

United Bank Limited  
**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2014  
(UNAUDITED)**



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>ASSETS</b>			
Cash and balances with treasury banks		95,757,765	89,591,601
Balances with other banks		28,951,935	32,658,606
Lendings to financial institutions	6	18,589,914	29,858,038
Investments	7	457,911,661	458,846,198
Advances	8	438,386,160	415,283,310
Operating fixed assets	9	27,485,258	28,037,980
Deferred tax asset - net		-	-
Other assets		36,604,504	29,356,983
		<u>1,103,687,197</u>	<u>1,083,632,716</u>
<b>LIABILITIES</b>			
Bills payable		12,515,676	16,600,691
Borrowings	10	34,952,035	41,077,730
Deposits and other accounts	11	918,209,534	889,525,603
Subordinated loans		332,660	665,328
Liabilities against assets subject to finance lease		891	1,325
Deferred tax liability - net		1,115,181	1,395,138
Other liabilities		23,976,986	23,093,754
		<u>991,102,963</u>	<u>972,359,569</u>
<b>NET ASSETS</b>		<u><u>112,584,234</u></u>	<u><u>111,273,147</u></u>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		36,326,850	38,049,345
Unappropriated profit		47,527,859	45,208,302
Total equity attributable to the equity holders of the Bank		<u>96,096,507</u>	<u>95,499,445</u>
Non-controlling interest		3,482,838	3,487,918
		<u>99,579,345</u>	<u>98,987,363</u>
Surplus on revaluation of assets - net of deferred tax	12	13,004,889	12,285,784
		<u><u>112,584,234</u></u>	<u><u>111,273,147</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	Note	April-June 2014	April-June 2013	January - June 2014	January - June 2013
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	21,626,359	19,006,821	41,740,640	36,716,106
Mark-up / return / interest expensed	15	(9,829,758)	(9,649,457)	(19,686,524)	(18,216,578)
Net mark-up / return / interest income		11,796,601	9,357,364	22,054,116	18,499,528
Provision against loans and advances - net		(639,647)	(619,815)	(907,682)	(1,145,399)
Provision against lendings to financial institutions - net		(10,043)	(65,524)	(9,705)	(61,186)
Provision for diminution in value of investments - net		(246,855)	(15,853)	(241,277)	(29,073)
Bad debts written off directly		(32,670)	(63,992)	(76,400)	(108,683)
		(929,215)	(765,184)	(1,235,064)	(1,344,341)
Net mark-up / return / interest income after provisions		10,867,386	8,592,180	20,819,052	17,155,187
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		3,330,012	2,647,151	6,442,064	5,300,744
Dividend income		209,979	70,754	865,375	613,605
Income from dealing in foreign currencies		791,903	408,040	1,461,468	824,069
Gain on sale of securities - net		773,936	1,136,979	1,536,483	2,137,096
Unrealized loss on revaluation of investments classified as held for trading		(674)	(13,880)	(46,536)	(7,593)
Other income		386,200	376,173	715,543	560,223
Total non mark-up / interest income		5,491,356	4,625,217	10,974,397	9,428,144
		16,358,742	13,217,397	31,793,449	26,583,331
<b>Non mark-up / interest expenses</b>					
Administrative expenses	16	(7,881,902)	(7,149,685)	(15,259,025)	(13,814,312)
Other provisions - net		(150,065)	(67,061)	(165,928)	(71,015)
Workers' Welfare Fund		(173,767)	(127,407)	(331,703)	(244,722)
Other charges		(7,676)	(75)	(7,827)	(374)
Total non mark-up / interest expenses		(8,213,410)	(7,344,228)	(15,764,483)	(14,130,423)
		8,145,332	5,873,169	16,028,966	12,452,908
Share of income of associates		397,703	532,222	667,395	826,581
<b>Profit before taxation</b>		8,543,035	6,405,391	16,696,361	13,279,489
Taxation - Current		(3,009,336)	(2,070,642)	(5,704,247)	(4,019,296)
- Prior		(344)	(10,544)	(344)	(10,544)
- Deferred		266,830	(28,151)	332,619	(4,867)
		(2,742,850)	(2,109,337)	(5,371,972)	(4,034,707)
<b>Profit after taxation</b>		5,800,185	4,296,054	11,324,389	9,244,782
<b>Attributable to:</b>					
Equity shareholders of the Bank		5,791,711	4,185,993	11,304,674	8,861,945
Non-controlling interest		8,474	110,061	19,715	382,837
		5,800,185	4,296,054	11,324,389	9,244,782
<b>Earnings per share - basic and diluted</b>		4.73	3.42	9.23	7.24

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	April-June 2014	April-June 2013	January - June 2014	January - June 2013
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period attributable to:</b>				
Equity shareholders of the Bank	5,791,711	4,185,993	11,304,674	8,861,945
Non-controlling interest	8,474	110,061	19,715	382,837
	<u>5,800,185</u>	<u>4,296,054</u>	<u>11,324,389</u>	<u>9,244,782</u>
<b>Other comprehensive income:</b>				
<i>Items that are or may be reclassified to profit and loss account</i>				
Exchange differences on translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	292,043	472,234	(2,789,673)	725,173
- Non-controlling interest	158,060	68,650	(25,241)	(70,528)
	450,103	540,884	(2,814,914)	654,645
Amortization of cash flow hedges	-	5,596	4,962	16,382
Related deferred tax charge	-	(1,959)	(1,737)	(5,734)
	-	3,637	3,225	10,648
	<u>450,103</u>	<u>544,521</u>	<u>(2,811,689)</u>	<u>665,293</u>
<b>Comprehensive income transferred to equity - net of tax</b>	<u>6,250,288</u>	<u>4,840,575</u>	<u>8,512,700</u>	<u>9,910,075</u>

