

Report for the quarter ended March 31, 2012

# The art of banking



## Contents

Corporate Information	1
Directors' Review	2
Condensed Interim Unconsolidated Statement of Financial Position	3
Condensed Interim Profit and Loss Account	4
Condensed Interim Unconsolidated Statement of Comprehensive Income	5
Condensed Interim Unconsolidated Cash Flow Statement	6
Condensed Interim Unconsolidated Statement of Changes in Equity	7
Notes to the Condensed Interim Unconsolidated Financial Information	8
Islamic Banking Business - Statement of Financial Position	18
Islamic Banking Business - Profit and Loss Accounts	19
Condensed Interim Consolidated Statement of Financial Position	21
Condensed Interim Consolidated Profit and Loss Account	22
Condensed Interim Consolidated Statement of Comprehensive Income	23
Condensed Interim Consolidated Cash Flow Statement	24
Condensed Interim Consolidated Statement of Changes in Equity	25
Notes to the Condensed Interim Consolidated Financial Information	26

## Corporate Information

### Board of Directors

Lt. Gen. Javed Iqbal - Chairman  
Lt. Gen. (R) Tahir Mahmood  
Malik Riffat Mahmood  
Mr. Zafar Alam Khan Sumbal  
Dr. Bashir Ahmad Khan  
Mr. Ali Noormahomed Rattansey, FCA  
Mr. Shahid Mahmud  
Mr. Muhammad Riyazul Haque  
Mr. Wazir Ali Khoja  
Mr. Khawaja Jalaluddin Roomi  
Mr. M. R. Mehkari - President & Chief Executive

### Audit Committee

Dr. Bashir Ahmad Khan - Chairman  
Mr. Ali Noormahomed Rattansey, FCA  
Mr. Wazir Ali Khoja  
Khawaja Jalaluddin Roomi

### Chief Financial Officer

Mr. Saleem Anwar, FCA

### Company Secretary

Mr. M. A. Ghazali Marghoob, FCA

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

Rizvi, Isa, Afridi & Angell

### Shariah Advisor

Dr. Muhammad Tahir Mansoori

### Registered / Head Office

AWT Plaza, The Mall,  
P.O. Box No. 1084, Rawalpindi - 46000, Pakistan.  
Tel: (92 51) 906 3000  
Fax: (92 51) 927 2455  
E-mail: [webmaster@askaribank.com.pk](mailto:webmaster@askaribank.com.pk)

### Registrar & Share Transfer Office

THK Associates (Pvt) Limited  
Ground Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmad Road,  
P.O. Box: 8533, Karachi - 75530  
Tel: (92 21) 111 000 322  
Fax: (92 21) 35655595

### Entity Ratings

Long Term : AA  
Short Term : A1 +  
by Pakistan Credit Rating Agency (PACRA)

### Website

This condensed interim financial information along with contacts of branches / offices can be accessed at the Bank's website: [www.askaribank.com.pk](http://www.askaribank.com.pk)

## Directors' Review

Dear Shareholders

We are pleased to present the un-audited accounts for the quarter ended March 31, 2012.

The financial results of the quarter are summarized as under:

Quarter ended March 31	Rupees in thousand	
	2012	2011
Profit before tax	800,644	815,091
Taxation	(226,514)	(276,841)
Profit after tax	<u>574,130</u>	<u>538,250</u>
Basic / diluted earnings per share - Re.	<u>0.71</u>	<u>0.66</u>

During the quarter ended March 31, 2012, your Bank earned profit after taxation of Rs.574 million, 6.7% higher than Rs.538 million for the corresponding first quarter of last year. Operating profit i.e., profit before provisions against non-performing assets stood at Rs.1,262 million registering a decline of 6.9% over the comparable quarter of 2011 – mainly due to decline in net spreads. Aggregate net revenues declined by 5.5% during the quarter, made up of net mark-up / interest income, which declined by 16%, and non-fund income which increased by 35% against the corresponding first quarter of 2011, also reflecting a change in revenue streams due to some re-composition of our investments portfolio. Consequent to the decline in net revenues, efforts were made to curtail administrative expenses resulting in a reduction of 4.5% compared with the corresponding quarter last year.

At the close of the first quarter of 2012, customer deposits stood at Rs. 281 billion against Rs.292 billion at December 31, 2011, a decline of 3.7% whereas net advances declined by 1.8% to Rs.148 billion as at March 31, 2012 as compared with Rs.151 billion as of December 31, 2011. At the current quarter end, aggregate non-performing advances stood at Rs.23.60 billion, almost unchanged from the position of December 31, 2011; however, cumulative provisions there-against increased by 3% due to further downgrades of classified advances. As a result, coverage ratio improved to 72.7% as at March 31, 2012 from 70.5% at end 2011.

Out of the total reserves and unappropriated profit of the Bank amounting to Rs.8,952 million as at March 31, 2012, an amount of Rs. 3,429 million (December 31, 2011: Rs. 3,358 million) represents the benefit of forced sale values of eligible collaterals held against non-performing advances, as allowed under State Bank of Pakistan's BSD Circular No. 1 of 2011 dated October 21, 2011 – also referred in note 13.2 of the annexed financial statements. Reserves to that extent are not available for payment of cash or stock dividend in terms of above referred circular.

Our branch network has reached 245, including 31 Islamic Banking branches, 21 sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain. Through this branch network, we are well positioned to offer wide range of products and services to our valued customers. Given the current economic conditions, your Bank would be placing greater emphasis on consolidation of recent expansion while further expansion will be gradual and incremental.

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 staff for their commitment, hard work and dedication, and to our shareholders for the trust and confidence reposed in us.

- sd -

President & Chief Executive

Rawalpindi  
April 25, 2012

- sd -

Chairman

## Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2012

	Note	(Un audited) March 31, 2012	(Audited) December 31, 2011
(Rupees in thousand)			
<b>Assets</b>			
Cash and balances with treasury banks		21,903,555	26,168,181
Balances with other banks		5,259,169	6,235,055
Lendings to financial institutions		7,806,784	1,591,584
Investments	7	137,299,487	133,756,712
Advances	8	147,999,845	150,710,709
Operating fixed assets	9	9,245,756	9,348,815
Deferred tax assets		-	-
Other assets		14,778,429	15,945,250
		<u>344,293,025</u>	<u>343,756,306</u>
<b>Liabilities</b>			
Bills payable		3,435,686	2,756,032
Borrowings	10	26,582,664	17,273,470
Deposits and other accounts	11	280,712,199	291,502,993
Sub-ordinated loans		6,989,800	6,990,100
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	116,328	83,024
Other liabilities		8,004,900	7,374,421
		<u>325,841,577</u>	<u>325,980,040</u>
<b>Net Assets</b>		<u><u>18,451,448</u></u>	<u><u>17,776,266</u></u>
<b>Represented By:</b>			
Share capital		8,130,712	7,070,184
Reserves	13	8,377,693	8,136,440
Unappropriated profit		574,130	1,302,158
		<u>17,082,535</u>	<u>16,508,782</u>
Surplus on revaluation of assets - net of tax	14	1,368,913	1,267,484
		<u><u>18,451,448</u></u>	<u><u>17,776,266</u></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

