



United Bank Limited
UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(UNAUDITED)

**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2009**

	(Un audited) Sep 30, 2009	(Audited) Dec 31, 2008
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	50,288,995	50,069,965
Balances with other banks	10,310,225	7,497,174
Lendings to financial institutions	11,076,985	22,805,341
Investments	7 133,861,966	116,328,288
Advances	8 351,964,833	371,139,675
Operating fixed assets	17,917,972	18,021,445
Deferred tax asset - net	1,335,168	2,055,609
Other assets	16,320,861	17,154,985
	<u>593,077,005</u>	<u>605,072,482</u>
LIABILITIES		
Bills payable	6,416,313	5,194,449
Borrowings from financial institutions	9 52,483,517	44,195,886
Deposits and other accounts	10 452,379,473	483,560,062
Sub-ordinated loans	11,989,800	11,993,848
Other liabilities	14,690,222	16,265,478
	<u>537,959,325</u>	<u>561,209,723</u>
NET ASSETS	<u><u>55,117,680</u></u>	<u><u>43,862,759</u></u>
REPRESENTED BY		
Share capital	11,128,907	10,117,188
Reserves	18,065,847	15,501,513
Unappropriated profit	19,865,219	16,604,076
	<u>49,059,973</u>	<u>42,222,777</u>
Surplus on revaluation of assets - net of deferred tax	11 6,057,707	1,639,982
	<u><u>55,117,680</u></u>	<u><u>43,862,759</u></u>
CONTINGENCIES AND COMMITMENTS	12	

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

The valuation of listed equity securities / mutual funds held under 'available-for-sale' category of investments has been arrived at using the market prices quoted on the stock exchange / net assets value as of September 30, 2009 and a portion of impairment loss arising therefrom has been included in deficit on revaluation of assets – net of deferred tax as allowed by State Bank of Pakistan. Under the regular accounting policy of the bank, the same would have resulted in a charge to profit and loss account of Rs.56.046 million (net of tax) and, consequently, the unappropriated profit as at September 30, 2009 would have been Rs19,820.382 million and surplus on revaluation of assets - net of deferred tax would have been lower by Rs.56.046 million.

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2009**

	Note	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
----- (Rupees in '000) -----					
Mark-up / return / interest earned	13	14,667,856	13,816,334	46,528,488	36,986,160
Mark-up / return / interest expensed	14	(6,352,394)	(6,208,576)	(22,339,262)	(16,162,597)
Net mark-up / return / interest income		8,315,462	7,607,758	24,189,226	20,823,563
Provision against non-performing loans and advances - net		(2,384,800)	(1,082,187)	(7,702,730)	(3,036,560)
General provision against consumer loans		63,369	61,284	(8,082)	149,013
Provision for diminution in value of investments		(45,567)	(38,248)	(659,156)	(38,248)
Bad debts written off directly		(324,272)	(279,583)	(1,024,563)	(956,949)
		(2,691,270)	(1,338,734)	(9,394,531)	(3,882,744)
Net mark-up / return / interest income after provisions		5,624,192	6,269,024	14,794,695	16,940,819
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,481,865	1,639,080	4,396,724	4,690,549
Dividend income		36,046	117,773	266,180	363,983
(Loss)/Income from dealing in foreign currencies		(80,302)	482,152	444,243	1,209,706
Gain on sale of securities		293,683	255,598	647,822	262,553
Unrealised loss on revaluation of trading securities		(18,091)	(2,469)	(18,772)	(3,671)
Other income		232,574	360,348	2,229,099	2,363,773
Total non mark-up / return / interest income		1,945,775	2,852,482	7,965,296	8,886,893
		7,569,967	9,121,506	22,759,991	25,827,712
Non mark-up / interest expenses					
Administrative expenses	15	(4,212,401)	(4,101,088)	(12,280,176)	(11,330,288)
Other provisions / write offs / reversals		(59,202)	(77,691)	(242,295)	(272,217)
Worker welfare fund		(113,026)	(102,265)	(282,371)	(304,938)
Other charges		(2,383)	(681)	(3,551)	(182,953)
Total non mark-up / interest expenses		(4,387,012)	(4,281,725)	(12,808,393)	(12,090,396)
Profit before taxation		3,182,955	4,839,781	9,951,598	13,737,316
Taxation	16				
- Current		(2,003,513)	(1,860,115)	(4,950,410)	(5,501,682)
- Prior		(757)	(2,289)	(75,722)	(47,275)
- Deferred		901,007	260,486	1,441,775	643,016
		(1,103,263)	(1,601,918)	(3,584,357)	(4,905,941)
Profit after taxation		2,079,692	3,237,863	6,367,241	8,831,375
Unappropriated profit brought forward		18,137,291	15,837,790	16,604,076	15,653,703
		20,216,983	19,075,653	22,971,317	24,485,078
Transfer from surplus on revaluation of fixed assets - net of tax		64,174	80,420	190,788	241,260
Profit before appropriations		20,281,157	19,156,073	23,162,105	24,726,338
Appropriations					
Transfer to statutory reserve		(415,938)	(647,573)	(1,273,448)	(1,766,275)
Final cash dividend for the year ended December 31, 2008 and December 31, 2007 declared subsequent to the year end		-	-	(1,011,719)	(2,428,125)
Interim cash dividend for the half year ended June 30, 2008 declared subsequent to the period end		-	(1,517,578)	-	(1,517,578)
Transfer to reserve for issue of bonus shares		-	-	(1,011,719)	(2,023,438)
		(415,938)	(2,165,151)	(3,296,886)	(7,735,416)
Unappropriated profit carried forward		19,865,219	16,990,922	19,865,219	16,990,922
----- (Rupees) -----					
Basic and diluted earnings per share		1.87	2.91	5.72	7.94

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

The valuation of listed equity securities / mutual funds held under 'available-for-sale' category of investments has been arrived at using the market prices quoted on the stock exchange / net assets value as of September 30, 2009 and a portion of impairment loss arising therefrom has been included in surplus on revaluation of assets – net of deferred tax as allowed by State Bank of Pakistan. Under the regular accounting policy of the bank, the same would have resulted in a charge to profit and loss account of Rs.86.224 million and, consequently, the profit after tax for the half year would have been Rs.6,311 million and earnings per share would have been Rs.5.67.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaqe Hasan Khan
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahaya
Chairman

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

	Nine months ended Sep 30, 2009	Nine months ended Sep 30, 2008
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,951,598	13,737,316
Less: Dividend income	(266,180)	(363,983)
	<u>9,685,418</u>	<u>13,373,333</u>
Adjustments for non-cash charges		
Depreciation	1,209,235	1,115,485
Worker welfare fund	282,371	304,938
Provision for retirement benefits	198,421	73,602
Provision against loans and advances	7,710,812	3,036,560
Provision for diminution in the value of investments	659,156	38,248
Gain on sale of fixed assets	(7,317)	(12,246)
(Reversal) / Provision against other assets	(10,255)	272,217
Unrealized loss on revaluation of investment classified as held for trading	18,772	(3,671)
Impairment on fixed assets	15,329	-
Bad debts written-off	1,024,563	956,949
	<u>11,101,087</u>	<u>5,782,082</u>
	20,786,505	19,155,415
(Increase) / decrease in operating assets		
Lending to financial institutions	11,728,356	1,814,647
Held for trading investments	(3,511,589)	(5,196,959)
Advances - net	10,439,467	(7,806,683)
Others assets	2,640,831	(3,699,864)
	<u>21,297,065</u>	<u>(77,888,859)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,221,864	834,185
Borrowings from financial institutions	8,287,631	2,314,274
Deposits and other accounts	(31,180,589)	53,730,971
Other liabilities	(1,003,297)	3,937,721
	<u>(22,674,391)</u>	<u>60,817,151</u>
	19,409,179	2,083,707
(Payment of) / Receipt from Staff retirement benefit funds	(301,939)	465,851
Income tax paid	(7,565,451)	(3,380,266)
Net cash flow generated from operating activities	<u>11,541,789</u>	<u>(830,708)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(7,911,338)	1,268,892
Dividend income received	276,323	364,040
Investments in operating fixed assets	(1,148,561)	(1,749,254)
Sale proceeds from disposal operating fixed assets	73,097	381,267
Net cash outflow from investing activities	<u>(8,710,479)</u>	<u>264,945</u>
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Receipt of sub-ordinated loan	(4,048)	5,997,152
Dividend paid	(1,011,719)	(3,945,703)
Net cash (outflow) / inflow from financing activities	<u>(1,015,767)</u>	<u>2,051,449</u>
	1,815,543	1,485,686
Exchange difference on translation of net investment in foreign branches	1,216,538	3,823,859
Increase in cash and cash equivalents during the period	3,032,081	5,309,545
Cash and cash equivalents at beginning of the period	57,567,139	61,717,579
Cash and cash equivalents at end of the period	<u>60,599,220</u>	<u>67,027,124</u>

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

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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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)							
Balance as at January 1, 2008	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)
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)
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 the Nine months ended September 30, 2008							
Profit after taxation for the nine months ended September 30, 2008	-	-	-	-	-	8,831,375	8,831,375
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	241,260	241,260
Exchange difference on translation of net investment in foreign branches	-	-	3,823,859	-	-	-	3,823,859
Net expense recognised directly in equity	-	-	3,823,859	-	-	241,260	4,065,119
Total recognised income and expense for the period	-	-	3,823,859	-	-	9,072,635	12,896,494
Transfer to statutory reserves	-	1,766,275	-	-	-	(1,766,275)	-
Balance as at September 30, 2008	10,117,188	10,476,026	5,376,066	-	-	16,990,922	42,960,202
Changes in equity during the three months ended December 31, 2008							
Profit after taxation for the three months ended December 31, 2008	-	-	-	-	-	(498,255)	(498,255)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	11,758	11,758
Net loss on cash flow hedge - net of deferred tax	-	-	-	-	(276,633)	-	(276,633)
Exchange difference on translation of net investment in foreign branches	-	-	25,705	-	-	-	25,705
Net expense recognised directly in equity	-	-	25,705	-	(276,633)	11,758	(239,170)
	-	-	25,705	-	(276,633)	(486,497)	(737,425)
Transfer to statutory reserves	-	(99,651)	-	-	-	99,651	-
Balance as at December 31, 2008	10,117,188	10,376,375	5,401,771	-	(276,633)	16,604,076	42,222,777
Final cash dividend for the year ended December 31, 2008 declared subsequent to year end at Re. 1.0 per share	-	-	-	-	-	(1,011,719)	(1,011,719)
Transfer to reserve for issue of bonus shares	-	-	-	1,011,719	-	(1,011,719)	-
Issue of bonus shares	1,011,719	-	-	(1,011,719)	-	-	-
Changes in equity during the nine months ended September 30, 2009							
Profit after taxation for the nine months ended September 30, 2009	-	-	-	-	-	6,367,241	6,367,241
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	190,788	190,788
Cash flow hedge - Reclassification to profit & loss account	-	-	-	-	74,348	-	74,348
Exchange difference on translation of net investment in foreign branches	-	-	1,216,538	-	-	-	1,216,538
Net expense recognised directly in equity	-	-	1,216,538	-	74,348	190,788	1,481,674
	-	-	1,216,538	-	74,348	6,558,029	7,848,915
Transfer to statutory reserves	-	1,273,448	-	-	-	(1,273,448)	-
Balance as at September 30, 2009	11,128,907	11,649,823	6,618,309	-	(202,285)	19,865,219	49,059,973

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

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Director

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Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 1,121 (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 September 30, 2009. The domestic branch network includes 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

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.

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.

3. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements for six 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.

During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 1 – Presentation of Financial Statements (Revised)
- IAS 23 – Borrowing Costs (Revised)
- IAS 32 - Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments
- IFRS 2 – Share-Based Payment – Vesting Conditions and Cancellations
- IFRS 4 – Insurance Contracts
- IFRS 8 – Operating Segments
- IFRIC 13 – Customer Loyalty Programs
- IFRIC 15 – Agreements for the Construction of Real Estate

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended 31 December 2008. However, the revised IAS 1 was issued in September 2007 with subsequent amendments in November 2008 and was effective for financial years beginning on or after 1 January 2009. As the standard separates owner and non-owner changes in equity, the statement of changes in equity will include only details of transactions attributable to or with owners, with non-owner changes in equity presented as a single line as "other component of equity". In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. Since the bank has strictly followed the format of half-yearly financial statements prescribed by the SBP through the BSD Circular Letter No. 2 of 2004, therefore the above referred changes introduced through IAS 1 (revised) have not been taken into consideration in the preparation of these half-yearly financial statements.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, 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 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	Sep 30, 2009			Dec 31, 2008		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
-----Rupees in '000-----							
Held-for-trading securities	7.2.1	3,534,641	4,524,979	8,059,620	4,566,803	-	4,566,803
Available-for-sale securities	7.2.2	62,734,982	15,951,878	78,686,860	81,784,473	14,269,456	96,053,929
Held-to-maturity securities	7.2.3	44,394,417	-	44,394,417	22,944,229	-	22,944,229
Investments in Associates	7.2.4	5,468,812	-	5,468,812	2,899,663	-	2,899,663
Investments in Subsidiaries	7.2.5	2,201,948	-	2,201,948	2,201,948	-	2,201,948
		<u>118,334,800</u>	<u>20,476,857</u>	<u>138,811,657</u>	<u>114,397,116</u>	<u>14,269,456</u>	<u>128,666,572</u>
Provision for diminution in value of investments		(1,936,856)	-	(1,936,856)	(2,536,770)	-	(2,536,770)
Investments (net of provisions)		<u>116,397,944</u>	<u>20,476,857</u>	<u>136,874,801</u>	<u>111,860,346</u>	<u>14,269,456</u>	<u>126,129,802</u>
Deficit on revaluation of available for sale investments		(3,019,731)	25,668	(2,994,063)	(9,672,239)	(109,728)	(9,781,967)
Surplus / (Deficit) on revaluation of held for trading investments		(7,633)	(11,139)	(18,772)	(19,547)	-	(19,547)
Total investments		<u>113,370,581</u>	<u>20,491,385</u>	<u>133,861,966</u>	<u>102,168,560</u>	<u>14,159,728</u>	<u>116,328,288</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

7.2 Investments by types	Sep 30, 2009			Dec 31, 2008		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rupees in '000)-----						
7.2.1 Held for trading securities						
Market treasury bills	2,414,093	4,524,979	6,939,072	4,202,368	-	4,202,368
Ordinary shares of listed companies	-	-	-	348,506	-	348,506
Pakistan Investment Bonds	1,120,548	-	1,120,548	15,929	-	15,929
	3,534,641	4,524,979	8,059,620	4,566,803	-	4,566,803
7.2.2 Available for sale securities						
Market Treasury Bills	19,122,945	15,951,878	35,074,823	33,775,219	13,841,226	47,616,445
Pakistan Investment Bonds	16,134,683	-	16,134,683	16,777,690	428,230	17,205,920
Foreign currency bonds	14,388,729	-	14,388,729	15,235,129	-	15,235,129
Ordinary shares of listed companies	3,213,390	-	3,213,390	5,880,749	-	5,880,749
Government of Pakistan Islamic Bonds	4,875,780	-	4,875,780	2,493,607	-	2,493,607
Euro Bonds	2,419,661	-	2,419,661	4,341,320	-	4,341,320
Term Finance Certificates	1,946,943	-	1,946,943	2,172,435	-	2,172,435
Ordinary shares of unlisted companies	441,552	-	441,552	441,465	-	441,465
Units of mutual funds	191,299	-	191,299	211,583	-	211,583
Sukuk Bonds	-	-	-	455,276	-	455,276
	62,734,982	15,951,878	78,686,860	81,784,473	14,269,456	96,053,929
7.2.3 Held to maturity securities						
Term Finance Certificates	25,307,015	-	25,307,015	4,915,803	-	4,915,803
Market Treasury Bills	9,478,880	-	9,478,880	1,263,178	-	1,263,178
Pakistan Investment Bonds	2,506,471	-	2,506,471	4,339,104	-	4,339,104
CIRC Bonds	1,400,000	-	1,400,000	2,900,000	-	2,900,000
Foreign securities	2,008,545	-	2,008,545	1,911,320	-	1,911,320
Government of Pakistan - Guaranteed Bonds	1,485,444	-	1,485,444	1,485,444	-	1,485,444
Sukuk Bonds	1,702,121	-	1,702,121	1,094,372	-	1,094,372
Foreign currency bonds	471,978	-	471,978	897,982	-	897,982
Participation Term Certificates	27,295	-	27,295	38,205	-	38,205
Debentures	6,252	-	6,252	6,676	-	6,676
CDC SAARC Fund	416	-	416	395	-	395
Certificate of Deposit	-	-	-	4,091,750	-	4,091,750
	44,394,417	-	44,394,417	22,944,229	-	22,944,229
7.2.4 Associates						
United Growth and Income Fund	4,004,559	-	4,004,559	1,504,559	-	1,504,559
United Composite Islamic Fund	441,462	-	441,462	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 Liquidity Plus Fund	100,000	-	100,000	-	-	-
UBL Insurers Limited	140,735	-	140,735	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
	5,468,812	-	5,468,812	2,899,663	-	2,899,663
7.2.5 Subsidiaries						
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
Provision for diminution in value of investments	118,334,800	20,476,857	138,811,657	114,397,116	14,269,456	128,666,572
	(1,936,856)	-	(1,936,856)	(2,536,770)	-	(2,536,770)
Investments (net of provisions)	116,397,944	20,476,857	136,874,801	111,860,346	14,269,456	126,129,802
Deficit on revaluation of available for sale securities	(3,019,731)	25,668	(2,994,063)	(9,672,239)	(109,728)	(9,781,967)
Deficit on revaluation of held for trading securities	(7,633)	(11,139)	(18,772)	(19,547)	-	(19,547)
Total Investments	113,370,581	20,491,385	133,861,966	102,168,560	14,159,728	116,328,288

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

	Note	Sep 30, 2009 ----- (Rupees in '000) -----	Dec 31, 2008 ----- (Rupees in '000) -----
10. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		147,606,108	186,961,343
Savings deposits		157,524,785	156,021,485
Sundry Deposits		5,258,519	4,957,358
Margin Deposits		3,489,544	3,977,821
Current Accounts - Remunerative		2,002,030	2,064,207
Current Accounts - Non-remunerative		<u>135,947,688</u>	<u>128,380,418</u>
		<u>451,828,674</u>	<u>482,362,632</u>
Financial Institutions			
Remunerative deposits		<u>454,828</u>	<u>1,104,863</u>
Non-remunerative deposits		<u>95,971</u>	<u>92,567</u>
		<u>550,799</u>	<u>1,197,430</u>
		<u>452,379,473</u>	<u>483,560,062</u>
11. SURPLUS ON REVALUATION OF ASSETS			
Surplus arising on revaluation of assets - net of tax:			
Fixed assets		8,003,015	8,220,874
Securities	11.1	<u>(1,945,308)</u>	<u>(6,580,892)</u>
		<u>6,057,707</u>	<u>1,639,982</u>
11.1 (Deficit) / surplus on revaluation on available-for-sale securities			
Market Treasury Bills		<u>(18,993)</u>	<u>(16,685)</u>
Pakistan Investment Bonds		<u>(1,114,950)</u>	<u>(3,293,999)</u>
Quoted shares		<u>(114,758)</u>	<u>(1,892,828)</u>
Mutual fund units		<u>(402)</u>	<u>(9,837)</u>
Term Finance Certificates, Sukuks, Other Bonds etc.		<u>(55,408)</u>	<u>(53,850)</u>
Overseas securities		<u>(1,689,552)</u>	<u>(4,514,768)</u>
		<u>(2,994,063)</u>	<u>(9,781,967)</u>
Related deferred tax asset		<u>1,048,755</u>	<u>3,201,075</u>
		<u>(1,945,308)</u>	<u>(6,580,892)</u>
12. CONTINGENCIES AND COMMITMENTS			
12.1 Direct Credit Substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		12,482,328	12,725,414
Banking companies and other financial institutions		4,068,068	4,865,333
Others		<u>7,502,297</u>	<u>8,642,081</u>
		<u>24,052,694</u>	<u>26,232,828</u>
12.2 Transaction-related Contingent Liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
Government		71,490,927	60,706,466
Banking companies and other financial institutions		3,239,490	4,115,594
Others		<u>19,686,414</u>	<u>17,061,793</u>
		<u>94,416,831</u>	<u>81,883,853</u>
12.3 Trade-related Contingent Liabilities			
Contingent liabilities in respect of letters of credit opened favouring:			
Government		64,351,114	68,756,444
Others		<u>73,390,311</u>	<u>71,862,882</u>
		<u>137,741,425</u>	<u>140,619,326</u>
12.4 Other Contingencies			
Claims against the bank not acknowledged as debts			
		<u>19,879,096</u>	<u>17,230,124</u>
12.5 Commitments in respect of forward lending			
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.			
12.6 Other commitments			
		Sep 30, 2009	Dec 31, 2008
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Forward purchase contracts of government securities		<u>-</u>	<u>10,065,070</u>
Forward sale contracts of government securities		<u>-</u>	<u>8,611,020</u>
Interest rate swaps		<u>11,055,882</u>	<u>20,758,372</u>
Equity options		<u>-</u>	<u>355,943</u>
Cross currency swaps		<u>36,852,361</u>	<u>15,948,869</u>
Forward rate agreements		<u>-</u>	<u>850,000</u>
FX options		<u>-</u>	<u>25,460,283</u>
Commodity options		<u>-</u>	<u>39,545</u>
Swaption		<u>2,494,446</u>	<u>-</u>
Commitments in respect of capital expenditure		<u>324,483</u>	<u>1,182,316</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

	Note	Sep 30, 2009	Dec 31, 2008
		----- (Rupees in '000) -----	
12.7 Commitments in respect of forward exchange contracts			
Sale		68,285,268	55,225,610
Purchase		71,561,408	79,548,383
		Jan-Sep 2009	Jan-Sep 2008
		----- (Rupees in '000) -----	
13. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances			
- Customers		34,655,186	28,096,193
- Financial institutions		478,792	495,699
		35,133,978	28,591,892
On investments in			
- Securities		10,303,908	7,001,325
- Associates and subsidiaries		94,442	1,465
		10,398,350	7,002,790
On deposits with financial institutions		90,727	362,372
On securities purchased under resale agreements		888,752	1,010,828
Discount income		16,681	18,278
		46,528,488	36,986,160
14. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		17,687,194	12,019,486
On securities sold under repurchase agreements		1,402,449	1,840,163
On other short - term borrowings		1,971,492	1,183,702
On other long - term borrowings		1,003,406	962,700
Discount expense		274,721	156,546
		22,339,262	16,162,597
15. ADMINISTRATIVE EXPENSES			
Salaries, allowances etc.		5,611,816	5,279,449
Rent, taxes, insurance, electricity etc.		1,487,742	1,174,863
Depreciation		1,209,235	1,115,485
Outsourced service charges including sales commission		975,930	1,311,221
Communications		533,281	473,853
Banking service charge		381,719	300,172
Cash transportation charges		261,687	153,952
Stationery and printing		235,039	189,960
Legal and professional charges		154,957	218,599
Contribution to retirement plan		92,728	(167,853)
Advertisement and publicity	15.1	125,424	198,868
Repairs and maintenance		228,674	189,379
Travelling		112,000	132,730
Office running expenses		112,388	82,023
Charge for compensated absences		105,693	94,251
Vehicle expenses		74,396	80,494
Entertainment		64,571	60,825
Cartage, freight and conveyance		51,898	49,864
Insurance		125,743	66,903
Auditors' remuneration		33,950	21,699
Training and seminar		33,003	41,562
Brokerage expenses		14,867	17,981
Subscriptions		21,132	22,068
Donations		54,117	7,051
Miscellaneous expenses		178,186	214,889
		12,280,176	11,330,288

15.1. This includes amount of Ex Gratia amounting to Rs.148 million given to Employee Provident Fund.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

16. TAXATION

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.

For tax year 2008 (financial year ended December 31, 2007) the taxation authorities have issued an amended assessment order under section 122(5A) of the Ordinance determining additional tax liability of Rs. 1,609 million. The Bank has filed an appeal before the Commissioner of Income Tax (Appeals) [CIT (A)] against the said additional liability, for which hearing is still pending. 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 under section 122(5A) of the Ordinance, which were further rectified under section 221 of the Ordinance determining additional tax liability of Rs.3,564 million. Appeals filed by the Bank before the CIT (A) against these amended assessments have been decided, by allowing relief on certain issues. However, for remaining issues appeals have been filed before the Income Tax Appellate Tribunal (ITAT). The return for the tax year 2003 was selected for audit under section 177 of the Ordinance and the amended assessment order was passed, which has been contested before the CIT(A). The management is confident that the appeals will be decided in the favour of the Bank.

Tax liabilities for tax years 2004 to 2008 have been paid except to the extent of relief allowed by the CIT(A) for tax years 2004 to 2007.

In respect of Azad Kashmir Branches for the tax years 2005 to 2009 (financial years ended December 31, 2004 to 2008) 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.

During the period, amendments were brought in through Finance Act 2009 regarding allowance of provision against non performing loans and off balance sheet exposures applicable from Tax year 2010 (accounting year Dec 31, 2009) and onwards. The Bank has accounted for these in the tax computation for the period, therefore, in accordance with the law, provision under the category of doubtful and loss category have been treated as allowed subject to a maximum limit of 1% of advances, consequently a deferred tax asset of Rs. 1,349 million is recognized relating to amounts allowed to be carried forward to future years. Based upon the legal opinion of the tax advisor, the Bank is confident that these disallowances and any relating to prior periods, which approximates to Rs.4,745 million, would be allowed to the bank in future periods against available profits and hence, the same has been carried forward as an tax asset in these interim condensed financial statements.

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the Period Ended September 30, 2009			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	(Rupees in '000)			
Total income - gross	437,697	12,298,298	18,425,092	23,332,698
Total expenses	(486,029)	(9,762,257)	(13,156,797)	(21,137,103)
Net income / (loss)	(48,332)	2,536,041	5,268,294	2,195,595
Segment return on assets (ROA) (%)	6.82%	10.70%	13.95%	14.75%
Segment cost of funds (%)	12.56%	10.60%	10.23%	10.55%

	For the Period Ended September 30, 2008			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	(Rupees in '000)			
Total income	905,042	10,593,146	16,186,498	18,188,367
Total expenses	(145,101)	(8,593,994)	(12,301,738)	(11,094,904)
Net income / (loss)	759,941	1,999,152	3,884,760	7,093,463
Segment return on assets (ROA) (%)	11.78%	7.62%	11.00%	11.95%
Segment cost of funds (%)	10.30%	7.45%	8.63%	8.75%

	As at September 30, 2009			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	(Rupees in '000)			
Segment assets (gross of NPL provisions)	6,419,168	152,542,917	210,742,300	249,400,428
Segment non performing loans (NPL)	-	-	20,453,571	17,540,480
Segment provision required against NPL	-	-	14,523,947	11,503,862
Segment liabilities	5,634,581	136,955,002	195,117,982	200,251,759

	As at December 31, 2008			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	(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	166,115,798	180,440,130	205,050,822

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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18. RELATED PARTY TRANSACTIONS

The Bank has related party relationships 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.

	For the Period Ended September 30 , 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) -----							
Advances								
At January 01	148,875	-	-	-	80,592	-	-	-
Given during the period / year	26,766	-	-	-	135,743	-	-	-
Repaid during the period / year	(59,126)	-	-	-	(67,460)	-	-	-
At September 30, 2009	116,515	-	-	-	148,875	-	-	-
Deposits								
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	233,348	35,011,265	12,266,120	855,613	543,947	230,977,388	44,273,279	2,034,774
Withdrawn during the period / year	(228,298)	(35,041,044)	(12,259,933)	(853,434)	(538,050)	(230,945,602)	(44,357,464)	(7,591,543)
At September 30, 2009	25,199	6,056	153,888	310,526	20,149	35,835	147,701	308,347
Balances with other banks / (Overdrawn)	-	(87,575)	-	-	-	2,555,801	-	-
Outstanding placement at the end of the period / year	-	427,837	-	-	-	406,999	-	-
Outstanding borrowing at the end of the period / year	-	-	300,000	-	-	-	850,000	-
Payable in respect of acquisition of investment in equity shares	-	-	-	-	-	30,000	-	-
Distribution commission receivable	-	2,635	-	-	-	6,586	-	-
Other receivable	-	-	117,128	-	-	-	37,954	4,458
Other payable	-	-	1,079	-	-	-	164,932	-
Unearned income	-	870	-	-	-	435	-	-
Employee Motivation and Retention Scheme	-	-	-	355,213	-	-	-	338,552
Term Finance Certificate (Sale) / purchased	-	-	-	-	-	-	1,898,783	-

	For the Period Ended September 30 , 2009				For the Period Ended September 30 , 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	5,674	17,718	-	-	3,826	2,978	-	-
Mark-up / return / interest expensed	381	338	56,724	816	95	2,069	48,578	378
Dividend income received	-	18,287	76,155	-	-	-	49,578	-
Other expenses paid	-	-	-	-	-	1,066	137,971	-
Other income	-	1,305	558	-	-	-	37,299	-
Insurance premium paid	-	-	199,479	-	-	-	95,359	-
Remuneration paid	247,187	-	-	-	229,739	-	-	-
Post employment benefits	8,311	-	-	-	8,062	-	-	-
Contribution to defined contribution plan	-	-	-	429,743	-	-	-	186,275
Contribution to defined benefit plan	-	-	-	248,169	-	-	-	262,599
Employee Motivation and Retention Scheme	-	-	-	150,005	-	-	-	230,000
Distribution commission income	-	3,983	-	-	-	2,496	-	-
Distribution commission expense	-	-	-	-	-	3,511	-	-
Placements made during the period	-	831,472	-	-	-	160,920	20,000	-
Placements settled during the period	-	-	-	-	-	183,928	-	-
Maximum amount of a placement made during the period	-	831,472	-	-	-	250	-	-
Borrowing made during the period	-	-	3,829,043	-	-	1,259,753	-	-
Borrowing settled during the period	-	-	3,529,043	-	-	1,259,753	-	-
Maximum amount of a borrowing made during the period	-	-	1,279,043	-	-	346,800	-	-
Investment made during the period	-	-	4,437,264	-	-	-	3,212,687	-
Redemption made during the period	-	-	70,266	-	-	-	11,270,195	-
Realised gain on cross currency swaps	-	-	597,878	-	-	-	-	-
Unrealised loss on cross currency swaps	-	-	216,011	-	-	-	-	-
Bonus units received	-	-	778,925	-	-	-	49,578	-

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009**
19. ISLAMIC BANKING BUSINESS

The balance sheet of the bank's Islamic Banking Branches as at September 30, 2009 is as follows:

	Sep 30, 2009	Dec 31, 2008
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	127,575	259,264
Balances with and due from financial institutions	178,784	421,325
Investments	1,162,560	1,186,757
Financing and receivables		
- Murabaha	152,600	92,060
- Musharaka	222,222	250,000
- Diminishing Musharaka	268,944	127,850
Operating fixed assets including assets given on Ijara	671,168	848,086
Other assets	133,958	148,826
Total Assets	2,917,811	3,334,168
LIABILITIES		
Bills payable	22,558	24,838
Deposits and other accounts		
- Current accounts	437,880	464,204
- Saving accounts	160,087	270,276
- Term deposits	380,417	413,322
- Deposits from financial institutions - remunerative	450,914	844,455
Due to head office	922,407	1,145,380
Other liabilities	59,313	61,192
	2,433,576	3,223,667
NET ASSETS	484,235	110,501
REPRESENTED BY		
Islamic Banking Fund	681,000	470,000
Unremitted loss	(196,363)	(346,051)
	484,637	123,949
Deficit on revaluation of assets	(402)	(13,448)
	484,235	110,501

The profit and loss account of the bank's Islamic Banking Branches for the half year ended September 30, 2009 is as follows:

	Jan-Sep 2009	Jan-Sep 2008
	----- (Rupees in '000) -----	
Profit earned	355,472	236,525
Profit paid	79,925	54,308
	275,547	182,217
Reversal for diminution in value of investment	96,132	-
Provision against assets given on Ijara	484	9,532
	96,616	9,532
Net Profit	372,163	172,685
OTHER INCOME		
Fee, commission and brokerage income	2,229	1,201
Dividend income	9,044	20,166
Income from dealing in foreign currencies	560	114
Loss on sale of securities	(11,355)	-
Other Income	2,322	6,970
Total other income	2,800	28,451
	374,963	201,136
OTHER EXPENSES		
Administrative expenses	225,275	212,880
Other charges	-	-
Total other expenses	225,275	212,880
Net gain / (loss)	149,688	(11,744)
Unappropriated loss brought forward	(346,051)	(156,130)
Unremitted loss	(196,363)	(167,874)
	1,354	2,467

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. Ashfaque Hasan Khan
Director

 Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

 Nahayan Mabarak Al Nahaya
Chairman