



***Unconsolidated  
Financial Statements***

*For The Quarter Ended March 31, 2009*

**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2009**

		(Un audited ) Mar. 31, 2009	(Audited ) Dec. 31, 2008
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		57,810,111	50,069,965
Balances with other banks		9,877,951	7,497,174
Lendings to financial institutions		13,679,249	22,805,341
Investments	7	144,030,303	116,328,288
Advances	8	360,083,158	371,139,675
Other assets		17,505,735	17,154,985
Operating fixed assets		18,054,936	18,021,445
Deferred tax assets - net		1,336,306	2,055,609
		622,377,749	605,072,482
<b>LIABILITIES</b>			
Bills payable		5,481,375	5,194,449
Borrowings from financial institutions	9	68,688,189	44,195,886
Deposits and other accounts	10	469,272,582	483,560,062
Sub-ordinated loans		11,991,824	11,993,848
Deferred tax liability - net		-	-
Other liabilities		17,245,435	16,265,478
		572,679,405	561,209,723
<b>NET ASSETS</b>		49,698,344	43,862,759
<b>REPRESENTED BY</b>			
Share capital		10,117,188	10,117,188
Reserves		17,209,431	15,501,513
Unappropriated profit		18,730,118	16,604,076
		46,056,737	42,222,777
Surplus on revaluation of assets	11	3,641,607	1,639,982
		49,698,344	43,862,759
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	Note	Mar. 31, 2009	Mar. 31, 2008
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	13	16,308,130	11,156,658
Mark-up / return / interest expensed	14	(8,243,972)	(4,761,470)
Net mark-up / return / interest income		<u>8,064,158</u>	<u>6,395,188</u>
Provision against non-performing loans and advances - net		(1,671,662)	(888,598)
General Provision against consumer loan		67,217	23,822
Provision for diminution in value of investments		(290,060)	-
Bad debts written off directly		(334,660)	(330,907)
		<u>(2,229,165)</u>	<u>(1,195,683)</u>
Net mark-up / return / interest income after provisions		5,834,993	5,199,505
<b>Non mark-up / return / interest income</b>			
Fee, commission and brokerage income		1,289,121	1,450,365
Dividend income		34,805	27,483
Income from dealing in foreign currencies		318,649	249,741
Gain on sale of securities		146,953	250,619
Other income		316,790	994,696
Total non mark-up / return / interest income		<u>2,106,318</u>	<u>2,972,904</u>
		7,941,311	8,172,409
<b>Non mark-up / interest expenses</b>			
Administrative expenses	15	(3,917,599)	(3,495,819)
Other provisions / write offs / reversals		2,970	(56,699)
Worker welfare fund		(82,618)	-
Other charges		(820)	(179,151)
Total non mark-up / interest expenses		<u>(3,998,067)</u>	<u>(3,731,669)</u>
<b>Profit before taxation</b>		3,943,244	4,440,740
<b>Taxation</b>	16		
- Current - for the period		(1,607,896)	(1,835,811)
- Prior		(4)	-
- Deferred		200,565	295,615
		<u>(1,407,335)</u>	<u>(1,540,196)</u>
<b>Profit after taxation</b>		2,535,909	2,900,544
Unappropriated profit brought forward		16,604,076	15,653,703
		<u>19,139,985</u>	<u>18,554,247</u>
Transfer from surplus on revaluation of fixed assets - net of tax		97,315	80,420
Profit before appropriations		<u>19,237,300</u>	<u>18,634,667</u>
<b>Appropriations</b>			
Transfer to statutory reserve		(507,182)	(580,109)
Final cash dividend for the year ended December 31, 2007 declared subsequent to the year end		-	(2,428,125)
Transfer to reserve for issue of bonus shares		-	(2,023,438)
		<u>(507,182)</u>	<u>(5,031,672)</u>
<b>Unappropriated profit carried forward</b>		<u>18,730,118</u>	<u>13,602,995</u>
		<b>(Rupees)</b>	
<b>Basic and diluted earnings per share</b>		<u>2.51</u>	<u>2.87</u>

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

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	March 31, 2009	March 31, 2008
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,943,244	4,440,740
Less: Dividend income	(34,805)	(27,483)
	<u>3,908,439</u>	<u>4,413,257</u>
<b>Adjustments for non-cash charges</b>		
Depreciation	396,268	361,953
Worker welfare fund	82,618	-
Provision for retirement benefits	72,644	(1,817)
Provision against loans and advances	1,604,445	864,776
Reversal of provision for diminution in the value of investments	290,060	-
Gain on sale of fixed assets	(2,437)	(213)
Reversal of provision against other assets	(17,878)	56,699
Unrealized gain on revaluation of investment classified as held for trading	(21,992)	-
Bad debts written-off	334,660	330,907
	<u>2,738,388</u>	<u>1,612,306</u>
	6,646,827	6,025,563
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	9,126,092	(2,641,450)
Held for trading investments	(7,304,284)	(66,970)
Advances - net	9,117,412	(21,709,163)
Others assets	1,976,223	2,600,640
	<u>12,915,443</u>	<u>(21,816,943)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	286,926	(172,767)
Borrowings from financial institutions	24,492,303	(4,474,835)
Deposits and other accounts	(14,287,480)	5,871,524
Other liabilities	(2,137,247)	(2,289,185)
	<u>8,354,502</u>	<u>(1,065,263)</u>
	27,916,772	(16,856,643)
Staff retirement benefit funds paid	(204,317)	(620,616)
Income tax paid	(564,355)	(1,177,690)
Net cash flow from operating activities	<u>27,148,100</u>	<u>(18,654,949)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(17,710,871)	7,356,358
Dividend income received	39,962	25,042
Investments in operating fixed assets	(289,233)	(559,843)
Sale proceeds from disposal operating fixed assets	10,886	51,345
Net cash outflow on investing activities	<u>(17,949,256)</u>	<u>6,872,902</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt / (Repayment) of sub-ordinated loan	-	5,999,176
Repayments of principal of sub-ordinated loans	(2,024)	-
Dividend paid	-	-
Net cash outflow on financing activities	<u>(2,024)</u>	<u>5,999,176</u>
	9,196,820	(5,782,871)
Exchange difference on translation of net investment in foreign branches	924,103	117,486
(Decrease) / increase in cash and cash equivalents during the period	<u>10,120,923</u>	<u>(5,665,385)</u>
Cash and cash equivalents at beginning of the period	<u>57,567,139</u>	<u>61,717,579</u>
Cash and cash equivalents at end of the period	<u><u>67,688,062</u></u>	<u><u>56,052,194</u></u>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	Share Capital	Capital Reserves			Cash flow hedge reserve	Unappropriated Profit	Total
		Statutory Reserve	Exchange Translation Reserve	Reserve for Issue of Bonus Shares			
	(Rupees in '000)						
<b>Balance as at January 1, 2008</b>	8,093,750	8,709,751	1,552,207	-	-	15,653,703	34,009,411
Final cash dividend for the year ended December 31, 2007 declared subsequent to year end at Rs. 3.0 per share	-	-	-	-	-	(2,428,125)	(2,428,125)
Transfer to reserve for issue of bonus shares	-	-	-	2,023,438	-	(2,023,438)	-
Profit after taxation for the quarter ended March 31, 2008	-	-	-	-	-	2,900,544	2,900,544
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	80,420	80,420
Exchange difference on translation of net investment in foreign branches	-	-	117,486	-	-	-	117,486
Net expense recognised directly in equity	-	-	117,486	-	-	80,420	197,906
Total recognised income and expense for the period	-	-	117,486	-	-	2,980,964	3,098,450
Transfer to statutory reserves	-	580,109	-	-	-	(580,109)	-
<b>Balance as at March 31, 2008</b>	8,093,750	9,289,860	1,669,693	2,023,438	-	13,602,995	34,679,736
Issue of bonus shares	2,023,438	-	-	(2,023,438)	-	-	-
Interim cash dividend for the half year ended June 30, 2008 declared subsequent to period end at Rs. 1.5 per share	-	-	-	-	-	(1,517,578)	(1,517,578)
Profit after taxation for the nine month ended December 31, 2008	-	-	-	-	-	5,432,576	5,432,576
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	172,598	172,598
Net loss on cash flow hedge - net of deferred tax	-	-	-	-	(276,633)	-	(276,633)
Exchange difference on translation of net investment in foreign branches	-	-	3,732,078	-	-	-	3,732,078
Net expense recognised directly in equity	-	-	3,732,078	-	(276,633)	172,598	3,628,043
	-	-	3,732,078	-	(276,633)	5,605,174	9,060,619
Transfer to statutory reserves	-	1,086,515	-	-	-	(1,086,515)	-
<b>Balance as at December 31, 2008</b>	10,117,188	10,376,375	5,401,771	-	(276,633)	16,604,076	42,222,777
Profit after taxation for the quarter ended March 31, 2009	-	-	-	-	-	2,535,909	2,535,909
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	97,315	97,315
Net loss on cash flow hedge - net of deferred tax	-	-	-	-	276,633	-	276,633
Exchange difference on translation of net investment in foreign branches	-	-	924,103	-	-	-	924,103
Net expense recognised directly in equity	-	-	924,103	-	276,633	97,315	1,298,051
	-	-	924,103	-	276,633	2,633,224	3,833,960
Transfer to statutory reserves	-	507,182	-	-	-	(507,182)	-
<b>Balance as at March 31, 2009</b>	10,117,188	10,883,557	6,325,874	-	-	18,730,118	46,056,737

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated 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

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

**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 the three stock exchanges in Pakistan. The bank's registered office and principal office are situated at UBL building, Jinnah Avenue, Blue Area, Islamabad and at State Life Building No. 1, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,118 (December 31,2008:1,119) branches inside Pakistan including the Karachi Export Processing Zone Branch and 17 (December 31, 2008:17) branches outside Pakistan as at March 31, 2009. The domestic branch network include 5 (December 31,2008:5) Islamic Banking branches.

The bank's Ordinary shares are listed on all three stock exchanges in Pakistan where as its Global Depository Receipts (GDRs) are on the list of UK Listing Authority and London Stock Exchange Professional Securities Market. 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 US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

**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. However, the Islamic Banking branches of the bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial results of the Islamic banking branches of the Bank have been consolidated in these unconsolidated 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 20 to these unconsolidated condensed interim financial statements.

The disclosures made in these unconsolidated 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 unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2008.

**3. STATEMENT OF COMPLIANCE**

These unconsolidated condensed financial statements for three months 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 SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. 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 of various circulars issued by SBP.

**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.

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

The significant judgements 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, 2008.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2008.

**6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the bank for the year ended December 31, 2008.

**7. INVESTMENTS**

7.1	Note	March. 31, 2009			Dec. 31, 2008		
		Held by	Given as	Total	Held by	Given as	Total
		bank	collateral		bank	collateral	
-----'Rupees in '000'-----			-----'Rupees in '000'-----				
Held-for-trading securities	7.2.1	6,950,143	4,920,944	11,871,087	4,566,803	-	4,566,803
Available-for-sale securities	7.2.2	72,907,174	27,518,469	100,425,643	81,784,473	14,269,456	96,053,929
Held-to-maturity securities	7.2.3	34,783,386	-	34,783,386	22,944,229	-	22,944,229
Investments in Associates	7.2.4	4,399,663	-	4,399,663	2,899,663	-	2,899,663
Investments in Subsidiaries	7.2.5	2,201,948	-	2,201,948	2,201,948	-	2,201,948
Provision for Diminution in value of investments		(2,731,810)	-	(2,731,810)	(2,536,770)	-	(2,536,770)
Deficit on revaluation of for sale investments available		(6,835,773)	(105,833)	(6,941,606)	(9,672,239)	(109,728)	(9,781,967)
Surplus / (Deficit) on revaluation							
held of for trading investments		18,488	3,504	21,992	(19,547)	-	(19,547)
Total Investments		<u>111,693,219</u>	<u>32,337,084</u>	<u>144,030,303</u>	<u>102,168,560</u>	<u>14,159,728</u>	<u>116,328,288</u>



**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	March 31, 2009			December 31, 2008		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
<b>7.2 Investments by types</b>	------(Rupees in '000)-----					
<b>7.2.1 Held for trading securities</b>						
Market treasury bills	6,919,930	4,920,944	11,840,874	4,202,368	-	4,202,368
Ordinary shares of listed companies	30,213		30,213	348,506	-	348,506
Pakistan Investment Bonds	-		-	15,929	-	15,929
	6,950,143	4,920,944	11,871,087	4,566,803	-	4,566,803
<b>7.2.2 Available for sale securities</b>						
Market Treasury Bills	26,099,088	26,892,665	52,991,753	33,775,219	13,841,226	47,616,445
Pakistan Investment Bonds	16,760,668	625,804	17,386,472	16,777,690	428,230	17,205,920
Foreign currency bonds	14,411,875	-	14,411,875	15,235,129	-	15,235,129
Ordinary shares of listed companies	5,743,455	-	5,743,455	5,880,749	-	5,880,749
Government of Pakistan Islamic Bonds	4,888,534	-	4,888,534	2,493,607	-	2,493,607
Euro Bonds	2,495,031	-	2,495,031	4,341,320	-	4,341,320
Term Finance Certificates	1,750,728	-	1,750,728	2,172,435	-	2,172,435
Ordinary shares of unlisted companies	441,496	-	441,496	441,465	-	441,465
Units of mutual funds	191,299	-	191,299	211,583	-	211,583
Sukuk Bonds	125,000	-	125,000	455,276	-	455,276
	72,907,174	27,518,469	100,425,643	81,784,473	14,269,456	96,053,929
<b>7.2.3 Held to maturity securities</b>						
Term Finance Certificates	16,320,751	-	16,320,751	4,915,803	-	4,915,803
Market Treasury Bills	5,739,914	-	5,739,914	1,263,178	-	1,263,178
Pakistan Investment Bonds	4,325,498	-	4,325,498	4,339,104	-	4,339,104
CIRC Bonds	2,900,000	-	2,900,000	2,900,000	-	2,900,000
Foreign securities	1,945,371	-	1,945,371	1,911,320	-	1,911,320
Government of Pakistan - Guaranteed Bonds	1,517,256	-	1,517,256	1,485,444	-	1,485,444
Sukuk Bonds	1,078,372	-	1,078,372	1,094,372	-	1,094,372
Foreign currency bonds	914,041	-	914,041	897,982	-	897,982
Participation Term Certificates	35,433	-	35,433	38,205	-	38,205
Debentures	6,347	-	6,347	6,676	-	6,676
CDC SAARC Fund	403	-	403	395	-	395
Certificate of Deposit	-	-	-	4,091,750	-	4,091,750
	34,783,386	-	34,783,386	22,944,229	-	22,944,229
<b>7.2.4 Associates</b>						
United Money Market Fund	1,754,559	-	1,754,559	1,254,559	-	1,254,559
United Growth and Income Fund	1,250,000	-	1,250,000	250,000	-	250,000
United Composite Islamic Fund	523,048	-	523,048	523,048	-	523,048
United Islamic Income Fund	250,000	-	250,000	250,000	-	250,000
United Stock Advantage Fund	250,000	-	250,000	250,000	-	250,000
UBL Participation Protected Plan	200,000	-	200,000	200,000	-	200,000
UBL Insurers Limited	90,000	-	90,000	90,000	-	90,000
United Capital Protected Fund - 1	75,075	-	75,075	75,075	-	75,075
Oman United Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
	4,399,663	-	4,399,663	2,899,663	-	2,899,663
<b>7.2.5 Subsidiaries</b>						
United National Bank, UK	1,482,011	-	1,482,011	1,482,011	-	1,482,011
United Bank AG Zurich, Switzerland	589,837	-	589,837	589,837	-	589,837
Domestic subsidiaries						
UBL Fund Managers Limited	100,000	-	100,000	100,000	-	100,000
United Executors and Trustees Company Limited	30,100	-	30,100	30,100	-	30,100
	2,201,948	-	2,201,948	2,201,948	-	2,201,948
	121,242,314	32,439,413	153,681,727	114,397,116	14,269,456	128,666,572
Provision for diminution in value of investments	(2,731,810)	-	(2,731,810)	(2,536,770)	-	(2,536,770)
<b>Investments (net of provisions)</b>	118,510,504	32,439,413	150,949,917	111,860,346	14,269,456	126,129,802
Deficit on revaluation of available for sale securities	(6,835,773)	(105,833)	(6,941,606)	(9,672,239)	(109,728)	(9,781,967)
Surplus / (Deficit) on revaluation of held for trading securities	18,488	3,504	21,992	(19,547)	-	(19,547)
<b>Total investments</b>	<b>111,693,219</b>	<b>32,337,084</b>	<b>144,030,303</b>	<b>102,168,560</b>	<b>14,159,728</b>	<b>116,328,288</b>



**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

	Note	Mar.31, 2009	Dec.31, 2008
		------(Rupees in '000)-----	
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		269,672,653	278,513,709
Outside Pakistan		94,262,588	95,002,084
		<u>363,935,241</u>	<u>373,515,793</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		14,164,462	12,401,963
Payable outside Pakistan		3,405,033	4,662,842
		<u>17,569,495</u>	<u>17,064,805</u>
		<u>381,504,736</u>	<u>390,580,598</u>
Finance in respect of continuous funding system (CFS)		-	322,180
		<u>381,504,736</u>	<u>390,902,778</u>
Provision for non-performing advances- Specific	8.1	(20,225,374)	(18,563,334)
Provision for non-performing advances- General	8.2	(1,196,204)	(1,199,769)
		<u>360,083,158</u>	<u>371,139,675</u>

8.1 Advances include Rs. 30,869 million (December 31, 2008 : 27,839 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000 -----				
Other Assets Especially Mentioned	808,429	-	808,429	-	-
Substandard	5,077,802	131,076	5,208,878	1,021,168	1,021,168
Doubtful	7,167,913	26,321	7,194,234	2,429,751	2,429,751
Loss	15,114,797	2,543,067	17,657,864	16,774,455	16,774,454
	<u>28,168,941</u>	<u>2,700,464</u>	<u>30,869,405</u>	<u>20,225,374</u>	<u>20,225,373</u>

8.2 General provision represents provision amounting to Rs 1,196 million (December 31, 2008: Rs.1,082 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs 112 million (December 31, 2008: Rs. 117million) pertaining to overseas advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

	Mar.31,2009	Dec.31,2008
	------(Rupees in '000)-----	
<b>9. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Borrowings from financial institutions	-	-
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	14,367,531	12,804,867
- Long term finance under export oriented projects	4,444,172	4,280,169
- Locally Manufactured Machinery	538	544
	<u>18,812,241</u>	<u>17,085,580</u>
Repurchase agreement borrowings	32,348,009	14,284,138
<b>Unsecured</b>		
Call borrowings	15,393,112	10,200,693
Overdrawn nostro accounts	1,436,337	2,027,468
Trading account liability	698,490	598,007
	<u>17,527,939</u>	<u>12,826,168</u>
	<u>68,688,189</u>	<u>44,195,886</u>
<b>10. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	179,583,994	186,961,343
Savings deposits	155,251,482	156,021,485
Sundry Deposits	6,349,476	4,957,358
Margin Deposits	3,574,760	3,977,821
Current Accounts - Remunerative	2,265,568	2,064,207
Current Accounts - Non-remunerative	121,660,855	128,380,418
	<u>468,686,135</u>	<u>482,362,632</u>
<b>Financial Institutions</b>		
Remunerative deposits	186,903	1,104,863
Non-remunerative deposits	399,544	92,567
	<u>586,447</u>	<u>1,197,430</u>
	<u>469,272,582</u>	<u>483,560,062</u>

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FOR THE QUARTER ENDED MARCH 31, 2009**

	Note	March 31, 2009	December 31, 2008
		----- (Rupees in '000) -----	
<b>11. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus arising on revaluation of assets - net of tax:			
Fixed assets		8,153,647	8,220,874
Securities	11.1	(4,512,040)	(6,580,892)
		<u>3,641,607</u>	<u>1,639,982</u>
<b>11.1 (Deficit) / surplus on revaluation on available-for-sale securities</b>			
Market Treasury Bills		24,695	(16,685)
Pakistan Investment Bonds		(1,479,276)	(3,293,999)
Quoted shares		(1,038,292)	(1,892,828)
Mutual fund units		(652)	(9,837)
Term Finance Certificate, Sukuk, Other Bonds etc.		(38,800)	(53,850)
Overseas securities		(4,409,278)	(4,514,768)
		(6,941,602)	(9,781,967)
Related deferred tax asset		2,429,562	3,201,075
		<u>(4,512,040)</u>	<u>(6,580,892)</u>
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
<b>12.1 Direct Credit Substitutes</b>			
Contingent liabilities in respect of guarantees given favouring:			
Government		11,774,280	12,725,414
Banking companies and other financial institutions		3,692,733	4,865,333
Others		8,692,045	8,642,081
		<u>24,159,058</u>	<u>26,232,828</u>
<b>12.2 Transaction-related Contingent Liabilities</b>			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
Government		54,722,725	60,706,466
Banking companies and other financial institutions		3,984,984	4,115,594
Others		17,866,567	17,061,793
		<u>76,574,276</u>	<u>81,883,853</u>
<b>12.3 Trade-related Contingent Liabilities</b>			
Contingent liabilities in respect of letters of credit opened favouring:			
Government		64,427,850	68,756,444
Others		58,128,753	71,862,882
		<u>122,556,603</u>	<u>140,619,326</u>
<b>12.4 Other Contingencies</b>			
Claims against the bank not acknowledged as debts		<u>18,261,372</u>	<u>17,230,124</u>
<b>12.5 Commitments in respect of forward lending</b>			
The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		March 31, 2009	December 31, 2008
		----- (Rupees in '000) -----	
<b>12.6 Other commitments</b>			
Forward purchase contracts of government securities		-	10,065,070
Forward sale contracts of government securities		-	8,611,020
Interest rate swaps		18,399,266	20,758,372
Equity indices		281,091	355,943
Cross currency swaps		33,254,129	15,948,869
Forward rate agreements		-	850,000
FX options		2,701,788	25,460,283
Commodity options		40,251	39,545
Commitments in respect of capital expenditure		<u>611,780</u>	<u>1,182,316</u>
<b>12.7 Commitments in respect of forward exchange contracts</b>			
Sale		<u>94,823,617</u>	<u>55,225,610</u>
Purchase		<u>94,901,325</u>	<u>79,548,383</u>

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	Jan - Mar 2009 ----- (Rupees in '000) -----	Jan - Mar 2008 ----- (Rupees in '000) -----
<b>13. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances		
- Customers	12,323,582	8,178,963
- Financial institutions	272,248	252,642
	12,595,830	8,431,605
On investments in		
- Securities	3,312,634	2,215,828
- Associates	647	388
	3,313,281	2,216,216
On deposits with financial institutions	105,122	104,721
On securities purchased under resale agreements	289,425	399,827
Discount income	4,472	4,289
	<u>16,308,130</u>	<u>11,156,658</u>
<b>14. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On deposits	6,787,970	3,468,354
On securities sold under repurchase agreements	417,055	674,730
On other short - term borrowings	524,895	280,220
On other long - term borrowings	381,068	296,842
Discount expense	132,984	41,324
	<u>8,243,972</u>	<u>4,761,470</u>
<b>15. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	1,837,983	1,637,227
Rent, taxes, insurance, electricity etc.	454,946	355,593
Depreciation	396,268	361,953
Outsourced service charges including sales commission	334,274	367,159
Communications	169,459	125,343
Banking service charge	112,414	85,677
Cash transportation charges	94,080	49,199
Stationery and printing	66,185	53,645
Legal and professional charges	49,108	42,850
Contribution to retirement plan	42,284	28,404
Advertisement and publicity	42,088	65,975
Repairs and maintenance	38,192	41,670
Travelling	36,389	27,163
Office running expenses	32,845	22,696
Charge for compensated absences	30,360	29,578
Vehicle expenses	23,456	23,806
Entertainment	21,331	16,629
Cartage, freight and conveyance	16,833	14,052
Insurance	11,931	37,587
Auditors' remuneration	10,382	7,225
Training and seminar	7,670	15,992
Brokerage expenses	6,387	5,503
Subscriptions	6,243	8,456
Sub debt expense	2,002	21,336
Donations	483	314
Miscellaneous expenses	74,006	50,787
	<u>3,917,599</u>	<u>3,495,819</u>
<b>16. TAXATION</b>		

The Income Tax assessments of the bank for domestic branches up to tax year 2008 (financial year ended December 31, 2007) were filed under the provisions of Section 114 of the Income Tax Ordinance, 2001 (Ordinance) and are deemed to be assessed under section 120 of the Ordinance, unless amended by the Commissioner of Income Tax.

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**
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For tax year 2008 (financial year ended December 31, 2007) the taxation authorities have issued an amended assessment order u/s. 122(5A) of the Ordinance determining additional tax liability of Rs. 1,609 million. Bank will file an appeal before the Commissioner of Income Tax (Appeals) [CIT (A)] against the said additional liability. The management is confident that the appeals will be decided in the favour of the Bank.

For tax years 2004 to 2007 (financial year ended December 31, 2003 to 2006) the taxation authorities have issued amended assessment orders u/s. 122(5A) of the Ordinance, which were further rectified u/s 221 of the Ordinance determining additional tax liability of Rs.3,564 million. The return for the tax year 2003 was selected for audit under section 177 of the Ordinance and the amended assessment order was passed. The Bank has filed appeals before the CIT (A) against these amended assessments. 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, created the provision against the disallowances in the financial statements for the year ended December 31, 2007 and 2008.

Tax liabilities for tax years 2004 to 2008 amounting to Rs.1,605 M remained unpaid to date, and may be reduced to the extent of relief be allowed in appeals before CIT.

In respect of Azad Kashmir Branches for the tax years 2005 to 2008 (financial years ended December 31, 2004 to 2007) 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.

**17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

	<b>For the Period Ended March 31, 2009</b>			
	<b>Corporate Finance</b>	<b>Trading &amp; Sales</b>	<b>Retail Banking</b>	<b>Commercial Banking</b>
	----- (Rupees in '000) -----			
Total income - gross	139,771	3,899,506	6,338,039	8,037,133
Total expenses	(137,855)	(1,479,064)	(5,539,967)	(7,314,318)
Net income / (loss)	1,916	2,420,442	798,071	722,815
Segment return on assets (ROA) (%)	12.50%	9.00%	10.72%	14.95%
Segment cost of funds (%)	11.10%	8.80%	9.20%	11.70%

	<b>For the Period Ended March 31, 2008</b>			
	<b>Corporate Finance</b>	<b>Trading &amp; Sales</b>	<b>Retail Banking</b>	<b>Commercial Banking</b>
	----- (Rupees in '000) -----			
Total income	289,352	3,414,284	5,249,319	5,208,404
Total expenses	(76,277)	(2,758,180)	(2,947,497)	(3,938,664)
Net income / (loss)	213,075	656,104	2,301,821	1,269,740
Segment return on assets (ROA) (%)	9.50%	9.00%	10.30%	9.20%
Segment cost of funds (%)	8.20%	7.30%	7.60%	8.00%

	<b>As at March 31, 2009</b>			
	<b>Corporate Finance</b>	<b>Trading &amp; Sales</b>	<b>Retail Banking</b>	<b>Commercial Banking</b>
	----- (Rupees in '000) -----			
Segment assets (gross of NPL provisions)	7,452,915	189,806,906	202,259,611	243,083,690
Segment non performing loans (NPL)	-	-	17,742,462	13,126,943
Segment provision required against NPL	-	-	12,579,586	7,645,787
Segment liabilities	7,944,831	176,881,677	185,418,393	202,434,504

	<b>As at December 31, 2008</b>			
	<b>Corporate Finance</b>	<b>Trading &amp; Sales</b>	<b>Retail Banking</b>	<b>Commercial Banking</b>
	----- (Rupees in '000) -----			
Segment assets (gross of NPL provisions)	9,294,445	174,810,322	190,730,419	248,800,630
Segment non performing loans (NPL)	-	-	15,765,831	12,073,489
Segment provision required against NPL	-	-	11,529,038	7,034,296
Segment liabilities	9,602,972	16,615,798	180,440,130	205,050,822

**18. RELATED PARTY TRANSACTIONS**

The Bank has related party relationship with its associates, subsidiary companies, employee benefit plans and its directors and key management personnel (including their associates).

The Bank enters into transactions with the related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits 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.

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FOR THE QUARTER ENDED MARCH 31, 2009**

	For the Period Ended March 31 , 2009				For the year ended December 31, 2008			
	Key management personnel	Subsidiaries	Associates	Other related parties	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)							
<b>Advances</b>								
At January 01	148,875	-	-	-	80,592	-	-	-
Given during the period / year	11,432	-	-	-	135,743	-	-	-
Repaid during the period / year	(14,359)	-	-	-	(67,460)	-	-	-
At March 31, 2009	145,948	-	-	-	148,875	-	-	-
<b>Deposits</b>								
At January 01	20,149	35,835	147,701	308,347	14,252	4,049	231,886	5,865,116
Received during the period / year	57,824	15,676,873	4,698,978	300,138	543,947	230,977,388	44,273,279	2,034,774
Withdrawn during the period / year	(57,816)	(15,430,044)	(4,585,046)	(608,373)	(538,050)	(230,945,602)	(44,357,464)	(7,591,543)
At March 31, 2009	20,157	282,664	261,633	112	20,149	35,835	147,701	308,347
Balances with other banks	-	3,429,849	-	-	-	2,555,801	-	-
Outstanding placement at the end of the period / year	-	414,278	-	-	-	406,999	-	-
Outstanding borrowing at the end of the period / year	-	-	850,000	-	-	-	850,000	-
Payable in respect of acquisition of investment in equity shares	-	30,000	-	-	-	30,000	-	-
Distribution commission receivable	-	4,978	-	-	-	6,586	-	-
Other receivable	-	-	150	-	-	-	37,954	4,458
Other payable	-	-	11,164	-	-	-	164,932	-
Unearned income	-	-	-	-	-	435	-	-
Employee Motivation and Retention Scheme	-	-	-	401,051	-	-	-	338,552
Term Finance Certificate (Sale) / purchased	-	-	(277,172)	-	-	-	1,898,783	-
	For the Period Ended March 31 , 2009				For the Period Ended March 31 , 2008			
	Key management personnel	Subsidiaries	Associates	Other related parties	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)							
Mark-up / return / interest earned	1,885	363	-	-	800	276	-	-
Mark-up / return / interest expensed	197	224	13,305	-	28	200	2,145	52,092
Reimbursement of liaison office expenses paid to Bestway Group and Abu Dhabi Group	-	-	-	11,964	-	-	-	9,392
Dividend income received	-	-	-	-	-	-	-	-
Other expenses paid	-	435	-	-	-	238	-	-
Other income	-	-	35,798	-	-	-	33,427	-
Insurance premium paid	-	-	170,626	-	-	-	93,713	-
Remuneration paid	44,817	-	-	-	56,014	-	-	-
Post employment benefits	2,748	-	-	-	2,443	-	-	-
Contribution to defined contribution plan	-	-	-	129,804	-	-	-	57,982
Contribution to defined benefit plan	-	-	-	85,896	-	-	-	81,255
Employee Motivation and Retention Scheme	-	-	-	33,176	-	-	-	89,000
Placements made during the period / year	-	805,144	-	-	-	-	-	-
Placements settled during the period / year	-	-	-	-	-	19,559	-	-
Maximum amount of a placement made during the period / year	-	805,144	-	-	-	-	-	-
Borrowing made during the period / year	-	-	850,000	-	-	-	-	-
Investment made during the period / year	-	-	1,651,853	-	-	-	4,159,143	-
Redemption made during the period / year	-	-	-	-	-	-	6,469,307	-
Bonus units received	-	-	-	-	-	-	109,712	-

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**
**19. ISLAMIC BANKING BUSINESS**

The balance sheet of the bank's Islamic Banking Branches as at March 31, 2009 is as follows:

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	------(Rupees in '000)-----	
<b>ASSETS</b>		
Cash and balances with treasury banks	364,987	259,264
Balances with and due from financial institutions	562,257	421,325
Investments	914,820	1,295,236
Financing and receivables		
- Murabaha	130,492	92,060
- Musharaka	250,000	250,000
- Diminishing Musharaka	275,451	127,850
Operating fixed assets including assets given on Ijara	773,966	848,086
Other assets	112,798	148,826
<b>Total Assets</b>	<b>3,384,771</b>	<b>3,442,647</b>
<b>LIABILITIES</b>		
Bills payable	4,183	24,838
Deposits and other accounts		
- Current accounts	422,736	464,204
- Saving accounts	178,346	270,276
- Term deposits	497,785	413,322
- Deposits from financial institutions - remunerative	1,042,816	844,455
Due to head office	780,939	1,145,380
Other liabilities	69,803	61,192
	<u>2,996,608</u>	<u>3,223,667</u>
<b>NET ASSETS</b>	<u><b>388,163</b></u>	<u><b>218,980</b></u>
<b>REPRESENTED BY</b>		
Islamic Banking Fund	681,000	470,000
Unappropriated / Unremitted loss	<u>(292,186)</u>	<u>(237,572)</u>
	388,814	232,428
Surplus / (deficit) on revaluation of assets	<u>(651)</u>	<u>(13,448)</u>
	<u><b>388,163</b></u>	<u><b>218,980</b></u>

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2009**

The profit and loss account of the bank's Islamic Banking Branches for the quarter ended March 31, 2009 is as follows

	<b>Jan - Mar 2009</b>	<b>Jan - Mar 2008</b>
	----- <b>(Rupees in '000)</b> -----	
Profit earned	125,918	63,442
Profit paid	33,819	15,263
	<u>92,098</u>	<u>48,179</u>
Provision for diminution in value of investment	73,860	-
Provision against assets given on Ijara	(235)	-
	<u>73,625</u>	<u>-</u>
Net Profit	18,473	48,179
<b>OTHER INCOME</b>		
Fee, Commission and Brokerage Income	626	418
Dividend Income	2,170	-
Income from dealing in foreign currencies	767	-
Other Income	549	3,348
Total other Income	<u>4,111</u>	<u>3,766</u>
	22,585	51,945
<b>OTHER EXPENSES</b>		
Administrative Expenses	77,199	75,947
Other charges	-	-
Total Other Expenses	<u>77,199</u>	<u>75,947</u>
Net loss	(54,614)	(24,002)
Unappropriated profit brought forward	<u>(237,572)</u>	<u>(156,130)</u>
Unremitted loss	<u>(292,186)</u>	<u>(180,132)</u>

**20. DATE OF AUTHORIZATION**

These financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Bank.

**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