

Report for the quarter and nine months ended September 30, 2012

The art of banking



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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 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
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

Directors' Review

Dear Shareholders

We are pleased to present the un-audited condensed interim unconsolidated financial information for the quarter and nine months ended September 30, 2012. The financial results of the quarter and nine months are summarized as under:

Quarter ended September 30	Rupees in thousand	
	2012	2011
Profit before tax	554,213	508,163
Taxation	(179,469)	(207,596)
Profit after tax	<u>374,744</u>	<u>300,567</u>

Nine months ended September 30	Rupees in thousand	
	2012	2011
Profit before tax	2,130,227	1,574,480
Taxation	(656,718)	(570,335)
Profit after tax	<u>1,473,509</u>	<u>1,004,145</u>
Basic / diluted earnings per share - Rs.	<u>1.81</u>	<u>1.24</u>

During the nine months period under review, your Bank's profit before tax was Rs.2,130 million, an increase of 35% over the corresponding period last year while profit after taxation registered an increase of 47% - the growth is attributable mainly to the decline in provision against non-performing assets by 36% over the same period last year. During the first nine months of 2012, Net mark-up income declined by 3% while non-mark-up income increased by 36% - the trend mainly reflected the effects of a one-off change in revenue streams due to re-composition of our certain investment portfolio. Administrative expenses increased by 9% over the corresponding nine months of 2011, mainly due to technology related expenses, additional expenses due to expansion of branch network of 245 at September 30, 2012, from 235 as on September 30, 2011, besides inflationary upsurge.

At the close of September 30, 2012, customer deposits had reached to Rs.293.2 billion against Rs.291.5 billion at year end 2011. On the asset side, net advances declined marginally, by 1%, to Rs.148.5 billion compared with Rs.150.7 billion as at December 31, 2011 while net investments increased by 10%, which stood at Rs.147.5 billion. The non-performing loans (NPLs) decreased by 2% while aggregate provisions there-against increased by 7%, thereby improving the coverage ratio to 77% from 71% as at December 31, 2011.

Out of the total reserves of the Bank amounting to Rs.8,582 million as at September 30, 2012, an amount of Rs. 3,015 million (December 31, 2011: Rs. 3,478 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 13.1 of the annexed financial information. 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 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
October 19, 2012

- sd -
Chairman

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2012

	Note	(Un-audited) September 30, 2012	(Audited) December 31, 2011
(Rupees in thousand)			
Assets			
Cash and balances with treasury banks		24,564,150	26,168,181
Balances with other banks		10,690,336	6,235,055
Lendings to financial institutions		2,176,009	1,591,584
Investments	7	147,534,408	133,756,712
Advances	8	148,531,183	150,710,709
Operating fixed assets	9	8,988,104	9,348,815
Deferred tax assets		-	-
Other assets		16,179,908	15,945,250
		358,664,098	343,756,306
Liabilities			
Bills payable		3,367,573	2,756,032
Borrowings	10	26,070,141	17,273,470
Deposits and other accounts	11	293,238,853	291,502,993
Sub-ordinated loans		6,988,400	6,990,100
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	745,208	83,024
Other liabilities		8,014,308	7,374,421
		338,424,483	325,980,040
Net Assets		<u>20,239,615</u>	<u>17,776,266</u>
Represented By:			
Share capital		8,130,712	7,070,184
Reserves	13	8,581,747	8,136,440
Unappropriated profit		1,178,807	1,302,158
		17,891,266	16,508,782
Surplus on revaluation of assets - net of tax	14	2,348,349	1,267,484
		<u>20,239,615</u>	<u>17,776,266</u>
Contingencies and Commitments	15		

The annexed notes 1 to 20 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 quarter and nine months ended September 30, 2012

Note	September 30, 2012		September 30, 2011	
	For the quarter ended (Rupees in thousand)	For the nine months ended (Rupees in thousand)	For the quarter ended (Rupees in thousand)	For the nine months ended (Rupees in thousand)
Mark-up / return / interest earned	8,313,812	25,324,068	8,789,195	24,620,510
Mark-up / return / interest expensed	5,784,205	18,130,675	6,169,816	17,173,982
Net mark-up / interest income	2,529,607	7,193,393	2,619,379	7,446,528
Provision against non-performing loans and advances 8.2.1	301,040	1,028,576	381,363	1,495,201
Impairment loss on available for sale investments	-	10,350	33,965	38,965
Provision for diminution in the value of investments	-	-	1,500	78,785
Provision against repurchase agreement lending	-	-	-	23,130
Bad debts written off directly	-	1,043	-	-
	301,040	1,039,969	416,828	1,636,081
Net mark-up / interest income after provisions	2,228,567	6,153,424	2,202,551	5,810,447
Non mark-up / interest income				
Fee, commission and brokerage income	227,594	847,762	261,553	909,495
Dividend income	205,653	944,657	136,963	210,050
Income from dealing in foreign currencies	284,034	779,872	99,699	594,538
Gain on sale of securities 16	102,837	180,423	9,410	161,886
Unrealised gain on revaluation of investments classified as held for trading - net	1,230	1,230	-	-
Other income	71,677	235,859	95,334	328,012
	893,025	2,989,803	602,959	2,203,981
Total non-markup / interest income	3,121,592	9,143,227	2,805,510	8,014,428
Non mark-up / interest expenses				
Administrative expenses	2,546,190	6,937,091	2,289,988	6,410,306
Other provisions / write offs	1,510	21,633	-	-
Other charges	19,679	54,276	7,359	29,642
Total non-markup / interest expenses	2,567,379	7,013,000	2,297,347	6,439,948
	554,213	2,130,227	508,163	1,574,480
Extraordinary / unusual items	-	-	-	-
Profit before taxation	554,213	2,130,227	508,163	1,574,480
Taxation - current	326,596	576,536	362,633	584,888
- prior years'	-	-	-	-
- deferred	(147,127)	80,182	(155,037)	(14,553)
	179,469	656,718	207,596	570,335
Profit after taxation	374,744	1,473,509	300,567	1,004,145
Basic and diluted earnings per share (Rupees)	0.46	1.81	0.37	1.24

The annexed notes 1 to 20 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

For the quarter and nine months ended September 30, 2012

	September 30, 2012		September 30, 2011	
	For the quarter ended (Rupees in thousand)	For the nine months ended	For the quarter ended (Rupees in thousand)	For the nine months ended
Profit after taxation	374,744	1,473,509	300,567	1,004,145
Other comprehensive income				
Effect of rescheduled / restructured classified advances	-	(94,085)	(449)	56,422
Effect of translation of net investment in Wholesale Bank Branch	898	3,060	3,027	3,685
Total comprehensive income	<u>375,642</u>	<u>1,382,484</u>	<u>303,145</u>	<u>1,064,252</u>

The annexed notes 1 to 20 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 quarter and nine months ended September 30, 2012

