

United Bank Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)**



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2012**

	Note	(Un-audited) September 30, 2012	(Audited) December 31, 2011
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		74,128,293	86,502,444
Balances with other banks		14,673,588	18,740,309
Lendings to financial institutions	6	24,463,303	10,021,390
Investments	7	367,994,584	301,106,877
Advances	8	378,739,234	341,139,519
Operating fixed assets	9	27,187,029	25,722,481
Deferred tax asset - net		301,040	1,991,667
Other assets		22,594,158	21,980,101
		910,081,229	807,204,788
LIABILITIES			
Bills payable		8,353,470	5,879,043
Borrowings	10	78,573,965	49,955,704
Deposits and other accounts	11	697,388,348	634,779,589
Sub-ordinated loans		9,319,264	11,317,080
Liabilities against assets subject to finance lease		2,285	-
Deferred tax liability - net		-	-
Other liabilities		19,085,035	19,352,726
		812,722,367	721,284,142
NET ASSETS		97,358,862	85,920,646
REPRESENTED BY			
Share capital		12,241,798	12,241,798
Reserves		31,056,442	27,495,959
Unappropriated profit		36,770,057	34,207,654
Total equity attributable to the equity holders of the Bank		80,068,297	73,945,411
Non-controlling interest		2,712,330	2,324,385
		82,780,627	76,269,796
Surplus on revaluation of assets - net of deferred tax	12	14,578,235	9,650,850
		97,358,862	85,920,646
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Rana Assad Amin
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Note	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	19,732,001	18,690,009	56,685,115	53,197,019
Mark-up / return / interest expensed	15	(9,511,776)	(8,223,404)	(26,805,081)	(23,072,829)
Net mark-up / interest income		10,220,225	10,466,605	29,880,034	30,124,190
Provision against loans and advances - net		(1,735,043)	(1,419,145)	(2,694,647)	(5,831,076)
Provision against lendings to financial institutions - net		(15)	-	(171,039)	(91,354)
Provision for diminution in value of investments - net		(98,966)	(46,468)	(78,068)	(254,013)
Bad debts written off directly		(69,333)	(103,324)	(263,793)	(336,440)
		(1,903,357)	(1,568,937)	(3,207,547)	(6,512,883)
Net mark-up / interest income after provisions		8,316,868	8,897,668	26,672,487	23,611,307
Non mark-up / interest income					
Fee, commission and brokerage income		2,255,443	1,930,218	6,827,658	5,587,706
Dividend income		77,704	34,198	374,336	131,186
Income from dealing in foreign currencies		502,424	459,252	1,577,926	1,567,887
Gain on sale of securities - net		217,773	49,889	718,791	255,965
Unrealized gain on revaluation of investments classified as held for trading		11,795	108,475	891	62,356
Other income		2,841,914	641,626	3,671,447	1,748,649
Total non mark-up / interest income		5,907,053	3,223,658	13,171,049	9,353,749
		14,223,921	12,121,326	39,843,536	32,965,056
Non mark-up / interest expenses					
Administrative expenses	16	(6,503,401)	(5,396,149)	(18,745,216)	(15,908,196)
Other provisions - net		(44,900)	(14,724)	(212,848)	(1,020)
Workers' welfare fund		(146,976)	(151,367)	(425,398)	(370,971)
Other charges		(25,231)	(67,661)	(77,622)	(178,622)
Total non mark-up / interest expenses		(6,720,508)	(5,629,901)	(19,461,084)	(16,458,809)
		7,503,413	6,491,425	20,382,452	16,506,247
Share of income / (loss) of associates		652,304	(26,109)	1,712,614	(100,669)
Profit before taxation		8,155,717	6,465,316	22,095,066	16,405,578
Taxation					
- Current	17	(2,624,991)	(2,672,451)	(7,232,782)	(6,492,146)
- Prior		(491,853)	(370,165)	(491,853)	(362,636)
- Deferred		576,600	766,301	653,504	1,047,953
		(2,540,244)	(2,276,315)	(7,071,131)	(5,806,829)
Profit after taxation		5,615,473	4,189,001	15,023,935	10,598,749
Attributable to:					
Equity shareholders of the Bank		5,553,753	4,176,252	14,938,916	10,596,978
Non-controlling interest		61,720	12,749	85,019	1,771
		5,615,473	4,189,001	15,023,935	10,598,749
----- (Rupees) -----					
Earnings per share - basic and diluted		4.54	3.41	12.20	8.66

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
President &
Chief Executive Officer

Rana Assad Amin
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
	----- (Rupees in '000) -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	5,553,753	4,176,252	14,938,916	10,596,978
Non-controlling interest	<u>61,720</u>	<u>12,749</u>	<u>85,019</u>	<u>1,771</u>
	<u>5,615,473</u>	<u>4,189,001</u>	<u>15,023,935</u>	<u>10,598,749</u>
Other comprehensive income:				
Exchange differences on translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	<u>325,431</u>	<u>327,888</u>	<u>2,116,656</u>	<u>896,100</u>
- Non-controlling interest	<u>137,708</u>	<u>(23,448)</u>	<u>302,926</u>	<u>73,051</u>
	<u>463,139</u>	<u>304,440</u>	<u>2,419,582</u>	<u>969,151</u>
Gain on cash flow hedges	<u>14,321</u>	<u>24,301</u>	<u>50,707</u>	<u>79,439</u>
Related deferred tax liability on cash flow hedges	<u>(5,012)</u>	<u>(8,506)</u>	<u>(17,747)</u>	<u>(27,804)</u>
	<u>9,309</u>	<u>15,795</u>	<u>32,960</u>	<u>51,635</u>
	<u>472,448</u>	<u>320,235</u>	<u>2,452,542</u>	<u>1,020,786</u>
Comprehensive income transferred to equity - net of tax	<u><u>6,087,921</u></u>	<u><u>4,509,236</u></u>	<u><u>17,476,477</u></u>	<u><u>11,619,535</u></u>