- sd -  
Director

- sd -  
Chairman

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

For the quarter ended March 31, 2012

Note	Quarter ended March 31, 2012	Quarter ended March 31, 2011
	(Rupees in thousand)	
<b>Mark-up / return / interest earned</b>	8,541,313	8,293,877
<b>Mark-up / return / interest expensed</b>	6,173,899	5,475,021
Net mark-up / interest income	2,367,414	2,818,856
Provision against non-performing loans and advances	8.2.1 460,794	525,003
Impairment loss on available for sale investments	-	-
Provision for diminution in the value of investments	-	16,742
Bad debts written off directly	1,043	-
	461,837	541,745
Net mark-up / interest income after provisions	1,905,577	2,277,111
<b>Non mark-up / interest income</b>		
Fee, commission and brokerage income	254,752	295,250
Dividend income	477,911	34,061
Income from dealing in foreign currencies	215,320	215,378
(Loss) / gain on sale of securities	16 (48,954)	79,264
Unrealised loss on revaluation of investments classified as held for trading - net	-	(1,718)
Other income	93,121	112,654
	992,150	734,889
Total non-markup / interest income	2,897,727	3,012,000
<b>Non mark-up / interest expenses</b>		
Administrative expenses	2,097,005	2,178,522
Other provisions / write offs	-	-
Other charges	78	18,387
Total non-markup / interest expenses	2,097,083	2,196,909
	800,644	815,091
Extra ordinary / unusual items	-	-
<b>Profit before taxation</b>	800,644	815,091
Taxation - current	247,824	91,046
- prior years'	-	-
- deferred	(21,310)	185,795
	226,514	276,841
<b>Profit after taxation</b>	574,130	538,250
<b>Basic and diluted earnings per share (Re.)</b>	0.71	0.66

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

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter ended March 31, 2012

	Quarter ended March 31, 2012	Quarter ended March 31, 2011
	(Rupees in '000)	
<b>Profit after taxation</b>	574,130	538,250
<b>Other comprehensive income</b>		
Effect of rescheduled / restructured classified advances	(1,809)	71,692
Effect of translation of net investment in Wholesale Bank Branch	1,432	(553)
<b>Total comprehensive income</b>	<u>573,753</u>	<u>609,389</u>

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

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



**Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)**  
For the quarter ended March 31, 2012

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves		Total
						General reserve	Unappropriated profit	
Balance as at January 01, 2011	6,427,440	55,513	234,669	3,322,905	53,362	4,024,870	701,819	14,820,578
Transfer to General reserve	-	-	-	-	-	701,819	(701,819)	-
<b>Distribution to owners</b>								
Bonus shares declared / issued subsequent to year ended December 31, 2010	642,744	-	-	-	-	(642,744)	-	-
<b>Total comprehensive income for the quarter ended March 31, 2011</b>								
Net profit for the quarter ended March 31, 2011	-	-	-	-	-	-	538,250	538,250
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	71,692	-	-	71,692
Effect of translation of net investment in Wholesale Bank Branch	-	(553)	-	-	-	-	-	(553)
	-	(553)	-	-	71,692	-	538,250	609,389
<b>Balance as at March 31, 2011</b>	<b>7,070,184</b>	<b>54,960</b>	<b>234,669</b>	<b>3,322,905</b>	<b>125,054</b>	<b>4,083,945</b>	<b>538,250</b>	<b>15,429,967</b>
<b>Total comprehensive income for the nine months ended December 31, 2011</b>								
Net profit for the nine months ended December 31, 2011	-	-	-	-	-	-	1,089,448	1,089,448
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	(30,969)	-	-	(30,969)
Effect of translation of net investment in Wholesale Bank Branch	-	20,336	-	-	-	-	-	20,336
	-	20,336	-	-	(30,969)	-	1,089,448	1,078,815
Transfer to Statutory reserve	-	-	-	325,540	-	-	(325,540)	-
<b>Balance as at December 31, 2011</b>	<b>7,070,184</b>	<b>75,296</b>	<b>234,669</b>	<b>3,648,445</b>	<b>94,085</b>	<b>4,083,945</b>	<b>1,302,158</b>	<b>16,508,782</b>
Transfer to General reserve	-	-	-	-	-	1,302,158	(1,302,158)	-
<b>Distribution to owners</b>								
Bonus shares declared / issued subsequent to year end	1,060,528	-	-	-	-	(1,060,528)	-	-
<b>Total comprehensive income for the quarter ended March 31, 2012</b>								
Net profit for the quarter ended March 31, 2012	-	-	-	-	-	-	574,130	574,130
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	(1,809)	-	-	(1,809)
Effect of translation of net investment in Wholesale Bank Branch	-	1,432	-	-	-	-	-	1,432
	-	1,432	-	-	(1,809)	-	574,130	573,753
<b>Balance as at March 31, 2012</b>	<b>8,130,712</b>	<b>76,728</b>	<b>234,669</b>	<b>3,648,445</b>	<b>92,276</b>	<b>4,325,575</b>	<b>574,130</b>	<b>17,082,535</b>

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

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter ended March 31, 2012

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

The Bank obtained its business commencement certificate on February 26, 1992 and started operations from April 1, 1992. Army Welfare Trust (AWT) holds 50.57% (December 31, 2011: 50.57%) of the Bank's share capital at the period end. The Bank has 245 branches (December 31, 2011: 245 branches); 244 in Pakistan and Azad Jammu and Kashmir, including 31 (December 31, 2011: 31) Islamic Banking branches, 21 (December 31, 2011: 21) 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 PRESENTATION

This condensed interim unconsolidated financial information is presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. This condensed interim unconsolidated financial information does not include all of the information required for full financial information and should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2011.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued a number of circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this unconsolidated financial information as such but are restricted to the amount of facilities actually utilized and the appropriate portion of mark-up thereon.

The financial results of the Islamic banking branches have been consolidated in this condensed interim unconsolidated financial information for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure to this condensed interim unconsolidated financial information.

### 3. STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Bank for the quarter ended March 31, 2012 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and the requirements of BSD Circular Letter No. 2 dated May 12, 2004 and provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by the SBP. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by the SBP shall prevail.

International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement", International Accounting Standard (IAS) 40, "Investment Property" and International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" are not applicable to banking companies in Pakistan. Accordingly, the requirements of these standards have not been considered in preparation of this condensed interim unconsolidated financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

For the quarter ended March 31, 2012

Accounting standards, amendments and interpretations to such standards that are mandatory for accounting periods beginning on or after January 1, 2012 which are either not relevant or considered to have no significant effect on this condensed interim unconsolidated financial information or disclosures thereof, are not listed in this condensed interim unconsolidated financial information.

### 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, 2011.

### 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, 2011.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with that disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2011.

7. INVESTMENTS	Rupees in thousand		
	Held by the Bank	Given as collateral	Total
As at March 31, 2012 - (Un-audited)	<u>118,142,302</u>	<u>19,157,185</u>	<u>137,299,487</u>
As at December 31, 2011 - (Audited)	<u>125,782,509</u>	<u>7,974,203</u>	<u>133,756,712</u>
	As at March 31, 2012 (Un-audited)		
7.1 Investments by type	Held by the Bank	Given as collateral	Total
Available for sale securities	114,041,262	19,157,776	133,199,038
Held to maturity securities	4,648,553	-	4,648,553
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	299,789	-	299,789
	<u>119,043,307</u>	<u>19,157,776</u>	<u>138,201,083</u>
Less: Provision for diminution in value of investments	(395,756)	-	(395,756)
Deficit on revaluation of available for sale securities - net	(505,249)	(591)	(505,840)
Investments - net of provision	<u>118,142,302</u>	<u>19,157,185</u>	<u>137,299,487</u>

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

For the quarter ended March 31, 2012

	Note	(Un-audited)	(Audited)
		March 31, 2012	December 31, 2011
(Rupees in thousand)			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		137,021,226	139,289,784
Outside Pakistan		3,127,825	3,103,127
		140,149,051	142,392,911
Lease Financing - In Pakistan		5,902,060	6,477,358
Ijarah Financing - In Pakistan		610,314	671,147
Net book value of assets/ investments in Ijarah under IFAS 2			
In Pakistan	8.1	317,815	319,125
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		8,184,461	11,213,180
Payable outside Pakistan		9,989,937	6,305,678
		18,174,398	17,518,858
Advances - gross		165,153,638	167,379,399
Provision for non-performing advances	8.2		
Specific provision		(16,797,011)	(16,291,514)
General provision		(129,964)	(132,130)
General provision against consumer loans		(226,818)	(245,046)
		(17,153,793)	(16,668,690)
Advances - net of provision		147,999,845	150,710,709

