

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET - (UNAUDITED)
AS AT JUNE 30 , 2008**

		(Un audited) June 30, 2008	(Audited) December 31, 2007
	Note	('Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		75,330,785	57,622,360
Balances with other banks		18,039,343	10,982,176
Lendings to financial institutions		16,524,309	24,781,723
Investments	7	111,101,665	114,026,273
Advances	8	338,674,221	308,271,290
Fixed assets		20,003,519	19,040,390
Other assets		12,511,329	12,071,659
		592,185,170	546,795,871
LIABILITIES			
Bills payable		5,111,433	6,087,266
Borrowings	9	34,193,982	59,491,253
Deposits and other accounts	10	474,388,241	412,138,405
Sub-ordinated loans	11	11,995,872	5,996,696
Liabilities against assets subject to finance lease		2,717	3,261
Deferred tax liability - net		713,219	2,109,989
Other liabilities		14,560,249	13,078,063
		540,965,713	498,904,933
NET ASSETS		<u>51,219,457</u>	<u>47,890,938</u>
REPRESENTED BY			
Share capital	12	10,117,188	8,093,750
Reserves		14,625,305	11,577,342
Unappropriated profit		17,116,909	16,728,318
		41,859,401	36,399,410
Minority interest		2,461,717	2,115,645
		44,321,119	38,515,055
Surplus on revaluation of assets - net	13	6,898,338	9,375,883
		<u>51,219,457</u>	<u>47,890,938</u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaque Hasan Khan
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

**CONSOLIDATED CONSENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & HALF YEAR ENDED JUNE 30, 2008**

	Note	Apr - Jun 2008	Apr - Jun 2007	Jan - Jun 2008	Jan - Jun 2007
----- (Rupees in '000) -----					
Mark-up / return / interest earned	15	12,225,374	10,325,187	23,598,947	20,192,080
Mark-up / return / interest expensed	16	(5,239,302)	(4,097,892)	(10,053,241)	(7,973,158)
Net mark-up / return / interest income		6,986,073	6,227,295	13,545,706	12,218,921
Provision against non-performing loans and advances - net		(1,063,444)	(165,649)	(1,950,038)	(308,806)
General provision against consumer loans		63,907	(47,539)	87,729	(96,964)
Provision for diminution in value of investments		-	(6,750)	-	(13,500)
Bad debts written off directly		(346,459)	(164,819)	(677,366)	(319,045)
		(1,345,996)	(384,757)	(2,539,675)	(738,315)
Net mark-up / return / interest income after provisions		5,640,076	5,842,538	11,006,030	11,480,607
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,869,704	1,354,347	3,562,427	2,763,741
Dividend income		223,411	93,370	251,289	143,241
Income from dealing in foreign currencies		494,105	214,602	754,975	458,921
Unrealised surplus on revaluation of trading securities		3,909	(3,435)	(1,202)	(3,435)
Other income	17	773,964	490,670	2,038,284	984,697
Total non mark-up / return / interest income		3,365,093	2,149,554	6,605,773	4,347,165
		9,005,169	7,992,092	17,611,804	15,827,772
Non mark-up / interest expenses					
Administrative expenses	18	(4,232,739)	(3,573,891)	(7,998,175)	(6,680,364)
Other provisions / write offs / reversals		(137,827)	(76,395)	(194,526)	(128,617)
Other charges		(3,121)	(611)	(182,272)	(1,119)
Total non mark-up / interest expenses		(4,373,687)	(3,650,897)	(8,374,973)	(6,810,100)
		4,631,483	4,341,195	9,236,830	9,017,673
Share of income from associates		(148,709)	117,167	(26,859)	117,167
Profit before taxation		4,482,774	4,458,362	9,209,971	9,134,840
Taxation					
- Current - for the period	19	(1,828,575)	(1,537,611)	(3,691,467)	(3,168,573)
- Prior		(44,986)	(438,569)	(44,986)	(438,569)
- Deferred		88,500	114,175	382,328	248,856
		(1,785,061)	(1,862,005)	(3,354,124)	(3,358,286)
Profit after taxation		2,697,712	2,596,357	5,855,847	5,776,553
Minority interest		(29,830)	(37,270)	(57,832)	(79,007)
		2,667,882	2,559,087	5,798,016	5,697,546
Unappropriated profit brought forward		14,907,201	11,915,194	16,728,318	12,930,344
		17,575,083	14,474,281	22,526,334	18,627,890
Transfer from surplus on revaluation of fixed assets - net of tax		80,420	23,613	160,840	47,227
Profit before appropriations		17,655,503	14,497,894	22,687,174	18,675,117
Appropriations					
Transfer to statutory reserve		(538,594)	(510,220)	(1,118,702)	(1,126,193)
Final cash dividend for the year ended December 31, 2007 and December 31, 2006 declared in 2008 and 2007 respectively		-	-	(2,428,125)	(1,942,500)
Transfer to reserve for issue of bonus shares		-	-	(2,023,438)	(1,618,750)
		(538,594)	(510,220)	(5,570,265)	(4,687,443)
Unappropriated profit carried forward		17,116,909	13,987,674	17,116,909	13,987,674
		(Rupees)	(Rupees)		
Basic and diluted earnings per share		2.64	2.53	5.73	5.63

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaq Hasan Khan
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	Half year ended	
	June 30, 2008	June 30, 2007
	('Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,209,971	9,134,840
Less: Dividend income	(251,289)	(143,241)
Share of loss / (profit) from associates	26,859	(117,167)
	8,985,541	8,874,432
Adjustments for non-cash charges		
Depreciation	739,204	374,299
Provision for retirement benefits	(37,524)	87,102
Provision Against Non-performing Advances	1,862,309	405,770
Provision for Diminution in the value of investments	-	13,500
(Gain) on sale of fixed assets	(1,267)	(32,253)
Finance Charges on leased assets	143	409
Unrealized (gain) / deficit on revaluation of held for trading investment	1,202	3,435
Provision against other assets	194,526	6,064
Bad debts written off	677,366	319,045
	3,435,960	1,177,371
	12,421,501	10,051,803
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	8,257,414	(5,206,275)
Held-for-trading securities	(836,925)	(2,388,086)
Advances	(32,942,606)	(33,510,491)
Others assets	(956,211)	(634,648)
	(26,478,328)	(41,739,500)
Increase/ (Decrease) in operating liabilities		
Bills Payable	(975,833)	(405,441)
Borrowings from financial institutions	(25,297,271)	870,709
Deposits	62,249,836	70,314,169
Other liabilities	(108,750)	813,558
	35,867,982	71,592,995
	21,811,155	39,905,298
Received for retirement benefits	155,488	1,053,954
Income tax paid	(2,200,854)	(532,180)
Net cash flow from operating activities	19,765,790	40,427,072
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	315,622	(36,770,624)
Dividend received	327,662	142,089
Investments in operating fixed assets	(1,490,082)	(1,189,050)
Sale proceeds of property and equipment disposed-off	30,218	168,068
Net cash flow from investing activities	(816,580)	(37,649,517)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of Sub-ordinated loan	5,999,176	(440)
Dividened paid	(2,428,125)	(1,942,500)
Payments of lease obligations	(687)	(3,375)
Net cash flow from financing activities	3,570,364	(1,946,315)
Net cash flow	22,519,574	831,240
Exchange difference on transaction of net investment in foreign branches	1,929,261	17,867
Exchange difference on transaction of net assets attributable to minority interest	316,757	49,420
Increase/(Decrease) in cash and cash equivalents	24,765,592	898,527
Cash and cash equivalents at beginning of the period	68,604,536	68,441,818
Cash and cash equivalents at end of the period	93,370,128	69,340,345

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaqe Hasan Khan
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

	Share capital	General reserve	Statutory reserve	Reserve for Issue of Bonus Shares	Exchange reserve	Unappropriated profit	Total
------(Rupees in '000)-----							
Balance as at December 31, 2006	6,475,000	3,000	7,035,891	-	2,290,673	12,930,344	28,734,908
Final cash dividend for the year ended December 31, 2006 declared subsequent to year end at Rs 2.5 / share	-	-	-	-	-	(1,942,500)	(1,942,500)
Transfer to reserve for issue of bonus share	-	-	-	1,618,750	-	(1,618,750)	-
Issue of bonus shares	1,618,750	-	-	(1,618,750)	-	-	-
Changes in equity during half year ended June 30, 2007							
Profit after taxation for the quarter ended June 30, 2007	-	-	-	-	-	5,697,546	5,697,546
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	47,227	47,227
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	17,867	-	17,867
Net income recognized directly in equity	-	-	-	-	17,867	47,227	65,094
Total recognized income and expense for the period	-	-	-	-	17,867	5,744,773	5,762,640
Transfer to Statutory reserve	-	-	1,126,193	-	-	(1,126,193)	-
Balance as at June 30, 2007	8,093,750	3,000	8,162,084	-	2,308,540	13,987,674	32,555,048
Changes in equity during half year ended Dec 31, 2007							
Profit after taxation for six months ended Dec. 31, 2007	-	-	-	-	-	3,277,734	3,277,734
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	17,235	17,235
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	549,393	-	549,393
Net income recognized directly in equity	-	-	-	-	549,393	17,235	566,628
Total recognized income and expense for the period	-	-	-	-	549,393	3,294,969	3,844,362
Transfer to Statutory reserve	-	-	554,325	-	-	(554,325)	-
Balance as at December 31, 2007	8,093,750	3,000	8,716,409	-	2,857,933	16,728,318	36,399,410
Final cash dividend for the year ended December 31, 2007 declared subsequent to year end at Rs 3 per share	-	-	-	-	-	(2,428,125)	(2,428,125)
Transfer to reserve for issue of bonus shares	-	-	-	2,023,438	-	(2,023,438)	-
Issue of Bonus shares	2,023,438	-	-	(2,023,438)	-	-	-
Changes in equity during half year ended June 30, 2008							
Profit after taxation for the half year ended June 30, 2008	-	-	-	-	-	5,798,016	5,798,016
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	160,840	160,840
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	1,929,261	-	1,929,261
Net income recognized directly in equity	-	-	-	-	1,929,261	160,840	2,090,101
Total recognized income and expense for the period	-	-	-	-	1,929,261	5,958,856	7,888,117
Transfer to Statutory reserves	-	-	1,118,702	-	-	(1,118,702)	-
Balance as at June 30, 2008	10,117,188	3,000	9,835,111	-	4,787,194	17,116,909	41,859,402

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaque Hasan Khan
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

Holding Company

United Bank Limited (The Bank)

United Bank Limited is a banking company and is engaged in commercial banking and related services. The bank is listed on all the three stock exchanges in Pakistan. The bank's registered and principal office is situated in State Life Building No.1, I.I. Chundrigar Road, Karachi. The Bank operates 1,083 (December 31,2007:1078) branches inside Pakistan including the Karachi Export Processing Zone Branch and 17 (December 31, 2007:17) branches outside Pakistan as at June 30, 2008. The domestic branch network include 5 (December 31,2007:5) Islamic Banking branches.

During 2007, 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.

Subsidiary Companies

United National Bank Limited (UNBL), United Kingdom

United Bank AG (Zurich), Switzerland

United Executors and Trustees Company Limited

UBL Fund Managers Limited.

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 consolidated condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 22 to these consolidated condensed interim financial statements.

The disclosures made in these consolidated condensed interim financial statements have 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 consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2007.

3. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, 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. 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 IFRS or IFAS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.

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

3A. NON-ADJUSTING EVENT

The Board of Directors in its meeting held on July 25, 2008 has announced cash dividend in respect of the half year ended June 30, 2008 of Rs.1.5 per share (June 30, 2007: Nil).These unconsolidated condensed interim financial information for the period ended June 30, 2008 do not include the effect of this appropriation which will be accounted for subsequent to the period end.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to financial statements for the year ended December 31, 2007.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2007.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the company for the year ended December 31, 2007.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**
7 INVESTMENTS

Note	June 30, 2008			December 31, 2007			
	Held by	Given as	Total	Held by	Given as	Total	
	bank	collateral		bank	collateral		
-----'Rupees in '000'-----			-----'Rupees in '000'-----				
7.1 Held-for-trading securities	7.2.1	1,092,304	-	1,092,304	269,932	-	269,932
Available-for-sale securities	7.2.2	69,715,854	12,410,440	82,126,294	46,158,578	29,426,386	75,584,964
Held-to-maturity securities	7.2.3	27,160,200	1,367,940	28,528,140	32,356,858	-	32,356,858
Investments in Associates	7.2.4	3,457,457	-	3,457,457	6,537,256	-	6,537,256
		101,425,816	13,778,380	115,204,196	85,322,624	29,426,386	114,749,010
Provision for Diminution in value of investments		(328,005)	-	(328,005)	(351,508)	-	(351,508)
Deficit on revaluation of available for sale securities		(3,584,657)	(188,667)	(3,773,324)	(314,365)	(41,109)	(355,474)
Deficit on revaluation of held for trading securities		(1,202)	-	(1,202)	(15,755)	-	(15,755)
Investments (net of provisions)		97,511,952	13,589,713	111,101,665	84,640,996	29,385,277	114,026,273

7.2 Investments by types	June 30, 2008			December 31, 2007		
	Held by	Given as	Total	Held by	Given as	Total
	bank	collateral		bank	collateral	
-----'Rupees in '000'-----			-----'Rupees in '000'-----			
7.2.1 Held-for-trading securities						
Market treasury bills		992,266	-	992,266	-	-
Ordinary shares of listed companies		100,038	-	100,038	269,932	-
		1,092,304	-	1,092,304	269,932	-
7.2.2 Available for sale securities						
Market treasury bills		33,070,532	11,500,189	44,570,721	19,510,171	27,889,798
Pakistan investment bonds		16,110,939	910,251	17,021,190	15,337,793	1,536,588
Ordinary shares of listed companies		5,593,607	-	5,593,607	3,185,338	-
Government of Pakistan Bonds		1,033,966	-	1,033,966	1,123,894	-
Foreign Currency bonds		10,380,466	-	10,380,466	3,475,078	-
Euro Bonds		2,393,579	-	2,393,579	2,170,415	-
Term Finance Certificates		471,574	-	471,574	644,145	-
Ordinary shares of unlisted companies		441,488	-	441,488	441,423	-
Cumulative Preference Shares		8,120	-	8,120	8,120	-
Units of mutual funds		211,583	-	211,583	262,201	-
		69,715,854	12,410,440	82,126,294	46,158,578	29,426,386
7.2.3 Held to maturity securities						
Term Finance Certificates		5,467,003	-	5,467,003	6,341,257	-
Market treasury bills		8,497,631	-	8,497,631	12,883,608	-
Pakistan investment bonds		4,517,132	-	4,517,132	4,521,049	-
CIRC bonds		2,900,000	-	2,900,000	2,900,000	-
Government of Pakistan Guaranteed bonds		1,485,444	-	1,485,444	1,433,444	-
Foreign currency bonds		1,164,736	-	1,164,736	1,055,801	-
Sukok Bonds		1,104,997	-	1,104,997	685,000	-
Foreign securities		434,765	1,367,940	1,802,705	1,628,023	-
Certificate of deposits		1,537,034	-	1,537,034	853,146	-
Debentures		7,285	-	7,285	8,300	-
Participation of Term Certificates		43,831	-	43,831	46,920	-
CDC SAARC Fund		342	-	342	310	-
		27,160,200	1,367,940	28,528,140	32,356,858	-
7.2.4 Investments in Associates						
United Islamic Income Fund		258,508	-	258,508	254,100	-
United Stock Advantage Fund		339,255	-	339,255	398,903	-
United Composite Islamic Fund		550,743	-	550,743	636,896	-
United Money Market Fund		1,780,345	-	1,780,345	3,318,770	-
United Growth and Income Fund		322,445	-	322,445	1,875,256	-
UBL Insurance Limited		46,350	-	46,350	46,350	-
United Capital Protected Fund		152,830	-	152,830	-	-
Oman United Exchange Company, Muscat		6,981	-	6,981	6,981	-
		3,457,457	-	3,457,457	6,537,256	-
		101,425,816	13,778,380	115,204,196	85,322,624	29,426,386
Provision for Diminution in the value of investments		(328,005)	-	(328,005)	(351,508)	-
Investments (net of provisions)		101,097,811	13,778,380	114,876,191	84,971,116	29,426,386
Deficit on revaluation of available for sale securities		(3,584,657)	(188,667)	(3,773,324)	(314,365)	(41,109)
Deficit on revaluation of held for trading securities		(1,202)	-	(1,202)	(15,755)	-
Total investments		97,511,952	13,589,713	111,101,665	84,640,996	29,385,277

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

8 ADVANCES	Note	June 30, 2008 -----'Rupees in '000'-----	December 31, 2007
Loans, cash credits, running finances, etc.			
In Pakistan		256,355,537	240,420,608
Outside Pakistan		78,680,929	70,507,183
		<u>335,036,466</u>	<u>310,927,791</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		7,497,747	6,046,767
Payable outside Pakistan		6,915,354	6,066,566
		<u>14,413,101</u>	<u>12,113,333</u>
		<u>349,449,567</u>	<u>323,041,124</u>
Finance in respect of continuous funding system (CFS)		7,271,251	2,631,139
Provision for non-performing advances - specific	8.1	(16,727,705)	(16,031,324)
- general	8.2	(1,318,892)	(1,369,649)
		<u>(18,046,597)</u>	<u>(17,400,973)</u>
		<u>338,674,221</u>	<u>308,271,290</u>

8.1 Advances include Rs.23.140 billion (December 31,2007: Rs. 22.352 billion) which have been placed under non-performing status as detailed below:-

Category of Classification	-----June 30, 2008-----				
	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000"-----				
Other Assets Especially Mentioned	900,933	-	900,933	-	-
Substandard	5,029,036	14,852	5,043,888	1,214,610	1,214,610
Doubtful	2,340,900	104,532	2,445,432	1,184,531	1,184,531
Loss	11,375,839	3,373,644	14,749,483	14,328,564	14,328,564
	<u>19,646,708</u>	<u>3,493,028</u>	<u>23,139,736</u>	<u>16,727,705</u>	<u>16,727,705</u>
	-----December 31, 2007-----				
	-----Rupees in '000"-----				
Other Assets Especially Mentioned	631,953	-	631,953	-	-
Substandard	4,670,464	301,045	4,971,509	1,136,845	1,136,845
Doubtful	2,756,266	3,866	2,760,132	1,337,843	1,337,843
Loss	10,446,102	3,542,029	13,988,131	13,556,636	13,556,636
	<u>18,504,785</u>	<u>3,846,940</u>	<u>22,351,725</u>	<u>16,031,324</u>	<u>16,031,324</u>

8.2 General provision represents provision amounting to Rs 1,209.445 million (December 31, 2007: Rs.1,296.496 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs109.447 million (December 31, 2007: Rs.73.153 million) pertaining to overseas/ subsidiaries advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

9. BORROWINGS	Note	June 30, 2008 -----'Rupees in '000'-----	December 31, 2007
Secured			
Borrowings from State Bank of Pakistan under			
- Export refinance scheme		7,646,985	6,708,853
- Long - term financing under export oriented projects		4,510,329	4,945,514
- Locally manufactured machinery refinance scheme		1,082	1,620
		<u>12,158,396</u>	<u>11,655,987</u>
Repurchase agreement borrowings		13,242,283	32,269,543
		<u>25,400,679</u>	<u>43,925,530</u>
Unsecured			
Borrowings from other Central Banks	9.1	4,103,651	-
Call borrowings		2,692,536	13,629,078
Overdrawn nostro accounts		1,118,932	936,004
Trading Liabilities		878,184	1,000,641
		<u>8,793,303</u>	<u>15,565,723</u>
		<u>34,193,982</u>	<u>59,491,253</u>

9.1 This represents borrowings from Central Bank of the UAE carrying interest at the rate of 2.7% maturing by July 7, 2008.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

10 DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2008	December 31, 2007
		----- (Rupees in '000) -----	
Customers			
Fixed deposits		166,850,998	131,190,126
Savings deposits		162,032,466	154,537,137
Sundry deposits		6,000,581	4,645,873
Margin deposits		3,665,298	2,769,452
Current accounts - remunerative		2,261,793	5,794,610
Current accounts - non-remunerative		131,574,153	112,153,247
		<u>472,385,288</u>	<u>411,090,445</u>
Financial Institutions			
Remunerative deposits		1,842,304	821,361
Non-remunerative deposits		160,649	226,599
		<u>2,002,953</u>	<u>1,047,960</u>
		<u>474,388,241</u>	<u>412,138,405</u>

11. SUBORDINATED DEBT

In February 2008, the United Bank Limited issued listed, rated and unsecured 4th Term Finance Certificate of Rs. 6,000 million having a tenor of 10 years. The principal is redeemable semi-annually and interest is payable at KIBOR+0.85% per annum for the first 5 years and KIBOR+1.35% for the remaining term. The liability of the United Bank Limited is sub-ordinated as to the repayment of principal and profit to all other indebtedness of the Bank (including deposits). The United Bank Limited has the right to exercise the call option after the period of 5 years.

12. SHARE CAPITAL

The United Bank Limited in its 49th Annual General Meeting resolved to increase its authorized capital from Rs. 10.2 billion to Rs. 20 billion.

13. SURPLUS ON REVALUATION OF ASSETS

	Note	June 30, 2008	December 31, 2007
		----- (Rupees in '000) -----	
Surplus / (Deficit) arising on revaluation of assets - net of tax:			
Fixed assets			
- Group share		9,056,210	9,165,863
- Minority interest		471,032	429,130
		9,527,242	9,594,993
Securities	13.1	(2,628,904)	(219,110)
		<u>6,898,338</u>	<u>9,375,883</u>

13. (Deficit) / surplus on revaluation on available-for-sale securities

Market Treasury Bills		(184,094)	(70,202)
Pakistan Investment Bonds		(1,927,936)	(105,316)
Quoted Securities (Shares, Listed TFC's, Mutual funds)		(1,076,029)	32,476
Overseas securities		(585,265)	(212,432)
		(3,773,324)	(355,474)
Related deferred tax assets		1,144,420	136,364
		<u>(2,628,904)</u>	<u>(219,110)</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

14. CONTINGENCIES AND COMMITMENTS	June 30, 2008	December 31, 2007
	-----'Rupees in '000'-----	
14.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
- Government	9,995,500	5,525,535
- Banking companies and other financial institutions	4,256,755	3,992,848
- Others	6,759,630	5,941,261
	<u>21,011,885</u>	<u>15,459,644</u>
14.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, warranties, etc.		
- Government	54,725,448	43,946,035
- Banking companies and other financial institutions	3,226,549	3,031,393
- Others	15,137,449	13,992,900
	<u>73,089,446</u>	<u>60,970,328</u>
14.3 Trade-related Contingent Liabilities		
Contingent liability in respect of letters of credit favouring:		
- Government	59,746,302	60,431,464
- Banking companies and other financial institutions	13,317,462	412,056
- Others	89,550,079	89,102,242
	<u>162,613,842</u>	<u>149,945,762</u>
14.4 Other Contingencies		
Claims against the bank not acknowledge as debts	<u>17,827,377</u>	<u>17,733,578</u>
14.5 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.		
14.6 Other commitments	June 30, 2008	December 31, 2007
	-----'Rupees in '000'-----	
- Forward sale contracts of government securities	40,500	-
- Interest rate swaps	14,633,589	4,977,160
- Cross currency swaps	14,437,528	9,993,448
- Equity futures	13,377	382,026
- Forward Rate Agreement	2,550,000	-
- Sales of securities not yet purchased	364,484	1,067,735
- Commitments in respect of capital expenditure	775,461	89,037
14.7 Commitments in respect of forward exchange contracts		
- Sale	82,097,892	87,334,393
- Purchase	81,677,068	81,782,747
15. MARK-UP / RETURN / INTEREST EARNED	Jan - Jun 2008	Jan - Jun 2007
	-----'Rupees in '000'-----	
On loans and advances		
- Customers	17,776,501	14,929,677
- Financial institutions	440,625	553,772
	18,217,126	15,483,449
On investments in		
- Securities	4,376,344	3,557,637
On deposits with financial institutions	231,941	456,022
On securities purchased under resale agreements	711,522	656,484
Discount income	62,015	38,488
	<u>23,598,947</u>	<u>20,192,080</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

16. MARK-UP / RETURN / INTEREST EXPENSED	Jan - Jun 2008	Jan - Jun 2007
	-----'Rupees in '000'-----	
On deposits	7,385,139	6,275,843
On securities sold under repurchase agreements	1,239,423	674,026
On other short - term borrowings	715,318	681,090
On other long - term borrowings	612,177	297,402
Discount expense	101,184	44,797
	<u>10,053,241</u>	<u>7,973,158</u>

17. Included herein is a sum of Rs. 963.1 million (June 30, 2007:Rs.21.8 million) in respect of income from derivatives

18. ADMINISTRATIVE EXPENSES	Jan - Jun 2008	Jan - Jun 2007
	-----'Rupees in '000'-----	
Salaries, allowances etc.	3,752,225	3,212,635
Outsourced service charges including sales commission	815,571	694,841
Contribution to retirement plan	(101,267)	70,992
Charge for compensated absences	63,743	70,126
Rent, taxes, insurance, electricity etc.	786,796	573,046
Communications	322,095	263,931
Advertisement and publicity	137,386	256,451
Depreciation	739,204	374,299
Stationery and printing	138,106	134,732
Banking service charge	206,784	198,925
Legal and professional charges	116,417	199,664
Cash transportation charges	101,197	80,813
Travelling	74,245	89,786
Repairs and maintenance	129,950	109,854
Donations	2,327	7,956
Insurance expenses	46,180	-
Vehicle expenses	52,723	42,808
Office running expenses	50,535	37,669
Entertainment	44,139	32,609
Cartage, freight and conveyance	31,526	25,904
Training and seminar	28,472	52,906
Auditors' remuneration	24,452	23,436
Subscriptions	18,656	15,500
Worker Welfare Funds	202,673	-
Brokerage expenses	12,350	9,325
Finance charges on lease	143	409
Miscellaneous expenses	201,546	101,746
	<u>7,998,175</u>	<u>6,680,364</u>

19. TAXATION

The income tax assessments of the Unite Bank Limited for domestic branches till the assessment year 2002-2003 (financial year ended December 31, 2001) have been finalized under normal law and as per the provisions of Repealed Income Tax Ordinance, 1979. The returns for the Tax Year 2003 to 2007 (financial years ended December 31, 2002 to 2006) were filed under the provisions of section 114 of the Income Tax Ordinance, 2001 (Ordinance) and are deemed to be assessed under section 120(1) of the Ordinance, unless amended by the Commissioner of Income Tax

The return for the tax year 2003 was selected for audit under section 177 of the Ordinance and the amended assessment order has been passed on the basis of audit observations by adding / disallowing certain expenses / deductions resulting in an additional tax liability of Rs 406 million. Notwithstanding the challenging of the assessment in appeal before the Appellate Commissioner, on the grounds that the additions are arbitrary and uncalled for, the management has, on account of prudence, decided to create the provision against the above amount in the financial statements for the year ended December 31, 2007. The appeal against the said order has been heard by the Appellate Commissioner and the order is awaited.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**

For the tax years 2005, 2006 and 2007 taxation authorities has initiated proceedings u/s. 122 (5A) read with the section 122(9) of the Ordinance. The proceedings have been joined and the required information is being provided. However, no order has been passed as yet. However, the management is of the view that there may not arise any material tax liability once these cases attain finality

In respect of Azad Kashmir Branches for the tax years 2005, 2006 and 2007 (financial years ended December 31, 2004, 2005 and 2006) were filed under the provisions of Section 120(1) read with section 114 of the Ordinance and in compliance with the terms of agreement between the banks and the Azad Kashmir Council in May 2005. The returns so filed qualify the statutory conditions to be termed as deemed assessment orders.

20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

-----For the Period Ended June 30, 2008-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Total income	602,597	6,671,587	14,471,009	8,072,949	287,662	98,916
Total expenses	(82,184)	(5,491,785)	(9,722,794)	(5,481,991)	(154,070)	(61,925)
Net income / (loss)	520,413	1,179,802	4,748,215	2,590,958	133,592	36,991
Segment return on assets (ROA) (%)	10.0%	7.3%	11.4%	10.7%	84.5%	3.5%
Segment cost of funds (%)	9.7%	7.2%	8.4%	8.5%	0%	8.0%

-----For the Period Ended June 30, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Total income	448,817	5,054,513	10,245,204	8,685,756	136,685	85,439
Total expenses	(62,897)	(3,798,016)	(5,837,372)	(5,667,380)	(90,944)	(64,963)
Net income / (loss)	385,920	1,256,497	4,407,832	3,018,376	45,740	20,475
Segment return on assets (ROA) (%)	7.6%	7.4%	11.4%	10.3%	88.3%	3.6%
Segment cost of funds (%)	6.1%	7.5%	4.9%	8.1%	0%	7.7%

-----As at June 30, 2008-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	6,802,062	189,055,806	197,061,684	212,850,692	340,541	2,802,090
Segment non performing loans (NPL)	-	-	16,192,153	6,947,583	-	-
Segment provision required against NPL	-	-	11,710,102	5,017,603	-	-
Segment liabilities	5,973,494	177,979,226	172,264,951	183,946,997	22,537	778,505

-----As at December 31, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	5,270,519	179,801,387	171,381,012	202,709,302	265,398	2,949,577
Segment non performing loans (NPL)	-	-	18,822,358	3,529,367	-	-
Segment provision required against NPL	-	-	14,369,616	1,661,708	-	-
Segment liabilities	4,097,169	174,270,000	146,582,782	172,579,967	34,259	1,340,756

21. RELATED PARTY TRANSACTIONS

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

The United Bank Limited enters into transaction with the related parties in the normal course of business.

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 employment

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**
21 RELATED PARTY TRANSACTIONS

	For the half year ended June 30, 2008			For the year ended December 31, 2007		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
Advances						
At January 01	92,581	-	-	105,637	565	1,000,000
Given during the year	60,681	-	-	46,002	-	-
Repaid during the year	(21,995)	-	-	(59,058)	(565)	(1,000,000)
At June 30 2008	<u>131,267</u>	<u>-</u>	<u>-</u>	<u>92,581</u>	<u>-</u>	<u>-</u>
Deposits						
At January 01	15,340	231,886	5,865,116	14,337	11,226	6,160,983
Received during the year	338,173	20,236,252	290,464	294,791	48,419,004	2,432,626
Withdrawn during the year	(332,640)	(20,359,940)	(2,707,222)	(293,788)	(48,198,344)	(2,728,493)
At June 30 2008	<u>20,873</u>	<u>108,198</u>	<u>3,448,358</u>	<u>15,340</u>	<u>231,886</u>	<u>5,865,116</u>
Outstanding placement at the end of the year	-	-	-	-	-	-
Outstanding borrowing at the end of the period / year	-	-	-	-	-	-
Payable in respect of acquisition of investment in equity shares	-	-	-	-	-	-
Distribution commission receivable	-	-	-	-	-	-
Other receivable	-	-	-	-	37,954	-
Employee Motivation & Retention Scheme payable	-	-	185,862	-	-	263,181
	For the half year ended June 30, 2008			For the half year ended June 30, 2007		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
Mark-up / return / interest earned	1,704	-	-	1,918	542	18,908
Mark-up / return / interest expensed	39	47,275	52,281	18	-	107,191
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Group	-	-	19,325	-	-	18,218
Dividend income received	-	-	-	-	-	-
Other expenses paid	-	112,778	-	-	13,250	-
Other Income	-	962	-	-	-	-
Insurance Premium	-	94,389	-	-	-	-
Remuneration paid	181,134	-	-	150,669	-	-
Post employment benefits	5,558	-	-	4,986	-	-
Contribution to defined contribution plan	-	-	126,172	-	-	59,298
Contribution to defined benefit plan	-	-	176,439	-	-	649,172
Employee Motivation & Retention scheme paid	-	-	230,000	-	-	131,592
Distribution Commission Income	-	-	-	-	-	-
Distribution Commission Expense	-	-	-	-	-	-
Reimbursable Expense Incurred	-	-	-	-	-	-
Placements made during the period	-	-	-	-	-	-
Placements settled during the period	-	-	-	-	-	-
Maximum amount of a placement made during the year	-	-	-	-	-	-
Borrowing made during the period	-	-	-	-	-	-
Borrowing settled during the period	-	-	-	-	-	-
Maximum amount of a borrowing made during the period	-	-	-	-	-	-
Investment made during period	-	2,159,500	-	-	5,600,000	-
Redemption made during the period	-	5,273,039	-	-	2,069,391	-
Bonus Units received	-	49,578	-	-	-	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2008**
22. ISLAMIC BANKING BUSINESS

The balance sheet of the Group's Islamic Banking Branches at June 30, 2008 is as follows:

	June 30 2008	December 31 2007
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	328,922	307,448
Lendings to financial institutions	-	300,000
Investments	874,711	587,206
Advances	500,075	339,477
Operating fixed assets	804,662	401,909
Other assets	156,352	118,323
Total Assets	2,664,722	2,054,363
LIABILITIES		
Bills payable	15,895	17,565
Deposits and other accounts	1,401,351	1,198,688
Other liabilities	962,671	522,034
	<u>2,379,917</u>	<u>1,738,287</u>
NET ASSETS	<u>284,805</u>	<u>316,076</u>
REPRESENTED BY		
Islamic Banking Fund	470,000	470,000
Unappropriated / Unremitted loss	<u>(180,478)</u>	<u>(156,130)</u>
	289,522	313,870
Surplus / (deficit) on revaluation of assets	<u>(4,717)</u>	<u>2,206</u>
	<u>284,805</u>	<u>316,076</u>

23. DATE OF AUTHORIZATION

These consolidated condensed financial statements were authorised for issue on July 25, 2008 by the Board of Directors of the Bank.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaque Hasan Khan
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPI
Deputy Chairman