

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2007**

Note	(Un-audited) September 30, 2007	(Audited) December 31, 2006
	(Rupees in '000)	

ASSETS

Cash and balances with treasury banks		39,059,569	48,939,840
Balances with other banks		14,023,495	14,034,476
Lendings to financial institutions		15,855,789	29,572,070
Investments	6	116,228,534	67,260,338
Advances	7	279,902,372	247,309,893
Fixed assets		6,084,811	5,234,463
Deferred tax asset - net		1,392,435	906,661
Other assets		10,850,742	10,062,466
		483,397,747	423,320,207

LIABILITIES

Bills payable		5,935,318	4,560,649
Borrowings	8	39,637,997	38,544,920
Deposits and other accounts	9	380,751,509	335,077,873
Sub-ordinated loans		5,996,696	5,998,344
Liabilities against assets subject to finance lease		-	-
Other liabilities		16,291,214	9,275,034
		448,612,734	393,456,820

NET ASSETS

34,785,013	29,863,387
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REPRESENTED BY:

Share capital	10	8,093,750	6,475,000
Reserves		9,730,318	8,298,873
Unappropriated profit		14,605,938	12,429,853
		32,430,006	27,203,726
Surplus on revaluation of assets - net		2,355,007	2,659,661
		34,785,013	29,863,387

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2007**

	Note	July - Sep 2007	July - Sep 2006	Jan - Sep 2007	Jan - Sep 2006
----- (Rupees in '000) -----					
Mark-up / return / interest earned	12	10,463,677	8,698,947	30,195,100	23,763,167
Mark-up / return / interest expensed	13	(4,272,453)	(3,118,710)	(12,102,949)	(8,525,032)
Net mark-up / return / interest income		6,191,224	5,580,237	18,092,151	15,238,135
Provision against non-performing loans and advances - net	7.3	(2,614,946)	(859,174)	(3,024,186)	(1,601,037)
Provision for diminution in value of investments		(2,250)	-	(15,750)	(96,968)
Bad debts written off directly		(241,608)	(33,290)	(560,653)	(107,599)
		(2,858,804)	(892,464)	(3,600,589)	(1,805,604)
Net mark-up / return / interest income after provisions		3,332,420	4,687,773	14,491,562	13,432,531
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,270,349	1,023,278	3,768,525	3,128,992
Dividend income / gain (loss) on sale of securities		257,790	(15,569)	1,114,604	558,096
Income from dealing in foreign currencies		218,405	145,181	641,799	425,781
Unrealised surplus on revaluation of trading securities		3,435	-	-	-
Other income		414,804	249,292	854,117	536,875
Total non mark-up / return / interest income		2,164,783	1,402,182	6,379,045	4,649,744
		5,497,203	6,089,955	20,870,607	18,082,275
Non mark-up / interest expenses					
Administrative expenses	14	(3,409,379)	(2,680,235)	(9,680,273)	(7,570,242)
Other provisions / write offs / reversals		(3,650)	8,015	(132,267)	(24,252)
Other charges		(252)	(171)	(1,371)	(679)
Total non mark-up / interest expenses		(3,413,281)	(2,672,391)	(9,813,911)	(7,595,173)
Profit before taxation		2,083,922	3,417,564	11,056,696	10,487,102
Taxation	15				
- Current - for the period		(861,767)	(1,209,379)	(4,016,675)	(2,106,408)
- Prior		17,863	(17,647)	(420,706)	(27,448)
- Deferred		212,049	21,488	463,719	(1,446,617)
		(631,855)	(1,205,538)	(3,973,662)	(3,580,473)
Profit after taxation		1,452,067	2,212,026	7,083,034	6,906,629
Unappropriated profit brought forward		13,420,603	8,563,722	12,429,920	7,350,813
		14,872,670	10,775,748	19,512,954	14,257,442
Transfer from surplus on revaluation of fixed assets - net of tax		23,614	23,614	70,841	70,841
Profit before appropriations		14,896,284	10,799,362	19,583,795	14,328,283
Appropriations					
Transfer to statutory reserve		(290,346)	(442,406)	(1,416,607)	(1,381,327)
Final cash dividend for the year ended December 31, 2005 and 2006 declared subsequent to the year end		-	-	(1,942,500)	(1,295,000)
Transfer to reserve for issue of bonus shares		-	-	(1,618,750)	(1,295,000)
		(290,346)	(442,406)	(4,977,857)	(3,971,327)
Unappropriated profit carried forward		14,605,938	10,356,956	14,605,938	10,356,956
				(Rupees)	(Rupees)
Basic and diluted earnings per share		1.79	2.73	8.75	8.53