	(Rupees in thousand)							
	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves		
						General reserve	Unappropriated profit	Total
Balance as at January 1, 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)	-
Transaction with owners, recorded directly in equity								
Bonus shares dedared / issued subsequent to year ended December 31, 2010	642,744	-	-	-	-	(642,744)	-	-
Total comprehensive income for the nine months ended September 30, 2011								
Net profit for the nine months ended September 30, 2011	-	-	-	-	-	-	1,004,145	1,004,145
Effect of rescheduled / restructured classified advances	-	-	-	-	56,422	-	-	56,422
Effect of translation of net investment in Wholesale Bank Branch	-	3,685	-	-	-	-	-	3,685
	-	3,685	-	-	56,422	-	1,004,145	1,064,252
Transfer to statutory reserve	-	-	-	200,829	-	-	(200,829)	-
Balance as at September 30, 2011	7,070,184	59,198	234,669	3,523,734	109,784	4,083,945	803,316	15,884,830
Total comprehensive income for the quarter ended December 31, 2011								
Net profit for the quarter ended December 31, 2011	-	-	-	-	-	-	623,553	623,553
Effect of rescheduled / restructured classified advances	-	-	-	-	(15,699)	-	-	(15,699)
Effect of translation of net investment in Wholesale Bank Branch	-	16,098	-	-	-	-	-	16,098
	-	16,098	-	-	(15,699)	-	623,553	623,952
Transfer to Statutory reserve	-	-	-	124,711	-	-	(124,711)	-
Balance as at December 31, 2011	7,070,184	75,296	234,669	3,648,445	94,085	4,083,945	1,302,158	16,508,782
Transfer to General reserve	-	-	-	-	-	1,302,158	(1,302,158)	-
Transaction with owners, recorded directly in equity								
Bonus shares dedared / issued subsequent to year ended December 31, 2011	1,060,528	-	-	-	-	(1,060,528)	-	-
Total comprehensive income for the nine months ended September 30, 2012								
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	-	1,473,509	1,473,509
Effect of rescheduled / restructured classified advances	-	-	-	-	(94,085)	-	-	(94,085)
Effect of translation of net investment in Wholesale Bank Branch	-	3,060	-	-	-	-	-	3,060
	-	3,060	-	-	(94,085)	-	1,473,509	1,382,484
Transfer to statutory reserve	-	-	-	294,702	-	-	(294,702)	-
Balance as at September 30, 2012	8,130,712	78,356	234,669	3,943,147	-	4,325,575	1,178,807	17,891,266

The annexed notes 1 to 20 and Annexure form an integral part of this condensed interim unconsolidated financial information.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 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 / year 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.

During the year 2011, the Sponsors of the Bank, AWT approved the non-binding indicative offer made by the Fauji Foundation to purchase (alone or with one or more of its affiliated entities) up to 100% of AWT's shareholding in the Bank, subject to obtaining of all regulatory approvals under the applicable laws and regulations. An intimation to this effect was forwarded to the Islamabad, Lahore and Karachi stock exchanges on December 15, 2011. The processes related thereto are currently in progress.

2. BASIS OF MEASUREMENT

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

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

3. STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Bank for the nine months ended September 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of said directives have been followed.

The disclosures made in this condensed interim unconsolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim unconsolidated financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2011.

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

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

For the quarter and nine months ended September 30, 2012

7), has not been made applicable for the banks. However, instruments have been valued in accordance with the requirements of various circulars issued by SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of this condensed interim unconsolidated financial information are the same as those followed in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2011.

5. ACCOUNTING ESTIMATES

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

	(Rupees in thousand)		
	Held by the Bank	Given as collateral	Total
7. INVESTMENTS			
As at September 30, 2012 - (Un-audited)	<u>126,561,315</u>	<u>20,973,093</u>	<u>147,534,408</u>
As at December 31, 2011 - (Audited)	<u>125,782,509</u>	<u>7,974,203</u>	<u>133,756,712</u>
	As at September 30, 2012 (Un-audited)		
	Held by the Bank	Given as collateral	Total
7.1 Investments by type			
Held for trading securities	33,980	-	33,980
Available for sale securities	121,207,322	20,907,435	142,114,757
Held to maturity securities	4,425,129	-	4,425,129
Investment in an associated company	53,703	-	53,703
Investment in subsidiary companies	299,789	-	299,789
	<u>126,019,923</u>	<u>20,907,435</u>	<u>146,927,358</u>
Less: Provision for diminution in value of investments	(395,756)	-	(395,756)
Add: Unrealised gain on revaluation of investments classified as held for trading - net	1,230	-	1,230
Add: Surplus on revaluation of available for sale securities - net	935,918	65,658	1,001,576
Investments - net of provision	<u>126,561,315</u>	<u>20,973,093</u>	<u>147,534,408</u>

7.2 The Bank has availed FSV benefit against classified investments amounting to Rs. 83,854 thousand (September 30, 2011: Rs. 23,201 thousand) during the nine months ended September 30, 2012. Had the FSV benefit not recognized, before and after tax profit for the nine months would have been lower by Rs. 83,854 thousand (September 30, 2011: Rs. 23,201 thousand) and Rs. 54,505 thousand (September 30, 2011: Rs. 15,081 thousand) respectively.

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

For the quarter and nine months ended September 30, 2012

8. ADVANCES	Note	(Un-audited)	(Audited)
		September 30, 2012	December 31, 2011
		(Rupees in thousand)	
Loans, cash credits, running finances, etc.			
In Pakistan		139,687,395	139,289,784
Outside Pakistan		3,270,962	3,103,127
		142,958,357	142,392,911
Lease Financing - In Pakistan		5,110,926	6,477,358
Ijarah Financing - In Pakistan		411,037	671,147
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	322,436	319,125
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		8,095,713	11,213,180
Payable outside Pakistan		9,446,565	6,305,678
		17,542,278	17,518,858
Advances - gross		166,345,034	167,379,399
Provision for non-performing advances	8.2		
Specific provision		(17,472,682)	(16,291,514)
General provision		(133,492)	(132,130)
General provision against consumer loans		(207,677)	(245,046)
		(17,813,851)	(16,668,690)
Advances - net of provision		148,531,183	150,710,709

8.1 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs. 146,114 thousand (December 31, 2011: Rs. 135,879 thousand)

8.2 Particulars of provision against non-performing advances

	September 30, 2012 - (Un-audited)				December 31, 2011 - (Audited)				
	Specific	General	Consumer Financing-General	Total	Specific	General	Consumer Financing-General	Total	
		(Rupees in thousand)				(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	1,942,029	9,392	332	1,951,753	3,877,730	13,963	-	3,891,693	
Reversal for the period / year	(783,361)	(8,030)	(37,701)	(829,092)	(2,164,986)	(14,023)	(51,592)	(2,230,601)	
Net charge / (reversal) for the period / year	1,158,668	1,362	(37,369)	1,122,661	1,712,744	(60)	(51,592)	1,661,092	
Reversal of provision on rescheduled / restructured classified advances	-	-	-	-	(71,692)	-	-	(71,692)	
Amounts written off	-	-	-	-	(572,336)	-	-	(572,336)	
Closing balance	17,472,682	133,492	207,677	17,813,851	16,291,514	132,130	245,046	16,668,690	

8.2.1 Provision against non-performing advances	Note	September 30, 2012 (Un-audited)		September 30, 2011 (Un-audited)	
		For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
		(Rupees in thousand)		(Rupees in thousand)	
Net charge for the period	8.2	301,040	1,122,661	381,812	1,510,471
Reversal of capital reserve		-	(94,085)	(449)	(15,270)
		301,040	1,028,576	381,363	1,495,201

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

For the quarter and nine months ended September 30, 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 availed in last years has reduced by Rs. 796,278 thousand which has resulted in increased charge for specific provision for the nine months ended by the same amount. Had the FSV benefit not recognized, before and after tax profit for the nine months ended would have been higher by Rs. 796,278 thousand (September 30, 2011: lower by Rs. 357,453 thousand) and Rs. 517,581 thousand (September 30, 2011: lower by Rs. 232,344 thousand) respectively.