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	September 30, 2012 ----- (Rupees in '000) -----	September 30, 2011 -----
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	22,095,066	16,405,578
Less: Dividend income	(374,336)	(131,186)
Share of (income) / loss of associates	(1,712,614)	100,669
	<u>20,008,116</u>	<u>16,375,061</u>
Adjustments:		
Depreciation	1,173,389	1,188,837
Amortization	309,474	224,067
Workers' welfare fund	425,398	370,971
Provision for retirement benefits	542,501	316,242
Provision against loans and advances	2,694,647	5,831,076
Provision against lendings to financial institutions	171,039	91,354
Provision for diminution in value of investments	78,068	254,013
Gain on sale of fixed assets	(23,192)	(9,827)
Other provisions - net	212,848	1,020
Amortization of cash flow hedges	50,707	79,439
Unrealized gain on revaluation of investments classified as held for trading	(891)	(62,356)
Bad debts written off directly	263,793	336,440
	<u>5,897,781</u>	<u>8,621,276</u>
	25,905,897	24,996,337
(Increase) / decrease in operating assets		
Lendings to financial institutions	(14,612,952)	(4,251,231)
Held for trading securities	(12,768,455)	(8,044,629)
Advances	(40,558,155)	(2,900,318)
Other assets - (excluding advance taxation)	(125,731)	(2,686,595)
	<u>(68,065,293)</u>	<u>(17,882,773)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,474,427	1,078,903
Borrowings	28,618,261	14,510,819
Deposits and other accounts	62,608,759	8,576,781
Other liabilities - (excluding current taxation)	(913,979)	(1,802,270)
	<u>92,787,468</u>	<u>22,364,233</u>
	50,628,072	29,477,797
Staff retirement benefits paid	(222,429)	(105,405)
Income tax paid	(8,462,864)	(6,083,029)
Net cash inflow from operating activities	<u>41,942,779</u>	<u>23,289,363</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(45,240,007)	(30,325,582)
Dividend income received	376,427	122,504
Investment in operating fixed assets	(3,020,878)	(1,676,842)
Sale proceeds from disposal of operating fixed assets	96,659	72,901
Net cash used in investing activities	<u>(47,787,799)</u>	<u>(31,807,019)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of subordinated loans	(1,997,816)	(668,668)
Dividend paid	(11,017,618)	(6,732,989)
Net cash used in financing activities	<u>(13,015,434)</u>	<u>(7,401,657)</u>
	<u>(18,860,454)</u>	<u>(15,919,313)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	2,116,656	896,100
- Non-controlling interest	302,926	73,051
Decrease in cash and cash equivalents during the period	(16,440,872)	(14,950,162)
Cash and cash equivalents at the beginning of the period	105,242,753	94,098,154
Cash and cash equivalents at the end of the period	<u>88,801,881</u>	<u>79,147,992</u>

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Attributable to equity shareholders of the Bank								Non-controlling interest	Total
	Share Capital	General reserve	Statutory reserve	Capital reserves		Employee stock option reserve	Unappropriated profit	Sub total		
				Exchange translation reserve	Cash flow hedge reserve					
(Rupees in '000)										
Balance as at January 1, 2011 (Audited)	12,241,798	3,000	14,462,696	9,765,294	(129,152)	-	27,576,333	63,919,969	2,207,241	66,127,210
Transactions with owners recorded directly in equity for the nine months ended September 30, 2011										
Final cash dividend - December 31, 2010 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - June 30, 2011 declared at Rs.1.5 per share	-	-	-	-	-	-	(1,836,270)	(1,836,270)	-	(1,836,270)
Total comprehensive income for the nine months ended September 30, 2011										
Profit after taxation for the nine months ended September 30, 2011	-	-	-	-	-	-	10,596,978	10,596,978	1,771	10,598,749
Other comprehensive income - net of tax	-	-	-	896,100	51,635	-	-	947,735	73,051	1,020,786
Total comprehensive income for the nine months ended September 30, 2011	-	-	-	896,100	51,635	-	10,596,978	11,544,713	74,822	11,619,535
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	190,588	190,588	-	190,588
Transfer to statutory reserves	-	-	1,095,245	-	-	-	(1,095,245)	-	-	-
Balance as at September 30, 2011 (Un-audited)	12,241,798	3,000	15,557,941	10,661,394	(77,517)	-	30,535,666	68,922,282	2,282,063	71,204,345
Total comprehensive income for the three months ended December 31, 2011										
Profit after taxation for the three months ended December 31, 2011	-	-	-	-	-	-	4,257,807	4,257,807	30,557	4,288,364
Other comprehensive income - net of tax	-	-	-	870,147	15,522	-	-	885,669	11,765	897,434
Total comprehensive income for the three months ended December 31, 2011	-	-	-	870,147	15,522	-	4,257,807	5,143,476	42,322	5,185,798
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(121,545)	(121,545)	-	(121,545)
Employee stock option reserve	-	-	-	-	-	1,199	-	1,199	-	1,199
Transfer to statutory reserve	-	-	464,273	-	-	-	(464,273)	-	-	-
Balance as at December 31, 2011 (Audited)	12,241,798	3,000	16,022,214	11,531,541	(61,995)	1,199	34,207,654	73,945,411	2,324,385	76,269,796
Transactions with owners recorded directly in equity for the nine months ended September 30, 2012										
Final cash dividend - December 31, 2011 declared subsequent to the year end at Rs.6.0 per share	-	-	-	-	-	-	(7,345,078)	(7,345,078)	-	(7,345,078)
Interim cash dividend - March 31, 2012 declared at Re.1.0 per share	-	-	-	-	-	-	(1,224,180)	(1,224,180)	-	(1,224,180)
Interim cash dividend - June 30, 2012 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Total comprehensive income for the nine months ended September 30, 2012										
Profit after taxation for the nine months ended September 30, 2012	-	-	-	-	-	-	14,938,916	14,938,916	85,019	15,023,935
Other comprehensive income - net of tax	-	-	-	2,116,656	32,960	-	-	2,149,616	302,926	2,452,542
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	2,116,656	32,960	-	14,938,916	17,088,532	387,945	17,476,477
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,972	51,972	-	51,972
Transfer to statutory reserves	-	-	1,410,867	-	-	-	(1,410,867)	-	-	-
Balance as at September 30, 2012 (Un-audited)	12,241,798	3,000	17,433,081	13,648,197	(29,035)	1,199	36,770,057	80,068,297	2,712,330	82,780,627