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

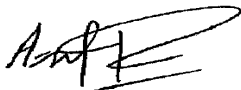
Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPI
Deputy Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007**

	Nine months ended Sep 30, 2007	Nine months ended Sep 30, 2006
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,056,696	10,487,102
Less: Dividend income	(464,280)	(256,586)
	<u>10,592,416</u>	<u>10,230,516</u>
Adjustments for non-cash charges		
Depreciation	536,338	428,681
Provision for retirement benefits	111,803	178,024
Provision against advances	3,024,186	1,601,037
Provision for diminution in the value of investments	15,750	96,968
Gain on sale of fixed assets	(34,465)	(66,200)
Provision against other assets	132,267	24,252
Bad debts written-off	560,653	107,599
	<u>4,346,532</u>	<u>2,370,361</u>
	14,938,948	12,600,877
(Increase) / decrease in operating assets		
Lendings to financial institutions	13,716,281	(9,542,479)
Held for trading investments	(173,455)	1,489,985
Advances - net	(36,177,318)	(32,199,186)
Others assets	(1,694,100)	(2,578,924)
	<u>(24,328,592)</u>	<u>(42,830,604)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,374,669	1,352,759
Borrowings from financial institutions	1,093,077	9,199,635
Deposits and other accounts	45,673,636	18,838,664
Other liabilities	3,468,124	3,635,195
	<u>51,609,506</u>	<u>33,026,253</u>
	42,219,862	2,796,526
(Receipts from) / Payments to staff retirement benefit funds	921,414	(325,414)
Income tax paid	(1,264,769)	(1,039,251)
Net cash flow from operating activities	<u>41,876,507</u>	<u>1,431,861</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(48,794,741)	4,243,561
Dividend received	464,280	234,433
Investments in fixed assets	(1,716,453)	(980,625)
Proceeds from sale of fixed assets	208,465	87,750
Net cash outflow on investing activities	<u>(49,838,449)</u>	<u>3,585,119</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipt / (Repayment) of sub-ordinated loan	(1,648)	1,499,152
Dividend paid	(1,942,500)	(1,295,000)
Net cash outflow on financing activities	<u>(1,944,148)</u>	<u>204,152</u>
Net cash flow	(9,906,090)	5,221,132
Exchange difference on translation of net investment in foreign branches	14,838	101,773
(Decrease) / increase in cash and cash equivalents during the period	<u>(9,891,252)</u>	<u>5,322,905</u>
Cash and cash equivalents at beginning of the period	62,974,316	46,791,886
Cash and cash equivalents at end of the period	<u>53,083,064</u>	<u>52,114,791</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



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Omar Z. Al Askari
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Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Capital Reserves				Unappropriated Profit	Total
	Share Capital	Statutory Reserve	Exchange Translation Reserve	Reserve for Issue of Bonus Shares		
------(Rupees in '000)-----						
Balance as at January 1, 2006	5,180,000	5,135,587	1,089,874	-	7,350,813	18,756,274
Final cash dividend for the year ended December 31, 2005 declared subsequent to year end at Rs. 2.5 per share	-	-	-	-	(1,295,000)	(1,295,000)
Transfer to reserve for issue of bonus shares	-	-	-	1,295,000	(1,295,000)	-
Issue of bonus shares	1,295,000	-	-	(1,295,000)	-	-
Profit after taxation for the period ended September 30, 2006	-	-	-	-	6,906,629	6,906,629
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	70,841	70,841
Exchange difference on translation of net investment in foreign branches	-	-	101,773	-	-	101,773
Net expense recognised directly in equity	-	-	101,773	-	70,841	172,614
Total recognised income and expense for the period	-	-	1,191,647	-	11,738,283	24,540,517
Transfer to statutory reserve	-	1,381,327	-	-	(1,381,327)	-
Balance as at September 30, 2006	6,475,000	6,516,914	1,191,647	-	10,356,956	24,540,517
Profit after taxation for quarter ended December 31, 2006	-	-	-	-	2,561,603	2,561,603
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	23,613	23,613
Exchange difference on translation of net investment in foreign branches	-	-	77,993	-	-	77,993
Net expense recognised directly in equity	-	-	77,993	-	23,613	101,606
Total recognised income and expense for the period	-	-	1,269,640	-	12,942,172	27,203,726
Transfer to statutory reserve	-	512,319	-	-	(512,319)	-
Balance as at December 31, 2006	6,475,000	7,029,233	1,269,640	-	12,429,853	27,203,726
Final cash dividend for the year ended December 31, 2006 declared subsequent to year end at Rs. 2.5 per share	-	-	-	-	(1,942,500)	(1,942,500)
Transfer to reserve for issue of bonus shares	-	-	-	1,618,750	(1,618,750)	-
Issue of bonus shares	1,618,750	-	-	(1,618,750)	-	-
Profit after taxation for the period ended September 30, 2007	-	-	-	-	7,083,034	7,083,034
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	70,908	70,908
Exchange difference on translation of net investment in foreign branches	-	-	14,838	-	-	14,838
Net expense recognised directly in equity	-	-	14,838	-	70,908	85,746
Total recognised income and expense for the period	-	-	1,284,478	-	16,022,545	32,430,006
Transfer to statutory reserves	-	1,416,607	-	-	(1,416,607)	-
Balance as at September 30, 2007	8,093,750	8,445,840	1,284,478	-	14,605,938	32,430,006

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

1. STATUS AND NATURE OF BUSINESS

United Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all three Stock Exchanges in Pakistan. The bank's registered office and principal office is situated at State Life Building No.1, I.I. Chundrigar Road, Karachi. The bank operates 1,056 (December 31, 2006: 1,044) branches inside Pakistan including one Islamic Banking Branch and one Karachi Export Processing Zone Branch (KEPZ) and 16 (December 31, 2006: 15) branches outside Pakistan.

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the Bank in the form of Global Depositary Receipts (GDRs). As a pre-requisite to such offering by the GoP, the bank was admitted to the official list of the UK Listing Authority and London Stock Exchange Professional Securities Market for trading of GDRs issued by the bank. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S. Trading in the GDRs on the London Stock Exchange commenced on June 29, 2007. For more details refer note 10 to these condensed interim financial statements.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

The financial results of the Islamic banking branches of the bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic banking branch are disclosed in note 18 to these condensed interim financial

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in these condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and these financial statements should be read in conjunction with the financial statements of the bank for the year ended December 31, 2006.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2006, except for the change as stated in note 5 to these condensed interim financial statements.

5. CHANGE IN ACCOUNTING POLICY

In order to comply with the requirements set out in BPRD Circular Letter No 16 dated June 05,2007 issued by the State Bank of Pakistan the bank had changed its accounting policy for the measurement of investment in unquoted securities (excluding investments in subsidiaries and associates) to be at breakup value subsequent to their initial recognition. As a result of which as at June 30, 2007 the investments and the related surplus on revaluation of assets (net of tax) were reported higher by Rs 143.612million and 105.914 million respectively, where as the deferred tax asset was reported was lower by 37.698 million.

However through BPRD Circular Letter No. 21 dated August 04,2007 State Bank of Pakistan had further amended the earlier directives. In order to comply with the fresh instructions the bank had to once again change its accounting policy and as per new accounting policy the investments in unquoted equity securities are valued at their cost. However, in case where the breakup value of such shares is less than the cost, the difference of the cost and breakup value will be classified as loss and provided for accordingly by charging to the profit and loss account.

Breakup value of unquoted equity securities is calculated with reference to the net assets of the invested company as per the latest available audited financial statements. As the bank's policy as at December 30, 2006 was in line with the SBP current directives as such there is no impact on the reported assets and liabilities as at September 30, 2007 when compared with December 31,2006.

6. INVESTMENTS

Note	-----September 30, 2007-----			-----December 31, 2006-----			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
------(Rupees in '000)-----							
Held-for-trading investments	6.1	305,361	-	305,361	137,445	-	137,445
Available-for-sale investments	6.2	82,721,941	4,919,166	87,641,107	26,924,852	16,743,707	43,668,559
Held-to-maturity investments	6.3	25,675,589	-	25,675,589	21,444,416	-	21,444,416
Investments in associates	6.4	896,981	-	896,981	596,981	-	596,981
Investments in subsidiaries	6.5	2,204,448	-	2,204,448	1,660,848	-	1,660,848
		111,804,320	4,919,166	116,723,486	50,764,542	16,743,707	67,508,249
Provision for diminution in value of investments		(382,636)	-	(382,636)	(400,639)	-	(400,639)
Surplus / (deficit) on revaluation of available for sale investments		(114,520)	-	(114,520)	163,003	(6,940)	156,063
Surplus / (deficit) on revaluation of held for trading investments		2,204	-	2,204	(3,335)	-	(3,335)
Total investments (net of provision)		111,309,368	4,919,166	116,228,534	50,523,571	16,736,767	67,260,338

6.1 Held for trading investments

Market Treasury Bills	-	-	-	46,438	-	46,438
Ordinary shares of listed companies	123,080	-	123,080	91,007	-	91,007
Pakistan Investment Bonds	-	-	-	-	-	-
Other Bonds	182,281	-	182,281	-	-	-
	305,361	-	305,361	137,445	-	137,445

6.2 Available for sale investments

Market Treasury Bills	59,363,435	1,409,166	60,772,601	15,304,284	16,743,707	32,047,991
Ordinary shares of listed companies	1,366,303	-	1,366,303	2,403,691	-	2,403,691
Pakistan Investment Bonds	9,445,702	3,510,000	12,955,702	3,157,602	-	3,157,602
Government of Pakistan Islamic Bonds	1,257,921	-	1,257,921	694,271	-	694,271
Term Finance Certificates	657,215	-	657,215	693,116	-	693,116
Foreign currency bonds	3,003,498	-	3,003,498	1,705,045	-	1,705,045
Ordinary shares of unlisted companies	390,703	-	390,703	497,288	-	497,288
Euro Bonds	2,124,963	-	2,124,963	1,247,217	-	1,247,217
Units of mutual funds	5,112,201	-	5,112,201	1,222,338	-	1,222,338
	82,721,941	4,919,166	87,641,107	26,924,852	16,743,707	43,668,559

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	-----September 30, 2007-----			-----December 31, 2006-----		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
------(Rupees in '000)-----						
6.3 Held to maturity investments						
Term Finance Certificates	6,378,256	-	6,378,256	8,134,206	-	8,134,206
Market Treasury Bills	6,400,339	-	6,400,339	1,205,603	-	1,205,603
Pakistan Investment Bonds	4,534,727	-	4,534,727	4,691,273	-	4,691,273
CIRC Bonds	2,900,000	-	2,900,000	2,900,000	-	2,900,000
Government of Pakistan - Guaranteed Bonds	1,433,444	-	1,433,444	2,410,415	-	2,410,415
Foreign currency bonds	1,033,510	-	1,033,510	1,382,986	-	1,382,986
Foreign securities	2,931,228	-	2,931,228	639,064	-	639,064
Debentures	10,540	-	10,540	11,289	-	11,289
Participation Term Certificates	53,242	-	53,242	55,169	-	55,169
CDC SAARC Fund	303	-	303	505	-	505
Federal Investment Bonds	-	-	-	13,906	-	13,906
	25,675,589	-	25,675,589	21,444,416	-	21,444,416
6.4 Investments in associates						
United Stock Advantage Fund	250,000	-	250,000	250,000	-	250,000
United Composite Islamic Fund	550,000	-	550,000	250,000	-	250,000
UBL Insurers Limited	90,000	-	90,000	90,000	-	90,000
Oman United Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
	896,981	-	896,981	596,981	-	596,981
6.5 Investments in subsidiaries						
United National Bank Limited, UK	1,482,011	-	1,482,011	1,482,011	-	1,482,011
United Bank AG Zurich, Switzerland	589,837	-	589,837	86,237	-	86,237
Domestic Subsidiaries						
United Executors and Trustees Company Limited	30,100	-	30,100	30,100	-	30,100
United Bank Financial Services (Pvt) Limited	2,500	-	2,500	2,500	-	2,500
UBL Fund Managers Limited	100,000	-	100,000	60,000	-	60,000
	2,204,448	-	2,204,448	1,660,848	-	1,660,848
	111,804,320	4,919,166	116,723,486	50,764,542	16,743,707	67,508,249
Provision for diminution in value of investments	(382,636)	-	(382,636)	(400,639)	-	(400,639)
Investments (net of provisions)	111,421,684	4,919,166	116,340,850	50,363,903	16,743,707	67,107,610
Surplus / (deficit) on revaluation of available for sale investments	(114,520)	-	(114,520)	163,003	(6,940)	156,063
Surplus / (deficit) on revaluation of held for trading investments	2,204	-	2,204	(3,335)	-	(3,335)
Total investments (net of provision)	111,309,368	4,919,166	116,228,534	50,523,571	16,736,767	67,260,338

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Note	September 30, 2007	December 31, 2006
------(Rupees in '000)-----			
7. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		221,459,377	209,353,477
Outside Pakistan		58,484,881	38,140,412
		<u>279,944,258</u>	<u>247,493,889</u>
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		11,235,850	6,537,721
Payable outside Pakistan		4,483,489	5,415,625
		<u>15,719,339</u>	<u>11,953,346</u>
		295,663,597	259,447,235
Financing in respect of continuous funding system (CFS)		125,297	1,462,242
		<u>295,788,894</u>	<u>260,909,477</u>
Provision against advances - specific	7.1	(14,421,729)	(12,183,335)
- general	7.2	(1,464,793)	(1,416,249)
		<u>(15,886,522)</u>	<u>(13,599,584)</u>
		<u>279,902,372</u>	<u>247,309,893</u>

7.1 Advances include Rs. 23.776 billion (December 31, 2006: 16.255 billion) which have been placed under non-performing status as detailed below:-

Category of Classification	-----September 30, 2007-----				
	Domestic	Overseas	Total	Provision required	Provision held
------(Rupees in '000)-----					
Other Assets Especially Mentioned	1,357,281	-	1,357,281	-	-
Substandard	5,938,214	162,205	6,100,419	976,926	976,926
Doubtful	2,865,734	3,751	2,869,485	1,214,715	1,214,715
Loss	9,406,291	4,042,705	13,448,996	12,230,088	12,230,088
	<u>19,567,520</u>	<u>4,208,661</u>	<u>23,776,181</u>	<u>14,421,729</u>	<u>14,421,729</u>
Category of Classification	-----December 31, 2006-----				
	Domestic	Overseas	Total	Provision required	Provision held
------(Rupees in '000)-----					
Other Assets Especially Mentioned	363,819	-	363,819	-	-
Substandard	1,583,124	175,597	1,758,721	381,179	381,179
Doubtful	1,612,613	68,730	1,681,343	500,383	500,383
Loss	7,907,722	4,543,804	12,451,526	11,301,773	11,301,773
	<u>11,467,278</u>	<u>4,788,131</u>	<u>16,255,409</u>	<u>12,183,335</u>	<u>12,183,335</u>

7.2 General provision represents provision amounting to Rs.1,311.721 million (December 31, 2006: Rs.1,163.019 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs.153.072 million (December 31, 2006: Rs. 253.230 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate.

7.3 During the current year, the bank has changed the method of computation of provision against non-performing advances in order to comply with the amendments made by the State Bank of Pakistan in Prudential Regulations vide BSD Circular no. 07 dated October 12, 2007. In accordance with the amended regulations, effective from December 31, 2007 the benefit of Forced Sales Valuation (FSV) has been completely withdrawn while calculating the provisioning requirement against non performing loans. The incremental provision requirement arising as a result of the above mentioned amendment in Prudential Regulations amounted to Rs 3,953.615 million out of which provision amounting to Rs.1,976.807 million has been provided in these financial statements. Had the above mentioned benefit of FSV not been withdrawn, the profit before taxation for the quarter ended September 30, 2007 would have been higher by Rs 1,976.807 million whereas advances (net of provision) at the end of September 30, 2007 would have been higher by the same amount.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	September 30, 2007	December 31, 2006
	------(Rupees in '000)-----	
8. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	6,464,350	9,414,812
- Long - term financing under export oriented projects	4,940,701	5,333,691
- Locally manufactured machinery refinance scheme	2,152	3,382
	11,407,203	14,751,885
Repurchase agreement borrowings	25,136,517	17,527,738
	<u>36,543,720</u>	<u>32,279,623</u>
Unsecured		
Call borrowings	2,221,003	4,600,000
Overdrawn nostro accounts	156,042	542,162
Trading Liabilities	717,232	1,123,135
	3,094,277	6,265,297
	<u>39,637,997</u>	<u>38,544,920</u>
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	122,807,071	114,927,897
Savings deposits	149,205,146	121,878,162
Sundry deposits	5,619,544	4,942,064
Margin deposits	2,689,228	2,698,999
Current accounts - remunerative	1,566,876	1,908,055
Current accounts - non-remunerative	98,688,502	88,662,089
	380,576,367	335,017,266
Financial Institutions		
Remunerative deposits	139,738	35,539
Non-remunerative deposits	35,404	25,068
	175,142	60,607
	<u>380,751,509</u>	<u>335,077,873</u>
10. SHARE CAPITAL		

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the bank comprising 175,951,092 equity shares in the form of Global Depository Receipts (GDRs). The GoP also granted an option to the Lead Manager to the issue i.e. Merrill Lynch International to purchase an additional 3.26% of the bank's equity shares within a period of 30 days from the announcement of offer price i.e. June 29, 2007 in case of over allotment. Merrill Lynch International has subsequently exercised this over-allotment option on July 11, 2007. In pursuance of the above mentioned disinvestment by the GoP, the bank has issued 43,987,773 GDRs each representing four ordinary equity shares at an offer price of US\$ 12.8543 per GDR before June 30, 2007 and an additional 6,598,165 GDRs at the same offer price on July 11, 2007 (total disinvestment being 25% of the total share capital of the bank). Due to the above cumulative disinvestment, the shareholding of SBP in the bank has reduced to 19.48%.

The bank has not received any proceeds from the offering of GDRs. Holders of GDRs are entitled, subject to the provision of the depository agreement, to receive dividends, if any and rank parri passu with other equity shareholders in respect of such entitlement to receive dividends. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank parri passu with other equity shareholders in respect of voting powers. At June 30, 2007 none of the deposited equity shares had been withdrawn from the depository facility.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	September 30, 2007	December 31, 2006
	----- (Rupees in '000) -----	
11. CONTINGENCIES AND COMMITMENTS		
11.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring		
Government	7,723,615	9,636,483
Banking companies and other financial institutions	3,398,292	2,443,965
Others	3,571,705	4,079,842
	<u>14,693,612</u>	<u>16,160,290</u>
11.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
Government	33,694,505	27,269,975
Banking companies and other financial institutions	2,793,911	1,387,386
Others	9,955,707	4,585,391
	<u>46,444,123</u>	<u>33,242,752</u>
11.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring		
Government	62,007,243	50,372,611
Banking companies and other financial institutions	2,587,911	36,266
Others	63,398,198	42,628,833
	<u>127,993,352</u>	<u>93,037,710</u>
11.4 Other contingencies		
Claims against the bank not acknowledged as debts	<u>17,962,659</u>	<u>13,732,499</u>
11.5 Commitments in respect of forward lending		
The bank makes commitments to extend credit in the normal course of its business but these being recoverable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	September 30, 2007	December 31, 2006
	----- (Rupees in '000) -----	
11.6 Commitments in respect of forward foreign exchange contracts		
Sale	<u>72,727,373</u>	<u>57,465,478</u>
Purchase	<u>65,429,576</u>	<u>55,369,664</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	September 30, 2007	December 31, 2006
	----- (Rupees in '000) -----	
11.7 Other commitments		
Forward purchase contracts of government securities	-	5,634,902
Forward sale contracts of government securities	-	2,833,400
Interest rate swaps	4,055,516	6,884,347
Equity futures	501	382,026
Sale of securities not yet purchased	681,609	1,067,735
Commitments in respect of capital expenditure	95,446	89,037
Cross currency swaps	6,835,177	-
Forward rate agreements	300,000	-
	Jan - Sep 2007	Jan - Sep 2006
	----- (Rupees in '000) -----	
12. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances		
- Customers	22,178,084	17,966,698
- Financial institutions	978,251	780,299
	23,156,335	18,746,997
On investments in		
- Securities	5,890,623	3,843,546
- Associates	14,530	26,970
	5,905,153	3,870,516
On deposits with financial institutions	223,445	120,443
On securities purchased under resale agreements	896,780	1,012,782
Discount income	13,387	12,429
	30,195,100	23,763,167
13. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	9,913,759	6,871,708
On securities sold under repurchase agreements	1,011,769	760,063
On other short - term borrowings	669,511	527,974
On other long - term borrowings	447,184	320,603
Discount expense	60,726	44,684
	12,102,949	8,525,032
14. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	4,645,669	3,884,653
Outsourced service charges including sales commission	1,039,153	704,779
Contribution to retirement plan	6,930	54,659
Charge for compensated absences	104,872	123,365
Rent, taxes, insurance, electricity etc.	887,890	637,714
Communications	391,717	339,437
Advertisement and publicity	426,198	267,797
Depreciation	536,337	428,681
Stationery and printing	193,987	160,782
Banking service charge	291,231	163,403
Legal and professional charges	314,975	46,801
Cash transportation charges	112,119	100,618
Travelling	123,538	88,565
Repairs and maintenance	142,081	101,759
Donations	12,937	11,307
Vehicle expenses	64,404	63,877
Office running expenses	57,968	46,128
Entertainment	47,517	39,224
Cartage, freight and conveyance	41,526	35,383
Training and seminar	68,086	46,735
Auditors' remuneration	18,818	20,132
Subscriptions	17,970	14,958
Brokerage expenses	13,270	12,727
Miscellaneous expenses	121,080	176,758
	9,680,273	7,570,242
15. TAXATION		

The income tax assessment of United Bank Limited for domestic branches for the assessment year 2003 (financial year ended December 31, 2002) has been finalised under normal tax regime. The returns for the Tax Years 2004, 2005, 2006 and 2007 (financial years ended December 31, 2003, 2004, 2005 and December 31, 2006) were filed under the provisions of section 120(1) of the Income Tax Ordinance, 2001 which are deemed to be assessed. The return for the tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001 and the assessment has been finalised/amended on the bases of audit observations by adding / disallowing certain expenses / deductions resulting in an additional tax liability of Rs 420 million. Notwithstanding its contention that the above additions are arbitrary in nature, the management has, on account of prudence, decided to create the provision against the above amount in these condensed financial statements. An appeal against the said order has also been filed with the Appellate Commissioner. The management is confident that the above additions would ultimately be deleted and the matter would be decided in favour of the bank.

**NOTES TO THE CONDENSED FINANCIAL INTERIM STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	-----For the Period Ended September 30, 2007-----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Total income	633,593	6,111,540	19,667,482	10,161,529
Total expenses	(65,644)	(4,360,555)	(14,932,501)	(6,158,749)
Net income / (loss)	567,950	1,750,985	4,734,981	4,002,780
Segment return on assets (ROA) (%)	7.83%	7.30%	11.20%	10.27%
Segment cost of funds (%)	6.44%	7.40%	13.83%	8.08%

	-----For the Period Ended September 30, 2006-----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Total income	250,878	4,011,682	16,038,170	8,112,181
Total expenses	(130,120)	(3,046,059)	(9,741,346)	(5,008,283)
Net income / (loss)	120,758	965,623	6,296,824	3,103,898
Segment return on assets (ROA) (%)	8.50%	7%	15%	8%
Segment cost of funds (%)	7.30%	7%	9%	3%

	-----As at September 30, 2007-----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Segment assets (gross of NPL provisions)	4,855,688	165,851,845	150,258,549	186,207,846
Segment non performing loans (NPL)	-	-	9,248,991	14,527,190
Segment provision required against NPL	-	-	5,449,729	8,972,000
Segment liabilities	815,970	164,646,919	128,869,397	154,280,448

	-----As at December 31, 2006-----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Segment assets (gross of NPL provisions)	1,065,980	118,913,989	178,656,643	136,970,577
Segment non performing loans (NPL)	-	-	9,369,117	6,886,292
Segment provision required against NPL	-	-	7,062,417	5,120,918
Segment liabilities	289,895	112,533,607	157,622,609	123,010,709

17. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans and its directors and executive officers (including their associates).

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
17.1 Details of transactions with related parties are given below:

	For the Period Ended September 30 , 2007				For the Year Ended December 31, 2006			
	Key management personnel	Subsidiaries	Associates	Others	Key management personnel	Subsidiaries	Associates	Others
----- (Rupees in '000) -----								
Advances								
At January 01	93,648	-	565	1,000,000	80,694	-	565	1,817,576
Given during the period / year	15,013	845,685	-	-	45,557	-	-	-
Repaid during the period / year	(29,850)	(845,685)	(565)	-	(32,603)	-	-	(817,576)
At September 30	<u>78,811</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>93,648</u>	<u>-</u>	<u>565</u>	<u>1,000,000</u>
Deposits								
At January 01	13,249	5,659	11,226	6,160,983	15,542	4,146	4,261	4,317,759
Received during the period / year	213,029	230,942,561	10,782,983	26,868,612	189,638	4,907,637	11,190,278	138,271,114
Withdrawn during the period / year	(204,959)	(230,944,742)	(10,767,943)	(26,689,259)	(191,931)	(4,906,124)	(11,183,313)	(136,427,890)
At September 30	<u>21,319</u>	<u>3,478</u>	<u>26,266</u>	<u>6,340,336</u>	<u>13,249</u>	<u>5,659</u>	<u>11,226</u>	<u>6,160,983</u>
Outstanding placement at the end of period / year	-	303,665	250,000	-	-	1,271,700	500,000	-
Payable in respect of acquisition of investment securities	-	30,000	-	-	-	30,000	-	-
Distribution commission receivable	-	5,141	-	-	-	5,979	-	-
Other receivable	-	121	35,671	-	-	2,815	-	-
Placements made during the period	-	7,481,731	250,000	-	-	375,007,932	500,000	-
Placements settled during the period	-	7,332,731	-	-	-	373,529,852	500,000	-
Maximum amount of a placement made during the period	-	659,458	250,000	-	-	2,394,927	500,000	-
Investment made during the period	-	543,600	300,000	-	-	-	590,000	-
----- (Rupees in '000) -----								
	For the Period Ended September 30 , 2007				For the Period Ended September 30 , 2006			
	Key management personnel	Subsidiaries	Associates	Others	Key management personnel	Subsidiaries	Associates	Others
----- (Rupees in '000) -----								
Mark-up / return / interest earned	1,982	23,050	542	19,222	-	19,236	2,349	120,533
Mark-up / return / interest expensed	50	2,400	2	82,547	-	-	36	157,345
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Groc	-	-	-	27,296	-	-	-	21,198
Dividend income received	-	196,888	-	-	-	145,572	-	-
Other expenses paid	-	2,586	14,409	-	-	-	-	-
Remuneration paid	194,561	-	-	-	150,761	-	-	-
Post employment benefit	7,437	-	-	-	12,885	-	-	-
Contribution to defined contribution p	-	-	-	88,947	-	-	-	78,390
Contribution to defined benefit plan	-	-	-	973,758	-	-	-	551,523
Distribution commission income	-	-	-	-	-	938	-	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
18. ISLAMIC BANKING BUSINESS

The bank is operating 4 Islamic branches (December 31, 2006: 01). The balance sheet of Islamic banking operations as at September 30, 2007 is as follows:

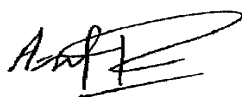
	September 30, 2007	December 31, 2006
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	469,348	1,087
Balances with and due from financial institutions	-	48,000
Investments	635,000	-
Financing - net of provision	379,477	-
Operating fixed assets	253,888	-
Other assets	1,050,800	1,951
Total Assets	2,788,513	51,038
LIABILITIES		
Bills payable	13,132	-
Deposits and other accounts	2,397,491	1,006
Other liabilities	21,309	-
	2,431,932	1,006
NET ASSETS	356,581	50,032
REPRESENTED BY		
Islamic banking fund	470,000	50,000
Unappropriated / unremitted profit	(113,419)	32
	356,581	50,032
Surplus on revaluation of assets	-	-
	356,581	50,032

19. DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Bank on October 30, 2007.

20. GENERAL

Corresponding information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.



Atif R. Bokhari
President and
Chief Executive Officer



Muhammad Javed Malik
Director



Omar Z. Al Askari
Director



Sir Mohammed Anwar Pervez, OBE, HP
Deputy Chairman