8.4 Advances include Rs. 23,105,555 thousand (December 31, 2011: Rs. 23,645,541 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	Note	September 30, 2012 - (Un-audited)				
		Classified Advances			Provision Required	Provision Held
		Domestic	Overseas	Total		
(Rupees in thousand)						
Other Assets Especially Mentioned	8.4.1	44,285	-	44,285	-	-
Substandard		505,379	-	505,379	37,781	37,781
Doubtful		779,660	-	779,660	172,205	172,205
Loss		21,776,231	-	21,776,231	17,262,696	17,262,696
		<u>23,105,555</u>	<u>-</u>	<u>23,105,555</u>	<u>17,472,682</u>	<u>17,472,682</u>

Category of Classification	Note	December 31, 2011 - (Audited)				
		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)
		September 30, 2012	December 31, 2011
(Rupees in thousand)			
9. OPERATING FIXED ASSETS			
Capital work-in-progress		34,306	43,329
Property and equipment	9.1	7,709,117	8,080,756
Intangibles	9.2	1,244,681	1,224,730
		8,953,798	9,305,486
		<u>8,988,104</u>	<u>9,348,815</u>

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

For the quarter and nine months ended September 30, 2012

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
(Rupees in thousand)		
9.1 Property and equipment		
Book value at beginning of the period / year	8,080,756	8,317,647
Cost of additions during the period / year	202,484	595,634
Book value of deletions / transfers during the period / year	(5,737)	(11,693)
Depreciation charge for the period / year	(546,896)	(741,172)
Book value of adjustments during the period / year	(21,490)	(79,660)
Book value at end of the period / year	<u>7,709,117</u>	<u>8,080,756</u>
9.2 Intangibles		
Book value at beginning of the period / year	1,224,730	-
Cost of additions during the period / year	123,386	1,225,905
Amortization charge for the period / year	(103,435)	(76,634)
Book value of adjustments during the period / year	-	75,459
Book value at end of the period / year	<u>1,244,681</u>	<u>1,224,730</u>
10. BORROWINGS		
In Pakistan - local currencies		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	3,930,955	8,317,225
- Long term financing of export oriented projects	470,980	669,568
- Long term financing facility	218,930	251,673
- Refinance scheme for revival of agricultural activities in flood affected areas	3,795	31,045
- Refinance scheme for revival of SME activities in flood affected areas	7,500	7,500
- Repurchase agreement borrowings (repo)	16,074,995	7,935,831
	20,707,155	17,212,842
Repo borrowings from financial institutions	4,991,460	-
	<u>25,698,615</u>	<u>17,212,842</u>
Un-secured		
Call borrowings	370,000	-
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	1,526	60,628
	<u>26,070,141</u>	<u>17,273,470</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	81,867,725	89,523,862
Savings deposits	148,864,104	141,028,007
Current accounts - non-remunerative	56,818,169	56,633,911
Special exporters' account	11,092	11,509
Margin accounts	2,235,293	2,416,273
Others	450,019	380,598
Financial institutions		
Remunerative deposits	2,990,724	1,507,056
Non-Remunerative deposits	1,727	1,777
	<u>293,238,853</u>	<u>291,502,993</u>

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

For the quarter and nine months ended September 30, 2012

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
12. DEFERRED TAX LIABILITIES - NET		
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	629,918	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	(177,734)	(339,319)
- classified in sub-standard category	7,883	7,883
	<u>394,656</u>	<u>314,477</u>
Surplus / (Deficit) on revaluation of available for sale securities	<u>350,552</u>	<u>(231,453)</u>
	<u>745,208</u>	<u>83,024</u>

	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	General reserve	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)						
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	3,060	-	-	-	-	3,060	19,783
Transfer from un-appropriated profit	-	-	294,702	-	1,302,158	1,596,860	1,027,359
Bonus shares issued	-	-	-	-	(1,060,528)	(1,060,528)	(642,744)
Effect of rescheduled / restructured classified advances	-	-	-	(94,085)	-	(94,085)	40,723
Balance at end of the period / year	<u>78,356</u>	<u>234,669</u>	<u>3,943,147</u>	<u>-</u>	<u>4,325,575</u>	<u>8,581,747</u>	<u>8,136,440</u>

13.1 General reserve as at September 30, 2012 include Rs. 3,014,896 thousand (December 31, 2011: Rs. 3,477,970 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 assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves to that extent are not available for distribution by way of cash or stock dividend.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
14. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of land	1,697,325	1,697,325
Surplus / (deficit) on revaluation of available for sale investments		
i) Federal Government securities	1,203,856	(196,668)
ii) Listed shares	102,307	(232,399)
iii) Units of open end mutual funds	37,244	30,589
iv) Other securities	(341,831)	(262,816)
	<u>1,001,576</u>	<u>(661,294)</u>
Less: Related deferred tax	<u>(350,552)</u>	<u>231,453</u>
	<u>651,024</u>	<u>(429,841)</u>
	<u>2,348,349</u>	<u>1,267,484</u>

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

For the quarter and nine months ended September 30, 2012

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		(Rupees in thousand)
i) Government	-	2,329,106
ii) Others	6,257,333	7,047,996
	<u>6,257,333</u>	<u>9,377,102</u>
15.2 Transaction-related contingent liabilities		
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	731,681	270,352
Guarantees given, favouring:		
i) Government	65,856,781	54,928,965
ii) Banks and other financial institutions	706,759	744,007
iii) Others	12,740,309	15,582,567
	<u>79,303,849</u>	<u>71,255,539</u>
	<u>80,035,530</u>	<u>71,525,891</u>

These include guarantees amounting to Rs. 901,381 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) September 30, 2012	(Audited) December 31, 2011
		(Rupees in thousand)
15.3 Trade-related contingent liabilities	<u>40,720,067</u>	<u>36,629,023</u>
15.4 Other Contingencies		
15.4.1 This represents certain claims filed by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	<u>1,004,639</u>	<u>649,430</u>

15.4.2 The Competition Commission of Pakistan (CCP) in an order dated June 28, 2012 has penalized 1 Link (Guarantee) Limited and its member banks for allegedly following uncompetitive behaviour and imposition of uniform cost on cash withdrawals from ATMs; Askari Bank's share of fine is Rs. 50 million. The Bank along with other banks has filed a constitutional petition before the honorable Sindh High Court, which has suspended the order of CCP till next hearing date.

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

For the quarter and nine months ended September 30, 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 and brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the Commissioner Inland Revenue (Appeals) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the Appellate Tribunal Inland Revenue with respect to matters not decided in its favour.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	982,446	362,147
Sale and repurchase agreements	<u>21,100,631</u>	<u>7,953,517</u>
15.7 Commitments in respect of forward exchange contracts		
Purchase	16,008,319	23,775,757
Sale	<u>15,564,111</u>	<u>14,977,195</u>
15.8 Commitments for acquisition of operating fixed assets	<u>113,094</u>	<u>146,430</u>
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>7,666,141</u>	<u>5,576,283</u>
15.10 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>
15.11 Bills for collection		
Payable in Pakistan	2,426,904	535,642
Payable outside Pakistan	<u>10,970,381</u>	<u>12,239,196</u>
	<u>13,397,285</u>	<u>12,774,838</u>

	September 30, 2012 (Un-audited)		September 30, 2011 (Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
16. GAIN ON SALE OF SECURITIES				
Gain on sale of government securities	85,636	132,227	17,192	29,169
Gain / (Loss) on sale of other investments	17,201	48,196	(7,782)	132,717
	<u>102,837</u>	<u>180,423</u>	<u>9,410</u>	<u>161,886</u>

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

For the quarter and nine months ended September 30, 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	Sub-Ordinated loans	Total
Rupees in thousand								
For the nine months ended September 30, 2012 - (Un-audited)								
Total income	92,984	338,854	1,389,801	26,438,844	41,006	12,382	-	28,313,871
Total expenses	23,031	83,930	349,727	24,983,294	10,157	3,067	730,438	26,183,644
Net income / (loss)	69,953	254,924	1,040,074	1,455,550	30,849	9,315	(730, 438)	2,130,227
For the nine months ended September 30, 2011 - (Un-audited)								
Total income	96,665	28,131	1,398,674	25,247,263	41,559	12,199	-	26,824,491
Total expenses	23,207	6,754	357,947	24,164,163	9,977	2,929	685,034	25,250,011
Net income / (loss)	73,458	21,377	1,040,727	1,083,100	31,582	9,270	(685,034)	1,574,480
As at September 30, 2012 - (Un-audited)								
Segment Assets (Gross)	61,830	225,324	17,215,224	359,638,304	27,267	8,234	-	377,176,183
Segment Non Performing Loans	-	-	3,091,568	20,013,987	-	-	-	23,105,555
Segment Provision Required	-	-	2,521,238	15,990,847	-	-	-	18,512,085
Segment Liabilities	975	3552	17,766,169	313,348,956	430	130	7,304,271	338,424,483
Segment return on net assets (%)	0.03	0.10	0.40	7.53	0.01	-	-	
Segment cost of funds (%)	0.01	0.03	0.11	7.52	-	-	0.22	
As at December 31, 2011 - (Audited)								
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
For the nine months ended September 30, 2011 - (Un-audited)								
Segment return on net assets (%)	0.03	0.01	0.41	7.46	0.01	-	-	
Segment cost of funds (%)	0.01	-	0.12	7.92	-	-	0.22	

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

For the quarter and nine months ended September 30, 2012

18. RELATED PARTY TRANSACTIONS

Army Welfare Trust (AWT) held 50.57% (December 31, 2011: 50.57%) of the Bank's share capital at the period end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

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

Details of transactions with related parties during the nine months and balances as at September 30, 2012, are as follows:

	(Rupees in thousand)											
	September 30, 2012 (Un-audited)						December 31, 2011 (Audited)					
	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Employees' Funds	Parent	Key Management Personnel	Directors	Companies with common directorship, having equity under 20%	Associated and Subsidiary Companies	Employees' Funds
Balances outstanding as at												
- Advances	-	119,359	6,091	184	-	-	-	117,472	15,130	291	-	-
- Deposits	19,112,930	33,103	104,146	202,354	50,372	199,607	19,327,756	43,868	98,100	171,830	49,407	68,014
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	248,868	-	-	482,813	-	-	277,859	-	-	270,352	-	-
- Investment in shares/ units - at cost	-	-	-	1,714,495	353,492	-	-	-	-	1,614,504	353,492	-
- Security deposits against lease	-	-	-	132	-	-	-	-	-	132	-	-
- Investment in TFCs issued by the Bank	-	-	-	-	3,660	-	-	-	-	-	3,661	-
Transactions during the nine months ended												
- Mark-up / interest earned	-	4,442	910	13	-	-	-	5,446	3,866	22,976	64	-
- Net mark-up / interest expensed	1,767,633	1,241	6,513	16,989	2,910	10,216	1,307,254	830	6,292	20,935	4,087	2,568
- Rent received against operating lease	-	-	-	-	-	-	-	-	-	3,083	-	-
- Contributions to employees' funds	-	-	-	-	-	277,115	-	-	-	-	-	254,116
- Investment made in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
- Investment / redemption of units of AINL funds - at cost - net	-	-	-	99,991	-	-	-	-	-	38,107	-	-
- Rent of property / service charges paid	39,149	-	-	56,271	-	-	48,999	-	-	37,527	1,547	-
- Rent of property / service charges received	19,398	-	-	4,772	5,334	-	14,324	-	-	4,141	4,707	-
- Dividend income received	-	-	-	730,950	-	-	-	-	-	-	-	-
- Remuneration paid	-	178,258	-	-	-	-	-	126,168	-	-	-	-
- Post employment benefits	-	13,798	-	-	-	-	-	11,825	-	-	-	-
- Insurance premium paid	-	-	-	-	24,068	-	-	-	-	-	45,546	-
- Insurance claims received	-	-	-	-	35	-	-	-	-	-	307	-
- Security services costs	-	-	-	148,253	-	-	-	-	-	146,668	-	-
- Fee, commission and brokerage income	-	-	-	-	-	-	2	-	-	-	15	-
- Fee, commission and brokerage paid	-	-	-	-	656	-	-	-	-	-	838	-
- Fees paid	-	-	3400	-	-	-	-	20	1,380	-	-	-

19. CORRESPONDING FIGURES

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

20. DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on October 19, 2012.

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

Islamic Banking Business - Statement of Financial Position

As at September 30, 2012

Annexure
(1 of 2)

The Bank is operating 31 Islamic banking branches including 2 sub-branches at the end of September 30, 2012.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
ASSETS		
Cash and balances with treasury banks	788,948	713,256
Balances with and due from Financial Institutions	373,832	528,613
Investments	9,471,080	9,818,059
Financing and Receivables		
-Murahaba	483,088	184,085
-Ijarah	668,116	867,935
-Musharaka	-	-
-Diminishing Musharaka	1,361,380	1,530,939
-Salam	379,150	440,818
-Other Islamic Modes	19,927	12,286
Other assets	786,848	860,854
Total Assets	14,332,369	14,956,845
LIABILITIES		
Bills payable	114,683	98,876
Due to Financial Institutions	-	-
Deposits and other accounts		
-Current Accounts	2,366,717	2,301,298
-Saving Accounts	3,081,213	2,977,415
-Term Deposits	6,256,177	5,462,224
-Others	47,989	27,491
-Deposit from Financial Institutions - Remunerative	910,894	1,072,428
-Deposits from Financial Institutions - Non-remunerative	1,727	1,777
Due to Head Office	201,420	1,679,067
Other liabilities	369,539	416,871
	<u>13,350,359</u>	<u>14,037,447</u>
Net Assets	<u>982,010</u>	<u>919,398</u>
REPRESENTED BY		
Islamic Banking Fund	1,000,000	1,000,000
Reserves	-	-
Unappropriated / Unremitted loss	(86,790)	(205,102)
	<u>913,210</u>	<u>794,898</u>
Surplus on revaluation of assets	68,800	124,500
	<u>982,010</u>	<u>919,398</u>
Remuneration to Shariah Advisor / Board	<u>1,006</u>	<u>1,253</u>
CHARITY FUND		
Opening Balance	213	2,700
Additions during the period / year	2,649	3,107
Payments / Utilization during the period / year	(2,578)	(5,594)
Closing Balance	<u>284</u>	<u>213</u>

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

For the quarter and nine months ended September 30, 2012

Annexure
(2 of 2)

	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
Profit / return earned on financings, investments and placements	1,145,997	1,016,171
Return on deposits and other dues expensed	688,676	625,069
Net spread earned	457,321	391,102
(Reversal) / Provision against non-performing financings	(37,600)	55,052
Provision against consumer financings	-	-
(Reversal) / provision for diminution in the value of investments	-	(13,440)
Bad debts written off directly	-	-
	(37,600)	41,612
Income after provisions	494,921	349,490
Other Income		
Fee, commission and brokerage Income	16,553	15,652
Dividend income	-	-
Income from dealing in foreign currencies	1,378	1,289
Capital gain on sale of securities	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	13,951	26,251
Total other income	31,882	43,192
	526,803	392,682
Other expenses		
Administrative expenses	408,491	400,126
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	408,491	400,126
	118,312	(7,444)
Extraordinary / unusual items	-	-
Profit / (loss) before taxation	118,312	(7,444)

**ASKARI BANK LIMITED
& ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (Un-Audited)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2012**

Condensed Interim Consolidated Statement of Financial Position (Un-audited)

As at September 30, 2012

		(Un-audited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in thousand)	
Assets			
Cash and balances with treasury banks		24,564,276	26,168,206
Balances with other banks		10,691,542	6,236,116
Lendings to financial institutions		2,198,009	1,613,584
Investments	7	147,471,898	133,655,387
Advances	8	148,531,212	150,712,556
Operating fixed assets	9	9,100,405	9,451,033
Deferred tax assets		-	-
Other assets		16,272,968	16,028,838
		<u>358,830,310</u>	<u>343,865,720</u>
Liabilities			
Bills payable		3,367,573	2,756,032
Borrowings	10	26,084,041	17,274,979
Deposits and other accounts	11	293,237,354	291,499,395
Sub-ordinated loans		6,988,400	6,990,100
Liabilities against assets subject to finance lease		1,704	2,893
Deferred tax liabilities - net	12	709,092	46,908
Other liabilities		8,062,109	7,413,555
		<u>338,450,273</u>	<u>325,983,862</u>
Net Assets		<u>20,380,037</u>	<u>17,881,858</u>
Represented By:			
Share capital		8,130,712	7,070,184
Reserves	13	8,658,962	8,135,795
Unappropriated profit		1,212,716	1,380,018
		<u>18,002,390</u>	<u>16,585,997</u>
Non-controlling interest		29,298	28,377
		<u>18,031,688</u>	<u>16,614,374</u>
Surplus on revaluation of assets - net of tax	14	2,348,349	1,267,484
		<u>20,380,037</u>	<u>17,881,858</u>
Contingencies and Commitments	15		

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2012

	Note	September 30, 2012		September 30, 2011	
		For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
		(Rupees in thousand)		(Rupees in thousand)	
Mark-up / return / interest earned		8,314,335	25,325,727	8,887,689	24,937,925
Mark-up / return / interest expensed		5,784,475	18,131,401	6,170,090	17,173,462
Net mark-up / interest income		2,529,860	7,194,326	2,717,599	7,764,663
Provision against non-performing loans and advances	8.2.1	301,040	1,028,576	381,363	1,495,201
Impairment loss on available for sale investments		-	10,350	33,965	38,965
Provision for diminution in the value of investments		-	-	1,500	40,313
Provision against repurchase agreement lending		-	-	-	23,130
Bad debts written off directly		-	1,043	-	-
		301,040	1,039,969	416,828	1,5997,609
Net mark-up / interest income after provisions		2,228,820	6,154,357	2,300,771	6,166,854
Non mark-up / interest income					
Fee, commission and brokerage income		263,322	995,271	291,472	983,265
Dividend income		205,662	944,666	136,982	210,069
Income from dealing in foreign currencies		284,034	779,872	1,941	279,016
Gain on sale of securities	16	102,423	183,851	11,217	164,492
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		2,745	3,019	(201)	(536)
Other income		73,501	232,652	97,950	333,983
		931,687	3,139,331	539,361	1,970,289
Total non-markup / interest income		3,160,507	9,293,688	2,840,132	8,137,143
Non mark-up / interest expenses					
Administrative expenses		2,580,550	7,073,800	2,324,737	6,513,280
Other provisions / write offs		1,510	21,633	-	-
Other charges		19,679	54,276	7,359	29,642
Total non-markup / interest expenses		2,601,739	7,149,709	2,332,096	6,542,922
		558,768	2,143,979	508,036	1,594,221
Share of profit of associate		4,441	22,696	90	8,373
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		563,209	2,166,675	508,126	1,602,594
Taxation - current		326,499	578,154	364,515	587,231
- prior years'		-	-	-	-
- deferred		(147,023)	80,182	(155,037)	(14,553)
		179,476	658,336	209,478	572,678
Profit after taxation		383,733	1,508,339	298,648	1,029,916
Attributable to:					
Equity holders of the Bank		383,725	1,507,418	298,899	1,030,283
Non-controlling interest		8	921	(251)	(367)
		383,733	1,508,339	298,648	1,029,916

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 2012

	September 30, 2012		September 30, 2011	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
Profit after taxation	383,733	1,508,339	298,648	1,029,916
Other comprehensive income				
Effect of rescheduled / restructured classified advances	-	(94,085)	(449)	56,422
Effect of translation of net investment in Wholesale Bank Branch	898	3,060	3,027	3,685
Total comprehensive income	<u>384,631</u>	<u>1,417,314</u>	<u>301,226</u>	<u>1,090,023</u>
Attributable to:				
Equity holders of the Bank	384,623	1,416,393	301,477	1,090,390
Non-controlling interest	8	921	(251)	(367)
	<u>384,631</u>	<u>1,417,314</u>	<u>301,226</u>	<u>1,090,023</u>

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2012

Note	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	2,166,675	1,602,594
Less: Dividend income	(944,666)	(210,069)
	<u>1,222,009</u>	<u>1,392,525</u>
Adjustments:		
Depreciation / amortization	663,314	554,015
Provision against non-performing advances (net)	1,028,576	1,495,201
Impairment loss on available for sale investments	10,350	38,965
Provision for diminution in the value of investments	-	40,313
Provision against repurchase agreement lending	-	23,130
Bad debts written off directly	1,043	-
Unrealised (gain) / loss on revaluation of investments classified as held for trading - net	(3,019)	536
Other provisions / write offs	21,633	-
Net (profit) / loss on sale of operating fixed assets	(688)	(401)
Finance charges on leased assets	149	341
Share of profit of associate	(22,696)	(8,373)
	<u>1,698,662</u>	<u>2,143,727</u>
	<u>2,920,671</u>	<u>3,536,252</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(584,425)	5,844,014
Held for trading securities	(48,311)	(20,860)
Advances	238,678	1,018,770
Other assets (excluding advance taxation)	1,647,292	(1,304,670)
	<u>1,253,234</u>	<u>5,537,254</u>
Increase / (decrease) in operating liabilities		
Bills payable	611,541	(286,832)
Borrowings	9,809,062	12,500,983
Deposits and other accounts	1,737,959	(557,201)
Other liabilities (excluding current taxation)	649,314	327,336
	<u>11,807,876</u>	<u>11,984,286</u>
	<u>15,987,781</u>	<u>21,057,792</u>
Income tax paid	(1,550,128)	(947,001)
Net cash inflow from operating activities	<u>14,431,653</u>	<u>20,110,791</u>
Cash flow from investing activities		
Net investments in available for sale securities	(12,475,362)	(19,079,725)
Net investments in held to maturity securities	385,397	356,416
Net investments in associate	-	(18,284)
Dividend income	844,034	131,215
Investments in operating fixed assets	(340,285)	(132,792)
Sale proceeds of operating fixed assets	6,797	15,268
Net cash outflow from investing activities	<u>(11,579,419)</u>	<u>(18,727,902)</u>
Cash flow from financing activities		
Payments of sub-ordinated loans	(1,700)	(1,500)
Payment of lease obligations	(1,338)	(2,539)
Dividends paid	(760)	(150)
Net cash outflow from financing activities	<u>(3,798)</u>	<u>(4,189)</u>
Effect of translation of net investment in Wholesale Bank Branch	3,060	3,685
Increase in cash and cash equivalents	<u>2,851,496</u>	<u>1,382,385</u>
Cash and cash equivalents at beginning of the period	<u>32,426,322</u>	<u>26,374,728</u>
Cash and cash equivalents at end of the period	<u>35,277,818</u>	<u>27,757,113</u>
Cash and cash equivalents at end of the period		
Cash and balances with treasury banks	24,564,276	22,207,233
Balances with other banks	10,691,542	5,427,880
Call money lendings	-	100,000
Term deposits with MCB Bank	22,000	22,000
	<u>35,277,818</u>	<u>27,757,113</u>

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

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- sd -

President & Chief Executive

Director

Director

Chairman

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

For the quarter and nine months ended September 30, 2012

(Rupees in thousand)

	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	Revenue Reserves			Non-controlling interest	Total
						General reserve	Unappropriated profit	Sub-Total		
Balance as at January 01, 2011	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)	-	-	-
Distribution to owners										
Bonus shares declared / issued subsequent to year ended December 31, 2010	642,744	-	-	-	-	(642,744)	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2011										
Net profit for the nine months ended September 30, 2011	-	-	-	-	-	-	1,030,283	1,030,283	(367)	1,029,916
Effect of rescheduled / restructured classified advances	-	-	-	-	56,422	-	-	56,422	-	56,422
Effect of translation of net investment in Wholesale Bank Branch	-	3,685	-	-	-	-	-	3,685	-	3,685
Transfer to statutory reserve	-	3,685	-	200,829	56,422	-	1,030,283	1,090,390	(367)	1,090,023
Balance as at September 30, 2011	7,070,184	59,198	234,669	3,523,734	109,784	4,083,300	829,454	15,910,323	28,361	15,938,684
Total comprehensive income for the quarter ended December 31, 2011										
Net profit for the quarter ended December 31, 2011	-	-	-	-	-	-	675,275	675,275	16	675,291
Effect of rescheduled / restructured classified advances	-	-	-	-	(15,699)	-	-	(15,699)	-	(15,699)
Effect of translation of net investment in Wholesale Bank Branch	-	16,098	-	-	-	-	-	16,098	-	16,098
Transfer to Statutory reserve	-	16,098	-	124,711	(15,699)	-	675,275	675,275	16	675,690
Balance as at December 31, 2011	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
Transferred to General reserve	-	-	-	-	-	1,380,018	(1,380,018)	-	-	-
Distribution to owners										
Bonus shares declared / issued subsequent to year ended December 31, 2011	1,060,528	-	-	-	-	(1,060,528)	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2012										
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	-	1,507,418	1,507,418	921	1,508,339
Effect of rescheduled / restructured classified advances	-	-	-	-	(94,085)	-	-	(94,085)	-	(94,085)
Effect of translation of net investment in Wholesale Bank Branch	-	3,060	-	-	-	-	-	3,060	-	3,060
Transfer to Statutory reserve	-	3,060	-	294,702	(94,085)	-	1,507,418	1,416,393	921	1,417,314
Balance as at September 30, 2012	8,130,712	78,356	234,669	3,943,147	-	4,402,790	2,121,716	18,002,390	29,298	18,031,688

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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

For the quarter and nine months ended September 30, 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 01, 1992. Army Welfare Trust (AWT) holds 50.57% (December 31, 2011: 50.57%) of the Bank's share capital at the half year 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 public limited company. AIML is Non-Banking Finance Company (NBFC), under license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management and investment advisory services under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC & NE Regulations). The License was obtained on September 21, 2005. AIML is wholly owned subsidiary of the Bank with its registered office in Islamabad. AIML obtained its certificate of commencement of business on September 22, 2005.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 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 01, 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 and nine months ended September 30, 2012.

During the year 2011, the Sponsors of the Bank, AWT approved the non-binding indicative offer made by the Fauji Foundation to purchase (alone or with one or more of its affiliated entities) up to 100% of AWT's shareholding in the Bank, subject to obtaining of all regulatory approvals under the applicable laws and regulations. An intimation to this effect was forwarded to the Islamabad, Lahore and Karachi stock exchanges on December 15, 2011. The processes related thereto are currently in progress.

2. BASIS OF MEASUREMENT

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

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

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

For the quarter and nine months ended September 30, 2012

3. STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Group for the nine months ended September 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting', requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of said directives have been followed.

The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information as required in the annual financial statements. Accordingly, this condensed interim consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2011.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of this condensed interim consolidated financial information are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2011.

5. ACCOUNTING ESTIMATES

The basis and methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2011.

6. FINANCIAL RISK MANAGEMENT

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

	(Rupees in thousand)		
7. INVESTMENTS	Held by the Bank	Given as collateral	Total
As at September 30, 2012 - (Un-audited)	<u>126,498,805</u>	<u>20,973,093</u>	<u>147,471,898</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 and nine months ended September 30, 2012

	(Rupees in thousand)		
	As at September 30, 2012 - (Un-audited)		
	Held by the Bank	Given as collateral	Total
7.1 Investments by type			
Held for trading securities	94,793	-	94,793
Available for sale securities	121,220,312	20,907,435	142,127,747
Held to maturity securities	4,425,129	-	4,425,129
Investment in an associated company	127,636	-	127,636
	<u>125,867,597</u>	<u>20,907,435</u>	<u>146,775,032</u>
Less: Provision for diminution in value of investments	(307,729)	-	(307,729)
Add: Unrealised gain on revaluation of investments classified as held for trading - net	3,019	-	3,019
Add: Surplus on revaluation of available for sale securities - net	935,918	65,658	1,001,576
Investments - net of provision	<u>126,498,805</u>	<u>20,973,093</u>	<u>147,471,898</u>

7.2 The Bank has availed FSV benefit against classified investments amounting to Rs. 83,854 thousand (September 30, 2011: Rs. 184,633 thousand) during the nine months ended September 30, 2012. Had the FSV benefit not recognized, before and after tax profit for the nine months would have been lower by Rs. 83,854 thousand (September 30, 2011: Rs. 23,201 thousand) and Rs. 54,505 thousand (September 30, 2011: Rs. 15,081 thousand) respectively.

8. ADVANCES	Note	(Un-audited)	(Audited)
		September 30, 2012	December 31, 2011
(Rupees in thousand)			
Loans, cash credits, running finances, etc.			
In Pakistan		139,687,424	139,291,631
Outside Pakistan		3,270,962	3,103,127
		<u>142,958,386</u>	<u>142,394,758</u>
Lease Financing - In Pakistan		5,110,926	6,477,358
Ijarah Financing - In Pakistan		411,037	671,147
Net book value of assets / investments in Ijarah under IFAS 2			
In Pakistan	8.1	322,436	319,125
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		8,095,713	11,213,180
Payable outside Pakistan		9,446,565	6,305,678
		<u>17,542,278</u>	<u>17,518,858</u>
Advances - Gross		<u>166,345,063</u>	<u>167,381,246</u>
Provision for non-performing advances	8.2		
Specific provision		(17,472,682)	(16,291,514)
General provision		(133,492)	(132,130)
General provision against consumer loans		(207,677)	(245,046)
		<u>(17,813,851)</u>	<u>(16,668,690)</u>
Advances - net of provision		<u>148,531,212</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. 146,114 thousand (December 31, 2011: Rs. 135,879 thousand)

8.2 Particulars of provision against non-performing advances

	September 30, 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	1,942,029	9,392	332	1,951,753	3,877,730	13,963	-	3,891,693
Reversal for the period / year	(783,361)	(8,030)	(37,701)	(829,092)	(2,164,986)	(14,023)	(51,592)	(2,230,601)
Net charge / (reversal) for the period / year	1,158,668	1,362	(37,369)	1,122,661	1,712,744	(60)	(51,592)	1,661,092
Reversal of provision on rescheduled/restructured classified advances	-	-	-	-	(71,692)	-	-	(71,692)
Amounts written off	-	-	-	-	(572,336)	-	-	(572,336)
Closing balance	<u>17,472,682</u>	<u>133,492</u>	<u>207,677</u>	<u>17,813,851</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 and nine months ended September 30, 2012

	September 30, 2012-(Un-audited)		September 30, 2011-(Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
8.2.1 Provision against non-performing advances				
Net charge for the period / year	301,040	1,122,661	381,812	1,510,471
Reversal of capital reserve	-	(94,085)	(449)	(15,270)
	<u>301,040</u>	<u>1,028,576</u>	<u>381,363</u>	<u>1,495,201</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 availed in last years has reduced by Rs. 796,278 thousand which has resulted in an increased charge for specific provision for the nine months ended by the same amount. Had the FSV benefit not recognized, before and after tax profit for the nine months ended would have been higher by Rs. 796,278 thousand (September 30, 2011 : lower by Rs. 357,453 thousand) and Rs. 517,581 thousand (September 30, 2011: lower by Rs. 232,344 thousand) respectively.

8.4 Advances include Rs. 23,105,555 thousand (December 31, 2011: Rs. 23,645,541 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2012 - (Un-audited)				
	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total		
(Rupees in thousand)					
Other Assets Especially Mentioned - note 8.4.1	44,285	-	44,285	-	-
Substandard	505,379	-	505,379	37,781	37,781
Doubtful	779,660	-	779,660	172,205	172,205
Loss	21,776,231	-	21,776,231	17,262,696	17,262,696
	<u>23,105,555</u>	<u>-</u>	<u>23,105,555</u>	<u>17,472,682</u>	<u>17,472,682</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)	(Audited)
		September 30, 2012	December 31, 2011
(Rupees in thousand)			
9. OPERATING FIXED ASSETS			
Capital work-in-progress		38,095	51,948
Property and equipment	9.1	7,754,397	8,115,106
Intangibles	9.2	1,307,913	1,283,979
		<u>9,062,310</u>	<u>9,399,085</u>
		<u>9,100,405</u>	<u>9,451,033</u>

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

For the quarter and nine months ended September 30, 2012

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
9.1 Property and equipment		
Book value at beginning of the period / year	8,115,106	8,356,874
Cost of additions during the period / year	225,923	609,947
Book value of deletions during the period / year	(6,109)	(15,892)
Depreciation charge for the period / year	(559,033)	(753,425)
Book value of adjustments	(21,490)	(82,398)
Book value at end of the period / year	<u>7,754,397</u>	<u>8,115,106</u>
9.2 Intangibles		
Book value at beginning of the period / year	1,283,979	57,005
Cost of additions during the period / year	128,215	1,226,200
Amortization charge for the period / year	(104,281)	(77,423)
Book value of adjustments	-	78,197
Book value at end of the period / year	<u>1,307,913</u>	<u>1,283,979</u>
10. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan:		
- Export refinance scheme	3,930,955	8,317,225
- Long term financing of export oriented projects	470,980	669,568
- Long term financing facility	218,930	251,673
- Refinance scheme for revival of agricultural activities in flood affected areas	3,795	31,045
- Refinance scheme for revival of SME activities in flood affected areas	7,500	7,500
- Repurchase agreement borrowings (repo)	16,074,995	7,935,831
	20,707,155	17,212,842
Repo and other borrowings from financial institutions	4,991,460	-
Others	13,900	1,509
	<u>25,712,515</u>	<u>17,214,351</u>
Un-secured		
- Call borrowings	370,000	-
Outside Pakistan - foreign currencies		
- Overdrawn nostro accounts - unsecured	1,526	60,628
	<u>26,084,041</u>	<u>17,274,979</u>
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	81,867,725	89,523,862
Savings deposits	148,864,104	141,026,934
Current accounts - non-remunerative	56,818,169	56,631,386
Special exporters' account	11,092	11,509
Margin accounts	2,235,293	2,416,273
Others	450,019	380,598
Financial institutions		
Remunerative deposits	2,989,225	1,507,056
Non-Remunerative deposits	1,727	1,777
	<u>293,237,354</u>	<u>291,499,395</u>

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

For the quarter and nine months ended September 30, 2012

12. DEFERRED TAX LIABILITIES - NET	(Un-audited)	(Audited)
	September 30, 2012	December 31, 2011
	(Rupees in thousand)	
Deferred credits / (debits) arising due to:		
Accelerated tax depreciation	634,829	716,235
Assets subject to finance lease	(121)	(121)
Provision for staff benefits	(3,119)	(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	(177,734)	(339,319)
- classified in sub-standard category	7,883	7,883
Unused tax losses	(37,787)	(37,787)
	<u>358,540</u>	<u>278,361</u>
Surplus / (deficit) on revaluation of available for sale securities	350,552	(231,453)
	<u>709,092</u>	<u>46,908</u>

13. RESERVES	Exchange translation reserve	Share premium account	Statutory reserve	Capital reserve	General reserve	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)						
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	3,060	-	-	-	-	3,060	19,783
Transfer from un-appropriated profit	-	-	294,702	-	1,380,018	1,674,720	1,005,178
Bonus shares issued	-	-	-	-	(1,060,528)	(1,060,528)	(642,744)
Effect of rescheduled / restructured classified advances - note 13.1	-	-	-	(94,085)	-	(94,085)	40,723
Balance at end of the period / year	<u>78,356</u>	<u>234,669</u>	<u>3,943,147</u>	<u>-</u>	<u>4,402,790</u>	<u>8,658,962</u>	<u>8,135,795</u>

- 13.1 General reserve as at September 30, 2012 include Rs. 3,014,896 thousand (December 31, 2011: Rs. 3,477,970 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 assets allowed under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves to that extent are not available for distribution by way of cash or stock dividend.

14. SURPLUS ON REVALUATION OF ASSETS	(Un-audited)	(Audited)
	September 30, 2012	December 31, 2011
	(Rupees in thousand)	
Surplus on revaluation of land	1,697,325	1,697,325
Surplus / (deficit) on revaluation of available for sale investments		
i) Federal Government securities	1,203,856	(196,668)
ii) Listed shares	102,307	(232,399)
iii) Units of open end mutual funds	37,244	30,589
iv) Other securities	(341,831)	(262,816)
	1,001,576	(661,294)
Less: Related deferred tax	(350,552)	231,453
	651,024	(429,841)
	<u>2,348,349</u>	<u>1,267,484</u>

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

For the quarter and nine months ended September 30, 2012

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
15. CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
i) Government	-	2,329,106
ii) Others	6,257,333	7,047,996
	<u>6,257,333</u>	<u>9,377,102</u>
15.2 Transaction-related contingent liabilities		
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	731,681	270,352
Guarantees given, favouring:		
i) Government	65,856,781	54,928,965
ii) Banks and other financial institutions	706,759	744,007
iii) Others	12,740,309	15,582,567
	<u>79,303,849</u>	<u>71,255,539</u>
	<u>80,035,530</u>	<u>71,525,891</u>

These include guarantees amounting to Rs. 901,381 thousand (December 31, 2011: Rs. 890,769 thousand) against which the Group is contesting court proceedings and these are not likely to result in any liability against the Group.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
15.3 Trade-related contingent liabilities	<u>40,720,067</u>	<u>36,629,023</u>
15.4 Other Contingencies		
15.4.1 This represents certain claims filed by third parties against the Group, 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 Group.	<u>1,004,639</u>	<u>649,430</u>

15.4.2 The Competition Commission of Pakistan (CCP) in an order dated June 28, 2012 has penalized 1 Link (Guarantee) Limited and its member banks for allegedly following uncompetitive behaviour and imposition of uniform cost on cash withdrawals from ATMs; Askari Bank's share of fine is Rs. 50 million. The Bank along with other banks has filed a constitutional petition before the honorable Sindh High Court, which has suspended the order of CCP till next hearing date.

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

For the quarter and nine months ended September 30, 2012

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 and brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the Commissioner Inland Revenue (Appeals) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the Appellate Tribunal Inland Revenue with respect to matters not decided in its favour.
- ii) Income tax demand of Rs. 9,565 thousand, not acknowledged as debt, has been challenged by ASL and are currently in appeal; ASL expects favourable outcome of appeal.
- iii) Group's share of income tax demand of Rs. 1,794 thousand, not acknowledged as debt, has been challenged by AGICO and are currently in appeal; AGICO expects favourable outcome of appeal.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in thousand)	
15.6 Commitments in respect of forward lending		
Commitment against "Repo" transactions		
Purchase and resale agreements	982,446	362,147
Sale and repurchase agreements	<u>21,100,631</u>	<u>7,953,517</u>
15.7 Commitments in respect of forward exchange contracts		
Purchase	16,008,319	23,775,757
Sale	<u>15,564,111</u>	<u>14,977,195</u>
15.8 Commitments for acquisition of operating fixed assets	<u>113,094</u>	<u>159,247</u>
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>7,666,141</u>	<u>5,576,283</u>
15.10 Other commitments		
This represents participation in the equity of proposed Mortgage Refinance Company.	<u>300,000</u>	<u>300,000</u>
15.11 Bills for collection		
Payable in Pakistan	2,426,904	535,642
Payable outside Pakistan	<u>10,970,381</u>	<u>12,239,196</u>
	<u>13,397,285</u>	<u>12,774,838</u>

	September 30, 2012-(Un-audited)		September 30, 2011-(Un-audited)	
	For the quarter ended	For the nine months ended	For the quarter ended	For the nine months ended
	(Rupees in thousand)		(Rupees in thousand)	
16. GAIN ON SALE OF SECURITIES				
Gain on sale of government securities	85,636	132,227	17,192	29,169
Gain / (loss) on sale of other investments	<u>16,787</u>	<u>51,624</u>	<u>(5,975)</u>	<u>135,323</u>
	<u>102,423</u>	<u>183,851</u>	<u>11,217</u>	<u>164,492</u>

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

For the quarter and nine months ended September 30, 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)										
For the nine months ended September 30, 2012 - (Un-audited)										
Total income	92,984	338,854	1,389,674	26,451,203	41,006	12,382	138,688	22,836	-	28,487,754
Total expenses	23,031	83,930	357,947	24,123,315	9,977	3,067	129,430	18,342	730,438	26,321,079
Net income / (loss)	69,953	254,924	1,040,074	1,478,246	30,849	9,315	9,258	4,494	(730,438)	2,166,675
For the nine months ended September 30, 2011 - (Un-audited)										
Total income	96,665	28,131	1,398,674	25,244,887	41,559	12,199	72,849	13,250	-	26,908,214
Total expenses	23,207	6,754	357,947	24,123,315	9,977	2,929	90,813	14,017	685,034	25,313,993
Net income / (loss)	73,458	21,377	1,040,727	1,121,572	31,582	9,270	(17,964)	(767)	(685,034)	1,594,221
As at September 30, 2012 - (Un-audited)										
Segment Assets (Gross)	61,830	225,324	17,215,225	359,374,256	27,267	8,234	192,992	149,241	-	377,254,369
Segment Non Performing Loans	-	-	3,091,568	20,013,987	-	-	-	-	-	23,105,555
Segment Provision Required	-	-	2,521,238	15,902,821	-	-	-	-	-	18,424,059
Segment Liabilities	975	3,552	17,766,169	313,311,038	430	130	27,152	36,556	7,304,271	338,450,273
Segment return on net assets (%)	0.03	0.10	0.40	7.53	0.01	-	0.04	0.01	-	-
Segment cost of funds (%)	0.01	0.03	0.11	7.52	-	-	0.04	0.01	0.22	-
As at December 31, 2011 - (Audited)										
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
For the nine months ended September 30, 2011 - (Un-audited)										
Segment return on net assets (%)	0.03	0.01	0.41	7.46	0.01	-	0.02	-	-	-
Segment cost of funds (%)	0.01	-	0.12	7.91	-	-	0.03	-	0.22	-

18. RELATED PARTY TRANSACTIONS

As Army Welfare Trust (AWT) holds 50.57% (December 31, 2011: 50.57%) of the Bank's share capital at the year 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.

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

For the quarter and nine months ended September 30, 2012

Details of transactions with related parties during the half year and balances as at September 30, 2012, are as follows:

	(Rupees in thousand)											
	September 30, 2012 - (Un-audited)						December 31, 2011 - (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	-	119,359	6,091	184	-	-	-	117,472	15,130	291	-	-
- Deposits	19,112,930	33,103	104,146	202,354	43,036	199,607	19,327,756	43,868	98,100	171,830	46,865	68,014
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	248,868	-	-	482,813	-	-	277,859	-	-	270,352	-	-
- Investment in shares - at cost	-	-	-	1,767,400	53,703	-	-	-	-	1,659,415	53,703	-
- Security deposits against lease	-	-	-	132	-	-	-	-	-	132	-	-
- Investment in TFCs issued by the Bank	-	-	-	-	-	-	-	-	-	-	3661	-
- Reimbursable expenses on behalf of AIML Funds	-	-	-	5,587	-	-	-	-	-	5,115	-	-
- Management fee and commission receivable from AIML Funds	-	-	-	9,726	-	-	-	-	-	9,753	-	-
- Pre-paid insurance premium by AIML	-	-	-	-	190	-	-	-	-	-	197	-
- Payable to employee funds	-	-	-	-	-	9,839	-	-	-	-	-	3,337
- Receivable from employee funds	-	-	-	-	-	873	-	-	-	-	-	-
Transactions during the nine months ended												
	September 30, 2012 - (Un-audited)						September 30, 2011 - (Un-audited)					
- Mark-up / interest earned	-	4,442	910	13	-	-	-	5,446	3,866	22,976	-	-
- Net mark-up / interest expensed	1,767,633	1,241	6,513	16,989	2,572	10,216	1,307,254	830	6,292	20,935	2,386	2,568
- Rent received against operating lease	-	-	-	-	-	-	-	-	-	3,083	-	-
- Contributions to employees' funds	-	-	-	-	-	277,573	-	-	-	-	-	257,832
- Investment / redemption in shares / units - at cost - net	-	-	-	107,985	-	-	-	-	-	75,978	-	-
- Rent of property / service charges paid	39,149	-	-	56,271	-	-	48,999	-	-	37,527	-	-
- Rent of property / service charges received	19,398	-	-	4,772	4,944	-	14,324	-	-	4,141	4,494	-
- Dividend income received	-	-	-	730,950	-	-	-	-	-	-	-	-
- Remuneration paid	-	178,258	-	-	-	-	-	126,168	-	-	-	-
- Post employment benefits	-	13,798	-	-	-	-	-	11,825	-	-	-	-
- Insurance premium paid	-	-	-	-	24,885	-	-	-	-	-	47,050	-
- Insurance claims received	-	-	-	-	35	-	-	-	-	-	307	-
- Security services costs	-	-	-	148,622	-	-	-	-	-	146,699	-	-
- Purchase of Agritec TFC by AIML from AAAF	-	-	-	-	-	-	-	-	-	12,990	-	-
- Fee, commission and brokerage income	-	-	181	-	160	-	2	-	-	135	15	-
- Fee, commission and brokerage paid	-	-	-	-	656	-	-	-	-	-	-	-
- Payment received by AIML from funds against reimbursable expenses	-	-	-	2,518	-	-	-	-	-	6,309	-	-
- Remuneration received by AIML from funds	-	-	-	133,988	-	-	-	-	-	67,708	-	-
- Expenses incurred by AIML for funds	-	-	-	-	-	-	-	-	-	590	-	-
- Fees paid	-	-	3,400	-	-	-	-	20	1,380	-	-	-

19. CORRESPONDING FIGURES

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

20. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on October 19, 2012.

- sd -
President & Chief Executive

- sd -
Director

- sd -
Director

- sd -
Chairman

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