8.1 Net book value of assets/ investments in Ijarah under IFAS 2 is net of depreciation of Rs. 141,065 thousand (December 31, 2011: Rs. 135,879 thousand)

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

(Rupees in thousand)

	March 31, 2012 - (Un-audited)				December 31, 2011 - (Audited)			
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total
Opening balance	16,291,514	132,130	245,046	16,668,690	15,222,798	132,190	296,638	15,651,626
Transfer from investments	22,500	-	-	22,500	-	-	-	-
Charge for the period / year	694,087	-	-	694,087	3,877,730	13,963	-	3,891,693
Reversal for the period / year	(211,090)	(2,166)	(18,228)	(231,484)	(2,164,986)	(14,023)	(51,592)	(2,230,601)
Net charge / (reversal) for the period / year	482,997	(2,166)	(18,228)	462,603	1,712,744	(60)	(51,592)	1,661,092
Reversal of provision on rescheduled / restructured classified advances-note 13.1	-	-	-	-	(71,692)	-	-	(71,692)
Amounts written off	-	-	-	-	(572,336)	-	-	(572,336)
Closing balance	16,797,011	129,964	226,818	17,153,793	16,291,514	132,130	245,046	16,668,690

	Note	(Un-audited)	(Un-audited)
		March 31, 2012	March 31, 2011
(Rupees in thousand)			
<b>8.2.1 Provision against non-performing advances</b>			
Net charge for the period / year	8.2	462,603	525,003
Reversal of capital reserve	13	(1,809)	-
		460,794	525,003

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

For the quarter ended March 31, 2012

- 8.3 The State Bank of Pakistan amended the Prudential Regulations vide BSD Circular No. 1 of 2011 dated October 21, 2011 in relation to provision for loans and advances, thereby allowing 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 has resulted in reduced charge for specific provision for quarter by Rs. 109,064 thousand. The FSV benefit recognised in this condensed interim unconsolidated financial information is not available for payment of cash or stock dividend. Had the FSV benefit not recognised, profit before tax and profit after tax for the quarter would have been lower by Rs. 109,064 thousand (March 31, 2011: Rs. 445,274 thousand) and Rs. 70,892 thousand (March 31, 2011: Rs. 289,428 thousand) respectively.
- 8.4 Advances include Rs. 23,597,208 thousand (December 31, 2011: Rs. 23,645,541 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	Note	March 31, 2012 - (Un-audited)				
		Classified Advances			Provision Required	Provision Held
		Domestic	Overseas	Total		
(Rupees in thousand)						
Other Assets Especially Mentioned	8.4.1	88,858	-	88,858	-	-
Substandard		789,338	-	789,338	74,213	74,213
Doubtful		772,780	-	772,780	215,359	215,359
Loss		21,946,232	-	21,946,232	16,507,439	16,507,439
		<u>23,597,208</u>	<u>-</u>	<u>23,597,208</u>	<u>16,797,011</u>	<u>16,797,011</u>
December 31, 2011 - (Audited)						
Category of Classification	Note	Classified Advances			Provision Required	Provision Held
		Domestic	Overseas	Total		
		(Rupees in thousand)				
Other Assets Especially Mentioned	8.4.1	82,833	-	82,833	-	-
Substandard		822,789	-	822,789	70,785	70,785
Doubtful		1,754,185	-	1,754,185	353,690	353,690
Loss		20,985,734	-	20,985,734	15,867,039	15,867,039
		<u>23,645,541</u>	<u>-</u>	<u>23,645,541</u>	<u>16,291,514</u>	<u>16,291,514</u>

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

	Note	(Un-audited)	(Audited)
		March 31,	December 31,
		2012	2011
(Rupees in thousand)			
<b>9. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		37,165	43,329
Property and equipment	9.1	7,989,003	8,080,756
Intangibles	9.2	1,219,588	1,224,730
		<u>9,208,591</u>	<u>9,305,486</u>
		<u>9,245,756</u>	<u>9,348,815</u>

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>9.1 Property and equipment</b>		
Book value at beginning of the period / year	8,080,756	8,317,647
Cost of additions during the period / year	97,625	595,634
Book value of deletions / transfers during the period / year	(4,148)	(11,693)
Depreciation charge for the period / year	(185,233)	(741,172)
Book value of adjustments during the period / year	3	(79,660)
Book value at end of the period / year	<u>7,989,003</u>	<u>8,080,756</u>
<b>9.2 Intangibles</b>		
Book value at beginning of the period / year	1,224,730	-
Cost of additions during the period / year	27,826	1,225,905
Depreciation charge for the period / year	(32,968)	(76,634)
Book value of adjustments during the period	-	75,459
Book value at end of the period / year	<u>1,219,588</u>	<u>1,224,730</u>
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	6,600,775	8,317,225
- Long term financing of export oriented projects	599,420	669,568
- Long term financing facility	248,112	251,673
- Refinance scheme for revival of agricultural activities in flood affected areas	21,840	31,045
- Refinance scheme for revival of SME activities in flood affected areas	7,500	7,500
- Repurchase agreement borrowings (repo)	17,634,703	7,935,831
	25,112,350	17,212,842
Repo borrowings from financial institutions	1,451,114	-
	<u>26,563,464</u>	<u>17,212,842</u>
<b>Outside Pakistan - foreign currencies</b>		
- Overdrawn nostro accounts - unsecured	19,200	60,628
	<u>26,582,664</u>	<u>17,273,470</u>
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	86,564,591	89,523,862
Savings deposits	137,698,817	141,028,007
Current accounts - non-remunerative	53,384,314	56,633,911
Special exporters' account	34,998	11,509
Margin accounts	2,002,038	2,416,273
Others	309,370	380,598
<b>Financial institutions</b>		
Remunerative deposits	715,858	1,507,056
Non-Remunerative deposits	2,213	1,777
	<u>280,712,199</u>	<u>291,502,993</u>

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Un-audited) December 31, 2011
	(Rupees in thousand)	
<b>12. DEFERRED TAX LIABILITIES - NET</b>		
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	690,014	711,324
Provision against non performing advances		
- Reclassification of sub-standard category as loss category	(65,411)	(65,411)
- excess of 1% of total advances	(339,321)	(339,319)
- classified in sub-standard category	7,883	7,883
	<u>293,165</u>	<u>314,477</u>
Deficit on revaluation of available for sale securities	<u>(176,837)</u>	<u>(231,453)</u>
	<u>116,328</u>	<u>83,024</u>

	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue reserve	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)						
<b>13. RESERVES</b>							
Balance at beginning of the period / year	75,296	234,669	3,648,445	94,085	4,083,945	8,136,440	7,691,319
Effect of translation of net investment in Wholesale Bank Branch	1,432	-	-	-	-	1,432	19,783
Transfer from un-appropriated profit					1,302,158	1,302,158	1,027,359
Bonus shares issued	-	-	-	-	(1,060,528)	(1,060,528)	(642,744)
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	(1,809)	-	(1,809)	40,723
Balance at end of the period / year	<u>76,728</u>	<u>234,669</u>	<u>3,648,445</u>	<u>92,276</u>	<u>4,325,575</u>	<u>8,377,693</u>	<u>8,136,440</u>

**13.1** This represents reserve created in compliance with BSD Circular No. 10 dated October 20, 2009 issued by the State Bank of Pakistan to account for the effect of provision reversed on restructuring / rescheduling of classified advances overdue for less than one year. This reserve is not available for payment of cash or stock dividend.

**13.2** General reserve as at March 31, 2012 include Rs. 3,428,851 thousand (December 31, 2011: Rs. 3,357,959 thousand) in respect of net of tax benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances allowed under BSD circular No. 1 of 2011 dated October 21, 2011 and referred in note 8.3 above. Reserves to that extent are not available for distribution by way of cash or stock dividend.