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

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	January - June 2014	January - June 2013
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	16,696,361	13,279,489
Less: Dividend income	(865,375)	(613,605)
Share of income of associates	(667,395)	(826,581)
	<u>15,163,591</u>	<u>11,839,303</u>
<b>Adjustments:</b>		
Depreciation	860,204	888,151
Amortization	248,844	240,033
Workers' Welfare Fund	331,703	244,722
Provision for retirement benefits	564,140	491,436
Provision against loans and advances - net	907,682	1,145,399
Provision against lendings to financial institutions - net	9,705	61,186
Provision for diminution in value of investments - net	241,277	29,073
Gain on sale of operating fixed assets	(31,624)	(4,648)
Amortization of cash flow hedges	4,962	16,382
Unrealized loss on revaluation of investments classified as held for trading	46,536	7,593
Bad debts written-off directly	76,400	108,683
Finance charges on leased assets	58	123
Provision against other assets	165,928	71,015
	<u>3,425,815</u>	<u>3,299,148</u>
	<u>18,589,406</u>	<u>15,138,451</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	11,258,419	3,401,417
Held for trading securities	(823,933)	(6,914,604)
Advances	(24,086,932)	1,377,582
Other assets (excluding advance taxation)	(7,394,156)	(697,249)
	<u>(21,046,602)</u>	<u>(2,832,854)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(4,085,015)	12,967,145
Borrowings	(6,125,695)	2,335,551
Deposits and other accounts	28,683,931	56,348,144
Other liabilities (excluding current taxation)	751,784	563,243
	<u>19,225,005</u>	<u>72,214,083</u>
	<u>16,767,809</u>	<u>84,519,680</u>
Payments on account of staff retirement benefits	(905,944)	(646,750)
Income taxes paid	(5,441,450)	(6,691,725)
<b>Net cash inflow from operating activities</b>	<u>10,420,415</u>	<u>77,181,205</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	2,919,261	(70,277,838)
Dividend income received	861,944	602,051
Investment in operating fixed assets	(1,018,397)	(1,326,245)
Sale proceeds from disposal of operating fixed assets	353,286	35,909
<b>Net cash inflow / (outflow) from investing activities</b>	<u>3,116,094</u>	<u>(70,966,123)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of subordinated loans	(332,668)	(2,333,268)
Payment in respect of lease obligation	(492)	(501)
Dividends paid	(7,928,942)	(6,732,989)
<b>Net cash outflow from financing activities</b>	<u>(8,262,102)</u>	<u>(9,066,758)</u>
	<u>5,274,407</u>	<u>(2,851,676)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	(2,789,673)	725,173
- Non-controlling interest	(25,241)	(70,528)
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<u>2,459,493</u>	<u>(2,197,031)</u>
Cash and cash equivalents at the beginning of the period	<u>122,250,207</u>	<u>117,689,882</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>124,709,700</u></u>	<u><u>115,492,851</u></u>

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	Attributable to equity shareholders of the Bank							Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	----Capital reserves----		Employees stock option reserve	Unappropriated profit			Sub total
				Exchange translation reserve	Cash flow hedge reserve					
(Rupees in '000)										
<b>Balance as at January 01, 2013 (Audited) - Restated</b>	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
<b>Transactions with owners for the six months ended June 30, 2013</b>										
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)
Interim cash dividend - March 31, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Employees stock option reserve	-	-	-	-	-	1,905	-	1,905	-	1,905
<b>Total comprehensive income for the six months ended June 30, 2013</b>	-	-	-	-	-	1,905	(6,732,989)	(6,731,084)	-	(6,731,084)
Profit after taxation for the six months ended June 30, 2013	-	-	-	-	-	-	8,861,945	8,861,945	382,837	9,244,782
Other comprehensive income - net of tax	-	-	-	725,173	10,648	-	-	735,821	(70,528)	665,293
<b>Total comprehensive income for the six months ended June 30, 2013</b>	-	-	-	725,173	10,648	-	8,861,945	9,597,766	312,309	9,910,075
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	34,157	34,157	523	34,680
Transfer to statutory reserve	-	-	832,087	-	-	-	(832,087)	-	-	-
<b>Balance as at June 30, 2013 (Un-audited)</b>	12,241,798	3,000	18,660,284	15,212,578	(10,346)	2,987	40,636,153	86,746,454	3,139,892	89,886,346
<b>Transactions with owners for the six months ended December 31, 2013</b>										
Interim cash dividend - June 30, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Interim cash dividend - September 30, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Employees stock option reserve	-	-	-	-	-	3,706	-	3,706	-	3,706
<b>Total comprehensive income for the six months ended December 31, 2013</b>	-	-	-	-	-	3,706	(4,896,720)	(4,893,014)	-	(4,893,014)
Profit after taxation for the six months ended December 31, 2013	-	-	-	-	-	-	10,423,568	10,423,568	62,421	10,485,989
Other comprehensive income - net of tax	-	-	-	3,134,787	7,121	-	46,120	3,188,028	284,927	3,472,955
<b>Total comprehensive income for the six months ended December 31, 2013</b>	-	-	-	3,134,787	7,121	-	10,469,688	13,611,596	347,348	13,958,944
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	34,409	34,409	678	35,087
Transfer to statutory reserves	-	-	1,035,228	-	-	-	(1,035,228)	-	-	-
<b>Balance as at December 31, 2013 (Audited)</b>	12,241,798	3,000	19,695,512	18,347,365	(3,225)	6,693	45,208,302	95,499,445	3,487,918	98,987,363
<b>Transactions with owners for the six months ended June 30, 2014</b>										
Final cash dividend - December 31, 2013 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Employees stock option reserve	-	-	-	-	-	2,101	-	2,101	-	2,101
<b>Total comprehensive income for the six months ended June 30, 2014</b>	-	-	-	-	-	2,101	(7,957,169)	(7,955,068)	-	(7,955,068)
Profit after taxation for the six months ended June 30, 2014	-	-	-	-	-	-	11,304,674	11,304,674	19,715	11,324,389
Other comprehensive income - net of tax	-	-	-	(2,789,673)	3,225	-	-	(2,786,448)	(25,241)	(2,811,689)
<b>Total comprehensive income for the six months ended June 30, 2014</b>	-	-	-	(2,789,673)	3,225	-	11,304,674	8,518,226	(5,526)	8,512,700
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	33,904	33,904	446	34,350
Transfer to statutory reserves	-	-	1,061,852	-	-	-	(1,061,852)	-	-	-
<b>Balance as at June 30, 2014 (Un-audited)</b>	12,241,798	3,000	20,757,364	15,557,692	-	8,794	47,527,859	96,096,507	3,482,838	99,579,345

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

**Holding Company**

United Bank Limited (the Bank)

**Subsidiary Companies**

United National Bank Limited, United Kingdom (UBL UK)

UBL (Switzerland) AG, Switzerland (USAG)

UBL Bank (Tanzania) Limited, Tanzania (UBTL)

United Executors and Trustees Company Limited, Pakistan (JET)

UBL Fund Managers Limited, Pakistan (UBLFM)

Al Ameen Islamic Financial Services (Pvt.) Limited (AAIFS)

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, 2013: 1,283) branches inside Pakistan including 22 (December 31, 2013: 22) Islamic Banking branches and 1 (December 31, 2013: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2013: 18) branches outside Pakistan as at June 30, 2014. The Bank is a subsidiary of Bestway (Holdings) Limited which is incorporated in the United Kingdom.

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.

During the period, UBLFM has incorporated a wholly owned subsidiary Al Ameen Islamic Financial Services (Pvt.) Limited on February 27, 2014. The principal activity of the subsidiary is provision of Shariah compliant financial services including the distribution of Shariah compliant mutual funds.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UBL UK, a 0.55% share of the employees of UBLFM in the net asset value of UBLFM and a 0.55% share of the employees of UBLFM in the net asset value of AAIFS.

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

The financial results of the Islamic Banking branches of the Bank have been 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 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, 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, 2013.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**
**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, 2013.
- 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, 2013.

**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 its 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, 2013.

**6. LENDINGS TO FINANCIAL INSTITUTIONS**

(Un-audited)	(Audited)
June 30, 2014	December 31, 2013
----- (Rupees in '000) -----	

Call money lendings	-	100,000
Repurchase agreement lendings	982,368	13,791,125
Other lendings to financial institutions	18,239,546	16,620,831
	<u>19,221,914</u>	<u>30,511,956</u>
Provision against lendings to financial institutions	(632,000)	(653,918)
	<u>18,589,914</u>	<u>29,858,038</u>



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**
**7. INVESTMENTS**
**7.1 Investments by types**

Note	(Un-audited) June 30, 2014			(Audited) December 31, 2013		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----						
<b>Held for trading securities</b>						
Market Treasury Bills	2,802,036	-	2,802,036	7,401,965	-	7,401,965
Pakistan Investment Bonds	4,244,057	-	4,244,057	-	-	-
Ordinary shares of listed companies	1,494,780	-	1,494,780	317,933	-	317,933
Term Finance Certificates	51,522	-	51,522	49,782	-	49,782
Sukuks	18,239	-	18,239	21,437	-	21,437
	8,610,634	-	8,610,634	7,791,117	-	7,791,117
<b>Available for sale securities</b>						
Market Treasury Bills	50,622,483	8,665,507	59,287,990	176,092,538	12,054,264	188,146,802
Pakistan Investment Bonds	153,449,698	985,894	154,435,592	65,136,963	-	65,136,963
Government of Pakistan Sukuk	9,892,013	-	9,892,013	6,186,752	-	6,186,752
Government of Pakistan Eurobonds	13,088,920	-	13,088,920	12,624,436	-	12,624,436
Ordinary shares of listed companies	15,493,707	-	15,493,707	14,157,245	-	14,157,245
Preference shares	423,842	-	423,842	444,765	-	444,765
Ordinary shares of unlisted companies	243,211	-	243,211	243,350	-	243,350
Term Finance Certificates	2,003,572	-	2,003,572	1,921,370	-	1,921,370
Foreign bonds - sovereign	23,159,777	-	23,159,777	26,815,680	-	26,815,680
Foreign bonds - others	24,972,206	-	24,972,206	32,479,255	-	32,479,255
	293,349,429	9,651,401	303,000,830	336,102,354	12,054,264	348,156,618
<b>Held to maturity securities</b>						
Market Treasury Bills	33,199,999	-	33,199,999	41,539,276	-	41,539,276
Pakistan Investment Bonds	86,231,614	-	86,231,614	38,333,967	-	38,333,967
Government of Pakistan Eurobonds	5,969,664	-	5,969,664	6,103,979	-	6,103,979
Government of Pakistan Sukuk	-	-	-	300,000	-	300,000
Term Finance Certificates	5,059,307	-	5,059,307	5,045,801	-	5,045,801
Sukuks	1,671,596	-	1,671,596	1,774,197	-	1,774,197
Participation Term Certificates	4,939	-	4,939	4,939	-	4,939
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	367,307	-	367,307	155,121	-	155,121
Foreign bonds - others	927,983	-	927,983	915,371	-	915,371
Recovery note	304,562	-	304,562	324,639	-	324,639
CDC SAARC Fund	215	-	215	229	-	229
	133,739,452	-	133,739,452	94,499,785	-	94,499,785
<b>Associates</b>						
United Growth and Income Fund	3,211,691	-	3,211,691	2,906,051	-	2,906,051
UBL Liquidity Plus Fund	1,292,220	-	1,292,220	543,443	-	543,443
UBL Money Market Fund	113,695	-	113,695	194,253	-	194,253
UBL Stock Advantage Fund	136,021	-	136,021	51,940	-	51,940
UBL Retirement Savings Fund	215,949	-	215,949	167,037	-	167,037
UBL Principal Protected Fund - I	-	-	-	212,808	-	212,808
UBL Principal Protected Fund - II	113,602	-	113,602	103,640	-	103,640
UBL Principal Protected Fund - III	209,983	-	209,983	-	-	-
UBL Government Securities Fund	2,417,973	-	2,417,973	109,348	-	109,348
UBL Gold Fund	94,385	-	94,385	83,283	-	83,283
UBL Asset Allocation Fund	793,359	-	793,359	842,528	-	842,528
UBL Financial Sector Bond Fund	75,678	-	75,678	105,246	-	105,246
Al-Ameen Shariah Stock Fund	30,626	-	30,626	27,356	-	27,356
Al-Ameen Islamic Income Fund	230,167	-	230,167	212,573	-	212,573
Al-Ameen Islamic Sovereign Fund	361,586	-	361,586	343,122	-	343,122
Al-Ameen Islamic Retirement Savings Fund	180,012	-	180,012	162,120	-	162,120
Al-Ameen Islamic Cash Fund	112,026	-	112,026	108,693	-	108,693
Al-Ameen Islamic Principal Preservation Fund – I	131,304	-	131,304	121,674	-	121,674
Al-Ameen Islamic Principal Preservation Fund – II	114,198	-	114,198	105,807	-	105,807
Al-Ameen Islamic Principal Preservation Fund – III	101,341	-	101,341	-	-	-
Al-Ameen Islamic Asset Allocation Fund	102,587	-	102,587	100,071	-	100,071
UBL Insurers Limited	219,363	-	219,363	211,058	-	211,058
Khushhali Bank Limited	1,020,785	-	1,020,785	952,451	-	952,451
Oman United Exchange Company, Muscat	68,047	-	68,047	68,396	-	68,396
DHA Cogen Limited	-	-	-	-	-	-
	11,346,598	-	11,346,598	7,732,898	-	7,732,898
	447,046,113	9,651,401	456,697,514	446,126,154	12,054,264	458,180,418
Provision for diminution in value of investments	(1,675,227)	-	(1,675,227)	(1,484,505)	-	(1,484,505)
<b>Investments (net of provisions)</b>	445,370,886	9,651,401	455,022,287	444,641,649	12,054,264	456,695,913
Surplus / (deficit) on revaluation of available for sale securities	2,934,361	1,549	2,935,910	2,159,717	(5,016)	2,154,701
Deficit on revaluation of held for trading securities	(46,536)	-	(46,536)	(4,416)	-	(4,416)
<b>Total Investments</b>	448,258,711	9,652,950	457,911,661	446,796,950	12,049,248	458,846,198

7.2 The Bank holds 20.99% of the issued and paid up shares of DHA Cogen Limited which were acquired without any consideration having been paid.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		301,910,708	269,527,934
Outside Pakistan		131,610,951	135,469,377
		<u>433,521,659</u>	<u>404,997,311</u>
Bills discounted and purchased			
Payable in Pakistan		25,329,053	29,857,262
Payable outside Pakistan		26,332,970	26,820,425
		<u>51,662,023</u>	<u>56,677,687</u>
Advances - gross		485,183,682	461,674,998
Provision against advances			
Specific		(44,742,652)	(44,497,945)
General	8.2	(2,054,870)	(1,893,743)
Advances - net of provision		<u>438,386,160</u>	<u>415,283,310</u>

8.1 Advances include Rs. 53,356 million (December 31, 2013: Rs. 54,835 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2014 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	108,020	-	108,020	1,299	-	1,299	1,299	-	1,299
Substandard	1,878,227	935,628	2,813,855	336,395	239,179	575,574	336,395	239,179	575,574
Doubtful	1,532,585	2,792,431	4,325,016	227,464	986,059	1,213,523	227,464	986,059	1,213,523
Loss	38,670,742	7,438,699	46,109,441	37,566,500	5,385,755	42,952,255	37,566,500	5,385,755	42,952,255
	<u>42,189,574</u>	<u>11,166,758</u>	<u>53,356,332</u>	<u>38,131,658</u>	<u>6,610,993</u>	<u>44,742,652</u>	<u>38,131,658</u>	<u>6,610,993</u>	<u>44,742,652</u>

Category of Classification	December 31, 2013 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	100,063	-	100,063	640	-	640	640	-	640
Substandard	1,876,334	2,027,722	3,904,056	310,902	501,219	812,121	310,902	501,219	812,121
Doubtful	1,526,948	3,006,480	4,533,428	206,431	1,515,728	1,722,159	206,431	1,515,728	1,722,159
Loss	39,374,606	6,922,779	46,297,385	37,250,604	4,712,421	41,963,025	37,250,604	4,712,421	41,963,025
	<u>42,877,951</u>	<u>11,956,981</u>	<u>54,834,932</u>	<u>37,768,577</u>	<u>6,729,368</u>	<u>44,497,945</u>	<u>37,768,577</u>	<u>6,729,368</u>	<u>44,497,945</u>

\* The other assets especially mentioned category pertains to agricultural finance and advances to small enterprises.

8.2 General provision represents provision amounting to Rs. 255.004 million (December 31, 2013: Rs.252.592 million) against consumer finance portfolio and Rs. 42.942 million (December 31, 2013: Rs. 32.942 million) against advances to small enterprises as required by the Prudential Regulations issued by the SBP and Rs.1,708.924 million (December 31, 2013: Rs.1,560.209 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provisions also include an amount of Rs. 48.000 million (December 31, 2013: 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 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. 1,027.033 million (December 31, 2013: Rs.1,354.730 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	(Un-audited) June 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>9. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	2,170,411	1,950,378
Property and equipment	23,954,991	24,619,242
Intangible assets	1,359,856	1,468,360
9.1	27,485,258	28,037,980

9.1 Additions and disposals during the period amounted to Rs. 1,018.397 million (June 30, 2013: Rs.1,407.987 million) and Rs. 672.976 million (June 30, 2013: Rs.131.416 million), respectively.

	(Un-audited) June 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Export refinance scheme	9,970,593	10,835,330
Refinance facility for modernization of SME	33,693	40,795
Long term financing facility	5,984,564	5,950,207
Long term financing under export oriented projects	271,584	423,958
	16,260,434	17,250,290
Repurchase agreement borrowings	9,623,523	12,042,846
	25,883,957	29,293,136
<b>Unsecured</b>		
Call borrowings	3,353,782	5,033,830
Overdrawn nostro accounts	53,060	399,584
Other borrowings	5,661,236	6,351,180
	9,068,078	11,784,594
	34,952,035	41,077,730

**11. DEPOSITS AND OTHER ACCOUNTS**
**Customers**

Fixed deposits	260,402,406	280,279,656
Savings deposits	283,569,821	280,813,671
Sundry deposits	17,497,558	7,083,484
Margin deposits	4,990,327	5,601,107
Current accounts - remunerative	7,163,216	10,709,116
Current accounts - non-remunerative	324,831,089	287,401,892
	898,454,417	871,888,926

**Financial Institutions**

Remunerative deposits	13,210,122	11,636,629
Non-remunerative deposits	6,544,995	6,000,048
	19,755,117	17,636,677
	918,209,534	889,525,603

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	----- (Rupees in '000) -----	
<b>12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</b>		
Surplus arising on revaluation of assets - net of tax:		
Fixed assets		
- Group's share	10,752,543	10,808,168
- Non-controlling interest	485,465	503,291
	12.1	11,238,008
Securities		
- Group's share	1,954,665	1,517,922
- Non-controlling interest	(208,439)	(528,133)
	12.2	1,746,226
Surplus / (Deficit) arising on revaluation of assets of associates	20,655	(15,464)
	<u>13,004,889</u>	<u>12,285,784</u>
<b>12.1 Surplus on revaluation of fixed assets</b>		
Surplus on revaluation of fixed assets at January 1	16,680,220	16,581,261
Exchange adjustments	(50,896)	204,856
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(34,350)	(69,767)
Related deferred tax liability on incremental depreciation charged during the period / year	(18,258)	(36,130)
	<u>(103,504)</u>	<u>98,959</u>
	16,576,716	16,680,220
Less: Related deferred tax liability on:		
Revaluation as on January 1	5,368,761	5,070,497
Recognition of deferred tax	-	334,075
Exchange adjustments	(11,795)	319
Incremental depreciation charged during the period / year	(18,258)	(36,130)
	<u>5,338,708</u>	<u>5,368,761</u>
	<u>11,238,008</u>	<u>11,311,459</u>
<b>12.2 Surplus / (deficit) on revaluation of available for sale securities</b>		
Market Treasury Bills	6,130	(147,850)
Pakistan Investment Bonds	(788,591)	(402,073)
Listed shares	1,998,089	2,767,281
Term Finance Certificates, Sukuks, other bonds, etc.	127,368	75,680
Foreign bonds	1,592,914	(138,337)
	2,935,910	2,154,701
Related deferred tax liability	(1,189,684)	(1,164,912)
	<u>1,746,226</u>	<u>989,789</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	(Un-audited) June 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring:		
Government	4,376,153	3,796,673
Banking companies and other financial institutions	2,124,319	3,078,030
Others	5,167,875	3,912,366
	<u>11,668,347</u>	<u>10,787,069</u>
<b>13.2 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	82,453,375	79,772,016
Banking companies and other financial institutions	5,773,507	5,364,806
Others	34,950,415	34,406,478
	<u>123,177,297</u>	<u>119,543,300</u>
<b>13.3 Trade-related contingent liabilities</b>		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	54,056,679	60,259,468
Banking companies and other financial institutions	3,238,049	10,120,833
Others	113,018,701	108,614,288
	<u>170,313,429</u>	<u>178,994,589</u>
<b>13.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>12,270,386</u>	<u>12,471,155</u>
Contingency in respect of Workers' Welfare Fund	<u>305,997</u>	<u>305,997</u>
<b>13.5 Commitments to extent credit</b>		
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.		
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<u>207,298,958</u>	<u>238,732,897</u>
Sale	<u>175,036,973</u>	<u>202,902,937</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	Note	(Un-audited) June 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013 ----- (Rupees in '000) -----
<b>13.7 Commitments in respect of derivatives</b>			
Interest rate swaps		5,006,257	5,723,576
Cross currency swaps		10,285,800	10,550,240
<b>13.8 Commitments in respect of capital expenditure</b>		1,687,213	1,699,696
<b>13.9 For contingencies relating to taxation refer note 17</b>			
		----- (Un-audited) -----	----- (Un-audited) -----
		January - June 2014	January - June 2013
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>14. MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances to customers		17,857,987	16,383,004
On lendings to financial institutions			
Call money lendings		9,378	1,714
Repurchase agreement lendings		591,676	101,472
Other lendings to financial institutions		227,380	179,731
		828,434	282,917
On investments in			
Held for trading securities		1,180,880	282,034
Available for sale securities		14,543,850	13,408,632
Held to maturity securities		7,259,265	6,231,558
		22,983,995	19,922,224
On deposits with financial institutions		70,224	127,961
		41,740,640	36,716,106
<b>15. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On deposits		16,927,398	13,937,122
On securities sold under repurchase agreements		1,387,258	2,522,218
On other short term borrowings		1,081,560	1,129,101
On long term borrowings		290,308	628,137
		19,686,524	18,216,578

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	January - June 2014	January - June 2013
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	5,580,825	5,128,343
Charge for compensated absences	231,783	274,744
Medical expenses	256,488	237,930
Contribution to defined contribution plan	152,450	134,729
Charge in respect of defined benefit obligations	179,907	81,963
Rent, taxes, insurance, electricity etc.	1,936,739	1,776,369
Depreciation	860,204	888,151
Amortization	248,844	240,033
Outsourced service charges including sales commission	1,864,929	1,410,575
Communications	582,350	548,458
Banking service charges	493,444	433,836
Cash transportation charges	255,317	206,575
Stationery and printing	292,539	286,833
Legal and professional charges	95,523	145,350
Advertisement and publicity	411,518	285,579
Repairs and maintenance	668,248	628,787
Travelling	140,817	130,446
Office running expenses	264,364	237,096
Vehicle expenses	104,208	93,493
Entertainment	94,966	87,531
Cartage, freight and conveyance	44,995	47,852
Insurance expense	52,899	64,142
Auditors' remuneration	57,188	46,278
Training and seminars	51,060	54,924
Brokerage expenses	22,678	24,581
Subscriptions	54,931	41,266
Donations	24,130	38,815
Non-executive Directors' fees	16,617	19,775
Zakat paid by overseas branch	49,348	47,539
Miscellaneous expenses	169,716	172,319
	<u>15,259,025</u>	<u>13,814,312</u>

**17. TAXATION**

The Income Tax returns of the Bank have been filed up to the tax year 2013 (accounting year ended December 31, 2012) 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 2013, 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.2,365 million (December 31, 2013: Rs. 2.365 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, 2013: 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)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

The tax returns for Azad Kashmir branches have been filed upto the tax year 2013 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 the UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2013, and for the USA branch up to the accounting year ended December 31, 2012 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

For UBL UK, UBLFM and UET, income tax returns have been filed up to the accounting year ended December 31, 2012 and for UBTL and USAG, upto the year ended December 31, 2013, 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 UBL UK and USAG, tax clearance has been issued till the accounting years 2011 and 2012 respectively. There are no material tax contingencies in any of the subsidiaries.

**18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**
**For the six months ended June 30, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	163,738	8,770,838	17,574,403	5,234,025	418,823	1,534,081	-
Total expenses	(44,483)	(527,444)	(11,626,582)	(3,639,754)	(309,013)	(852,271)	-
Profit before tax	119,255	8,243,394	5,947,821	1,594,271	109,810	681,810	-
Segment return on assets (ROA)	55.3%	1.9%	1.0%	0.5%	20.9%	-	-
Segment cost of funds	2.3%	6.5%	4.1%	6.1%	-	-	-

**For the six months ended June 30, 2013 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	80,197	8,769,697	14,368,108	3,941,725	340,082	1,254,444	-
Total expenses	(95,959)	(747,944)	(11,655,788)	(2,026,924)	(239,912)	(708,237)	-
Profit before tax	(15,762)	8,021,753	2,712,320	1,914,801	100,170	546,207	-
Segment return on assets (ROA)	-4.2%	2.2%	0.5%	0.7%	24.4%	-	-
Segment cost of funds	1.6%	6.1%	3.7%	6.7%	-	-	-

**As at June 30, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	722,572	551,277,245	822,551,866	449,736,726	939,945	94,745,068	(771,543,573)
Segment non performing loans (NPLs)	644,376	1,993,860	23,597,097	26,920,889	-	200,110	-
Segment provision held against NPLs	458,808	1,683,375	19,306,565	23,233,404	-	60,500	-
Segment liabilities	186,298	514,016,015	829,774,155	409,208,041	133,575	9,328,452	(771,543,573)

**As at December 31, 2013 (Audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	871,272	542,686,795	796,930,956	408,036,105	883,739	88,011,300	(709,289,506)
Segment non performing loans (NPLs)	686,875	2,065,568	25,055,587	26,826,792	-	200,110	-
Segment provision held against NPLs	489,059	1,708,033	20,397,714	21,842,639	-	60,500	-
Segment liabilities	254,094	497,317,706	804,325,091	369,858,106	114,926	9,779,152	(709,289,506)

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 SIX MONTHS ENDED JUNE 30, 2014**
**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 June 30, 2014 (Un-audited)				As at December 31, 2013 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
------(Rupees in '000)-----								
<b>Lendings to financial institutions</b>								
Other lendings to financial institution	-	-	-	750,000	-	-	-	-
<b>Investments</b>								
Opening balance	-	-	7,732,898	4,098,108	-	-	12,635,789	510,192
Investment made during the period / year	-	-	3,605,600	-	-	-	2,027,196	971,319
Investment redeemed / disposed off during the period / year	-	-	(651,256)	(180,363)	-	-	(8,170,659)	(491,881)
Transfer in / (out) - net	-	-	-	-	-	-	-	3,108,478
Equity method adjustments	-	-	659,356	-	-	-	1,240,572	-
Closing balance	-	-	11,346,598	3,917,745	-	-	7,732,898	4,098,108
Provision for diminution in value of investments	-	-	-	116,548	-	-	-	116,548
<b>Advances</b>								
Opening balance	-	268,862	2,155,149	412,954	-	254,497	-	11,913,710
Addition during the period / year	-	39,199	-	13,095,550	-	123,214	-	9,707,517
Repaid during the period / year	-	(53,714)	-	(855,465)	-	(108,849)	-	(21,208,273)
Transfer in / (out) - net	-	(8,959)	-	-	-	-	2,155,149	-
Closing balance	-	245,388	2,155,149	12,653,039	-	268,862	2,155,149	412,954
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
<b>Other Assets</b>								
Interest / mark-up accrued	-	32	-	198,114	-	78	-	146,360
Receivable from staff retirement funds	-	-	-	304,419	-	-	-	60,977
Prepaid insurance	-	-	132,530	-	-	-	19	-
Remuneration receivable from management of funds	-	-	9,574	3,159	-	-	37,991	1,338
Sales load receivable	-	-	2,426	-	-	-	1,191	-
Formation cost receivable	-	-	20,496	-	-	-	12,270	-
Dividend Receivable	-	-	-	-	-	-	1,201	-
Other receivable	-	-	3,359	30,164	-	-	3,156	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
<b>Borrowings</b>								
Opening balance	-	-	-	-	-	-	-	306,215
Borrowings during the period / year	-	-	-	-	-	-	2,155,493	16,356,760
Settled during the period / year	-	-	-	-	-	-	(2,155,493)	(16,662,975)
Closing balance	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	7,506,473	161,288	667,512	734,999	6,173,963	128,400	824,546	2,583,608
Received during the period / year	17,834,634	560,796	44,867,791	49,965,871	22,861,734	1,062,030	67,508,254	206,417,373
Withdrawn during the period / year	(19,169,367)	(541,368)	(43,145,348)	(49,968,240)	(21,522,949)	(1,029,142)	(67,665,288)	(207,536,396)
Transfer in / (out) - net	713,095	(27,687)	-	-	(6,275)	-	-	(729,586)
Closing balance	6,884,835	153,029	2,389,955	732,630	7,506,473	161,288	667,512	734,999
<b>Other Liabilities</b>								
Interest / return / mark-up payable on deposits	19,635	733	-	8,572	32,260	1,265	-	3,511
Payable to staff retirement fund	-	-	-	97,855	-	-	-	250,844
<b>Contingencies and Commitments</b>								
Letter of guarantee	-	-	73,223	-	-	-	78,051	-
<b>For the six months ended June 30, 2014</b>				<b>For the six months ended June 30, 2013</b>				
(Un-audited)				(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	-	5,179	-	207,625	-	5,482	-	580,120
Commission / charges recovered	8	11	806	42	5	15	406	559
Dividend received	-	-	44,156	258,247	-	-	27,667	64,799
Net gain on sale of securities	-	-	88,934	50,424	-	-	752,629	780
Remuneration from management of funds	-	-	237,428	9,918	-	-	222,253	5,814
Sales load	-	-	104,558	-	-	-	46,909	-
Other income	-	455	175	-	-	153	163	-
Mark-up / return / interest paid	89,967	1,618	25,959	8,983	116,224	1,418	22,463	60,674
Remuneration paid	-	765,273	-	-	-	616,306	-	-
Post employment benefits	-	18,352	-	-	-	12,976	-	-
Non-executive directors' fee	16,617	-	-	-	19,775	-	-	-
Net charge for defined contribution plan	-	-	-	152,450	-	-	-	134,729
Net charge / (reversal) for defined benefit plans	-	-	-	58,161	-	-	-	(31,713)
Insurance premium paid	-	-	269,510	-	-	-	265,686	-
Insurance claims settled	-	-	57,031	-	-	-	91,153	-
Other expenses	-	-	27,696	52,121	-	-	-	41,678

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**
**20. ISLAMIC BANKING BUSINESS**

20.1 The statement of financial position of the Bank's Islamic Banking branches as at June 30, 2014 is as follows:

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,208,862	951,157
Balances with other banks		1,633,993	1,701,743
Investments		10,788,735	7,363,524
Islamic financing and related assets	20.3	2,259,951	5,183,080
Operating fixed assets		104,767	117,974
Due from Head Office		2,686,658	2,144,911
Other assets		165,260	153,963
<b>Total Assets</b>		<b>18,848,226</b>	<b>17,616,352</b>
<b>LIABILITIES</b>			
Bills payable		222,674	54,532
Deposits and other accounts			
Current accounts		2,628,339	2,328,416
Saving accounts		2,289,493	2,490,262
Term deposits		1,777,298	1,994,823
Deposits from financial institutions - remunerative		11,267,158	9,980,829
Deposits from financial institutions - non remunerative		20,000	-
	20.4	17,982,288	16,794,330
Other liabilities		120,302	191,564
		18,325,264	17,040,426
<b>NET ASSETS</b>		<b>522,962</b>	<b>575,926</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		681,000	681,000
Accumulated loss		(289,033)	(156,679)
		391,967	524,321
Surplus on revaluation of assets		130,995	51,605
		<b>522,962</b>	<b>575,926</b>

20.2 The profit and loss account of the Bank's Islamic Banking branches for the six months ended June 30, 2014 is as follows:

	----- (Un-audited) -----	
	January - June 2014	January - June 2013
----- (Rupees in '000) -----		
Return earned	541,361	713,424
Return expensed	(448,365)	(399,559)
	92,996	313,865
Provision against loans and advances - net	(4,663)	-
Reversal for diminution in value of investments - net (Provision) / reversal against assets given on Ijarah	719 (10,120)	720 2,335
	(14,064)	3,055
Net return after provisions	78,932	316,920
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	16,855	6,773
Dividend income	9,062	11,723
Income from dealing in foreign currencies	(6,730)	4,345
Gain on sale of securities - net	-	3,621
Other income	29,783	2,348
Total other income	48,970	28,810
	127,902	345,730
<b>OTHER EXPENSES</b>		
Administrative expenses	(260,629)	(326,957)
Other reversals / (provisions) - net	373	-
Total other expenses	(260,256)	(326,957)
Net (loss) / profit for the period	(132,354)	18,773
Accumulated losses brought forward	(156,679)	(194,579)
Accumulated losses carried forward	(289,033)	(175,806)
<b>Remuneration to Shariah Advisor</b>	<b>616</b>	<b>665</b>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	----- (Rupees in '000) -----	
<b>20.3 Islamic financing and related assets</b>		
Financing		
Murabaha	195,787	3,232,150
Ijarah	573,139	867,257
Diminishing Musharaka	1,479,602	687,448
Salam	-	281,040
Provision against financing	(36,052)	(31,389)
	2,212,476	5,036,506
Advances		
Advances and receivables against Ijarah	44,035	143,753
Advances for Murabaha	17,498	17,498
Provision against advances for Murabaha	(17,498)	(17,498)
	44,035	143,753
Profit receivable against financing	3,440	2,821
	<u>2,259,951</u>	<u>5,183,080</u>

**20.4** Deposit and other accounts include redeemable capital of Rs. 15,333.949 million (December 31, 2013: Rs. 14,465.914 million) and deposits on Qard basis of Rs. 2,648.339 million (December 31, 2013: Rs. 2,328.416 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis.

**21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on August 06, 2014 has declared a cash dividend in respect of the six months ended June 30, 2014 of Rs. 2.5 per share (June 30, 2013: Rs. 2.0 per share). The consolidated condensed interim financial statements for the six months ended June 30, 2014 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 August 06, 2014 by the Board of Directors of the Group.

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman