

United Bank Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE QUARTER ENDED MARCH 31, 2013
(UNAUDITED)**





**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013**

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012 (Restated) ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks		78,380,481	94,766,489
Balances with other banks		31,708,079	22,843,080
Lendings to financial institutions	6	22,733,615	21,953,458
Investments	7	447,197,683	381,245,903
Advances	8	374,409,475	385,834,261
Operating fixed assets	9	27,532,648	27,460,839
Deferred tax asset - net		-	-
Other assets		24,004,885	27,701,557
		1,005,966,866	961,805,587
LIABILITIES			
Bills payable		14,401,683	7,600,633
Borrowings	10	97,971,918	67,215,209
Deposits and other accounts	11	761,956,953	755,264,264
Sub-ordinated loans		6,985,996	9,319,264
Liabilities against assets subject to finance lease		1,925	2,109
Deferred tax liability - net		136,468	856,486
Other liabilities		23,589,529	19,619,924
		905,044,472	859,877,889
NET ASSETS		<u>100,922,394</u>	<u>101,927,698</u>
REPRESENTED BY			
Share capital		12,241,798	12,241,798
Reserves		32,955,929	32,298,690
Unappropriated profit		39,318,139	39,305,127
Total equity attributable to the equity holders of the Bank		84,515,866	83,845,615
Non-controlling interest		2,960,916	2,827,060
		87,476,782	86,672,675
Surplus on revaluation of assets - net of deferred tax	12	13,445,612	15,255,023
		<u>100,922,394</u>	<u>101,927,698</u>
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

Seerat Asghar
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 QUARTER ENDED MARCH 31, 2013**

	Note	March 31, 2013 ----- (Rupees in '000) -----	March 31, 2012 ----- (Rupees in '000) -----
Mark-up / return / interest earned	14	17,709,285	18,007,742
Mark-up / return / interest expensed	15	(8,567,121)	(8,214,551)
Net mark-up / interest income		9,142,164	9,793,191
Provision against loans and advances - net		(525,584)	(606,436)
Reversal / (provision) against lendings to financial institutions - net		4,338	(81,150)
(Provision) / reversal for diminution in value of investments - net		(13,220)	6,171
Bad debts written off directly		(44,691)	(79,278)
		(579,157)	(760,693)
Net mark-up / interest income after provisions		8,563,007	9,032,498
Non mark-up / interest income			
Fee, commission and brokerage income		2,653,593	2,160,069
Dividend income		542,851	172,989
Income from dealing in foreign currencies		416,029	587,732
Gain on sale of securities - net		1,000,117	417,204
Unrealized gain / (loss) on revaluation of investments classified as held for trading		6,287	(4,339)
Other income		183,442	454,942
Total non mark-up / interest income		4,802,319	3,788,597
		13,365,326	12,821,095
Non mark-up / interest expenses			
Administrative expenses	16	(6,651,519)	(5,977,121)
Other provisions - net		(3,954)	(13,831)
Workers' welfare fund		(117,315)	(148,362)
Other charges		(12,799)	(26,393)
Total non mark-up / interest expenses		(6,785,587)	(6,165,707)
		6,579,739	6,655,388
Share of income of associates		294,359	587,960
Profit before taxation		6,874,098	7,243,348
Taxation			
- Current	17	(1,948,654)	(2,445,220)
- Deferred		23,284	65,555
		(1,925,370)	(2,379,665)
Profit after taxation		4,948,728	4,863,683
Attributable to:			
Equity shareholders of the Bank		4,675,952	4,857,305
Non-controlling interest		272,776	6,378
		4,948,728	4,863,683
----- (Rupees) -----			
Earnings per share - basic and diluted		3.82	3.97

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

Seerat Asghar
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 QUARTER ENDED MARCH 31, 2013**

March 31, March 31,
2013 2012
----- (Rupees in '000) -----

Profit after taxation for the period attributable to:

Equity shareholders of the Bank	4,675,952	4,857,305
Non-controlling interest	272,776	6,378
	<u>4,948,728</u>	<u>4,863,683</u>

Other comprehensive income:

Exchange differences on translation of net investment in foreign branches and subsidiaries

- Equity shareholders of the Bank	252,939	508,674
- Non-controlling interest	(139,178)	112,396
	113,761	621,070

Gain on cash flow hedges

Related deferred tax liability on cash flow hedges

	10,786	22,299
	(3,775)	(7,805)
	7,011	14,494

Comprehensive income transferred to equity - net of tax

	120,772	635,564
	<u>5,069,500</u>	<u>5,499,247</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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Seerat Asghar
Director

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Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	March 31, 2013 ----- (Rupees in '000) -----	March 31, 2012 ----- (Rupees in '000) -----
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,874,098	7,243,348
Less: Dividend income	(542,851)	(172,989)
Share of loss of associates	(294,359)	(587,960)
	<u>6,036,888</u>	<u>6,482,399</u>
Adjustments:		
Depreciation	433,439	358,212
Amortization	104,342	95,397
Workers' welfare fund	117,315	148,362
Provision for retirement benefits	179,491	187,784
Provision against loans and advances - net	525,584	606,436
(Reversal) / provision against lendings to financial institutions - net	(4,338)	81,150
Provision / (reversal) for diminution in value of investments - net	13,220	(6,171)
Gain on sale of fixed assets	(3,564)	(10,763)
Gain on cash flow hedges	10,786	22,299
Unrealized (gain) / loss on revaluation of investments classified as held for trading	(6,287)	4,339
Bad debts written off directly	44,691	79,278
Other provisions - net	3,954	13,831
	<u>1,418,633</u>	<u>1,580,154</u>
	<u>7,455,521</u>	<u>8,062,553</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(775,819)	(5,713,218)
Held for trading securities	(1,910,087)	(5,420,673)
Advances	10,854,511	(19,873,142)
Other assets - (excluding advance taxation)	4,820,829	(882,439)
	<u>12,989,434</u>	<u>(31,889,472)</u>
Increase / (decrease) in operating liabilities		
Bills payable	6,801,050	2,817,194
Borrowings	30,756,709	33,297,022
Deposits and other accounts	6,692,689	2,395,835
Other liabilities - (excluding current taxation)	(399,324)	(1,647,874)
	<u>43,851,124</u>	<u>36,862,177</u>
	<u>64,296,079</u>	<u>13,035,258</u>
Staff retirement benefits paid	(226,769)	(152,869)
Income tax paid	(2,674,954)	(1,336,533)
Net cash inflow from operating activities	<u>61,394,356</u>	<u>11,545,856</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(66,158,169)	(29,195,863)
Dividend income received	156,908	69,832
Investment in operating fixed assets	(727,264)	(707,831)
Sale proceeds from disposal of operating fixed assets	32,667	54,897
Net cash outflow from investing activities	<u>(66,695,858)</u>	<u>(29,778,965)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of subordinated loans	(2,333,268)	(998,908)
Net cash outflow from financing activities	<u>(2,333,268)</u>	<u>(998,908)</u>
	<u>(7,634,770)</u>	<u>(19,232,017)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	252,939	508,674
- Non-controlling interest	(139,178)	112,396
Decrease in cash and cash equivalents during the period	<u>(7,521,009)</u>	<u>(18,610,947)</u>
Cash and cash equivalents at the beginning of the period	117,609,569	105,727,932
Cash and cash equivalents at the end of the period	<u>110,088,560</u>	<u>87,116,985</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 QUARTER ENDED MARCH 31, 2013**

	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, 2012 (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
Restatement due to change in accounting policy on recognition of actuarial gains / (losses) on defined benefit obligations - net of tax	-	-	-	-	-	-	1,274,314	1,274,314	-	1,274,314
Balance as at January 01, 2012 (Audited) - restated	12,241,798	3,000	16,022,214	11,531,541	(61,995)	1,199	35,481,968	75,219,725	2,324,385	77,544,110
Transactions with owners recorded directly in equity for the quarter ended March 31, 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)
Total comprehensive income for the quarter ended March 31, 2012										
Profit after taxation for the quarter ended March 31, 2012	-	-	-	-	-	-	4,857,305	4,857,305	6,378	4,863,683
Other comprehensive income - net of tax	-	-	-	508,674	14,494	-	-	523,168	112,396	635,564
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	508,674	14,494	-	4,857,305	5,380,473	118,774	5,499,247
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,294	17,294	-	17,294
Transfer to statutory reserves	-	-	486,526	-	-	-	(486,526)	-	-	-
Balance as at March 31, 2012 (Un-audited) - restated	12,241,798	3,000	16,508,740	12,040,215	(47,501)	1,199	32,524,963	73,272,414	2,443,159	75,715,573
Transactions with owners recorded directly in equity for the nine months ended December 31, 2012										
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)
Interim cash dividend - September 30, 2012 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Employee stock option reserve	-	-	-	-	-	(117)	-	(117)	-	(117)
	-	-	-	-	-	(117)	(6,120,900)	(6,121,017)	-	(6,121,017)
Total comprehensive income for the nine months ended December 31, 2012										
Profit after taxation for the nine months ended December 31, 2012	-	-	-	-	-	-	14,255,173	14,255,173	45,558	14,300,731
Other comprehensive income - net of tax	-	-	-	2,447,190	26,507	-	(85,630)	2,388,067	337,256	2,725,323
Total comprehensive income for the nine months ended December 31, 2012	-	-	-	2,447,190	26,507	-	14,169,543	16,643,240	382,814	17,026,054
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	50,978	50,978	1,087	52,065
Transfer to statutory reserve	-	-	1,319,457	-	-	-	(1,319,457)	-	-	-
Balance as at December 31, 2012 (Audited) - restated	12,241,798	3,000	17,828,197	14,487,405	(20,994)	1,082	39,305,127	83,845,615	2,827,060	86,672,675
Transactions with owners recorded directly in equity for the quarter ended March 31, 2013										
Final cash dividend - December 31, 2012 declared subsequent to the year end at Rs.3.5 per share	-	-	-	-	-	-	(4,284,629)	(4,284,629)	-	(4,284,629)
Employee stock option reserve	-	-	-	-	-	1,905	-	1,905	-	1,905
	-	-	-	-	-	1,905	(4,284,629)	(4,282,724)	-	(4,282,724)
Total comprehensive income for the quarter ended March 31, 2013										
Profit after taxation for the quarter ended March 31, 2013	-	-	-	-	-	-	4,675,952	4,675,952	272,776	4,948,728
Other comprehensive income - net of tax	-	-	-	252,939	7,011	-	-	259,950	(139,178)	120,772
Total comprehensive income for the quarter ended March 31, 2013	-	-	-	252,939	7,011	-	4,675,952	4,935,902	133,598	5,069,500
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,073	17,073	258	17,331
Transfer to statutory reserves	-	-	395,384	-	-	-	(395,384)	-	-	-
Balance as at March 31, 2013 (Un-audited)	12,241,798	3,000	18,223,581	14,740,344	(13,983)	2,987	39,318,139	84,515,866	2,960,916	87,476,782

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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Seerat Asghar
Director

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Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**
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 (JET), 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 1,282 (December 31, 2012: 1,278) branches inside Pakistan including 22 (December 31, 2012: 19) Islamic Banking branches and 1 (December 31, 2012: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2012: 18) branches outside Pakistan as at March 31, 2013.

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 (IAS) 34, Interim Financial Reporting, the requirements 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 requirements 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 IAS 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 financial statements of the Group for the year ended December 31, 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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

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 Group for the period would have been higher by Rs. 74.795 million (March 31, 2012: Rs. 54.074 million), profit before taxation would have been lower by Rs. 74.795 million (March 31, 2012: Rs. 54.074 million), unappropriated profit would have been lower by Rs.1,353.486 million (December 31, 2012: Rs.1,278.691 million) and reserves would have been higher by Rs 1,353.486 million (December 31, 2012: Rs. 1,278.691 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs. 0.06 per share (March 31, 2012: Rs.0.04 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 consolidated financial statements of the Group for the year ended December 31, 2012 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, 2012.

4.3 During the quarter the Group has adopted IAS-19 (Revised) effective from January 1, 2013. The significant changes to IAS 19 are as follows:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The distinction between short-term and long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The adoption of the said amendments has resulted in a change in the Group's accounting policy related to recognition of actuarial gains and losses (note 5.11.1 to the consolidated financial statements for the year ended December 31, 2012). Consequently the Group now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account.

Had the said change not been made, the Bank's equity as at March 31, 2013 would have been lower by Rs.1,048.456 million (December 31, 2012: Rs.1,073.315 million), profit after tax for the quarter ended March 31, 2013 would have been higher by Rs.24.859 million and earnings per share would have been higher by Rs.0.02.

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 consolidated financial statements of the Group for the year ended December 31, 2012.

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings
Other lendings to financial institutions
Provision against lendings to financial institutions

(Un-audited)	(Audited)
March 31, 2013	December 31, 2012
----- (Rupees in '000) -----	
6,940,739	6,470,898
16,348,536	16,036,288
23,289,275	22,507,186
(555,660)	(553,728)
22,733,615	21,953,458

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**
7. INVESTMENTS
7.1 Investments by types

Note	(Un-audited) March 31, 2013			(Audited) December 31, 2012		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----						
Held for trading securities						
Market Treasury Bills	5,206,776	-	5,206,776	3,797,712	-	3,797,712
Pakistan Investment Bonds	232,372	-	232,372	514,070	-	514,070
Ordinary shares of listed companies	1,285,088	-	1,285,088	498,289	-	498,289
Term Finance Certificates	99,508	-	99,508	102,445	-	102,445
Units of mutual funds	50,805	-	50,805	50,866	-	50,866
Sukuk Bonds	25,128	-	25,128	26,208	-	26,208
	6,899,677	-	6,899,677	4,989,590	-	4,989,590
Available for sale securities						
Market Treasury Bills	93,962,097	78,835,440	172,797,537	78,285,856	44,734,778	123,020,634
Pakistan Investment Bonds	65,011,231	436,735	65,447,966	63,327,795	-	63,327,795
Government of Pakistan Sukuk	8,042,038	-	8,042,038	9,043,880	-	9,043,880
Government of Pakistan Eurobonds	10,031,571	-	10,031,571	9,466,364	-	9,466,364
Ordinary shares of listed companies	9,606,871	-	9,606,871	6,537,792	-	6,537,792
Preference shares	459,330	-	459,330	430,177	-	430,177
Ordinary shares of unlisted companies	243,203	-	243,203	243,176	-	243,176
Term Finance Certificates	2,139,479	-	2,139,479	2,021,204	-	2,021,204
Units of mutual funds	114,075	-	114,075	114,075	-	114,075
Foreign bonds	60,620,112	-	60,620,112	50,830,519	-	50,830,519
	250,230,007	79,272,175	329,502,182	220,300,838	44,734,778	265,035,616
Held to maturity securities						
Market Treasury Bills	50,430,338	-	50,430,338	54,799,452	-	54,799,452
Pakistan Investment Bonds	35,791,483	-	35,791,483	31,273,156	-	31,273,156
Government of Pakistan Sukuk	300,000	-	300,000	300,000	-	300,000
Government of Pakistan Guaranteed Bonds	38,417	-	38,417	42,654	-	42,654
Term Finance Certificates	3,872,927	-	3,872,927	3,971,848	-	3,971,848
Sukuk Bonds	1,446,109	-	1,446,109	1,498,551	-	1,498,551
Participation Term Certificates	4,939	-	4,939	4,939	-	4,939
Debentures	4,392	-	4,392	4,392	-	4,392
Certificate of Deposits	1,534,602	-	1,534,602	-	-	-
Foreign bonds	645,739	-	645,739	653,947	-	653,947
Recovery note	306,867	-	306,867	307,517	-	307,517
CDC SAARC Fund	214	-	214	211	-	211
Government of Pakistan Eurobonds	1,698,175	-	1,698,175	1,626,312	-	1,626,312
	96,074,202	-	96,074,202	94,482,979	-	94,482,979
Associates						
United Growth and Income Fund	2,629,171	-	2,629,171	2,557,423	-	2,557,423
UBL Liquidity Plus Fund	6,496,054	-	6,496,054	6,373,263	-	6,373,263
UBL Shariah Stock Fund	564,411	-	564,411	524,191	-	524,191
United Islamic Income Fund	196,063	-	196,063	192,062	-	192,062
United Stock Advantage Fund	542,345	-	542,345	523,026	-	523,026
UBL Savings Income Fund	193,541	-	193,541	190,189	-	190,189
UBL Islamic Sovereign Fund	338,138	-	338,138	337,613	-	337,613
UBL Islamic Retirement Savings Fund	134,296	-	134,296	128,771	-	128,771
UBL Retirement Savings Fund	137,584	-	137,584	132,088	-	132,088
UBL Principal Protected Fund - I	174,835	-	174,835	166,951	-	166,951
UBL Government Securities Fund	171,280	-	171,280	266,799	-	266,799
UBL Islamic Cash Fund	103,587	-	103,587	102,074	-	102,074
UBL Gold Fund	99,076	-	99,076	-	-	-
UBL Financial Sector Bond Fund	100,100	-	100,100	-	-	-
UBL Insurers Limited	199,578	-	199,578	196,855	-	196,855
Khushhali Bank Limited	888,340	-	888,340	876,358	-	876,358
Oman United Exchange Company, Muscat	70,807	-	70,807	68,126	-	68,126
	13,039,206	-	13,039,206	12,635,789	-	12,635,789
Provision for diminution in value of investments	(1,443,002)	-	(1,443,002)	(1,420,570)	-	(1,420,570)
Investments (net of provisions)	364,800,090	79,272,175	444,072,265	330,988,626	44,734,778	375,723,404
Surplus on revaluation of available for sale securities	2,871,602	247,529	3,119,131	5,129,617	393,416	5,523,033
Surplus / (deficit) on revaluation of held for trading securities	6,287	-	6,287	(534)	-	(534)
Total Investments	367,677,979	79,519,704	447,197,683	336,117,709	45,128,194	381,245,903

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

7.2 The SBP, vide Letter No. BPRD/BRD-(Policy)/2012-13702 dated November 20, 2012 has permitted banks to maintain provision against Term Finance Certificates issued by Azgard Nine Limited, classified in Loss category, at 75% of the exposure. Accordingly, provision for diminution in value of investments includes Rs.73.212 million (December 31, 2012: Rs.48.808 million) against Azgard Nine Limited.

	Note	(Un-audited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		259,936,524	273,319,693
Outside Pakistan		113,657,564	113,739,351
		<u>373,594,088</u>	<u>387,059,044</u>
Bills discounted and purchased			
Payable in Pakistan		27,193,974	25,396,189
Payable outside Pakistan		18,892,270	18,239,209
		<u>46,086,244</u>	<u>43,635,398</u>
Advances - gross		419,680,332	430,694,442
Provision against advances			
Specific		(43,842,856)	(43,597,349)
General	8.2	(1,428,001)	(1,262,832)
Advances - net of provision		<u>374,409,475</u>	<u>385,834,261</u>

8.1 Advances include Rs. 57,792 million (December 31, 2012: Rs.58,450 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2013 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	303,935	-	303,935	-	-	-	-	-	-
Substandard	1,730,046	1,639,149	3,369,195	334,376	390,708	725,084	334,376	390,708	725,084
Doubtful	2,303,772	2,226,604	4,530,376	1,009,207	1,287,046	2,296,253	1,009,207	1,287,046	2,296,253
Loss	42,901,296	6,687,488	49,588,784	36,502,522	4,318,997	40,821,519	36,502,522	4,318,997	40,821,519
	<u>47,239,049</u>	<u>10,553,241</u>	<u>57,792,290</u>	<u>37,846,105</u>	<u>5,996,751</u>	<u>43,842,856</u>	<u>37,846,105</u>	<u>5,996,751</u>	<u>43,842,856</u>

Category of Classification	December 31, 2012 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	248,010	-	248,010	-	-	-	-	-	-
Substandard	2,138,136	1,693,617	3,831,753	425,466	338,035	763,501	425,466	338,035	763,501
Doubtful	2,540,057	2,847,071	5,387,128	1,148,763	1,191,246	2,340,009	1,148,763	1,191,246	2,340,009
Loss	42,982,937	6,000,329	48,983,266	36,264,639	4,229,200	40,493,839	36,264,639	4,229,200	40,493,839
	<u>47,909,140</u>	<u>10,541,017</u>	<u>58,450,157</u>	<u>37,838,868</u>	<u>5,758,481</u>	<u>43,597,349</u>	<u>37,838,868</u>	<u>5,758,481</u>	<u>43,597,349</u>

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

8.2 General provision represents provision amounting to Rs. 255.909 million (December 31, 2012: Rs.264.970 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 1,019.386 million (December 31, 2012: Rs.949.862 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. 152.706 million (December 31, 2012: Rs.48.000 million) which the Group 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. 2,756 million (December 31, 2012: Rs.3,169 million). The FSV benefit recognized will not be available for the distribution of cash or stock dividend to shareholders.

8.4 The SBP, vide Letter No. BPRD/BRD-(Policy)/2012-13702 dated November 20, 2012 has permitted banks to maintain provision against Azgard Nine Limited, classified in Loss category, at 75% of the exposure. Accordingly, specific provision includes Rs.101.252 million (December 31, 2012: Rs.67.501 million) against Azgard Nine Limited.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	(Un-audited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012
9. OPERATING FIXED ASSETS		
Capital work-in-progress	1,964,820	1,840,902
Property and equipment	24,121,912	24,173,651
Intangible assets	1,445,916	1,446,286
9.1	27,532,648	27,460,839

9.1 Additions and disposals during the period amounted to Rs. 777.439 million (March 31, 2012: Rs.683.857 million) and Rs. 81.746 million (March 31, 2012: Rs.105.659 million), respectively.

	(Un-audited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012
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10. BORROWINGS
Secured

Borrowings from the State Bank of Pakistan

Export refinance scheme	10,594,598	12,460,384
Refinance facility for modernization of SME	29,473	32,050
Long term financing facility	4,486,184	3,535,341
Long term financing under export oriented projects	729,698	822,015
	15,839,953	16,849,790
Repurchase agreement borrowings	79,444,245	45,064,760
	95,284,198	61,914,550

Unsecured

Call borrowings	1,981,996	4,508,819
Overdrawn nostro accounts	109,540	764
Trading liabilities	50,939	-
Other borrowings	545,245	791,076
	2,687,720	5,300,659
	97,971,918	67,215,209

11. DEPOSITS AND OTHER ACCOUNTS
Customers

Fixed deposits	250,089,178	237,103,473
Savings deposits	246,464,774	242,577,264
Sundry deposits	11,814,746	7,662,302
Margin deposits	3,622,498	4,066,910
Current accounts - remunerative	9,727,896	7,371,644
Current accounts - non-remunerative	225,322,033	238,283,495
	747,041,125	737,065,088

Financial Institutions

Remunerative deposits	8,567,910	10,973,473
Non-remunerative deposits	6,347,918	7,225,703
	14,915,828	18,199,176
	761,956,953	755,264,264

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	(Un-audited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012 ----- (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	10,897,930	10,947,713
- Non-controlling interest	535,953	563,051
12.1	11,433,883	11,510,764
Securities		
- Group's share	2,023,613	3,541,845
- Non-controlling interest	17,203	216,578
12.2	2,040,816	3,758,423
Deficit arising on revaluation of assets of associates	(29,087)	(14,164)
	13,445,612	15,255,023
12.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets at January 01	16,581,261	16,687,720
Revaluation of fixed assets during the period / year	-	(168,777)
Exchange adjustments	(59,500)	167,723
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(17,331)	(69,359)
Related deferred tax liability on incremental depreciation charged during the period / year	(9,024)	(36,046)
	(85,855)	(106,459)
	16,495,406	16,581,261
Less: Related deferred tax liability on:		
Revaluation as on January 01	5,070,497	5,106,310
Exchange adjustments	50	233
Incremental depreciation charged on related assets	(9,024)	(36,046)
	5,061,523	5,070,497
	11,433,883	11,510,764
12.2 Surplus / (deficit) on revaluation of available for sale securities		
Market Treasury Bills	252,662	626,591
Pakistan Investment Bonds	1,988,581	2,692,613
Listed shares	620,940	368,507
Mutual fund units	2,101	(1,875)
Term Finance Certificates, Sukuks, other Bonds etc.	44,650	109,937
Foreign bonds	210,197	1,727,260
	3,119,131	5,523,033
Related deferred tax liability	(1,078,315)	(1,764,610)
	2,040,816	3,758,423

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	(Un-audited)	(Audited)
	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
13. CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring:		
Government	3,100,637	2,631,890
Banking companies and other financial institutions	3,757,061	4,921,308
Others	3,251,620	3,063,407
	<u>10,109,318</u>	<u>10,616,605</u>
13.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	78,084,931	75,352,238
Banking companies and other financial institutions	5,087,165	4,559,713
Others	23,669,563	20,091,896
	<u>106,841,659</u>	<u>100,003,847</u>
13.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	45,678,932	54,620,793
Banking companies and other financial institutions	4,205,219	4,455,647
Others	82,061,946	91,944,043
	<u>131,946,097</u>	<u>151,020,483</u>
13.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>23,567,133</u>	<u>23,823,493</u>
13.5 Commitments to extent 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)	(Audited)
	March 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
13.6 Commitments in respect of forward exchange contracts		
Purchase	<u>161,442,610</u>	<u>141,981,927</u>
Sale	<u>127,882,358</u>	<u>112,686,309</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	Note	(Un-audited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012
13.7 Commitments in respect of derivatives			
Forward purchase of Government securities		704,730	-
Forward sale of Government securities		-	308,867
Interest rate swaps		8,202,172	8,059,417
Cross currency swaps		12,747,659	12,490,616
FX Options - purchased		160,130	37,234
FX Options - sold		160,130	37,234
Commodity futures		-	489
13.8 Commitments in respect of capital expenditure		1,877,685	2,150,282
13.9 For contingencies relating to taxation refer note	17		
		March 31, 2013 ----- (Rupees in '000) -----	March 31, 2012
14. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to customers		8,089,583	9,303,546
On lendings to financial institutions			
Call money lending		511	5,253
Repurchase agreement lendings		52,457	69,169
Other lendings to financial institutions		88,721	92,256
		141,689	166,678
On investments in			
Held for trading securities		141,763	110,825
Available for sale securities		6,185,755	5,308,826
Held to maturity securities		3,082,384	3,002,849
		9,409,902	8,422,500
On deposits with financial institutions		68,111	115,018
		17,709,285	18,007,742
15. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		6,805,114	6,633,516
On securities sold under repurchase agreements		859,425	610,193
On other short term borrowings		661,906	631,142
On long term borrowings		240,676	339,700
		8,567,121	8,214,551

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	March 31, 2013 ----- (Rupees in '000) -----	March 31, 2012 -----
16. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	2,603,037	2,393,136
Charge for compensated absences	81,516	143,246
Medical expenses	116,987	106,023
Contribution to defined contribution plan	62,030	65,296
Charge / (reversal) in respect of defined benefit obligations	35,945	(20,758)
Rent, taxes, insurance, electricity etc.	851,958	696,488
Depreciation	433,439	358,212
Amortization	104,342	95,397
Outsourced service charges including sales commission	676,190	528,611
Communications	267,624	230,935
Banking service charges	203,182	208,525
Cash transportation charges	109,678	84,452
Stationery and printing	126,254	107,783
Legal and professional charges	68,831	77,872
Advertisement and publicity	112,661	140,889
Repairs and maintenance	304,155	307,484
Travelling	56,864	64,529
Office running expenses	106,958	96,568
Vehicle expenses	45,907	44,845
Entertainment	43,520	37,330
Cartage, freight and conveyance	22,871	22,254
Insurance expense	33,525	58,889
Auditors' remuneration	22,166	20,983
Training and seminars	29,764	22,068
Brokerage expenses	13,515	5,431
Subscriptions	20,584	13,126
Donations	15,980	727
Non-executive Directors' fees	5,513	6,715
Zakat paid by overseas branch	23,671	24,127
Miscellaneous expenses	52,852	35,938
	<u>6,651,519</u>	<u>5,977,121</u>

17. TAXATION

The Income Tax returns of the Bank have been filed up to the tax year 2012 (accounting year ended December 31, 2011) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue..

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2012, and created additional tax demands of Rs.9,589 million, which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank 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.3.229 million (December 31, 2012: Rs.3.229 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, 2012: 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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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The tax returns for Azad Kashmir (AK) Branches have been filed upto the tax year 2012 (financial year 2011) 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 UAE have been filed upto the year ended December 31, 2012 and for other overseas branches 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 and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, for UNBL and UBAG, tax clearance has been issued till the accounting years 2010 and 2011 respectively. There are no material tax contingencies in any of the subsidiaries.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES
For the quarter ended March 31, 2013 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	33,000	4,244,516	7,191,123	2,082,781	144,199	543,223	-
Total expenses	(46,481)	(282,429)	(5,766,869)	(731,024)	(103,146)	(434,795)	-
Profit before tax	(13,481)	3,962,087	1,424,254	1,351,757	41,053	108,428	-
Segment return on assets (ROA)	-4.5%	2.5%	0.6%	1.1%	18.5%	-	-
Segment cost of funds	1.0%	6.4%	3.6%	6.3%	-	-	-

For the quarter ended March 31, 2012 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	64,374	2,383,847	8,369,178	2,311,334	188,596	852,419	-
Total expenses	(26,094)	(40,038)	(5,051,116)	(1,322,338)	(136,877)	(349,937)	-
Net income before tax	38,280	2,343,809	3,318,062	988,996	51,719	502,482	-
Segment return on assets (ROA)	9.2%	1.7%	1.4%	0.9%	28.1%	-	-
Segment cost of funds	1.0%	8.0%	4.1%	7.4%	-	-	-

As at March 31, 2013 (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)	1,150,717	519,079,712	673,972,947	345,369,750	771,819	97,530,730	(588,065,953)
Segment non performing loans (NPLs)	998,196	2,121,137	26,000,550	28,472,296	-	200,111	-
Segment provision held against NPLs	475,006	1,530,753	20,933,217	20,843,727	-	60,153	-
Segment liabilities	684,404	476,318,360	687,878,147	312,702,276	106,706	15,420,532	(588,065,953)

As at December 31, 2012 (Audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	1,433,174	450,699,629	682,889,811	340,638,365	737,335	82,302,496	(553,297,874)
Segment non performing loans (NPLs)	1,016,151	2,122,695	26,368,364	28,742,837	-	200,110	-
Segment provision held against NPLs	441,892	1,520,078	20,786,315	20,788,911	-	60,153	-
Segment liabilities	1,069,695	404,871,830	685,606,034	307,240,127	110,087	14,277,990	(553,297,874)

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 QUARTER ENDED MARCH 31, 2013

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 condensed interim financial statements, are as follows:

	As at March 31, 2013 (Un-audited)				As at December 31, 2012 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	------(Rupees in '000)-----							
Balances with banks								
In current accounts	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	2	-	-	-	773,770
	-	-	-	2	-	-	-	773,770
Investments								
Opening balance	-	-	12,635,789	425,458	-	-	16,282,680	308,803
Transfer in	-	-	-	-	-	-	200,000	-
Investment made during the period / year	-	-	224,833	618,498	-	-	2,927,737	193,224
Investment redeemed / disposed off during the period / year	-	-	(94,847)	(296)	-	-	(7,170,646)	(76,569)
Equity method adjustments	-	-	273,431	-	-	-	396,018	-
Closing balance	-	-	13,039,206	1,043,660	-	-	12,635,789	425,458
Provision for diminution in value of investments	-	-	-	48,158	-	-	-	48,158
Advances								
Opening balance	-	254,497	-	-	871	236,603	-	-
Addition during the period / year	-	20,512	-	-	-	147,808	-	-
Repaid during the period / year	-	(40,149)	-	-	(871)	(129,914)	-	-
Closing balance	-	234,860	-	-	-	254,497	-	-
Other Assets								
Interest mark-up accrued	-	1,318	-	7,331	-	4,997	-	4,277
Receivable from staff retirement funds	-	-	-	1,600,549	-	-	-	1,600,549
Prepaid insurance	-	-	204,594	-	-	-	16	-
Remuneration receivable from management of funds	-	-	45,481	1,707	-	-	12,908	143
Sales load receivable	-	-	3,639	-	-	-	2,102	-
Formation cost receivable	-	-	2,586	-	-	-	2,771	-
Advance for Pre-IPO investment	-	-	-	-	-	-	-	364,000
Receivable against redemption of units of mutual funds	-	-	-	-	-	-	1,004,226	-
Other receivable	-	-	1,591	-	-	-	1,438	-
Borrowings								
Opening balance	-	-	-	306,215	-	-	-	449,740
Borrowings during the period / year	-	-	-	3,822,831	-	-	4,548,669	88,156,884
Settled during the period / year	-	-	-	(4,129,046)	-	-	(4,548,669)	(88,300,409)
Closing balance	-	-	-	-	-	-	-	306,215
Deposits and other accounts								
Opening balance	6,173,963	100,272	824,548	2,578,927	2,898,779	91,090	1,310,093	2,044,951
Received during the period / year	3,930,800	231,614	13,696,849	90,550,255	6,948,406	922,237	55,101,601	84,010,717
Withdrawn during the period / year	(3,960,496)	(168,955)	(14,271,380)	(91,184,253)	(3,673,222)	(913,055)	(55,587,146)	(83,476,741)
Closing balance	6,144,267	162,931	250,017	1,944,929	6,173,963	100,272	824,548	2,578,927
Subordinated loans								
	-	-	-	-	-	5	5,998	-
Other Liabilities								
Interest / mark-up payable on deposits	6,157	616	76	8,263	75,061	394	-	34,405
Interest / mark-up payable on borrowings	-	-	-	-	-	-	-	837
Interest / mark-up payable on subordinated loans	-	-	-	-	-	0	167	-
Contingencies and Commitments								
Letter of guarantee	-	-	72,950	-	-	-	71,993	-
Forward foreign exchange contracts purchase	-	-	-	2,360,153	-	-	-	2,914,491
Forward foreign exchange contracts sale	-	-	-	2,458,493	-	-	-	2,817,341
	For the quarter ended March 31, 2013 (Un-audited)				For the quarter ended March 31, 2012 (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	-	2,955	-	14,036	32	3,127	-	18,127
Commission / charges recovered	5	9	196	198	1	7	101	65
Dividend received	-	-	6,005	-	-	-	617,212	-
Net gain / (loss) on sale of securities	-	-	3,474	(197)	-	-	-	9,271
Realised gain on derivative transactions	-	-	-	-	-	-	-	506,914
Remuneration from management of fund	-	-	128,923	2,040	-	-	145,802	2,204
Sales Load	-	-	8,916	-	-	-	10,672	-
Other income	-	-	-	-	-	685	-	-
Mark-up / return / interest paid	28,492	377	6,244	13,670	31,150	172	3,674	13,912
Remuneration paid	-	403,205	-	-	-	284,530	-	-
Post employment benefits	-	4,696	-	-	-	4,693	-	-
Non-executive directors' fee	5,513	-	-	-	6,715	-	-	-
Net charge for defined contribution plans	-	-	-	62,030	-	-	-	65,296
Net reversal for defined benefit plans	-	-	-	(17,505)	-	-	-	(68,539)
Payment for employee motivation and retention scheme	-	-	-	-	-	-	-	250,000
Insurance premium paid	-	-	258,785	-	-	-	264,468	-
Insurance claims settled	-	-	32,993	-	-	-	38,636	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**
20. ISLAMIC BANKING BUSINESS