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>		
Surplus on revaluation of land	1,697,325	1,697,325
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(442,786)	(196,668)
ii) Listed shares	56,907	(232,399)
iii) Units of open end mutual funds	78,539	30,589
iv) Other securities	(197,909)	(262,816)
	(505,249)	(661,294)
Less: Related deferred tax	176,837	231,453
	(328,412)	(429,841)
	<u>1,368,913</u>	<u>1,267,484</u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
i) Government	2,329,106	2,329,106
ii) Others	5,082,740	7,047,996
	<u>7,411,846</u>	<u>9,377,102</u>
<b>15.2 Transaction-related contingent liabilities</b>		
Money for which the Bank is contingently liable:		
Guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	233,255	270,352
Guarantees given, favouring:		
i) Government	67,801,597	54,928,965
ii) Banks and other financial institutions	991,255	744,007
iii) Others	12,919,171	15,582,567
	81,712,023	71,255,539
	<u>81,945,278</u>	<u>71,525,891</u>
These include guarantees amounting to Rs. 890,769 thousand (December 31, 2011: Rs. 890,769 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.		
	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>15.3 Trade-related contingent liabilities</b>	<u>38,873,710</u>	<u>36,629,023</u>
<b>15.4 Other Contingencies</b>		
This represents certain claims filed by third parties against the Bank, which are being contested in the courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	<u>833,209</u>	<u>649,430</u>

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

For the quarter ended March 31, 2012

### 15.5 Tax contingencies

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

	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
	(Rupees in thousand)	
<b>15.6 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	6,506,980	362,147
Sale and repurchase agreements	<u>19,141,012</u>	<u>7,953,517</u>
<b>15.7 Commitments in respect of forward exchange contracts</b>		
Purchase	31,960,334	23,775,757
Sale	<u>24,372,648</u>	<u>14,977,195</u>
<b>15.8 Commitments for acquisition of operating fixed assets</b>	<u>83,403</u>	<u>146,430</u>
<b>15.9 Commitments to extend credit</b>		
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>5,525,101</u>	<u>5,576,283</u>
<b>15.10 Other commitments</b>		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>
<b>15.11 Bills for collection</b>		
Payable in Pakistan	731,321	535,642
Payable outside Pakistan	<u>12,410,117</u>	<u>12,239,196</u>
	<u>13,141,438</u>	<u>12,774,838</u>
	(Un-audited)	(Un-audited)
	March 31, 2012	March 31, 2011
	(Rupees in thousand)	
<b>16. (LOSS) / GAIN ON SALE OF SECURITIES</b>		
Gain on sale of government securities	33,896	2,498
(Loss) / gain on sale of other investments	<u>(82,850)</u>	<u>76,766</u>
	<u>(48,954)</u>	<u>79,264</u>

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

For the quarter ended March 31, 2012

### 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	Retail Brokerage	Assets Management	Sub-Ordinated loans	Total
Rupees in thousand										
<b>For the quarter ended March 31, 2012 - (Un-audited)</b>										
Total income	21,501	44,815	473,174	8,975,711	13,669	4,593	-	-	-	9,533,463
Total expenses	4,729	9,858	106,835	8,365,548	3,007	1,010	-	-	241,832	8,732,819
Net income / (loss)	16,772	34,957	366,339	610,163	10,662	3,583	-	-	(241,832)	800,644
<b>For the quarter ended March 31, 2011 - (Un-audited)</b>										
Total income	33,283	13,800	540,595	8,418,515	19,038	3,535	-	-	-	9,028,766
Total expenses	8,106	3,361	140,083	7,836,550	4,636	861	-	-	220,078	8,213,675
Net income / (loss)	25,177	10,439	400,512	581,965	14,402	2,674	-	-	(220,078)	815,091
<b>As at March 31, 2012 - (Un-audited)</b>										
Segment Assets (Gross)	39,558	82,453	18,577,761	343,390,048	25,149	8,451	-	-	-	362,123,420
Segment Non Performing Loans	-	-	2,912,060	20,685,148	-	-	-	-	-	23,597,208
Segment Provision Required	-	-	2,467,211	15,363,184	-	-	-	-	-	17,830,395
Segment Liabilities	874	1,823	16,493,505	302,044,043	556	187	-	-	7,300,589	325,841,577
Segment return on net assets (%)	0.01	0.01	0.14	2.61	0.00	0.00	0.00	0.00	0.00	
Segment cost of funds (%)	0.00	0.00	0.03	2.57	0.00	0.00	0.00	0.00	0.07	
<b>As at December 31, 2011 - (Audited)</b>										
Segment Assets (Gross)	53,269	14,939	16,206,820	344,815,763	27,613	8,244	-	-	-	361,126,648
Segment Non Performing Loans	-	-	2,854,548	20,790,993	-	-	-	-	-	23,645,541
Segment Provision Required	-	-	2,465,021	14,905,321	-	-	-	-	-	17,370,342
Segment Liabilities	773	217	16,402,241	302,405,996	401	120	-	-	7,170,292	325,980,040
Segment return on net assets (%)	0.03	0.01	0.54	9.70	0.02	0.00	0.00	0.00	0.00	
Segment cost of funds (%)	0.01	0.00	0.13	10.20	-	0.00	0.00	0.00	0.29	



## Islamic Banking Business - Statement of Financial Position

As at March 31, 2012

Annexure  
(1 of 2)

The Bank is operating 31 Islamic banking branches including 2 sub-branches at quarter ended March 31, 2012.

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
(Rupees in thousand)		
<b>ASSETS</b>		
Cash and balances with treasury banks	624,295	713,256
Balances with and due from Financial Institutions	353,648	528,613
Investments	9,563,617	9,818,059
Financing and Receivables		
-Murahaba	174,414	184,085
-Ijarah	813,349	867,935
-Musharaka	-	-
-Diminishing Musharaka	1,469,850	1,530,939
-Salam	412,963	440,818
-Other Islamic Modes	16,733	12,286
Other assets	830,303	860,854
<b>Total Assets</b>	<b>14,259,172</b>	<b>14,956,845</b>
<b>LIABILITIES</b>		
Bills payable	147,163	98,876
Due to Financial Institutions	-	-
Deposits and other accounts		
-Current Accounts	1,949,408	2,301,298
-Saving Accounts	3,187,915	2,977,415
-Term Deposits	5,622,283	5,462,224
-Others	48,581	27,491
-Deposit from Financial Institutions - Remunerative	505,387	1,072,428
-Deposits from Financial Institutions - Non-remunerative	2,213	1,777
Due to Head Office	1,540,006	1,679,067
Other liabilities	413,265	416,871
	<b>13,416,221</b>	<b>14,037,447</b>
<b>Net Assets</b>	<b>842,951</b>	<b>919,398</b>
<b>REPRESENTED BY</b>		
Islamic Banking Fund	1,000,000	1,000,000
Reserves	-	-
Unappropriated/ Unremitted loss	(166,149)	(205,102)
	<b>833,851</b>	<b>794,898</b>
Surplus on revaluation of assets	9,100	124,500
	<b>842,951</b>	<b>919,398</b>
<b>Remuneration to Shariah Advisor / Board</b>	<b>333</b>	<b>1,253</b>
<b>CHARITY FUND</b>		
Opening Balance	213	2,700
Additions during the period / year	960	3,107
Payments / Utilization during the period / year	-	(5,594)
Closing Balance	<b>1,173</b>	<b>213</b>

**Islamic Banking Business - Profit and Loss Accounts (Un-audited)**  
For the quarter ended March 31, 2012

**Annexure  
(2 of 2)**

	March 31, 2012	March 31, 2011
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	396,768	325,379
Return on deposits and other dues expensed	237,275	179,398
Net spread earned	159,493	145,981
Provision against non-performing financings	(758)	(569)
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	(758)	(569)
Income after provisions	160,251	146,550
<b>Other Income</b>		
Fee, commission and brokerage Income	4,978	4,979
Dividend income	-	-
Income from dealing in foreign currencies	445	578
Capital gain on sale of securities	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	4,327	4,508
Total other income	9,750	10,065
	170,001	156,615
<b>Other expenses</b>		
Administrative expenses	131,048	128,959
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	131,048	128,959
	38,953	27,656
Extra Ordinary / unusual items	-	-
Profit before taxation	38,953	27,656

**ASKARI BANK LIMITED  
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION (Un-Audited)  
FOR THE QUARTER ENDED MARCH 31, 2012**

## Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
(Rupees in thousand)			
<b>Assets</b>			
Cash and balances with treasury banks		21,903,595	26,168,206
Balances with other banks		5,259,679	6,236,116
Lendings to financial institutions		7,828,784	1,613,584
Investments	7	137,199,625	133,655,387
Advances	8	148,001,017	150,712,556
Operating fixed assets	9	9,354,521	9,451,033
Deferred tax assets		-	-
Other assets		14,891,719	16,028,838
		<u>344,438,940</u>	<u>343,865,720</u>
<b>Liabilities</b>			
Bills payable		3,435,686	2,756,032
Borrowings	10	26,593,051	17,274,979
Deposits and other accounts	11	280,710,119	291,499,395
Sub-ordinated loans		6,989,800	6,990,100
Liabilities against assets subject to finance lease		2,546	2,893
Deferred tax liabilities	12	81,984	46,908
Other liabilities		8,054,812	7,413,555
		<u>325,867,998</u>	<u>325,983,862</u>
<b>Net Assets</b>		<u><u>18,570,942</u></u>	<u><u>17,881,858</u></u>
<b>Represented By:</b>			
Share capital		8,130,712	7,070,184
Reserves	13	8,454,908	8,135,795
Unappropriated profit		586,926	1,380,018
		<u>17,172,546</u>	<u>16,585,997</u>
Non-controlling interest		29,483	28,377
		<u>17,202,029</u>	<u>16,614,374</u>
Surplus on revaluation of assets - net of tax	14	1,368,913	1,267,484
		<u>18,570,942</u>	<u>17,881,858</u>
<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 quarter ended March 31, 2012

		Quarter ended March 31, 2012	Quarter ended March 31, 2011
(Rupees in thousand)			
<b>Mark-up / return / interest earned</b>		8,541,875	8,293,043
<b>Mark-up / return / interest expensed</b>	Note	6,174,119	5,473,167
Net mark-up / interest income		2,367,756	2,819,876
Provision against non-performing loans and advances	8.2.1	460,794	525,003
Impairment loss on available for sale investments		-	-
Provision for diminution in the value of investments		-	16,742
Bad debts written off directly		1,043	-
		461,837	541,745
Net mark-up / interest income after provisions		1,905,919	2,278,131
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		304,237	314,191
Dividend income		477,911	34,061
Income from dealing in foreign currencies		215,320	215,378
(Loss) / gain on sale of securities	16	(47,471)	79,259
Unrealised gain / (loss) gain on revaluation of investments classified as held for trading - net		437	(2,258)
Other income		100,608	113,539
		1,051,042	754,170
Total non-markup / interest income		2,956,961	3,032,301
<b>Non mark-up / interest expenses</b>			
Administrative expenses		2,145,225	2,209,565
Other provisions / write offs		-	1,193
Other charges		78	18,387
Total non-markup / interest expenses		2,145,303	2,229,145
		811,658	803,156
Share of profit of associate		5,448	4,472
Extra ordinary / unusual items		-	-
<b>Profit before taxation</b>		817,106	807,628
Taxation - current		248,613	91,284
- prior years'		-	-
- deferred		(19,539)	185,795
		229,074	277,079
<b>Profit after taxation</b>		588,032	530,549
Attributable to:			
Equity holders of the Bank		586,926	530,544
Non-controlling interest		1,106	5
		588,032	530,549

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

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

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

For the quarter ended March 31, 2012

	Quarter ended March 31, 2012	Quarter ended March 31, 2011
	(Rupees in thousand)	
<b>Profit after taxation</b>	588,032	530,549
<b>Other comprehensive income</b>		
Effect of rescheduled / restructured classified advances	(1,809)	71,692
Effect of translation of net investment in Wholesale Bank Branch	1,432	(553)
<b>Total comprehensive income</b>	<u>587,655</u>	<u>601,688</u>
Attributable to:		
Equity holders of the Bank	586,549	601,683
Non-controlling interest	<u>1,106</u>	<u>5</u>
	<u>587,665</u>	<u>601,688</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 quarter ended March 31, 2012

	Quarter ended March 31, 2012	Quarter ended March 31, 2011
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	817,106	807,628
Less: Dividend income	(477,911)	(34,061)
	<u>339,195</u>	<u>773,567</u>
Adjustments:		
Depreciation	222,989	134,481
Provision against non-performing advances (net)	460,794	525,003
Provision for diminution in the value of investments	-	16,742
Unrealised (gain) / loss on revaluation of investments classified as held for trading - net	(437)	2,258
Net profit on sale of operating fixed assets	(1,019)	(365)
Provision for impairment in value of operating fixed assets	-	1,193
Finance charges on leased assets	54	138
Share of profit of associate	(5,448)	(4,472)
	<u>676,933</u>	<u>674,978</u>
	<u>1,016,128</u>	<u>1,448,545</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,215,200)	5,879,693
Held for trading securities	9,364	(496,404)
Advances	1,740,800	12,994,611
Other assets (excluding advance taxation)	1,655,592	363,516
	<u>(2,809,444)</u>	<u>18,741,416</u>
(Decrease) / increase in operating liabilities		
Bills payable	679,654	83,632
Borrowings	9,318,072	(2,090,649)
Deposits and other accounts	(10,789,276)	(6,168,465)
Other liabilities (excluding current taxation)	641,305	800,198
	<u>(150,245)</u>	<u>(7,375,284)</u>
	<u>(1,943,561)</u>	<u>12,814,677</u>
Income tax paid	(92,007)	(216,933)
Net cash (outflow) / inflow from operating activities	<u>(2,035,568)</u>	<u>12,597,744</u>
<b>Cash flow from investing activities</b>		
Net investments in available for sale securities	(3,552,603)	(10,424,200)
Net investments in held to maturity securities	161,973	46,592
Net investments in associate	-	(18,284)
Dividend income	309,925	6,748
Investments in operating fixed assets	(130,622)	(61,717)
Sale proceeds of operating fixed assets	5,164	6,030
Net cash outflow from investing activities	<u>(3,206,163)</u>	<u>(10,444,831)</u>
<b>Cash flow from financing activities</b>		
Payments of sub-ordinated loans	(300)	(300)
Payment of lease obligations	(401)	(1,235)
Dividends paid	(48)	(57)
Net cash outflow from financing activities	<u>(749)</u>	<u>(1,592)</u>
Effect of translation of net investment in Wholesale Bank Branch	1,432	(553)
<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(5,241,048)</u>	<u>2,150,768</u>
Cash and cash equivalents at beginning of the period	32,426,322	26,374,728
Cash and cash equivalents at end of the period	<u>27,185,274</u>	<u>28,525,496</u>
<b>Cash and cash equivalents at end of the period</b>		
Cash and balances with treasury banks	21,903,595	21,501,039
Balances with other banks	5,259,679	6,902,457
Call money lendings	-	100,000
Term deposits with MCB Bank	22,000	22,000
	<u>27,185,274</u>	<u>28,525,496</u>

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

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

**Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)**  
For the quarter ended March 31, 2012

(Rupees in thousand)

	Share capital	Exchange transition reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves		Sub-Total	Non-controlling interest	Total
						General reserve	Unappropriated profit			
<b>Balance as at January 01, 2011</b>	6,427,440	55,513	234,669	3,322,905	53,362	4,046,406	679,638	14,819,933	28,728	14,848,661
Transfer to General reserve	-	-	-	-	-	679,638	(679,638)	-	-	-
<b>Distribution to owners</b>										
Bonus shares declared / issued subsequent to year ended December 31, 2010	642,744	-	-	-	-	(642,744)	-	-	-	-
<b>Total comprehensive income for the quarter ended March 31, 2011</b>										
Net profit for the quarter ended March 31, 2011	-	-	-	-	-	-	530,544	530,544	5	530,549
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	71,692	-	-	71,692	-	71,692
Effect of translation of net investment in Wholesale Bank Branch	-	(553)	-	-	-	-	-	(553)	-	(553)
<b>Balance as at March 31, 2011</b>	7,070,184	54,960	234,669	3,322,905	125,054	4,083,300	530,544	15,421,616	28,733	15,450,349
<b>Total comprehensive income for the nine months ended December 31, 2011</b>										
Net profit for the nine months ended December 31, 2011	-	-	-	-	-	-	1,175,014	1,175,014	(356)	1,174,658
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	(30,969)	-	-	(30,969)	-	(30,969)
Effect of translation of net investment in Wholesale Bank Branch	-	20,336	-	-	-	-	-	20,336	-	20,336
<b>Balance as at December 31, 2011</b>	7,070,184	75,296	234,669	3,648,445	94,085	4,083,300	1,380,018	16,585,997	28,377	16,614,374
Transfer to Statutory reserve	-	-	-	325,540	-	-	(325,540)	-	-	-
Transferred to General reserve	-	-	-	-	-	1,380,018	(1,380,018)	-	-	-
<b>Distribution to owners</b>										
Bonus shares declared / issued subsequent to year ended December 31, 2011	1,060,528	-	-	-	-	(1,060,528)	-	-	-	-
<b>Total comprehensive income for the quarter ended March 31, 2012</b>										
Net profit for the quarter ended March 31, 2012	-	-	-	-	-	-	586,926	586,926	1,106	588,032
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	-	(1,809)	-	-	(1,809)	-	(1,809)
Effect of translation of net investment in Wholesale Bank Branch	-	1,432	-	-	-	-	-	1,432	-	1,432
<b>Balance as at March 31, 2012</b>	8,130,712	76,728	234,669	3,648,445	92,276	4,402,790	586,926	17,172,546	29,483	17,202,029

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

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

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

For the quarter ended March 31, 2012

### 1. STATUS AND NATURE OF BUSINESS

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

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a public limited company and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank obtained its business commencement certificate on February 26, 1992 and started operations from April 1, 1992. Army Welfare Trust (AWT) holds 50.57% (December 31, 2011: 50.57%) of the Bank's share capital at the period end. The Bank has 245 branches (December 31, 2011: 245 branches); 244 in Pakistan and Azad Jammu and Kashmir, including 31 (December 31, 2011: 31) Islamic Banking branches, 21 (December 31, 2011: 21) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

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

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

The financial statements of AIML and ASL have been consolidated based on their un-audited financial statements for the quarter ended March 31, 2012.

### 2. BASIS OF PRESENTATION

This condensed interim consolidated financial information is presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. This condensed interim consolidated financial information does not include all of the information required for full financial information and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2011.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued a number of circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this consolidated financial information as such but are restricted to the amount of facilities actually utilized and the appropriate portion of mark-up thereon.

The financial results of the Islamic banking branches have been consolidated in this condensed interim consolidated financial information for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure to condensed interim unconsolidated financial information.

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

For the quarter ended March 31, 2012

### 4. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the quarter ended March 31, 2012 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and the requirements of BSD Circular Letter No. 2 dated May 12, 2004 and provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by the SBP. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962, and the directives issued by the SBP shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in preparation of this condensed interim consolidated financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

Accounting standards, amendments and interpretations to such standards that are mandatory for accounting periods beginning on or after January 1, 2012 which are either not relevant or considered to have no significant effect on this condensed interim consolidated financial information or disclosures thereof, are not listed in this condensed interim consolidated financial information.

### 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, 2011.

### 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, 2011.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with that disclosed in the consolidated financial statements of the Group for the year ended December 31, 2011.

7. INVESTMENTS	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
As at March 31, 2012 - (Un-audited)	<u>118,042,440</u>	<u>19,157,185</u>	<u>137,199,625</u>
As at December 31, 2011 - (Audited)	<u>125,681,184</u>	<u>7,974,203</u>	<u>133,655,387</u>

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

For the quarter ended March 31, 2012

	(Rupees in thousand)		
	As at March 31, 2012 (Un-audited)		
	Held by the Bank	Given as collateral	Total
<b>7.1 Investments by type</b>			
Held for trading securities	37,118	-	37,118
Available for sale securities	114,059,632	19,157,776	133,217,408
Held to maturity securities	4,648,553	-	4,648,553
Investment in an associated company	110,115	-	110,115
	<u>118,855,418</u>	<u>19,157,776</u>	<u>138,013,194</u>
Less: Provision for diminution in value of investments	(307,729)	-	(307,729)
Deficit on revaluation of available for sale securities - net	(505,249)	(591)	(505,840)
Investments - net of provision	<u>118,042,440</u>	<u>19,157,185</u>	<u>137,199,625</u>

	Note	(Un-audited)	(Audited)
		March 31, 2012	December 31, 2011
(Rupees in thousand)			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		137,022,398	139,291,631
Outside Pakistan		3,127,825	3,103,127
		<u>140,150,223</u>	<u>142,394,758</u>
Lease Financing - In Pakistan		5,902,060	6,477,358
Ijarah Financing - In Pakistan		610,314	671,147
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	317,815	319,125
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		8,184,461	11,213,180
Payable outside Pakistan		9,989,937	6,305,678
		<u>18,174,398</u>	<u>17,518,858</u>
Advances - Gross		<u>165,154,810</u>	<u>167,381,246</u>
Provision for non-performing advances	8.2		
Specific provision		(16,797,011)	(16,291,514)
General provision		(129,964)	(132,130)
General provision against consumer loans		(226,818)	(245,046)
		<u>(17,153,793)</u>	<u>(16,668,690)</u>
Advances - net of provision		<u>148,001,017</u>	<u>150,712,556</u>

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 141,065 thousand (December 31, 2011: Rs. 135,879 thousand)

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

	March 31, 2012 - (Un-audited)				December 31, 2011 - Audited			
	Specific	General	Consumer Financing- General	Total	Specific	General	Consumer Financing- General	Total
(Rupees in thousand)								
Opening balance	16,291,514	132,130	245,046	16,668,690	15,222,798	132,190	296,638	15,651,626
Transfer from investments	22,500	-	-	22,500	-	-	-	-
Charge for the period / year	694,087	-	-	694,087	3,877,730	13,963	-	3,891,693
Reversal for the period / year	(211,090)	(2,166)	(18,228)	(231,484)	(2,164,986)	(14,023)	(51,592)	(2,230,601)
Net charge / (reversal) for the period / year	482,997	(2,166)	(18,228)	462,603	1,712,744	(60)	(51,592)	1,661,092
Reversal of provision on rescheduled/ restructured classified advances - note 13.1	-	-	-	-	(71,692)	-	-	(71,692)
Amounts written off	-	-	-	-	(572,336)	-	-	(572,336)
Closing balance	<u>16,797,011</u>	<u>129,964</u>	<u>226,818</u>	<u>17,153,793</u>	<u>16,291,514</u>	<u>132,130</u>	<u>245,046</u>	<u>16,668,690</u>

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

For the quarter ended March 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
(Rupees in thousand)			
<b>8.2.1 Provision against non-performing advances</b>			
Net charge for the period / year	8.2	462,603	525,003
Reversal of capital reserve	13	(1,809)	-
		<u>460,794</u>	<u>525,003</u>

**8.3** The State Bank of Pakistan amended the Prudential Regulations vide BSD Circular No. 1 of 2011 dated October 21, 2011 in relation to provision for loans and advances, thereby allowing 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 has resulted in reduced charge for specific provision for quarter by Rs. 109,064 thousand. The FSV benefit recognised in this condensed interim consolidated financial information is not available for payment of cash or stock dividend. Had the FSV benefit not recognised, profit before tax and profit after tax for the quarter would have been lower by Rs. 109,064 thousand (March 31, 2011: Rs. 445,274 thousand) and Rs. 70,892 thousand (March 31, 2011: Rs. 289,428 thousand) respectively.

**8.4** Advances include Rs. 23,597,208 thousand (December 31, 2011: Rs. 23,645,541 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2012 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
(Rupees in thousand)					
Other Assets Especially Mentioned - note 8.4.1	88,858	-	88,858	-	-
Substandard	789,338	-	789,338	74,213	74,213
Doubtful	772,780	-	772,780	215,359	215,359
Loss	21,946,232	-	21,946,232	16,507,439	16,507,439
	<u>23,597,208</u>	<u>-</u>	<u>23,597,208</u>	<u>16,797,011</u>	<u>16,797,011</u>

Category of Classification	December 31, 2011 - (Audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
(Rupees in thousand)					
Other Assets Especially Mentioned - note 8.4.1	82,833	-	82,833	-	-
Substandard	822,789	-	822,789	70,785	70,785
Doubtful	1,754,185	-	1,754,185	353,690	353,690
Loss	20,985,734	-	20,985,734	15,867,039	15,867,039
	<u>23,645,541</u>	<u>-</u>	<u>23,645,541</u>	<u>16,291,514</u>	<u>16,291,514</u>

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

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
(Rupees in thousand)			
<b>9. OPERATING FIXED ASSETS</b>			
Capital work in progress		56,755	51,948
Property and equipment - note 9.1	9.1	8,019,090	8,115,106
Intangibles - note 9.1	9.1	1,278,676	1,283,979
		<u>9,354,521</u>	<u>9,451,033</u>

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>9.1 Property and equipment</b>		
Book value at beginning of the period / year	8,115,106	8,356,874
Cost of additions during the period / year	97,989	609,947
Book value of deletions / transfers during the period / year	(4,148)	(15,892)
Depreciation charge for the period / year	(189,860)	(753,425)
Book value of adjustments	3	(82,398)
Book value at end of the period / year	<u>8,019,090</u>	<u>8,115,106</u>
<b>9.2 Intangibles</b>		
Book value at beginning of the period / year	1,283,979	57,005
Cost of additions during the period / year	27,826	1,226,200
Depreciation charge for the period / year	(33,129)	(77,423)
Book value of adjustments	-	78,197
Book value at end of the period / year	<u>1,278,676</u>	<u>1,283,979</u>
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	6,600,775	8,317,225
- Long term financing of export oriented projects	599,420	669,568
- Long term financing facility	248,112	251,673
- Refinance scheme for revival of agricultural activities in flood affected area	21,840	31,045
- Refinance scheme for revival of SME activities in flood affected area	7,500	7,500
- Repurchase agreement borrowings (repo)	17,634,703	7,935,831
	25,112,350	17,212,842
Repo borrowings from financial institutions	1,451,114	-
Others	10,387	1,509
	<u>26,573,851</u>	<u>17,214,351</u>
<b>Outside Pakistan - foreign currencies</b>		
- Overdrawn nostro accounts - unsecured	19,200	60,628
	<u>26,593,051</u>	<u>17,274,979</u>
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>		
Customers		
Fixed deposits	86,564,591	89,523,862
Savings deposits	137,698,817	141,026,934
Current accounts - non-remunerative	53,384,314	56,631,386
Special exporters' account	34,998	11,509
Margin accounts	2,002,038	2,416,273
Others	309,370	380,598
Financial institutions		
Remunerative deposits	713,778	1,507,056
Non-Remunerative deposits	2,213	1,777
	<u>280,710,119</u>	<u>291,499,395</u>

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>12. DEFERRED TAX LIABILITIES</b>		
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	690,014	716,235
Assets subject to finance lease	-	(121)
Provision for staff benefits	-	(3,119)
Provision against non performing advances		
- reclassification of sub-standard category to loss category	(65,411)	(65,411)
- excess of 1% of total advances	(339,321)	(339,319)
- classified in sub-standard category	7,883	7,883
Unused tax losses	<u>(34,344)</u>	<u>(37,787)</u>
	258,821	278,361
Deficit on revaluation of available for sale securities	<u>(176,837)</u>	<u>(231,453)</u>
	<u>81,984</u>	<u>46,908</u>

	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue reserve	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)						
13. RESERVES							
Balance at beginning of the period / year	75,296	234,669	3,648,445	94,085	4,083,300	8,135,795	7,712,855
Effect of translation of net investment in Wholesale Bank Branch	1,432	-	-	-	-	1,432	19,783
Transfer from un-appropriated profit	-	-	-	-	1,380,018	1,380,018	1,005,178
Bonus shares issued	-	-	-	-	(1,060,528)	(1,060,528)	(642,744)
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	(1,809)	-	(1,809)	40,723
Balance at end of the period / year	<u>76,728</u>	<u>234,669</u>	<u>3,648,445</u>	<u>92,276</u>	<u>4,402,790</u>	<u>8,454,908</u>	<u>8,135,795</u>

13.1 This represents reserve created in compliance with BSD Circular No. 10 dated October 20, 2009 issued by the State Bank of Pakistan to account for the effect of provision reversed on restructuring / rescheduling of classified advances overdue for less than one year. This reserve is not available for payment of cash or stock dividend.

13.2 General reserve as at March 31, 2012 include Rs. 3,428,851 thousand (December 31, 2011: Rs. 3,357,959 thousand) in respect of net of tax benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial, industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances allowed under BSD circular No. 1 of 2011 dated October 21, 2011 and referred in note 8.3 above. Reserves to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>14. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of land	1,697,325	1,697,325
(Deficit) / surplus on revaluation of available for sale investments		
i) Federal Government securities	(442,786)	(196,668)
ii) Listed shares	56,907	(232,399)
iii) Units of open end mutual funds	78,539	30,589
iv) Other securities	(197,909)	(262,816)
	(505,249)	(661,294)
Less: Related deferred tax	176,837	231,453
	<u>(328,412)</u>	<u>(429,841)</u>
	<u>1,368,913</u>	<u>1,267,484</u>

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
i) Government	2,329,106	2,329,106
ii) Others	5,082,740	7,047,996
	<u>7,411,846</u>	<u>9,377,102</u>
<b>15.2 Transaction-related contingent liabilities</b>		
Money for which the Group is contingently liable:		
Guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	233,255	270,352
Guarantees given, favouring:		
i) Government	67,801,597	54,928,965
ii) Banks and other financial institutions	991,255	744,007
iii) Others	12,919,171	15,582,567
	<u>81,712,023</u>	<u>71,255,539</u>
	<u>81,945,278</u>	<u>71,525,891</u>
	<u>38,873,710</u>	<u>36,629,023</u>
<b>15.3 Trade-related contingent liabilities</b>		
<b>15.4 Other Contingencies</b>		
This represents certain claims filed by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	833,209	649,430
	<u>833,209</u>	<u>649,430</u>
<b>15.5 Tax contingencies / status</b>		
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.		

These include guarantees amounting to Rs. 890,769 thousand (December 31, 2011: Rs. 890,769 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

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

For the quarter ended March 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
<b>15.6 Commitments in respect of forward lending</b>		
Commitment against "Repo" transactions		
Purchase and resale agreements	6,506,980	362,147
Sale and repurchase agreements	<u>19,141,012</u>	<u>7,953,517</u>
<b>15.7 Commitments in respect of forward exchange contracts</b>		
Purchase	31,960,334	23,775,757
Sale	<u>24,372,648</u>	<u>14,977,195</u>
<b>15.8 Commitments for acquisition of operating fixed assets</b>	<u>83,403</u>	<u>159,247</u>
<b>15.9 Commitments to extend credit</b>		
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>5,525,101</u>	<u>5,576,283</u>
<b>15.10 Other commitments</b>		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>
<b>15.11 Bills for collection</b>		
Payable in Pakistan	731,321	535,642
Payable outside Pakistan	<u>12,410,117</u>	<u>12,239,196</u>
	<u>13,141,438</u>	<u>12,774,838</u>
	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
	(Rupees in thousand)	
<b>16. (LOSS) / GAIN ON SALE OF SECURITIES</b>		
Gain on sale of government securities	33,896	2,498
(Loss) / gain on sale of other investments	<u>(81,367)</u>	<u>76,761</u>
	<u>(47,471)</u>	<u>79,259</u>

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

For the quarter ended March 31, 2012

### 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)										
<b>For the quarter ended March 31, 2012 - (Un-audited)</b>										
Total income	21,501	44,815	473,174	8,969,793	13,669	4,593	56,117	9,255	-	9,592,917
Total expenses	4,729	9,858	106,835	8,359,630	3,007	1,010	49,655	4,703	241,832	8,781,259
Net income / (loss)	16,772	34,957	366,339	610,163	10,662	3,583	6,462	4,552	(241,832)	811,658
<b>For the quarter ended March 31, 2011 - (Un-audited)</b>										
Total income	33,283	13,800	540,595	8,415,095	19,038	3,535	17,163	4,704	-	9,047,213
Total expenses	8,106	3,361	140,083	7,833,129	4,636	861	29,351	4,452	220,078	8,244,057
Net income / (loss)	25,177	10,439	400,512	581,966	14,402	2,674	(12,188)	252	(220,078)	803,156
<b>As at March 31, 2012 - (Un-audited)</b>										
Segment Assets (Gross)	39,558	82,453	18,577,761	343,136,181	25,149	8,451	157,947	148,366	-	362,175,860
Segment Non Performing Loans	-	-	2,912,060	20,685,148	-	-	-	-	-	23,597,208
Segment Provision Required	-	-	2,467,211	15,275,157	-	-	-	-	-	17,742,368
Segment Liabilities	874	1,823	16,493,505	302,004,657	556	187	30,836	34,971	7,300,589	325,867,998
Segment return on net assets (%)	0.01	0.01	0.14	2.61	0.00	0.00	0.02	0.00	0.00	0.00
Segment cost of funds (%)	0.00	0.00	0.03	2.56	0.00	0.00	0.02	0.00	0.07	0.00
<b>As at December 31, 2011 - (Audited)</b>										
Segment Assets (Gross)	53,269	14,939	16,206,819	344,562,965	27,613	8,244	145,186	128,999	-	361,148,034
Segment Non Performing Loans	-	-	2,854,548	20,790,993	-	-	-	-	-	23,645,541
Segment Provision Required	-	-	2,465,021	14,817,293	-	-	-	-	-	17,282,314
Segment Liabilities	773	217	16,402,241	302,365,909	401	120	24,052	19,857	7,170,292	325,983,862
Segment return on net assets (%)	0.03	0.01	0.54	9.70	0.02	-	0.03	0.01	-	-
Segment cost of funds (%)	0.01	-	0.13	10.19	-	-	0.04	0.01	0.29	-

### 18. RELATED PARTY TRANSACTIONS

Army Welfare Trust (AWT) 50.57 % (December 31, 2011: 50.57 %) of the Bank's share capital at the period end. The Group has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds. Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties during the quarter and balances as at March 31, 2012, are as follows:

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

For the quarter ended March 31, 2012

	March 31, 2012 (Un-audited)						December 31, 2011 (Audited)					
	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds'	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated Company	Employee Funds'
<b>Balances outstanding as at</b>												
- Advances	-	129,262	16,151	244	-	-	-	117,472	15,130	291	-	-
- Deposits	18,151,091	34,973	107,137	570,140	33,353	153,229	19,327,756	43,868	98,100	171,830	46,865	68,014
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	265,336	-	-	233,255	-	-	277,859	-	-	270,352	-	-
- Investment in shares / units - at cost	-	-	-	1,799,718	53,703	-	-	-	-	1,614,504	53,703	-
- Security deposits against lease	-	-	-	132	-	-	-	-	-	132	-	-
- Investment in TFCs issued by the Bank	-	-	-	-	3,661	-	-	-	-	-	3,661	-
- Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	1,564	-	-	-	-	-	1,705	-	-
- Management fee and commission receivable from Askari High Yield Scheme (AHYS)	-	-	-	1,906	-	-	-	-	-	2,418	-	-
- Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	197	-	-	-	-	-	285	-	-
- Management fee and commission receivable from Askari Asset Allocation Fund (AAAF)	-	-	-	502	-	-	-	-	-	430	-	-
- Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	164	-	-	-	-	-	62	-	-
- Management fee and commission receivable from Askari Islamic Income Fund (AIF)	-	-	-	787	-	-	-	-	-	389	-	-
- Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	52	-	-	-	-	-	47	-	-
- Management fee and commission receivable from Askari Islamic Asset Allocation Fund (AIAAF)	-	-	-	320	-	-	-	-	-	292	-	-
- Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	2,431	-	-	-	-	-	996	-	-
- Management fee and commission receivable from Askari Sovereign Cash Fund (ASCF)	-	-	-	15,191	-	-	-	-	-	6,224	-	-
- Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	3,643	-	-	-	-	-	1,010	-	-
- Management fee and commission receivable from Askari Equity Fund (AEF)	-	-	-	16	-	-	-	-	-	-	-	-
- Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer (ASYE)	-	-	-	1,585	-	-	-	-	-	1,010	-	-
- Pre-paid insurance premium by AIML	-	-	-	-	-	-	-	-	-	-	197	-
- Payable to employee funds	-	-	-	-	-	4,023	-	-	-	-	-	3,337
				<b>March 31, 2012 (Un-audited)</b>						<b>March 31, 2011 (Un-audited)</b>		
<b>Transactions during the quarter ended</b>												
- Mark-up / interest earned	-	1,597	3,659	5	-	-	-	8,113	-	14,190	-	-
- Net mark-up / interest expensed	559,767	588	3,001	7,666	1,002	5,141	377,003	290	4,303	5,141	918	1,383
- Rent received against operating lease	-	-	-	-	-	-	-	-	-	3,769	-	-
- Contributions to employees' funds	-	-	-	-	-	73,693	-	-	-	-	-	80,196
- Investment in shares / units - at cost	-	-	-	185,214	-	-	-	-	-	-	-	-
- Rent of property / service charges paid	33,205	-	-	12,545	-	-	35,948	-	-	19,285	-	-
- Rent of property / service charges received	-	-	-	4,765	4,944	-	3,907	-	-	33	4,494	-
- Dividend income received	-	-	-	226,964	-	-	-	-	-	-	-	-
- Remuneration paid	-	40,677	-	-	-	-	-	40,881	-	-	-	-
- Post employment benefits	-	3,837	-	-	-	-	-	3,966	-	-	-	-
- Insurance premium paid	-	-	-	-	681	-	-	-	-	-	36,369	-
- Insurance claims received	-	-	-	-	38	-	-	-	-	-	109	-
- Security services cost	-	-	-	53,529	-	-	-	-	-	52,919	-	-
- Fee, commission and brokerage income	1	-	-	-	4	-	2	-	-	-	2	-
- Payment received by AIML from ASCF against reimbursable expenses	-	-	-	2,055	-	-	-	-	-	2,055	-	-
- Remuneration received by AIML from AAAF, AHYS, AIAAF, AIF, ASCF and AEF	-	-	-	49,049	-	-	-	-	-	16,723	-	-
- Expenses incurred by AIML for AAAF, AHYS, AIAAF, AIF ASCF and AEF	-	-	-	-	-	-	-	-	-	547	-	-
- Fees paid	-	-	650	-	-	-	-	20	575	-	-	-

### 19. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on April 25, 2012.

- sd -  
President & Chief Executive

- sd -  
Director

- sd -  
Director

- sd -  
Chairman

[www.askaribank.com.pk](http://www.askaribank.com.pk)