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
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Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

Holding Company

United Bank Limited (the Bank)

Subsidiary Companies

United National Bank Limited (UNBL), United Kingdom

United Bank AG (Zurich) (UBAG), Switzerland

UBL Bank (Tanzania) Limited, Tanzania

United Executors and Trustees Company Limited (UET), Pakistan

UBL Fund Managers Limited (UBLFM), Pakistan

The Group is engaged in commercial banking, asset management, investment advisory and investments business. 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 1,228 (December 31, 2011: 1,218) branches inside Pakistan including 16 (December 31, 2011: 14) Islamic Banking branches and 1 (December 31, 2011: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2011: 17) branches outside Pakistan as at September 30, 2012.

The Bank's ordinary shares are listed on all three stock exchanges in Pakistan. Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the 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.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UNBL.

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 (SBP) 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 consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Group 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 Group have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 20 to these consolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34, Interim Financial Reporting, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (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 consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated annual financial statements of the Group for the year ended December 31, 2011.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

- 3.4** On August 14, 2009, the Government of Pakistan (GoP) launched the Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-SOEs.

The Scheme needs to be accounted for by the covered entities, including the Bank, under the provisions of amended IFRS 2: Share Based Payments. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff costs of the Bank for the period would have been higher by Rs. 508 million (September 30, 2011: Rs. 98 million), profit before taxation would have been lower by Rs.508 million (September 30, 2011: Rs.98 million), unappropriated profit would have been lower by Rs.1,204 million (December 31, 2011: Rs.696 million) and reserves would have been higher by Rs 1,204 million (December 31, 2011: Rs.696 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs.0.42 per share (September 30, 2011: Rs.0.08 per share).

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2011 other than as disclosed in note 4.3 below.

- 4.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2011.

4.3 New standards, interpretations and amendments thereof, adopted by the Group

During the period, the following amended accounting standard has been adopted by the Group:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 12 Income Taxes (Amendment) - Recovery of underlying assets	January 01, 2012

Adoption of the above standard did not have any material effect on these consolidated condensed interim financial statements.

5. BASIS OF MEASUREMENT

- 5.1** These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.

- 5.2** The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements of the Group for the year ended December 31, 2011.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
Call money lendings	355,000	130,000
Repurchase agreement lendings	2,328,292	-
Other lendings to financial institutions	22,326,723	10,248,027
	<u>25,010,015</u>	<u>10,378,027</u>
Provision against lendings to financial institutions	(546,712)	(356,637)
	<u>24,463,303</u>	<u>10,021,390</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**
7. INVESTMENTS