20.1 The statement of financial position of the Group's Islamic Banking branches as at March 31, 2013 is as follows:

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		660,945	748,333
Balances with other banks		953,894	1,293,290
Due from financial institutions		-	-
Investments		8,963,631	8,036,026
Islamic financing and related assets	20.3	2,409,869	3,118,266
Operating fixed assets		105,692	100,250
Due from Head Office		-	-
Other assets		193,487	173,481
Total Assets		13,287,518	13,469,646
LIABILITIES			
Bills payable		960	960
Due to financial institutions		-	-
Deposits and other accounts			
Current accounts		1,922,645	1,863,420
Saving accounts		2,152,205	2,533,628
Term deposits		2,806,377	3,141,108
Deposits from financial institutions - remunerative		4,686,106	4,956,027
		11,567,333	12,494,183
Due to Head Office		1,083,695	272,971
Other liabilities		138,158	162,915
		12,790,146	12,931,029
NET ASSETS		497,372	538,617
REPRESENTED BY			
Islamic Banking Fund		681,000	681,000
Accumulated loss		(210,825)	(194,579)
		470,175	486,421
Surplus on revaluation of assets		27,197	52,196
		497,372	538,617

20.2 The profit and loss account of the Group's Islamic Banking branches for the quarter ended March 31, 2013 is as follows:

	March 31, 2013	March 31, 2012
----- (Un-audited) ----- ----- (Rupees in '000) -----		
Return earned	331,472	326,792
Return expensed	(206,885)	(138,373)
	124,587	188,419
Provision against loans and advances - net	-	(6,690)
Reversal for diminution in value of investments - net	240	673
Reversal against assets given on Ijarah	-	239
	240	(5,778)
Net return after provision	124,827	182,641
OTHER INCOME		
Fee, commission and brokerage income	3,288	2,666
Dividend income	6,005	27,865
Income from dealing in foreign currencies	307	3,749
Gain on sale of securities - net	-	860
Other income	1,820	4,049
Total other income	11,420	39,189
	136,247	221,830
OTHER EXPENSES		
Administrative expenses	(155,319)	(88,480)
Other (provisions) / reversal - net	2,826	(3,385)
Total other expenses	(152,493)	(91,865)
Net profit for the period	(16,246)	129,965
Accumulated losses brought forward	(194,579)	(199,658)
Accumulated losses carried forward	(210,825)	(69,693)
	285	681

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
20.3 Islamic financing and related assets		
Financings		
Murabaha	797,495	1,394,021
Ijarah	1,014,462	982,463
Musharaka	27,778	55,556
Diminishing Musharaka	180,918	192,924
Salam	293,793	347,171
Provision against financings	(29,864)	(29,864)
	2,284,582	2,942,271
Advances		
Advances and receivables against Ijarah	107,084	171,780
Advances for Murabaha	33,631	17,531
Provision against advances for Murabaha	(17,498)	(17,498)
	123,217	171,813
Profit receivable against financings	2,070	4,182
	<u>2,409,869</u>	<u>3,118,266</u>

21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 23, 2013 has declared a cash dividend in respect of the quarter ended March 31, 2013 of Rs. 2 per share (March 31, 2012: Re 1.0). The consolidated condensed interim financial statements for the quarter ended March 31, 2013 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 April 23, 2013 by the Board of Directors of the Group.

Atif R. Bokhari
President &
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman