories		-	-
		<u>7,490,745</u>	<u>5,315,393</u>
<b>A-2.1.1 Islamic modes of Financing</b>			
Murabaha		1,691,789	2,201,192
Ijara		1,240,678	1,003,028
Musharaka		500,000	-
Diminishing Musharaka		2,019,788	1,034,065
Salam		1,712,370	788,810
Other Islamic Modes		34,158	29,140
		<u>7,198,783</u>	<u>5,056,235</u>
<b>A-3</b>	Includes remunerative current accounts of Rs. 669,381 thousand (December 31, 2013: Rs.402,137 thousand)		

## Islamic Banking Business - Profit and Loss Account

For the half year ended June 30, 2014

Annexure

(2 of 3)

	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	730,975	588,426
Return on deposits and other dues expensed	424,940	357,557
Net spread earned	306,035	230,869
 (Reversal of provision) / provision against non-performing financings	 (44,270)	 66,866
Provision against consumer financings	-	-
Provision for diminution in the value of investments	37,869	169,952
Bad debts written off directly	-	-
	(6,401)	236,818
Income after provisions	312,436	(5,949)
 <b>Other Income</b>		
Fee, commission and brokerage Income	15,909	9,343
Dividend income	-	-
Income from dealing in foreign currencies	1,373	1,133
Capital gain on sale of securities	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	24,818	12,130
Total other income	42,100	22,606
	354,536	16,657
 <b>Other expenses</b>		
Administrative expenses	376,428	273,114
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	376,428	273,114
	(21,892)	(256,457)
Extra Ordinary / unusual items	-	-
Loss before taxation	(21,892)	(256,457)

# Islamic Banking Business - Statement of Sources and Uses of Chariry Fund Annexure

For the half year ended June 30, 2014

(3 of 3)

	June 30, 2014	December 31, 2013
	(Rupees in thousand)	
<b>Opening balance</b>	677	38
Additions during the period / year		
- received from customers on delayed payments	1,308	485
- non shariah compliant income	500	140
- profit on charity account	1	14
	1,809	639
Payments/ utilization during the period / year		
- education	-	-
- relief and disaster recovery	(2,480)	-
- health	-	-
- orphanage	-	-
	(2,480)	-
<b>Closing balance</b>	<u>6</u>	<u>677</u>

**ASKARI BANK LIMITED  
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION (Un-Audited)  
FOR THE HALF YEAR ENDED JUNE 30, 2014**



## Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2014

		(Un-audited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in thousand)	
<b>ASSETS</b>	<b>Note</b>		
Cash and balances with treasury banks		24,499,519	26,104,835
Balances with other banks		8,226,538	9,124,531
Lendings to financial institutions		19,513,160	2,503,207
Investments	7	151,517,115	165,897,833
Advances	8	172,290,249	163,560,629
Operating fixed assets	9	7,942,313	8,623,410
Assets held for sale	9.1.1	708,411	-
Deferred tax assets - net	10	2,510,517	2,999,526
Other assets		20,667,246	16,282,792
		407,875,068	395,096,763
<b>LIABILITIES</b>			
Bills payable		15,186,329	5,687,542
Borrowings	11	14,880,256	24,545,879
Deposits and other accounts	12	344,822,569	335,173,378
Sub-ordinated loans		3,993,600	3,994,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,344,967	6,724,055
		387,227,721	376,125,254
<b>NET ASSETS</b>		20,647,347	18,971,509
<b>Represented By:</b>			
Share capital		12,602,602	12,602,602
Reserves	13	4,444,791	5,612,416
Unappropriated profit / (loss)		1,964,574	(1,370,719)
		19,011,967	16,844,299
Non-controlling interest		32,441	31,359
		19,044,408	16,875,658
Surplus on revaluation of assets - net of tax	14	1,602,939	2,095,851
		20,647,347	18,971,509
<b>CONTINGENCIES AND COMMITMENTS</b>	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 half year ended June 30, 2014

	Note	June 30, 2014		June 30, 2013	
		For the quarter ended (Rupees in thousand)	For the half year ended	For the quarter ended (Rupees in thousand)	For the half year ended
<b>Mark-up / return / interest earned</b>		8,350,219	15,909,859	6,331,787	13,618,251
<b>Mark-up / return / interest expensed</b>		5,361,957	10,378,552	4,667,546	9,767,088
Net mark-up / interest income		2,988,262	5,531,307	1,664,241	3,851,163
(Reversal of provision) / provision against non-performing loans and advances - net	8.2	(88,121)	(321,828)	6,369,302	6,583,700
Impairment loss on available for sale investments		30,632	65,785	85,165	135,873
Provision for diminution in the value of investments - net		38,905	121,302	311,156	427,677
Bad debts written off directly		-	-	-	-
		(18,584)	(134,741)	6,765,623	7,147,250
Net mark-up / interest income after provisions		3,006,846	5,666,048	(5,101,382)	(3,296,087)
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		489,005	854,332	394,900	662,968
Dividend income		59,886	108,894	30,541	107,266
Income from dealing in foreign currencies		232,496	531,466	82,000	230,265
Gain on sale of securities - net	16	450,875	1,130,830	328,036	573,862
Unrealised gain on revaluation of investments classified as held for trading - net		4,308	7,538	2,575	3,766
Other income		139,683	312,684	88,967	202,082
		1,376,253	2,945,744	927,019	1,780,209
Total non-markup / interest income		4,383,099	8,611,792	(4,174,363)	(1,515,878)
<b>Non mark-up / interest expenses</b>					
Administrative expenses		2,788,867	5,557,680	2,512,416	4,746,462
Other provisions / write offs		15,234	15,234	76,632	76,632
Other charges		171	174	(1,882)	226
Total non-markup / interest expenses		2,804,272	5,573,088	2,587,166	4,823,320
		1,578,827	3,038,704	(6,761,529)	(6,339,198)
Share of profit of associate		10,914	22,530	8,747	14,109
Extra ordinary / unusual items		-	-	-	-
<b>Profit / (loss) before taxation</b>		1,589,741	3,061,234	(6,752,782)	(6,325,089)
Taxation - current		92,655	125,021	10,915	176,532
- prior years'		-	-	-	-
- deferred		355,768	754,423	(2,391,246)	(2,408,244)
		448,423	879,444	(2,380,331)	(2,231,712)
<b>Profit / (loss) after taxation</b>		1,141,318	2,181,790	(4,372,451)	(4,093,377)
Attributable to:					
Equity holders of the Bank		1,140,973	2,180,708	(4,373,128)	(4,094,470)
Non-controlling interest		345	1,082	677	1,093
		1,141,318	2,181,790	(4,372,451)	(4,093,377)

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 half year ended June 30, 2014

	June 30, 2014		June 30, 2013	
	For the quarter ended (Rupees in thousand)	For the half year ended	For the quarter ended (Rupees in thousand)	For the half year ended
<b>Profit / (loss) after taxation</b>	1,141,318	2,181,790	(4,372,451)	(4,093,377)
<b>Other comprehensive income</b>				
Effect of translation of net investment in Wholesale Bank Branch	(13,040)	5,020	2,439	5,020
Effect of recognition of actuarial gain	-	-	27,897	27,897
<b>Total comprehensive income</b>	<u>1,128,278</u>	<u>2,186,810</u>	<u>(4,342,115)</u>	<u>(4,060,460)</u>
Attributable to:				
Equity holders of the Bank	1,127,196	2,186,133	(4,342,792)	(4,061,553)
Non-controlling interest	1,082	677	677	1,093
	<u>1,128,278</u>	<u>2,186,810</u>	<u>(4,342,115)</u>	<u>(4,060,460)</u>

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

-sd-  
President & Chief Executive

-sd-  
Director

-sd-  
Director

-sd-  
Chairman

## Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the half year ended June 30, 2014

	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	3,061,234	(6,325,089)
less: dividend income	(108,651)	(107,266)
	<u>2,952,340</u>	<u>(6,432,355)</u>
Adjustments:		
Depreciation / amortization	370,228	403,425
(Reversal of provision) / provision against non-performing advances - net	(321,828)	6,583,700
Impairment loss on available for sale investments	65,785	135,873
Provision for diminution in the value of investments - net	121,302	427,677
Unrealised gain on revaluation of investments classified as held for trading - net	(7,538)	(3,766)
Other provisions / write-offs	-	76,632
Net profit on sale of operating fixed assets	(11,438)	(1,180)
Share of profit of associate	(22,530)	(14,109)
	<u>193,981</u>	<u>7,608,252</u>
	<u>3,146,321</u>	<u>1,175,897</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(18,009,953)	6,136,559
Held for trading securities	(55,152)	51,757
Advances	(8,376,835)	(3,145,024)
Other assets (excluding advance taxation)	(4,180,603)	154,374
	<u>(30,622,543)</u>	<u>3,197,666</u>
Increase / (decrease) in operating liabilities		
Bills payable	9,498,787	2,700,183
Borrowings	(9,665,623)	779,211
Deposits and other accounts	9,649,191	(13,619,272)
Other liabilities (excluding current taxation)	1,621,457	2,364,681
	<u>11,103,812</u>	<u>(7,775,197)</u>
Cash flow before tax	<u>(16,372,409)</u>	<u>(3,401,634)</u>
Income tax paid	(318,121)	(965,824)
Net cash outflow from operating activities	<u>(16,690,530)</u>	<u>(4,367,458)</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	13,432,334	(19,097)
Net investments in held to maturity securities	79,166	102,946
Dividend income	89,931	101,179
Investments in operating fixed assets	(419,316)	(189,295)
Sale proceeds of operating fixed assets	19,492	7,272
Net cash inflow from investing activities	<u>13,201,607</u>	<u>3,005</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(800)	(1,496,600)
Payment of lease obligations	-	(222)
Dividends paid	(545)	(80)
Net cash outflow from financing activities	<u>(1,345)</u>	<u>(1,496,902)</u>
Effect of translation of net investment in Wholesale Bank Branch	(13,040)	5,020
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>(3,503,309)</u>	<u>(5,856,335)</u>
Cash and cash equivalents at beginning of the period	36,229,366	33,322,725
Cash and cash equivalents at end of the period	<u>32,726,057</u>	<u>27,466,390</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	24,499,519	24,853,809
Balances with other banks	8,226,538	2,590,581
Term deposits with MCB Bank	-	22,000
	<u>32,726,057</u>	<u>27,466,390</u>

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

-sd-  
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-sd-  
Director

-sd-  
Director

-sd-  
Chairman

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

For the half year ended June 30, 2014

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Unappropriated profit			
<b>Balance as at January 01, 2013</b>	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)	-	-	-
<b>Total comprehensive income for the half year ended June 30, 2013</b>									
Net (loss) / profit for the half year ended June 30, 2013	-	-	-	-	-	(4,094,470)	(4,094,470)	1,093	(4,093,377)
Effect of recognition of actuarial gain	-	-	-	-	-	27,897	27,897	-	27,897
Effect of translation of net investment in Wholesale Bank Branch	-	5,020	-	-	-	-	5,020	-	5,020
	-	5,020	-	-	-	(4,066,573)	(4,061,553)	1,093	(4,060,460)
Transfer to Statutory reserve	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2013</b>	8,130,711	87,679	234,669	3,899,517	5,329,222	(4,072,426)	13,609,372	30,534	13,639,906
<b>Total comprehensive income for the six months ended December 31, 2013</b>									
Net (loss) / profit for the six months ended December 31, 2013	-	-	-	-	-	(1,284,931)	(1,284,931)	1,068	(1,283,863)
Effect of recognition of actuarial gain / (loss)	-	-	-	-	-	36,637	36,637	(243)	36,394
Effect of translation of net investment in Wholesale Bank Branch	-	11,330	-	-	-	-	11,330	-	11,330
	-	11,330	-	-	-	(1,248,294)	(1,236,964)	825	(1,236,139)
Transfer to:									
Statutory reserve	-	-	-	-	-	-	-	-	-
General reserve	-	-	-	-	(3,950,001)	3,950,001	-	-	-
	8,130,711	99,009	234,669	3,899,517	1,379,221	(1,370,719)	12,372,408	31,359	12,403,767
<b>Transaction with owners, recorded directly in equity</b>									
Issue of shares against right issue	4,471,891	-	-	-	-	-	4,471,891	-	4,471,891
<b>Balance as at December 31, 2013</b>	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	-	-	-
<b>Total comprehensive income for the six months ended June 30, 2014</b>									
Net profit for the half year ended June 30, 2014	-	-	-	-	-	2,180,708	2,180,708	1,082	2,181,790
Effect of translation of net investment in Wholesale Bank Branch	-	(13,040)	-	-	-	-	(13,040)	-	(13,040)
	-	(13,040)	-	-	-	2,180,708	2,167,668	1,082	2,168,750
Transfer to Statutory reserve	-	-	-	428,041	-	(428,041)	-	-	-
<b>Balance as at June 30, 2014</b>	12,602,602	85,969	234,669	4,327,558	(203,405)	1,964,574	19,011,967	32,441	19,044,408

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

## **1. STATUS AND NATURE OF BUSINESS**

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

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

The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on June 30, 2014. The Bank is a subsidiary of FFCL, which directly and indirectly holds 54.12 percent shares of the Bank as on that date. The ultimate parent of the Group is Fauji Foundation. The Bank has 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 half year ended June 30, 2014.

## **2. BASIS OF MEASUREMENT**

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

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

## **3. STATEMENT OF COMPLIANCE**

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

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

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

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

For the half year ended June 30, 2014

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Assets held for sale

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

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

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

### 5. ACCOUNTING ESTIMATES

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

### 6. FINANCIAL RISK MANAGEMENT

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

### 7. INVESTMENTS

(Rupees in thousand)

	Held by the Bank	Given as collateral	Total
As at June 30, 2014 - (Un-audited)	147,703,309	3,813,806	151,517,115
As at December 31, 2013 - (Audited)	150,711,971	15,185,862	165,897,833

#### 7.1 Investments by type

As at June 30, 2014 (Un-audited)

	Held by the Bank	Given as collateral	Total
Held for trading securities	159,690	-	159,690
Available for sale securities	147,719,319	3,822,605	151,541,924
Held to maturity securities	1,454,510	-	1,454,510
Investment in an associated company	1,179,017	-	1,179,017
	149,512,536	3,822,605	153,335,141
Provision for diminution in value of investments	(1,463,702)	-	(1,463,702)
Unrealised gain on revaluation of investments classified as held for trading - net	7,538	-	7,538
Surplus in revaluation of available for sale securities - net	(353,063)	(8,799)	(361,862)
Investments - net of provision	147,703,309	3,813,806	151,517,115

**7.2** Investments include Rs. 2,124,920 thousand (December 31, 2013: Rs. 2,160,358 thousand) which have been placed under non-performing status.

**7.3** The Group has availed the relaxation of Rs. 349,773 thousand (December 31, 2013: Rs. 499,676 thousand) and Rs. 126,788 thousand (December 31, 2013: Rs. 169,679 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations for debt securities and impairment for equity securities respectively.

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

For the half year ended June 30, 2014

		(Un-audited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in thousand)	
<b>8. ADVANCES</b>	<b>Note</b>		
Loans, cash credits, running finances, etc.			
In Pakistan		170,585,491	165,353,375
Outside Pakistan		5,630,365	3,633,699
		176,215,856	168,987,074
Lease Financing – In Pakistan		3,413,558	3,832,019
Ijarah Financing – In Pakistan		105,270	138,622
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	1,278,657	1,024,822
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		10,786,647	10,882,706
Payable outside Pakistan		8,778,146	7,309,627
		19,564,793	18,192,333
Advances – gross		200,578,134	192,174,870
Provision for non-performing advances	8.2		
Specific provision		(27,948,031)	(28,279,285)
General provision		(160,791)	(150,970)
General provision against consumer loans		(179,063)	(183,986)
		(28,287,885)	(28,614,241)
Advances – net of provision		172,290,249	163,560,629

**8.1** Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 219,899 thousand (December 31, 2013: Rs.143,199 thousand)

### 8.2 Particulars of provision against non-performing advances

	June 30, 2014 (Un-audited)				December 31, 2013 (Audited)			
	Specific	General	Consumer Financing General	Total	Specific	General	Consumer Financing-General	Total
	(Rupees in thousand)				(Rupees in thousand)			
Opening balance	28,279,285	150,970	183,986	28,614,241	18,796,160	127,698	203,890	19,127,748
Charge for the period / year	867,678	9,956	4,001	881,635	10,606,839	34,440	2,928	10,644,207
Reversal for the period / year	(1,194,404)	(135)	(8,924)	(1,203,463)	(756,604)	(11,168)	(22,832)	(790,604)
Net (reversal) / charge for the period / year	(326,726)	9,821	(4,923)	(321,828)	9,850,235	23,272	(19,904)	9,853,603
Amounts written off	(4,528)	-	-	(4,528)	(427)	-	-	(427)
Amounts charged off – agri loans	-	-	-	-	(366,683)	-	-	(366,683)
Closing balance	27,948,031	160,791	179,063	28,287,885	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. 195,262 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. 195,262 thousand (June 30, 2013: Rs. 257,017 thousand) and Rs. 126,920 thousand (June 30, 2013: Rs. 167,061 thousand) respectively

**8.4** The Group has availed the relaxation of Rs. 160,773 thousand (December 31, 2013: Rs. 191,714 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations.



**Notes to the Condensed Interim Consolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

- 8.5** Advances include Rs. 32,012,459 thousand (December 31, 2013: Rs. 33,119,829 thousand) which have been placed under non-performing status as detailed below

Category of classification	June 30, 2014 - (Un audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	Required	Held
	(Rupees in thousand)				
Other Assets Especially Mentioned - note 8.5.1	375,956	-	375,956	-	-
Substandard	581,811	-	581,811	67,908	67,908
Doubtful	704,058	-	704,058	161,805	161,805
Loss	30,350,634	-	30,350,634	27,718,318	27,718,318
	<u>32,012,459</u>	<u>-</u>	<u>32,012,459</u>	<u>27,948,031</u>	<u>27,948,031</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 and mortgage finances as per the requirement of the Prudential Regulation for Agricultural Financing and Mortgage Financing issued by the State Bank of Pakistan.

	Note	(Un-audited)	(Audited)
		June 30,	December 31,
		2014	2013
		(Rupees in thousand)	
<b>9. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		126,149	35,444
Property and equipment	9.1	6,675,199	7,395,312
Intangibles	9.2	1,140,965	1,192,654
		7,816,164	8,587,966
		<u>7,942,313</u>	<u>8,623,410</u>

**9.1 Property and equipment**

Book value at beginning of the period / year		7,395,312	7,610,632
Cost of additions during the period / year		287,359	437,873
Book value of deletions / transfers during the period / year		(8,599)	(13,382)
Depreciation charge for the period / year		(291,011)	(635,896)
Book value of adjustments		549	(3,915)
Assets transferred to assets held for sale	9.1.1	(708,411)	-
Book value at end of the period / year		<u>6,675,199</u>	<u>7,395,312</u>

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

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

For the half year ended June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
<b>9.2 Intangibles</b>		
Book value at beginning of the period / year	1,192,654	1,247,366
Cost of additions during the period / year	41,252	93,551
Amortization charge for the period / year	(79,217)	(148,263)
Book value at end of the period / year	1,154,689	1,192,654
Less: provision for intangible assets	(13,724)	-
	<u>1,140,965</u>	<u>1,192,654</u>
<b>10. DEFERRED TAX ASSETS - NET</b>		
Deferred (credits) / debits arising due to:		
Accelerated tax depreciation	(492,510)	(521,691)
Provision for staff benefits	340	646
Provision against non performing advances		
- excess of 1% of total advances	2,768,773	3,432,177
- classified in sub-standard category	71,584	71,278
Unused tax losses	24,306	144,506
	<u>2,372,493</u>	<u>3,126,916</u>
Deficit / (surplus) on revaluation of available for sale securities	125,995	(139,419)
Actuarial losses	12,029	12,029
	<u>138,024</u>	<u>(127,390)</u>
	<u>2,510,517</u>	<u>2,999,526</u>
<b>11. BORROWINGS</b>		
<b>in Pakistan local currency</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	5,829,544	8,617,564
- Long term financing of export oriented projects	93,923	176,991
- Long term financing facility	178,801	149,538
- Refinance scheme for revival of agricultural activities		
in flood affected areas	475	1,205
- Refinance scheme for revival of SME activities		
in flood affected areas	-	7,500
	<u>6,102,743</u>	<u>8,952,798</u>
Repo borrowings from financial institutions	3,799,871	15,174,630
<b>Unsecured - in Pakistan local currency</b>		
Call borrowings	4,483,654	-
Overdrawn balance with other banks	491,343	393,825
	<u>4,974,997</u>	<u>393,825</u>
	<u>14,877,611</u>	<u>24,521,253</u>
<b>Outside Pakistan - foreign currencies</b>		
Overdrawn nostro accounts - unsecured	2,645	24,626
	<u>14,880,256</u>	<u>24,545,879</u>

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

For the half year ended June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
(Rupees in thousand)		
Customers		
Fixed deposits	69,534,201	82,583,524
Savings deposits	171,575,316	171,936,741
Current accounts - remunerative	669,381	402,137
Current accounts - non-remunerative	98,022,799	70,612,313
Special exporters' account	33,748	79,243
Margin accounts	2,853,855	1,667,411
Others	1,123,769	385,827
Financial institutions		
Remunerative deposits	766,357	7,174,571
Non-Remunerative deposits	243,143	331,611
	<u>344,822,569</u>	<u>335,173,378</u>

	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	(Un-audited) June 30, 2014	(Audited) December 31, 2013
(Rupees in thousand)						
Balance at beginning of period / year	99,009	234,669	3,899,517	1,379,221	5,612,416	8,541,776
Effect of translation of net investment in Wholesale Bank Branch	(13,041)	-	-	-	(13,041)	16,350
Transfer from un-appropriated profit			428,041	(1,582,626)	(1,154,585)	(2,945,710)
Balance at end of period / year	<u>85,969</u>	<u>234,669</u>	<u>4,327,558</u>	<u>(203,405)</u>	<u>4,444,791</u>	<u>5,612,416</u>

- 13.1** As at June 30, 2014, the Group has availed net of tax benefit of Forced Saled Value (FSV) of Rs. 1,718,710 thousand (December 31, 2013: Rs. 1,845,630 thousand) in respect of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
<b>14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
(Rupees in thousand)		
Surplus on revaluation of land	1,836,931	1,836,931
Surplus / (deficit) on revaluation of available for sale investments		
i) Federal Government securities	(476,185)	(474,583)
ii) Listed shares	121,758	631,670
iii) Units of open end mutual funds	79,818	174,631
iv) Other securities	(85,378)	66,621
	(359,987)	398,339
Less: related deferred tax	125,995	(139,419)
	<u>(233,992)</u>	<u>258,920</u>
	<u>1,602,939</u>	<u>2,095,851</u>

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

For the half year ended June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
i) Government	-	-
ii) Others	6,950,940	8,024,235
	<u>6,950,940</u>	<u>8,024,235</u>
<b>15.2 Transaction-related contingent liabilities</b>		
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.	346,432	992,331
Contingent liability in respect of guarantees given, favouring:		
i) Government	62,368,892	67,564,698
ii) Banks and other financial institutions	2,950,154	3,232,089
iii) Others	8,465,191	6,823,472
	<u>73,784,237</u>	<u>77,620,259</u>
	<u>74,130,669</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) June 30, 2014	(Audited) December 31, 2013
	(Rupees in thousand)	
<b>15.3 Trade-related contingent liabilities</b>	<u>69,755,800</u>	<u>79,193,455</u>

### 15.4 Other Contingencies

15.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	<u>696,867</u>	<u>809,026</u>
15.4.2 The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million.		

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

For the half year ended June 30, 2014

### 15.5 Tax contingencies

- i) For the Tax Years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour.
- ii) Income tax demand of Rs. 9,565 thousand, not acknowledged as debt, has been challenged by ASL and are currently in appeal; ASL expects favourable outcome of appeal.
- iii) Group's share of income tax demand of Rs. 1,794 thousand, not acknowledged as debt, has been challenged by AGICO and are currently in appeal; AGICO expects favourable outcome of appeal.

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

### 15.6 Commitments in respect of forward lending

Commitment against "Repo" transactions

Purchase and resale agreements

Sale and repurchase agreements

16,819,911	994,312
3,818,904	15,211,984

### 15.7 Commitments in respect of forward exchange contracts

Purchase

Sale

44,313,422	58,454,369
39,158,084	49,320,257

The above commitments have maturities falling within one year.

### 15.8 Commitments for acquisition of operating fixed assets

187,699	145,174
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### 15.9 Commitments in respect of forward sale of listed equity securities

Sale

-	45,570
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### 15.10 Commitments to extend credit

The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn except for

12,364,247	9,756,031
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### 15.11 Other commitments

This represents participation in the equity of proposed

Mortgage Refinance Company.

300,000	300,000
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### 15.12 Bills for collection

Payable in Pakistan

Payable outside Pakistan

610,943	3,364,728
15,869,928	14,814,641
16,480,871	18,179,369

**Notes to the Condensed Interim Consolidated Financial Information** (Un-audited)  
For the half year ended June 30, 2014

	June 30, 2014		June 30, 2013	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	(Rupees in thousand)		(Rupees in thousand)	
<b>16. GAIN ON SALE OF SECURITIES - NET</b>				
Gain on sale of government securities	20,702	45,233	148,331	289,694
Gain on sale of other investments	430,173	1,085,597	179,705	284,168
	<u>450,875</u>	<u>1,130,830</u>	<u>328,036</u>	<u>573,862</u>

**17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Assets Management	Retail Brokerage	Sub-Ordinated Loans	Total
For the half year ended June 30, 2014 - (Un-audited)										
Total income	141,605	318,344	660,759	17,594,030	25,417	11,076	86,238	18,134	-	18,855,603
Total expenses	41,308	92,866	151,001	15,194,854	7,415	3,231	71,370	13,888	240,966	15,816,899
Net income / (loss)	100,297	225,478	509,758	2,399,176	18,002	7,845	14,868	4,246	(240,966)	3,038,704
For the half year ended June 30, 2013 - (Un-audited)										
Total income	65,125	(65,397)	804,156	14,476,727	30,154	8,935	61,841	16,919	-	15,398,460
Total expenses	19,825	19,908	249,318	21,018,998	9,180	2,720	66,275	12,816	338,618	21,737,658
Net income / (loss)	45,300	(85,305)	554,838	(6,542,271)	20,974	6,215	(4,434)	4,103	(338,618)	(6,339,198)
As at June 30, 2014 - (Un-audited)										
Segment Assets (Gross)	143,562	549,410	11,524,208	425,192,008	25,768	11,229	343,782	266,632	-	438,056,599
Segment Non Performing Loans	-	-	2,716,332	29,296,127	-	-	-	-	-	32,012,459
Segment Provision Required	-	-	2,415,559	27,699,756	-	-	-	66,216	-	30,181,531
Segment Liabilities	2,088	7,989	26,543,615	356,508,107	375	163	47,901	75,643	4,041,840	387,227,721
Segment return on net assets (%)	0.07	0.16	0.33	8.76	0.01	0.01	0.04	0.01	-	-
Segment cost of funds (%)	0.02	0.05	0.08	7.96	0.00	0.00	0.04	0.01	0.13	-
As at December 31, 2013 - (Audited)										
Segment Assets (Gross)	70,214	152,699	11,994,130	412,641,188	38,548	9,736	379,388	183,322	-	425,469,225
Segment Non Performing Loans	-	-	2,679,642	30,440,187	-	-	-	-	-	33,119,829
Segment Provision Required	-	-	2,439,282	27,866,965	-	-	-	-	66,216	30,372,463
Segment Liabilities	1,067	2,321	24,336,897	347,591,697	586	148	82,163	62,733	4,047,642	376,125,254
Segment return on net assets (%)	0.03	(0.07)	0.39	8.06	0.02	-	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.02	0.11	10.91	-	-	0.05	0.01	0.17	-

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

For the half year ended June 30, 2014

### 18. RELATED PARTY TRANSACTIONS

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

Details of transactions with related parties during the half year and balances as at June 30, 2014 are as follows:

	June 30, 2014 - (UnAudited)						December 31, 2013 - (Audited)					
	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employee Funds	Parent	Key management personnel	Directors	Companies with common directorship, having equity under 20%	Associated Companies	Employee Funds
Balances outstanding as at												
-Advances	704,486	120,438	1,371	-	2,716,653	-	79,506	95,926	128	-	2,857,945	-
-Deposits	3,239,192	41,455	98,681	617,626	6,590,075	86,984	5,180,555	40,472	123,537	598,369	7,189,990	309,571
-Outstanding commitments and contingent liabilities for												
irrevocable commitments and contingencies	626,866	-	-	-	-	-	640,987	-	-	-	985,168	-
-Investment in shares / units - at cost	-	-	-	1,738,315	53,703	-	-	-	-	1,714,494	503,492	-
-Reimbursable expenses on behalf of												
Askari High Yield Scheme	-	-	7,936	-	-	-	-	-	3,892	-	-	-
-Management fee and commission receivable from												
Askari High Yield Scheme (AHYS)	-	-	-	726	-	-	-	-	-	92	-	-
-Reimbursable expenses on behalf of												
Askari Asset Allocation Fund	-	-	-	1,105	-	-	-	-	-	540	-	-
-Management fee and commission receivable from Askari Asset Allocation Fund (AAAF)	-	-	-	81	-	-	-	-	-	14	-	-
-Reimbursable expenses on behalf of												
Askari Islamic Income Fund	-	-	-	1,155	-	-	-	-	-	655	-	-
-Management fee and commission receivable from Askari Islamic Income Fund (AIIF)	-	-	-	79	-	-	-	-	-	14	-	-
-Management fee and commission receivable from Askari Islamic Asset Allocation Fund (IAAAF)	-	-	-	43	-	-	-	-	-	480	-	-
-Reimbursable expenses on behalf of												
Askari Islamic Asset Allocation Fund	-	-	-	841	-	-	-	-	-	12	-	-
-Reimbursable expenses on behalf of												
Askari Sovereign Cash Fund	-	-	-	11,516	-	-	-	-	-	5,987	-	-
-Management fee and commission receivable from Askari Sovereign Cash Fund (ASCF)	-	-	-	578	-	-	-	-	-	159	-	-
-Reimbursable expenses on behalf of												
Askari Equity Fund	-	-	-	769	-	-	-	-	-	374	-	-
-Management fee and commission receivable from Askari Equity Fund (AEF)	-	-	-	43	-	-	-	-	-	10	-	-
-Management fee and commission receivable from Askari Sovereign Yield Enhancer (ASYE)	-	-	-	193	-	-	-	-	-	29	-	-
-Reimbursable expenses on behalf of												
Askari Sovereign Yield Enhancer (ASYE)	-	-	-	3,062	-	-	-	-	-	1,892	-	-
-Pre-paid insurance premium by AIML	-	-	-	-	420	-	-	-	-	-	808	-
-Payable to employee funds	-	-	-	-	-	6,921	-	-	-	-	-	4,445
	June 30, 2014 - (Unaudited)						June 30, 2013 - (Unaudited) - note 18.1					
Transactions during the half year ended												
-Mark-up / Interest earned	5,605	2,608	7	-	167,523	-	220	2,951	43	-	9,965	-
-Net mark-up / Interest expensed	66,278	1,432	2,740	24,481	224,718	6,153	878,641	479	1,223	7,870	9,107	3,578
-Contributions to employees' funds	-	-	-	-	-	240,012	-	-	-	-	-	149,450
-Investment in shares / units - at cost	-	-	-	23,821	-	-	-	-	-	-	-	-
-Rent of property / service charges received	-	-	-	-	15,378	-	7,362	-	-	34,350	-	-
-Dividend income received	-	-	-	9,928	-	-	19,510	-	-	4,335	5,695	-
-Remuneration paid	-	82,762	-	-	-	-	-	85,392	-	8,868	-	-
-Post employment benefits	-	6,511	-	-	-	-	-	6,729	-	-	-	-
-Insurance premium paid	-	-	-	-	13,989	-	-	-	-	-	16,467	-
-Insurance claims received	-	-	-	-	432	-	-	-	-	-	14	-
-Security services cost	-	-	-	-	-	-	-	-	-	104,727	-	-
-Fee, commission and brokerage income	20	-	-	-	2,621	-	-	-	-	-	-	-
-Payment received by AIML from ASCF against reimbursable expenses	-	-	-	-	-	-	3	-	140	-	-	-
-Remuneration received by AIML from AAAF, AHYS, AIAAF, AIIF, ASCF and AEF	-	-	-	65,330	-	-	-	-	-	56,363	-	-
-Fees paid	-	-	1,975	-	-	-	-	-	3,450	-	-	-

**18.1** Comparative figures of June 30, 2013 are of those related parties which were categorized as related parties based on the ownership at that time.

### 19. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on July 21, 2014.

-sd-  
President & Chief Executive

-sd-  
Director

-sd-  
Director

-sd-  
Chairman







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