

# Financial statements for the 6 months ended 31 December 2011

## AFRASIA BANK LIMITED AND ITS GROUP ENTITIES

| STATEMENTS OF COMPREHENSIVE INCOME - SIX MONTHS PERIOD ENDED 31 DECEMBER 2011 |                               |                         |   |                               |                         |   |
|---|-------------------------------|-------------------------|---|-------------------------------|-------------------------|---|
|   | THE GROUP                     |                         |   | THE BANK                      |                         |   |
|   | Period ended 31 December 2011 | Year ended 30 June 2011 | Unaudited Period ended 31 December 2010 | Period ended 31 December 2011 | Year ended 30 June 2011 | Unaudited Period ended 31 December 2010 |
|   | Rs.                           | Rs.                     | Rs.                                     | Rs.                           | Rs.                     | Rs.                                     |
| Interest income   | 390,932,895                   | 543,026,048             | 229,144,831                             | 390,935,898                   | 543,017,482             | 229,145,059                             |
| Interest expense  | (246,698,569)                 | (324,266,104)           | (139,581,691)                           | (246,700,224)                 | (324,271,915)           | (139,581,919)                           |
| <b>Net interest income</b>  | <b>144,234,326</b>            | <b>218,759,944</b>      | <b>89,563,140</b>                       | <b>144,235,674</b>            | <b>218,745,567</b>      | <b>89,563,140</b>                       |
| Fees and commission income  | 80,579,682                    | 53,752,370              | 32,623,909                              | 80,579,682                    | 53,752,370              | 32,497,213                              |
| Fees and commission expense   | (6,434,140)                   | (11,037,085)            | (4,998,416)                             | (6,402,814)                   | (10,942,605)            | (4,926,436)                             |
| <b>Net fees and commission income</b>   | <b>74,145,542</b>             | <b>42,715,285</b>       | <b>27,625,493</b>                       | <b>74,176,868</b>             | <b>42,809,765</b>       | <b>27,570,777</b>                       |
| Net trading income  | 17,985,659                    | 107,997,630             | 43,827,434                              | 17,990,197                    | 107,978,574             | 43,366,182                              |
| Other operating income  | 4,738,898                     | 341,655                 | 59,068                                  | 4,738,898                     | 144,357                 | 48,274                                  |
| <b>Total operating income</b>   | <b>241,104,425</b>            | <b>369,814,514</b>      | <b>161,075,135</b>                      | <b>241,141,637</b>            | <b>369,678,263</b>      | <b>160,548,373</b>                      |
| Net allowance for credit impairment   | (12,238,362)                  | (25,299,641)            | (18,229,031)                            | (12,238,362)                  | (25,299,641)            | (18,229,031)                            |
| <b>Net operating income</b>   | <b>228,866,063</b>            | <b>344,514,873</b>      | <b>142,846,104</b>                      | <b>228,903,275</b>            | <b>344,378,622</b>      | <b>142,319,342</b>                      |
| Personnel expenses  | (65,113,143)                  | (126,720,957)           | (52,569,037)                            | (65,113,143)                  | (126,720,957)           | (52,569,037)                            |
| Depreciation of equipment   | (1,590,208)                   | (3,058,647)             | (1,599,750)                             | (1,589,657)                   | (3,046,724)             | (1,587,900)                             |
| Amortisation of intangible assets   | (1,760,982)                   | (3,601,221)             | (2,374,861)                             | (1,760,982)                   | (3,601,221)             | (2,374,861)                             |
| Other operating expenses  | (48,946,438)                  | (68,561,015)            | (35,851,905)                            | (48,885,838)                  | (68,297,982)            | (35,171,859)                            |
| <b>Total operating expenses</b>   | <b>(117,410,771)</b>          | <b>(201,941,840)</b>    | <b>(92,395,553)</b>                     | <b>(117,349,620)</b>          | <b>(201,666,884)</b>    | <b>(91,703,657)</b>                     |
| <b>Operating profit</b>   | <b>111,455,292</b>            | <b>142,573,033</b>      | <b>50,450,551</b>                       | <b>111,553,655</b>            | <b>142,711,738</b>      | <b>50,615,685</b>                       |
| Share of profit of joint venture  | 2,864,108                     | 5,703,724               | 2,259,787                               | -                             | -                       | -                                       |
| Share of profit of associate  | 3,752,663                     | 2,662,251               | 480,761                                 | -                             | -                       | -                                       |
| <b>Profit before tax</b>  | <b>118,072,063</b>            | <b>150,939,008</b>      | <b>53,191,099</b>                       | <b>111,553,655</b>            | <b>142,711,738</b>      | <b>50,615,685</b>                       |
| Tax expense   | (13,591,830)                  | (26,552,498)            | (14,748,226)                            | (13,597,251)                  | (26,567,883)            | (14,772,362)                            |
| <b>Profit for the period/year</b>   | <b>104,480,233</b>            | <b>124,386,510</b>      | <b>38,442,873</b>                       | <b>97,956,404</b>             | <b>116,143,855</b>      | <b>35,843,323</b>                       |
| Other comprehensive income for the year, net of income tax                    | (998,549)                     | -                       | -                                       | -                             | -                       | -                                       |
| <b>Total comprehensive income for the period/year</b>                         | <b>103,481,684</b>            | <b>124,386,510</b>      | <b>38,442,873</b>                       | <b>97,956,404</b>             | <b>116,143,855</b>      | <b>35,843,323</b>                       |

| STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 |                        |                       |                                  |                        |                       |                                  |
|---|------------------------|-----------------------|----------------------------------|------------------------|-----------------------|----------------------------------|
|   | THE GROUP              |                       |                                  | THE BANK               |                       |                                  |
|   | As at 31 December 2011 | As at 30 June 2011    | Unaudited as at 31 December 2010 | As at 31 December 2011 | As at 30 June 2011    | Unaudited as at 31 December 2010 |
|   | Rs.                    | Rs.                   | Rs.                              | Rs.                    | Rs.                   | Rs.                              |
| <b>ASSETS</b>   |                        |                       |                                  |                        |                       |                                  |
| Cash and balances with the Central Bank                 | 1,039,612,791          | 1,085,084,764         | 435,957,476                      | 1,039,612,791          | 1,085,084,764         | 435,693,566                      |
| Due from banks  | 4,408,738,738          | 3,945,077,133         | 3,783,359,822                    | 4,408,626,084          | 3,944,929,389         | 3,783,423,482                    |
| Derivative financial instruments                        | 145,693,942            | 181,201,384           | 167,920,581                      | 66,393,542             | 101,097,074           | 56,648,368                       |
| Other financial assets held-for-trading                 | 794,170,403            | 441,804,000           | 76,543,324                       | 794,170,403            | 441,804,000           | 76,543,324                       |
| Loans and advances to customers                         | 11,504,280,563         | 8,549,378,712         | 7,200,796,287                    | 11,504,280,563         | 8,549,378,712         | 7,200,796,287                    |
| Investment in subsidiary                                | -                      | -                     | -                                | 25,000,000             | 25,000,000            | 25,000,000                       |
| Investment in joint venture                             | 49,480,633             | 46,616,525            | 43,031,590                       | -                      | -                     | -                                |
| Investment in associate                                 | 20,135,499             | 7,684,689             | 4,765,761                        | 14,719,134             | 5,022,438             | 4,285,000                        |
| Financial investments held-to-maturity                  | 2,440,557,098          | 2,560,492,783         | 1,484,342,227                    | 2,440,557,098          | 2,560,492,783         | 1,484,342,227                    |
| Equipment   | 14,848,444             | 13,364,250            | 13,671,122                       | 14,839,558             | 13,354,813            | 13,649,762                       |
| Intangible assets                                       | 12,315,526             | 13,591,022            | 14,328,631                       | 12,315,526             | 13,591,022            | 14,328,631                       |
| Deferred tax assets                                     | 5,604,214              | 2,532,127             | 2,228,541                        | 5,560,693              | 2,494,027             | 2,205,826                        |
| Other assets  | 107,357,201            | 19,907,408            | 18,387,580                       | 107,357,200            | 19,900,410            | 18,310,331                       |
| <b>TOTAL ASSETS</b>                                     | <b>20,542,795,052</b>  | <b>16,866,734,797</b> | <b>13,245,332,942</b>            | <b>20,433,432,592</b>  | <b>16,762,149,432</b> | <b>13,115,226,804</b>            |
| <b>LIABILITIES AND EQUITY</b>                           |                        |                       |                                  |                        |                       |                                  |
| Due to banks  | 53,522,256             | 28,483,333            | 110,400,372                      | 53,522,256             | 28,483,333            | 110,400,372                      |
| Derivative financial instruments                        | 167,455,902            | 125,325,638           | 173,815,703                      | 91,255,502             | 48,321,328            | 60,578,622                       |
| Deposits from customers                                 | 18,068,680,421         | 14,962,435,979        | 11,792,431,127                   | 18,068,726,881         | 14,962,538,164        | 11,792,494,787                   |
| Debts issued  | 553,706,146            | 547,090,779           | 115,251,460                      | 422,673,299            | 421,574,481           | 421,574,481                      |
| Amount due to subsidiary                                | -                      | -                     | -                                | 131,032,847            | 125,516,298           | 120,316,328                      |
| Current tax liabilities                                 | 10,724,243             | 18,385,558            | 12,494,879                       | 10,724,243             | 18,385,558            | 12,494,879                       |
| Other liabilities                                       | 73,958,674             | 116,129,669           | 60,964,599                       | 55,770,165             | 97,941,160            | 42,818,640                       |
| <b>TOTAL LIABILITIES</b>                                | <b>18,928,047,642</b>  | <b>15,797,850,956</b> | <b>12,265,358,140</b>            | <b>18,833,705,193</b>  | <b>15,702,760,322</b> | <b>12,139,103,628</b>            |
| <b>EQUITY</b>   |                        |                       |                                  |                        |                       |                                  |
| Issued capital  | 1,398,457,492          | 921,638,335           | 921,638,335                      | 1,398,457,492          | 921,638,335           | 921,638,335                      |
| Retained earnings                                       | 151,508,339            | 100,758,107           | 44,929,750                       | 135,489,779            | 91,263,376            | 41,078,124                       |
| Other reserves  | 64,781,579             | 46,487,399            | 13,406,717                       | 65,780,128             | 46,487,399            | 13,406,717                       |
| <b>TOTAL EQUITY</b>                                     | <b>1,614,747,410</b>   | <b>1,068,883,841</b>  | <b>979,974,802</b>               | <b>1,599,727,399</b>   | <b>1,059,389,110</b>  | <b>976,123,176</b>               |
| <b>TOTAL LIABILITIES AND EQUITY</b>                     | <b>20,542,795,052</b>  | <b>16,866,734,797</b> | <b>13,245,332,942</b>            | <b>20,433,432,592</b>  | <b>16,762,149,432</b> | <b>13,115,226,804</b>            |

| STATEMENTS OF CHANGES IN EQUITY - SIX MONTHS PERIOD ENDED 31 DECEMBER 2011 |                      |                    |  |                   |                         |                                      |                   |                      |
|--|----------------------|--------------------|--|-------------------|-------------------------|--------------------------------------|-------------------|----------------------|
| (a) THE GROUP  | Other Reserves       |                    |  |                   |                         |                                      |                   |                      |
|  | Issued Capital       | Retained Earnings  | Equity-settled share-based payment reserve | Statutory Reserve | General Banking Reserve | Foreign Currency Translation Reserve | Sub-total         | Total                |
|  | Rs.                  | Rs.                | Rs.  | Rs.               | Rs.                     | Rs.                                  | Rs.               | Rs.                  |
| At 1 July 2009   | 653,977,649          | (19,797,819)       | 5,632,775                                  | -                 | -                       | -                                    | 5,632,775         | 639,812,605          |
| Profit for the year  | -                    | 38,470,088         | -  | -                 | -                       | -                                    | -                 | 38,470,088           |
| Other comprehensive income   | -                    | -                  | -  | -                 | -                       | -                                    | -                 | -                    |
| Total comprehensive income for the year                                    | -                    | 38,470,088         | -  | -                 | -                       | -                                    | -                 | 38,470,088           |
| Share-based payments   | -                    | -                  | 4,172,446                                  | -                 | -                       | -                                    | 4,172,446         | 4,172,446            |
| Appropriation of reserves  | -                    | (2,613,029)        | -  | 2,613,029         | -                       | -                                    | 2,613,029         | -                    |
| <b>At 30 June 2010</b>   | <b>653,977,649</b>   | <b>16,059,240</b>  | <b>9,805,221</b>                           | <b>2,613,029</b>  | <b>-</b>                | <b>-</b>                             | <b>12,418,250</b> | <b>682,455,139</b>   |
| At 1 July 2010   | 653,977,649          | 16,059,240         | 9,805,221                                  | 2,613,029         | -                       | -                                    | 12,418,250        | 682,455,139          |
| Issue of shares  | 267,660,686          | -                  | -  | -                 | -                       | -                                    | -                 | 267,660,686          |
| Profit for the year  | -                    | 38,442,873         | -  | -                 | -                       | -                                    | -                 | 38,442,873           |
| Other comprehensive income   | -                    | -                  | -  | -                 | -                       | -                                    | -                 | -                    |
| Total comprehensive income for the year                                    | -                    | 38,442,873         | -  | -                 | -                       | -                                    | -                 | 38,442,873           |
| Share-based payments   | -                    | -                  | 988,467                                    | -                 | -                       | -                                    | 988,467           | 988,467              |
| Appropriation of reserves  | -                    | -                  | -  | -                 | -                       | -                                    | -                 | -                    |
| Dividends paid   | -                    | (9,572,363)        | -  | -                 | -                       | -                                    | -                 | (9,572,363)          |
| <b>At 31 December 2010</b>   | <b>921,638,335</b>   | <b>44,292,750</b>  | <b>10,793,688</b>                          | <b>2,613,029</b>  | <b>-</b>                | <b>-</b>                             | <b>13,406,717</b> | <b>979,744,802</b>   |
| At 1 July 2011   | 653,977,649          | 16,059,240         | 9,805,221                                  | 2,613,029         | -                       | -                                    | 12,418,250        | 682,455,139          |
| Issue of shares  | 267,660,686          | -                  | -  | -                 | -                       | -                                    | -                 | 267,660,686          |
| Profit for the year  | -                    | 124,386,510        | -  | -                 | -                       | -                                    | -                 | 124,386,510          |
| Other comprehensive income   | -                    | -                  | -  | -                 | -                       | -                                    | -                 | -                    |
| Total comprehensive income for the year                                    | -                    | 124,386,510        | -  | -                 | -                       | -                                    | -                 | 124,386,510          |
| Share-based payments   | -                    | -                  | 3,953,869                                  | -                 | -                       | -                                    | 3,953,869         | 3,953,869            |
| Appropriation of reserves  | -                    | (30,115,280)       | -  | 17,421,578        | 12,693,702              | -                                    | 30,115,280        | -                    |
| Dividends paid   | -                    | (9,572,363)        | -  | -                 | -                       | -                                    | -                 | (9,572,363)          |
| <b>At 30 June 2011</b>   | <b>921,638,335</b>   | <b>100,758,107</b> | <b>13,759,090</b>                          | <b>20,034,607</b> | <b>12,693,702</b>       | <b>-</b>                             | <b>46,487,399</b> | <b>1,068,883,841</b> |
| At 1 July 2011   | 921,638,335          | 100,758,107        | 13,759,090                                 | 20,034,607        | 12,693,702              | -                                    | 46,487,399        | 1,068,883,841        |
| Issue of shares  | 476,819,157          | -                  | -  | -                 | -                       | -                                    | -                 | 476,819,157          |
| Profit for the period  | -                    | 104,480,233        | -  | -                 | -                       | -                                    | -                 | 104,480,233          |
| Other comprehensive income   | -                    | -                  | -  | -                 | -                       | -                                    | -                 | -                    |
| Total comprehensive income for the period                                  | -                    | 104,480,233        | -  | -                 | -                       | -                                    | -                 | 104,480,233          |
| Share-based payments   | -                    | -                  | 123,609                                    | -                 | -                       | -                                    | 123,609           | 123,609              |
| Appropriation of reserves  | -                    | (19,169,120)       | -  | 14,693,461        | 4,475,659               | -                                    | 19,169,120        | -                    |
| Dividends paid   | -                    | (34,560,881)       | -  | -                 | -                       | -                                    | -                 | (34,560,881)         |
| <b>At 31 December 2011</b>   | <b>1,398,457,492</b> | <b>151,508,339</b> | <b>13,882,699</b>                          | <b>34,728,068</b> | <b>17,169,361</b>       | <b>(998,549)</b>                     | <b>64,781,579</b> | <b>1,614,747,410</b> |

| STATEMENTS OF CHANGES IN EQUITY - SIX MONTHS PERIOD ENDED 31 DECEMBER 2011 |                    |                   |  |                   |                         |                   |                    |
|--|--------------------|-------------------|--|-------------------|-------------------------|-------------------|--------------------|
| (b) THE BANK   | Other reserves     |                   |  |                   |                         |                   |                    |
|  | Issued Capital     | Retained Earnings | Equity-settled Share-Based Payment Reserve | Statutory Reserve | General Banking Reserve | Sub-total         | Total              |
|  | Rs.                | Rs.               | Rs.  | Rs.               | Rs.                     | Rs.               | Rs.                |
| At 1 July 2009   | 653,977,649        | (19,797,399)      | 5,632,775                                  | -                 | -                       | 5,632,775         | 639,683,025        |
| Profit for the year  | -                  | 37,347,592        | -  | -                 | -                       | -                 | 37,347,592         |
| Other comprehensive income   | -                  | -                 | -  | -                 | -                       | -                 | -                  |
| Total comprehensive income for the year                                    | -                  | 37,347,592        | -  | -                 | -                       | -                 | 37,347,592         |
| Share-based payments   | -                  | -                 | 4,172,446                                  | -                 | -                       | 4,172,446         | 4,172,446          |
| Appropriation of reserves  | -                  | (2,613,029)       | -  | 2,613,029         | -                       | 2,613,029         | -                  |
| <b>At 30 June 2010</b>   | <b>653,977,649</b> | <b>14,807,164</b> | <b>9,805,221</b>                           | <b>2,613,029</b>  | <b>-</b>                | <b>12,418,250</b> | <b>681,203,063</b> |
| At 1 July 2010   | 653,977,649        | 14,807,164        | 9,805,221                                  | 2,613,029         | -                       | 12,418,250        | 681,203,063        |
| Issue of shares  | 267,660,686        | -                 | -  | -                 | -                       | -                 | 267,660,686        |
| Profit for the year  | -                  | 35,843,323        | -  | -                 | -                       | -                 | 35,843,323         |
| Other comprehensive income   | -                  | -                 | -  | -                 | -                       | -                 | -                  |
| Total comprehensive income for the year                                    | -                  | 35,843,323        | -  | -                 | -                       | -                 | 35,843,323         |
| Appropriation of reserves  | -                  | -                 | -  | -                 | -                       | -                 | -                  |
| Dividends paid   | -                  | (9,572,363)       | -  | -                 | -                       | -                 | (9,572,363)        |
| Share-based payments   | -                  | -                 | 988,467                                    | -                 | -                       | 988,467           | 988,467            |
| <b>At 31 December 2010</b>   | <b>921,638,335</b> | <b>41,078,124</b> | <b>10,793,688</b>                          | <b>2,613,029</b>  | <b>-</b>                | <b>13,406,717</b> | <b>976,123,176</b> |
|  |                    |                   |  |                   |                         |                   |                    |