7.1 Investments by types	(Un-audited)			(Audited)			
	September 30, 2012			December 31, 2011			
	Note	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----							
7.1.1 Held for trading securities							
Market Treasury Bills		12,646,813	-	12,646,813	692,705	-	692,705
Pakistan Investment Bonds		619,831	-	619,831	-	-	-
Ordinary shares of listed companies		384,121	-	384,121	386,782	-	386,782
Government of Pakistan Sukuk		202,000	-	202,000	-	-	-
Term Finance Certificates		92,444	-	92,444	101,174	-	101,174
Units of mutual funds		49,316	-	49,316	44,252	-	44,252
Sukuk Bonds		27,347	-	27,347	28,504	-	28,504
		14,021,872	-	14,021,872	1,253,417	-	1,253,417
7.1.2 Available for sale securities							
Market Treasury Bills		74,535,847	59,491,100	134,026,947	100,056,116	28,236,295	128,292,411
Pakistan Investment Bonds		50,620,501	1,229,445	51,849,946	28,741,922	-	28,741,922
Government of Pakistan Sukuk		9,045,643	-	9,045,643	7,666,532	-	7,666,532
Government of Pakistan Eurobonds		10,539,077	-	10,539,077	7,373,609	-	7,373,609
Ordinary shares of listed companies		4,131,939	-	4,131,939	5,806,330	-	5,806,330
Preference shares		501,559	-	501,559	485,936	-	485,936
Ordinary shares of unlisted companies		243,126	-	243,126	445,724	-	445,724
Term Finance Certificates		2,198,648	-	2,198,648	2,146,276	-	2,146,276
Units of mutual funds		114,075	-	114,075	2,179,075	-	2,179,075
Foreign bonds		39,504,273	-	39,504,273	18,181,364	-	18,181,364
		191,434,688	60,720,545	252,155,233	173,082,884	28,236,295	201,319,179
7.1.3 Held to maturity securities							
Market Treasury Bills		34,205,235	-	34,205,235	50,545,793	-	50,545,793
Pakistan Investment Bonds		31,153,781	-	31,153,781	23,468,779	-	23,468,779
Government of Pakistan Sukuk		300,000	-	300,000	300,000	-	300,000
Government of Pakistan Guaranteed Bonds		42,708	-	42,708	51,202	-	51,202
Term Finance Certificates		3,981,552	-	3,981,552	3,832,169	-	3,832,169
Sukuk Bonds		1,512,490	-	1,512,490	1,863,468	-	1,863,468
Participation Term Certificates		4,939	-	4,939	10,661	-	10,661
Debentures		4,392	-	4,392	4,392	-	4,392
Foreign bonds		2,525,715	-	2,525,715	5,441,878	-	5,441,878
Recovery note		301,473	-	301,473	289,214	-	289,214
Commercial paper		116,600	-	116,600	50,438	-	50,438
CDC SAARC Fund		206	-	206	450	-	450
Government of Pakistan Eurobonds		170,873	-	170,873	1,986,830	-	1,986,830
		74,319,964	-	74,319,964	87,845,274	-	87,845,274
7.1.4 Associates							
United Growth and Income Fund		2,472,228	-	2,472,228	2,332,486	-	2,332,486
UBL Liquidity Plus Fund		11,572,652	-	11,572,652	5,049,099	-	5,049,099
UBL Shariah Stock Fund		467,725	-	467,725	346,862	-	346,862
United Islamic Income Fund		186,342	-	186,342	163,959	-	163,959
United Stock Advantage Fund		484,509	-	484,509	388,046	-	388,046
UBL Capital Protected Fund - II		-	-	-	113,092	-	113,092
UBL Savings Income Fund		2,640,843	-	2,640,843	2,734,011	-	2,734,011
UBL Islamic Sovereign Fund		1,561,063	-	1,561,063	1,630,032	-	1,630,032
UBL Islamic Retirement Savings Fund		123,729	-	123,729	105,062	-	105,062
UBL Retirement Savings Fund		124,156	-	124,156	106,146	-	106,146
UBL Principal Protected Fund - I		155,900	-	155,900	-	-	-
UBL Government Securities Fund		3,331,697	-	3,331,697	3,058,294	-	3,058,294
UBL Islamic Cash Fund		100,272	-	100,272	-	-	-
UBL Insurers Limited		196,134	-	196,134	188,637	-	188,637
Khushhali Bank Limited	7.2	845,205	-	845,205	-	-	-
Oman United Exchange Company, Muscat		64,843	-	64,843	66,954	-	66,954
		24,327,298	-	24,327,298	16,282,680	-	16,282,680
		304,103,822	60,720,545	364,824,367	278,464,255	28,236,295	306,700,550
Provision for diminution in value of investments		(1,124,597)	-	(1,124,597)	(2,734,622)	-	(2,734,622)
Investments (net of provisions)		302,979,225	60,720,545	363,699,770	275,729,633	28,236,295	303,965,928
Surplus / (deficit) on revaluation of available for sale securities		4,183,902	110,017	4,293,919	(2,859,684)	32,921	(2,826,763)
Surplus / (deficit) on revaluation of held for trading securities		895	-	895	(32,288)	-	(32,288)
Total Investments		307,164,022	60,830,562	367,994,584	272,837,661	28,269,216	301,106,877

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7.2 As explained in note 9.7 to the annual financial statements for the year ended December 31, 2011, a consortium led by UBL had submitted a bid for acquiring majority control of Khushhali Bank Limited (KBL). The consortium's bid was selected as the highest bid by the selling shareholders of KBL and, after completion of regulatory consents and approvals from the SBP and the Competition Commission of Pakistan, a Share Purchase Agreement was successfully executed between the Bank's consortium and the selling shareholders of KBL on June 04, 2012.

Post acquisition, UBL's direct shareholding in KBL is 29.69%. The investment in KBL is classified as an associate due to UBL's significant influence on KBL by virtue of its shareholding.

	Note	(Un-audited) September 30, 2012	(Audited) December 31, 2011
----- (Rupees in '000) -----			
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		277,220,408	258,874,253
Outside Pakistan		103,445,039	88,932,219
		<u>380,665,447</u>	<u>347,806,472</u>
Bills discounted and purchased			
Payable in Pakistan		26,062,593	18,552,309
Payable outside Pakistan		16,078,103	15,756,994
		<u>42,140,696</u>	<u>34,309,303</u>
Advances - gross		422,806,143	382,115,775
Provision against advances			
Specific		(42,800,360)	(39,967,562)
General	8.2	(1,266,549)	(1,008,694)
		<u>378,739,234</u>	<u>341,139,519</u>

8.1 Advances include Rs. 56,026 million (December 31, 2011: Rs.51,144 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2012 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially Mentioned *	319,587	-	319,587	-	-	-	-	-	-
Substandard	2,266,650	322,474	2,589,124	497,087	53,077	550,164	497,087	53,077	550,164
Doubtful	2,814,363	1,950,430	4,764,793	1,331,104	1,023,774	2,354,878	1,331,104	1,023,774	2,354,878
Loss	42,248,164	6,104,829	48,352,993	35,375,911	4,519,407	39,895,318	35,375,911	4,519,407	39,895,318
	<u>47,648,764</u>	<u>8,377,733</u>	<u>56,026,497</u>	<u>37,204,102</u>	<u>5,596,258</u>	<u>42,800,360</u>	<u>37,204,102</u>	<u>5,596,258</u>	<u>42,800,360</u>

Category of Classification	December 31, 2011 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially Mentioned *	319,428	-	319,428	-	-	-	-	-	-
Substandard	2,274,422	747,378	3,021,800	431,607	174,625	606,232	431,607	174,625	606,232
Doubtful	4,276,895	1,081,319	5,358,214	2,156,044	794,875	2,950,919	2,156,044	794,875	2,950,919
Loss	37,639,745	4,804,983	42,444,728	32,996,932	3,413,479	36,410,411	32,996,932	3,413,479	36,410,411
	<u>44,510,490</u>	<u>6,633,680</u>	<u>51,144,170</u>	<u>35,584,583</u>	<u>4,382,979</u>	<u>39,967,562</u>	<u>35,584,583</u>	<u>4,382,979</u>	<u>39,967,562</u>

* The other assets especially mentioned category pertains to agricultural finance.

8.2 General provision represents provision amounting to Rs. 272.336 million (December 31, 2011: Rs.308.153 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 894.213 million (December 31, 2011: Rs.600.541 million) pertaining to overseas advances to meet the requirements of the monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate. General provisions also include an amount of Rs. 100.000 million (December 31, 2011: Rs.100.000 million) which the Bank carries as a matter of prudence given the current economic environment, and is based on management estimates.

8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of pledged stocks and mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,877 million (December 31, 2011: Rs.3,811 million). The FSV benefit recognized will not be available for the distribution of cash or stock dividend to shareholders.

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	(Un-audited) September 30, 2012	(Audited) December 31, 2011
Note	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	1,466,594	991,841
Property and equipment	24,192,749	23,218,456
Intangible assets	1,527,686	1,512,184
9.1	27,187,029	25,722,481

9.1 Additions and disposals during the period amounted to Rs. 2,767.403 million (September 30, 2011:Rs. 1,676.841 million) and Rs. 275.943 million (September 30, 2011:Rs. 374.589 million), respectively.

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	

10. BORROWINGS
Secured

Borrowings from the State Bank of Pakistan

Export refinance scheme	8,276,526	12,384,999
Scheme for revival of SMEs and Agricultural activities in flood affected areas	-	1,675
Refinance facility for modernization of SME	34,626	42,264
Long term financing facility	3,841,135	3,516,846
Long term financing under export oriented projects	979,805	1,410,276
	13,132,092	17,356,060
Repurchase agreement borrowings	60,757,380	28,241,667
	73,889,472	45,597,727

Unsecured

Call borrowings	3,308,666	3,772,258
Overdrawn nostro accounts	105,528	7,497
Trading liabilities	848,988	-
Other borrowings	421,311	578,222
	4,684,493	4,357,977
	78,573,965	49,955,704

11. DEPOSITS AND OTHER ACCOUNTS
Customers

Fixed deposits	228,885,185	185,703,454
Savings deposits	223,877,113	207,827,764
Sundry deposits	11,007,455	7,061,853
Margin deposits	3,840,417	4,052,656
Current accounts - remunerative	5,998,065	6,464,468
Current accounts - non-remunerative	205,804,836	208,228,448
	679,413,071	619,338,643

Financial Institutions

Remunerative deposits	8,979,420	7,293,860
Non-remunerative deposits	8,995,857	8,147,086
	17,975,277	15,440,946
	697,388,348	634,779,589

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	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		
Surplus / (deficit) arising on revaluation of assets - net of tax:		
Fixed assets		
- Group's share	11,041,376	11,016,498
- Non-controlling interest	626,102	564,912
12.1	11,667,478	11,581,410
Securities		
- Group's share	2,762,537	(1,829,181)
- Non-controlling interest	128,297	(30,464)
12.2	2,890,834	(1,859,645)
Surplus / (deficit) arising on revaluation of assets of associates	19,923	(70,915)
	<u>14,578,235</u>	<u>9,650,850</u>
12.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets at January 01	16,687,720	16,394,246
Revaluation of fixed assets during the period / year	-	329,495
Exchange adjustments	138,199	69,055
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(51,972)	(69,043)
Related deferred tax liability on incremental depreciation charged during the period / year	(27,033)	(36,033)
	59,194	293,474
	<u>16,746,914</u>	<u>16,687,720</u>
Less: Related deferred tax liability on:		
Revaluation as on January 01	5,106,310	5,142,198
Exchange adjustments	159	145
Incremental depreciation charged on related assets	(27,033)	(36,033)
	5,079,436	5,106,310
	<u>11,667,478</u>	<u>11,581,410</u>
12.2 Surplus / (deficit) on revaluation of available for sale securities		
Market Treasury Bills	661,049	129,358
Pakistan Investment Bonds	2,619,560	(714,954)
Listed shares	148,300	(551,038)
Mutual fund units	(134)	(34,323)
Term Finance Certificates, Sukuks, other Bonds etc.	92,185	36,224
Foreign bonds	772,959	(1,692,030)
	4,293,919	(2,826,763)
Related deferred tax (liability) / asset	(1,403,085)	967,118
	<u>2,890,834</u>	<u>(1,859,645)</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
13. CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring:		
Government	2,952,844	2,436,053
Banking companies and other financial institutions	4,079,665	4,786,121
Others	3,237,709	2,537,724
	<u>10,270,218</u>	<u>9,759,898</u>
13.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	76,040,219	78,652,267
Banking companies and other financial institutions	4,418,095	2,788,949
Others	22,027,766	19,930,066
	<u>102,486,080</u>	<u>101,371,282</u>
13.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	41,360,964	37,415,189
Banking companies and other financial institutions	5,767,305	2,620,900
Others	103,871,453	88,267,837
	<u>150,999,722</u>	<u>128,303,926</u>
13.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>23,033,135</u>	<u>22,218,847</u>
13.5 Commitments to extend credit		
The Group 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.		
	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>133,950,636</u>	<u>142,678,300</u>
Sale	<u>112,341,763</u>	<u>100,302,537</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Note	(Un-audited) September 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011 ----- (Rupees in '000) -----
13.7 Commitments in respect of derivatives			
Forward purchase of Government securities		101,081	-
Forward sale of Government securities		9,654,991	-
Interest rate swaps		8,253,989	8,444,451
Cross currency swaps		12,709,824	35,041,839
FX Options - purchased		341,417	-
FX Options - sold		341,417	-
13.8 Commitments in respect of capital expenditure		2,319,829	1,082,145
13.9 For contingencies relating to taxation refer note	17		
Jan-Sep 2012 Jan-Sep 2011 ----- (Rupees in '000) -----			
14. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to customers		29,288,512	29,996,695
On lendings to financial institutions			
Call money lending		10,156	20,324
Repurchase agreement lendings		238,847	388,208
Other lendings to financial institutions		337,602	271,741
		586,605	680,273
On investments in			
Held for trading securities		622,673	1,196,855
Available for sale securities		17,333,152	10,912,751
Held to maturity securities		8,639,447	10,219,293
		26,595,272	22,328,899
On deposits with financial institutions		214,726	191,152
		56,685,115	53,197,019
15. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		21,230,173	17,925,178
On securities sold under repurchase agreements		2,865,544	2,127,823
On other short term borrowings		1,770,509	1,885,226
On long term borrowings		938,855	1,134,602
		26,805,081	23,072,829

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**

	Jan-Sep 2012	Jan-Sep 2011
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
16. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	7,192,641	6,331,279
Charge for compensated absences	440,372	281,458
Medical expenses	323,626	298,121
Contribution to defined contribution plan	172,916	146,398
Reversal in respect of defined benefit obligations	(70,787)	(101,686)
Rent, taxes, insurance, electricity etc.	2,312,046	1,937,107
Depreciation	1,173,389	1,188,837
Amortization	309,474	224,067
Outsourced service charges including sales commission	1,594,725	1,157,123
Communications	728,209	613,393
Banking service charges	620,401	558,916
Cash transportation charges	283,798	237,437
Stationery and printing	383,899	316,361
Legal and professional charges	237,005	183,547
Advertisement and publicity	601,197	430,940
Repairs and maintenance	830,575	744,652
Travelling	206,555	189,692
Office running expenses	297,447	277,370
Vehicle expenses	127,773	110,534
Entertainment	118,279	100,308
Cartage, freight and conveyance	69,105	61,044
Insurance expense	105,549	126,177
Auditors' remuneration	64,170	53,499
Training and seminars	85,464	39,041
Brokerage expenses	21,874	24,205
Subscriptions	68,537	51,764
Donations	6,157	24,794
Non-executive Directors' fees	21,626	24,599
Miscellaneous expenses	419,194	277,219
	<u>18,745,216</u>	<u>15,908,196</u>

17. TAXATION

The Income Tax return of the Bank for the tax year 2011 (accounting year ended December 31, 2010) was filed and was deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The Tax authorities have issued amended assessment orders for the tax years 2003 to 2011 (accounting years ended December 31, 2002 to 2010) determining an additional tax liability of Rs.7,944 million, which has been fully paid / adjusted as required under the law. For the tax years 2003 to 2010, appeals have been decided by the Commissioner of Inland Revenue [CIR(A)] by allowing relief on certain issues, while the tax year 2011 remains pending before the CIR(A). For the tax years 2004 - 2007, the Appellate Tribunal Inland Revenue (ATIR) had provided relief to the Bank on certain issues, and for the remaining matters the Bank has filed reference applications before the High Court of Sindh. For the tax years 2008 to 2010 appeals are pending before the ATIR. For all the above tax years, certain additional amendments have been made by the Tax authorities and the Bank has filed appeals before the CIR(A). The management is confident that the appeals will be decided in favor of the Bank.

Under the Seventh Schedule to the Ordinance, banks are allowed to claim provisions against advances up to 5% of total advances for consumer and small and medium enterprises and up to 1% of total advances for remaining advances. Amounts above these limits are allowed to be claimed in future years. The Bank has booked a deferred tax asset of Rs.3,200 million (December 31, 2011: Rs.3,200 million) in respect of provisions in excess of the above mentioned limits.

The Bank also carries a tax asset amounting to Rs.4,114 million (December 31, 2011: Rs.4,114 million), representing disallowance of provisions against advances and off balance sheet obligations, for the periods prior to the applicability of the Seventh Schedule. The management, in consultation with its tax advisor, is confident that these would be allowed to the Bank at appellate levels.

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The tax returns for Azad Kashmir (AK) Branches have been filed for the tax years 2005 to 2011 (accounting years ended December 31, 2004 to 2010) under the provisions of section 120(1) read with section 114 of the Ordinance, and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax returns for overseas branches have been filed up to the accounting year ended December 31, 2011 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

For all subsidiaries, income tax returns have been filed up to the accounting year ended December 31, 2011 under the provisions of the laws prevailing in the respective countries. In the case of UET, UBLFM and UNBL, the returns are considered as deemed assessed unless opened for reassessment by the tax authorities. Additionally, for UBAG, full tax clearance has been issued till the accounting year 2009. There are no material tax contingencies in any of the subsidiaries.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES
For the nine months ended September 30, 2012 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	189,652	9,367,193	26,630,026	6,243,572	555,338	1,777,916	-
Total expenses	(209,933)	(519,778)	(16,066,435)	(4,585,561)	(336,787)	(950,137)	-
Profit before tax	(20,281)	8,847,415	10,563,591	1,658,011	218,551	827,779	-
Segment return on assets (ROA)	-1.9%	2.1%	1.5%	0.5%	36.5%	-	-
Segment cost of funds	0.8%	8.0%	4.2%	8.0%	-	-	-

For the nine months ended September 30, 2011 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	347,009	4,759,285	26,254,702	6,965,847	318,742	731,685	-
Total expenses	(83,902)	(2,158,692)	(15,787,436)	(3,785,125)	(273,551)	(882,986)	-
Net income before tax	263,107	2,600,593	10,467,266	3,180,722	45,191	(151,301)	-
Segment return on assets (ROA)	4.7%	0.7%	1.7%	0.9%	10.8%	-	-
Segment cost of funds	0.3%	7.9%	4.1%	7.5%	-	-	-

As at September 30, 2012 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	1,138,962	410,049,530	642,650,019	331,592,328	704,516	81,849,539	(515,103,305)
Segment non performing loans (NPLs)	590,574	2,134,627	26,168,261	27,119,882	-	13,153	-
Segment provision held against NPLs	298,846	1,550,200	21,345,588	19,592,573	-	13,153	-
Segment liabilities	854,670	378,612,550	637,845,975	297,058,276	92,245	13,361,956	(515,103,305)

As at December 31, 2011 (Audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	1,890,059	369,751,432	654,601,191	295,296,625	571,264	78,638,410	(553,576,631)
Segment non performing loans (NPLs)	616,212	2,151,690	25,369,534	22,993,581	-	13,153	-
Segment provision held against NPLs	149,404	1,667,117	20,740,922	17,396,966	-	13,153	-
Segment liabilities	1,505,667	367,929,345	618,670,254	271,754,981	64,977	14,935,549	(553,576,631)

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**
19. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its associates, employee benefit plans and its directors and executive officers (including their associates).

The Group enters into transactions with 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 / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	As at September 30, 2012 (Un-audited)				As at December 31, 2011 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----								
Balances with banks								
In deposit accounts	-	-	-	267,177	-	-	-	500,006
	-	-	-	267,177	-	-	-	500,006
Lendings to financial institutions								
Repurchase agreement lendings	-	-	-	80,000	-	-	-	-
Investments								
Opening balance	-	-	16,282,680	308,818	-	-	7,666,215	361,441
Transfer in	-	-	200,000	-	-	-	-	-
Investment made during the period / year	-	-	7,328,972	138,916	-	-	13,630,136	-
Investment redeemed / disposed off during the period / year	-	-	(161,455)	(5,696)	-	-	(4,313,091)	(52,623)
Equity method adjustments	-	-	677,101	-	-	-	(700,580)	-
Closing balance	-	-	24,327,298	442,038	-	-	16,282,680	308,818
Provision for diminution in value of investments	-	-	-	58,259	-	-	-	58,259
Advances								
Opening balance	871	233,728	-	-	969	141,762	-	-
Addition during the period / year	-	103,370	-	-	-	150,264	-	-
Repaid during the period / year	(871)	(91,722)	-	-	(98)	(58,298)	-	-
Closing balance	-	245,376	-	-	871	233,728	-	-
Other Assets								
Interest mark-up accrued	-	117	-	6,759	11	139	-	6,722
Receivable from staff retirement funds	-	-	-	-	-	-	-	99,182
Prepaid insurance	-	-	64,936	-	-	-	809	-
Remuneration receivable from management of fund	-	-	53,559	921	-	-	49,583	3,412
Sales load receivable	-	-	2,478	-	-	-	10,472	-
Formation cost receivable	-	-	2,771	-	-	-	6,000	-
Advance for Pre-IPO investment	-	-	-	-	-	-	100,000	-
Other receivable	-	-	88	-	-	-	123	-
Borrowings								
Opening balance	-	-	-	449,740	-	-	-	428,195
Borrowings during the period / year	-	-	2,099,495	79,214,534	-	-	-	899,480
Settled during the period / year	-	-	(2,099,495)	(78,508,808)	-	-	-	(877,935)
Closing balance	-	-	-	1,155,466	-	-	-	449,740
Deposits and other accounts								
Opening balance	2,898,779	81,369	1,217,179	2,044,951	2,796,798	66,269	3,824,208	1,023,817
Received during the period / year	6,425,190	776,432	39,794,609	62,752,666	15,000,221	1,821,171	36,730,601	83,118,042
Withdrawn during the period / year	(3,424,741)	(762,393)	(40,241,746)	(62,234,933)	(14,898,240)	(1,806,070)	(39,337,630)	(82,096,908)
Closing balance	5,899,228	95,408	770,042	2,562,685	2,898,779	81,369	1,217,179	2,044,951
Subordinated loans	-	5	5,998	-	-	5	5,998	-
Other Liabilities								
Interest / mark-up payable on deposits	14,309	157	84	22,076	35,518	270	64	6,856
Interest / mark-up payable on borrowings	-	-	-	1,372	-	-	-	761
Interest / mark-up payable on subordinated loans	-	0	23	-	-	0	167	-
Unrealised loss on derivative transactions	-	-	-	-	-	-	-	1,623,223
Others	-	-	-	-	-	-	64	-
Contingencies and Commitments								
Letter of guarantee	-	-	70,259	-	1,782,540	-	75,668	-
Forward foreign exchange contracts purchase	-	-	-	2,630,274	-	-	-	1,451,040
Forward foreign exchange contracts sale	-	-	-	1,907,683	-	-	-	1,448,555
----- (Rupees in '000) -----								
For the nine months ended September 30, 2012 (Un-audited)				For the nine months ended September 30, 2011 (Un-audited)				
Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties	
----- (Rupees in '000) -----								
Mark-up / return / interest earned	77	9,931	-	33,416	93	6,365	-	24,245
Commission / charges recovered	29	22	824	419	5	10	505	3,258
Dividend received	-	-	1,126,350	-	-	-	281,968	-
Net gain on sale of securities	-	-	-	-	-	-	20,724	-
Realised gain on derivative transactions	-	-	-	1,123,975	-	-	-	584,461
Remuneration received from management of fund	-	-	519,602	8,021	-	-	272,527	523
Sales Load received	-	-	23,634	-	-	-	10,497	1,673
Other income	-	685	4,562	-	-	2,398	3,251	-
Mark-up / return / interest paid	119,044	1,273	8,547	123,846	66,179	3,511	97,510	20,298
Remuneration paid	-	591,081	-	-	-	504,615	-	-
Post employment benefits	-	15,096	-	-	-	12,884	-	-
Management Fee rebate	-	-	136	-	-	-	215	-
Non-executive directors' fee	21,626	-	-	-	24,599	-	-	-
Net charge for defined contribution plans	-	-	-	172,916	-	-	-	146,398
Net reversal for defined benefit plans	-	-	-	(210,040)	-	-	-	(243,945)
Payment for employee motivation and retention scheme	-	-	-	250,000	-	-	-	230,000
Donation	-	-	-	25	-	-	-	20,000
Insurance premium paid	-	-	254,977	-	-	-	244,472	-
Insurance claims settled	-	-	116,669	-	-	-	132,211	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**
20. ISLAMIC BANKING BUSINESS

20.1 The statement of financial position of the Group's Islamic Banking branches as at September 30, 2012 is as follows:

	(Un-audited) September 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	676,975	520,737
Balances with other banks	310,335	2,185,282
Investments	8,045,320	5,006,664
Financing and receivables		
- Murabaha	1,309,312	355,909
- Musharaka	55,556	111,111
- Diminishing Musharaka	52,790	67,051
- Salam	394,437	-
Provision against advances	(26,384)	(21,982)
	1,785,711	512,089
Operating fixed assets including assets given under Ijarah	1,100,314	503,512
Due from head office	52,720	-
Other assets	709,617	384,977
Total Assets	12,680,992	9,113,261
LIABILITIES		
Bills payable	960	960
Deposits and other accounts		
- Current accounts	1,443,323	1,453,763
- Saving accounts	2,104,612	1,233,772
- Term deposits	3,476,944	1,652,628
- Deposits from financial institutions - remunerative	4,761,720	2,841,225
	11,786,599	7,181,388
Due to Head Office	-	1,339,874
Other liabilities	170,574	105,099
	11,958,133	8,627,321
NET ASSETS	722,859	485,940
REPRESENTED BY		
Islamic Banking Fund	681,000	681,000
Accumulated loss	(17,814)	(199,658)
	663,186	481,342
Surplus on revaluation of assets	59,673	4,598
	722,859	485,940

20.2 The profit and loss account of the Group's Islamic Banking branches for the nine months ended September 30, 2012 is as follows:

	(Un-audited) Jan-Sep 2012	Jan-Sep 2011
	----- (Rupees in '000) -----	
Return earned	1,013,036	595,492
Return expensed	(588,855)	(437,892)
	424,181	157,600
Provision against loans and advances - net	(4,401)	-
Reversal for diminution in value of investment	36,508	26,276
(Provision) / reversal against assets given under Ijarah	(14,574)	3,598
	17,533	29,874
Net return after provision	441,714	187,474
OTHER INCOME		
Fee, commission and brokerage income	9,003	5,791
Dividend income	39,794	29,586
Income from dealing in foreign currencies	26,697	1,202
Gain on sale of securities	860	-
Other income	6,696	4,367
Total other income	83,050	40,946
	524,764	228,420
OTHER EXPENSES		
Administrative expenses	(340,641)	(216,494)
Other provisions - net	(2,279)	-
Total other expenses	(342,920)	(216,494)
Net profit for the period	181,844	11,926
Accumulated losses brought forward	(199,658)	(203,000)
Accumulated losses carried forward	(17,814)	(191,074)
	1,877	1,816

Remuneration to Sharia Advisor

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012****21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on October 31, 2012 has declared a cash dividend in respect of the nine months ended September 30, 2012 of Rs. 2.0 per share (September 30, 2011: Nil). In addition, the Directors have also announced a bonus issue of Nil (September 30, 2011: Nil). The consolidated condensed interim financial statements for the nine months ended September 30, 2012 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

22. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on October 31, 2012 by the Board of Directors of the Group.

Atif R. Bokhari
President &
Chief Executive Officer

Rana Assad Amin
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman