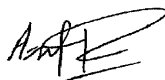



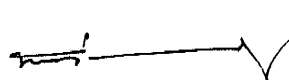
BALANCE SHEET AS AT MARCH 31, 2005 (UN-AUDITED)


	Note	March 31, 2005	December 31, 2004
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		24,233,858	23,844,435
Balances with other banks		15,131,847	17,699,334
Lendings to financial institutions		16,470,004	16,262,504
Investments	4	63,165,287	54,953,728
Advances	5	156,805,484	146,249,184
Operating fixed assets		4,060,302	3,969,006
Deferred tax asset – net		4,651,700	5,194,892
Taxation recoverable		113,987	45,728
Other assets		5,695,829	4,393,852
		290,328,298	272,612,663
LIABILITIES			
Bills payable		5,306,494	3,811,284
Borrowings from financial institutions	6	11,129,085	11,975,684
Deposits and other accounts	7	245,587,837	230,256,627
Sub-ordinated loans		3,499,616	3,500,000
Liabilities against assets subject to finance lease		-	288
Deferred liabilities		2,222,062	2,191,180
Other liabilities		5,075,515	3,513,569
		272,820,609	255,248,632
NET ASSETS		17,507,689	17,364,031
REPRESENTED BY:			
Share capital		5,180,000	5,180,000
Reserves		6,035,154	5,915,928
Unappropriated profit		3,332,964	3,274,439
		14,548,118	14,370,367
Surplus on revaluation of assets		2,959,571	2,993,664
		17,507,689	17,364,031
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 – 11 form an integral part of these financial statements.


 Atif R. Bokhari
 President and
 Chief Executive Officer


 Muhammad Tahsin Khan Iqbal
 Director


 Zameer Mohammed Choudrey
 Director


 Omar Z. Al Askari
 Director

PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

	QUARTER ENDED MARCH 31, 2005	QUARTER ENDED MARCH 31, 2004
	(Rupees in '000)	
Mark-up / return / interest earned	3,499,403	1,846,195
Mark-up / return / interest expensed	(760,324)	(351,627)
Net mark-up / interest income	<u>2,739,079</u>	<u>1,494,568</u>
Provision against non-performing loans and advances – net	(54,011)	(152,962)
Provision against Consumer Loans	(114,843)	-
Provision for diminution in value of investments	-	-
Bad debts written off directly	-	290
Net mark-up / return / interest income after provisions	<u>(168,854)</u>	<u>(152,672)</u>
	<u>2,570,225</u>	<u>1,341,896</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	530,177	350,613
Dividend income / Gain on sale of securities	198,179	708,486
Income from dealing in foreign currencies	71,331	115,034
Other income	184,238	256,575
Total non mark-up / return / interest income	<u>983,925</u>	<u>1,430,708</u>
	<u>3,554,150</u>	<u>2,772,604</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	(1,684,785)	(1,447,254)
Other provisions / write offs	(173,793)	(3,766)
Other charges	292	(15)
Total non mark-up / interest expenses	<u>(1,858,286)</u>	<u>(1,451,035)</u>
	<u>1,695,864</u>	<u>1,321,569</u>
Extraordinary items	-	-
PROFIT BEFORE TAXATION	<u>1,695,864</u>	<u>1,321,569</u>
Taxation - Current	(120,301)	(53,827)
– Deferred	(563,419)	(532,857)
	<u>(683,720)</u>	<u>(586,684)</u>
PROFIT AFTER TAXATION	<u>1,012,144</u>	<u>734,885</u>
Un appropriated profit brought forward	3,274,439	1,384,490
Transfer from surplus on revaluation of fixed assets – net	25,810	4,818
Profit available for appropriations	<u>4,312,393</u>	<u>2,124,193</u>
APPROPRIATION		
Transfer to:		
Statutory reserve	(202,429)	(146,977)
Cash Dividend 2004:Rs 1.50 (2003: Rs 2.25) per share	(777,000)	(1,165,500)
Unappropriated profit carried forward	<u><u>3,332,964</u></u>	<u><u>811,716</u></u>
	(Rupees)	
Basic earnings per share	<u><u>1.95</u></u>	<u><u>1.42</u></u>
Diluted earnings per share	<u><u>1.95</u></u>	<u><u>1.42</u></u>

The annexed notes 1 – 11 form an integral part of these financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Tahsin Khan Iqbal
Director

Zameer Mohammed Choudrey
Director

Omar Z. Al Askari
Director

CASH FLOW STATEMENT FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

	QUARTER ENDED MARCH 31, 2005	QUARTER ENDED MARCH 31, 2004
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,695,864	1,321,569
Less: Dividend income	(55,410)	(62,835)
	<u>1,640,454</u>	<u>1,258,734</u>
Adjustments for non-cash charges		
Depreciation	101,318	74,083
Amortization	-	35
Provision for retirement benefits	23,518	115,904
Provision against non-performing advances	168,854	152,962
Gain on sale of fixed assets	(1,487)	(467)
Finance charges on leased assets	3	1,328
Advances written-off	-	(290)
Provision against other assets	173,793	3,766
	<u>465,999</u>	<u>347,322</u>
	2,106,453	1,606,055
(Increase) / decrease in operating assets		
Lendings to financial institutions	(207,500)	5,521,681
Net investments in held for trading securities	101,686	(5,327,592)
Advances – net	(10,556,300)	(1,551,887)
Others assets	(1,565,309)	(159,396)
	<u>(12,227,423)</u>	<u>(1,427,194)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,495,210	(287,488)
Borrowings from financial institutions	(846,599)	(2,227,985)
Deposits	15,331,211	2,508,096
Other liabilities	1,561,946	(1,629,569)
	<u>17,541,768</u>	<u>(1,636,946)</u>
	7,420,798	(1,458,085)
Payment of staff retirement benefits	(101,868)	(42,135)
Income tax paid	(188,560)	(21,990)
Net cash flow from operating activities	<u>7,130,370</u>	<u>(1,522,210)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(8,313,245)	2,756,530
Dividend received	55,410	39,706
Investments in operating fixed assets	(192,614)	(122,549)
Sale proceeds of property and equipment disposed-off	2,893	502
Net cash flow from investing activities	<u>(8,447,556)</u>	<u>2,674,189</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	(291)	(11,037)
Payment of dividend	(777,000)	-
Payment of subordinated debt	(384)	-
Net cash flow from financing activities	<u>(777,675)</u>	<u>(11,037)</u>
Exchange differences on translation of net investment in foreign branches, subsidiaries and associates	(83,203)	45,989
Increase / (decrease) in cash and cash equivalents during the quarter	(2,178,064)	1,186,931
Cash and cash equivalents at beginning of the quarter	<u>41,543,769</u>	<u>28,660,895</u>
Cash and cash equivalents at end of the quarter	<u><u>39,365,705</u></u>	<u><u>29,847,826</u></u>

The annexed notes 1 – 11 form an integral part of these financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Tahsin Khan Iqbal
Director

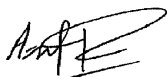
Zameer Mohammed Choudrey
Director

Omar Z. Al Askari
Director

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

	Share Capital	Statutory Reserve	Exchange Reserve	Unappropriated Profit	Total
(Rupees in '000)					
Balance as at January 01, 2004	5,180,000	3,205,472	1,472,845	1,384,490	11,242,807
Profit after taxation for the quarter ended March 31, 2004	-	-	-	734,885	734,885
Transfer from surplus on revaluation of fixed assets to Unappropriated profit – net of tax	-	-	-	4,818	4,818
Exchange difference on translation of net investment in foreign branches, subsidiaries and associates	-	-	45,989	-	45,989
Transfer to statutory reserve	-	146,977	-	(146,977)	-
Cash dividend for the year 2003	-	-	-	(1,165,500)	(1,165,500)
Balance as at March 31, 2004	<u>5,180,000</u>	<u>3,352,449</u>	<u>1,518,834</u>	<u>811,716</u>	<u>12,028,499</u>
Profit after taxation for the period ended December 31, 2004	-	-	-	2,966,659	2,966,659
Transfer from surplus on revaluation of fixed assets to Unappropriated profit – net of tax	-	-	-	89,396	89,396
Exchange differences on translation of net investment in foreign branches, subsidiaries and associates	-	-	451,313	-	451,313
Transfer to statutory reserve	-	593,332	-	(593,332)	-
Balance as at December 31, 2004	<u>5,180,000</u>	<u>3,945,781</u>	<u>1,970,147</u>	<u>3,274,439</u>	<u>14,370,367</u>
Profit after taxation for the quarter ended March 31, 2005	-	-	-	1,012,144	1,012,144
Transfer from surplus on revaluation of fixed assets to Unappropriated profit – net of tax	-	-	-	25,810	25,810
Exchange differences on translation of net investment in foreign branches, subsidiaries and associates	-	-	(83,203)	-	(83,203)
Transfer to statutory reserve	-	202,429	-	(202,429)	-
Cash dividend for the year 2004	-	-	-	(777,000)	(777,000)
Balance as at March 31, 2005	<u>5,180,000</u>	<u>4,148,210</u>	<u>1,886,944</u>	<u>3,332,964</u>	<u>14,548,118</u>

The annexed notes 1 – 11 form an integral part of these financial statements.



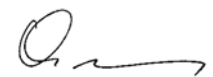
Atif R. Bokhari
President and
Chief Executive Officer



Muhammad Tahsin Khan Iqbal
Director



Zameer Mohammed Choudrey
Director



Omar Z. Al Askari
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)
1. STATUS AND NATURE OF BUSINESS

United Bank Limited is incorporated in Pakistan and is engaged in commercial banking and related services. The bank's registered and principal office is situated in State Life Building No. 1, I.I. Chundrigar Road, Karachi. The Bank operates 1043 branches in Pakistan and 15 branches outside Pakistan as at March 31, 2005.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Whenever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence. The disclosures in these accounts have, however, been limited based on the requirements of International Accounting Standard 34, Interim Financial Reporting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2004.

Provision for taxation has been made in these accounts on an estimated basis.

These accounts are unaudited and are being circulated to the shareholders as required by State Bank of Pakistan.

	Note	March 31, 2005			December 31, 2004		
		Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
(Rupees in '000)							
4 INVESTMENTS							
Held-for-trading securities	4.1	2,408,197	-	2,408,197	1,464,877	1,045,006	2,509,883
Available-for-sale securities	4.2	21,039,576	499,927	21,539,503	19,713,996	1,097,647	20,811,643
Held-to-maturity securities	4.3	33,504,727	3,591,513	37,096,240	27,283,474	2,091,533	29,375,007
Investments in Associates		15,429	-	15,429	15,436	-	15,436
Investments in subsidiaries		2,372,558	-	2,372,558	2,447,122	-	2,447,122
Provision for Diminution in value of investments		(587,282)	-	(587,282)	(540,402)	-	(540,402)
Surplus/ (Deficit) on revaluation of securities		344,339	(23,698)	320,641	335,695	(656)	335,039
Investments (net of provisions)		<u>59,097,545</u>	<u>4,067,742</u>	<u>63,165,287</u>	<u>50,720,198</u>	<u>4,233,530</u>	<u>54,953,728</u>

4.1 Held-for-trading securities

- Market Treasury bills	2,247,406	-	2,247,406	1,340,956	1,045,006	2,385,962
- Term Finance Certificates	111,307	-	111,307	122,950	-	122,950
- Pakistan Investments bonds	49,485	-	49,485	971	-	971
	<u>2,408,197</u>	<u>-</u>	<u>2,408,197</u>	<u>1,464,877</u>	<u>1,045,006</u>	<u>2,509,883</u>

4.2 Available-for-sale securities

- Market Treasury bills	16,972,535	499,927	17,472,462	13,893,796	1,097,647	14,991,443
- Pakistan Investment bonds	1,624,796	-	1,624,796	4,072,246	-	4,072,246
- Ordinary shares of listed companies	1,439,415	-	1,439,415	752,602	-	752,602
- Units of Mutual Funds	350,000	-	350,000	350,000	-	350,000
- Term Finance Certificates	350,654	-	350,654	341,960	-	341,960
- Ordinary shares of Unlisted companies	302,177	-	302,177	303,392	-	303,392
	<u>21,039,576</u>	<u>499,927</u>	<u>21,539,503</u>	<u>19,713,996</u>	<u>1,097,647</u>	<u>20,811,643</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)
4.3 Held-to-maturity securities

- Term Finance Certificates	8,118,176	-	8,118,176	8,297,548	-	8,297,548
- Market Treasury bills	5,387,268	3,025,733	8,413,001	-	-	-
- GoP Guaranteed bonds	5,459,064	-	5,459,064	5,699,540	-	5,699,540
- CIRC bonds	4,054,883	-	4,054,883	4,054,883	-	4,054,883
- Pakistan Investment bonds	5,342,061	565,780	5,907,841	3,837,791	2,091,533	5,929,324
- Foreign currency bonds	2,023,160	-	2,023,160	2,024,073	-	2,024,073
- Foreign securities	1,459,696	-	1,459,696	1,542,249	-	1,542,249
- GoP Islamic bonds (Sakkuk)	342,234	-	342,234	-	-	-
- GoP Dollar / Euro bonds	911,333	-	911,333	1,403,469	-	1,403,469
- Debentures	175,509	-	175,509	176,277	-	176,277
- CDC SAARC Fund	113,466	-	113,466	124,144	-	124,144
- Participation Term Certificates	76,016	-	76,016	77,267	-	77,267
- Federal Investment bonds	40,656	-	40,656	45,026	-	45,026
- Provincial Government	1,207	-	1,207	1,207	-	1,207
	<u>33,504,727</u>	<u>3,591,513</u>	<u>37,096,240</u>	<u>27,283,474</u>	<u>2,091,533</u>	<u>29,375,007</u>

Investment in Associates

- Oman United Exchange Company	15,429	-	15,429	15,436	-	15,436
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Investment in Subsidiaries

- United National Bank	1,843,421	-	1,843,421	1,889,313	-	1,889,313
- United Bank A G Zurich	496,537	-	496,537	525,209	-	525,209
- Domestic Subsidiaries	32,600	-	32,600	32,600	-	32,600
	<u>2,372,558</u>	<u>-</u>	<u>2,372,558</u>	<u>2,447,122</u>	<u>-</u>	<u>2,447,122</u>
	59,340,488	4,091,440	63,431,928	50,924,905	4,234,186	55,159,091
Provision for diminution in value of investments	(587,282)	-	(587,282)	(540,402)	-	(540,402)
Surplus/ (Deficit) on revaluation of securities	344,339	(23,698)	320,641	335,695	(656)	335,039
Investments – net of provision	<u>59,097,545</u>	<u>4,067,742</u>	<u>63,165,287</u>	<u>50,720,198</u>	<u>4,233,530</u>	<u>54,953,728</u>

March 31, 2005 December 31, 2004
(Rupees in '000)

5. ADVANCES
Loans, cash credits, running finances, etc.

In Pakistan	133,789,726	125,349,845
Outside Pakistan	22,944,166	21,692,802
	<u>156,733,892</u>	<u>147,042,647</u>

Bills discounted and purchased (excluding government treasury bills)

Payable in Pakistan	5,531,794	4,158,073
Payable outside Pakistan	9,149,624	9,603,578
	<u>14,681,418</u>	<u>13,761,651</u>
	<u>171,415,310</u>	<u>160,804,298</u>

Financing in respect of carry over transactions

	1,267,832	1,327,541
Provision against non-performing advances- (Specific)	(15,314,399)	(15,621,718)
- (General)	(563,259)	(260,937)
	<u>156,805,484</u>	<u>146,249,184</u>

5.1 Advances include **Rs18,798 million** which have been placed under non-performing status as detailed below: -

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Other Assets Especially Mentioned	857,646	105,001	962,647	-	-
Substandard	280,794	24,271	305,065	24,813	24,813
Doubtful	213,120	9,433	222,553	18,834	18,834
Loss	10,068,680	7,238,989	17,307,669	15,270,752	15,270,752
	<u>11,420,240</u>	<u>7,377,694</u>	<u>18,797,934</u>	<u>15,314,399</u>	<u>15,314,399</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

	Note	March 31, 2005	December 31, 2004
		(Rupees in '000)	
6. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Secured			
Borrowings from financial institutions		5,034	767,830
Borrowings from the State Bank of Pakistan			
Under export refinance scheme		6,168,029	5,988,377
Locally Manufactured Machinery		6,928	9,872
Repurchase agreement borrowings		4,617,518	4,629,607
		<u>10,797,509</u>	<u>11,395,686</u>
Unsecured			
Call borrowings		100,000	500,000
Overdrawn nostro accounts		231,576	79,998
		<u>331,576</u>	<u>579,998</u>
		<u>11,129,085</u>	<u>11,975,684</u>
7. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		47,343,554	42,971,478
Savings deposits		123,876,473	118,243,902
Current accounts - Remunerative		152,609	393,760
Current accounts - Non-remunerative		67,644,164	64,150,773
Sundry deposits		4,696,281	3,161,327
Margin deposits		1,740,571	1,218,963
		<u>245,453,652</u>	<u>230,140,203</u>
Financial Institutions			
Remunerative deposits		-	-
Non-remunerative deposits		134,185	116,424
		<u>134,185</u>	<u>116,424</u>
		<u>245,587,837</u>	<u>230,256,627</u>
8. CONTINGENCIES AND COMMITMENTS			
8.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favoring:			
Government		1,015,797	856,437
Banking companies and other financial institutions		1,236,349	1,428,103
Others		1,675,321	1,726,278
		<u>3,927,467</u>	<u>4,010,818</u>
8.2 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring:			
Government		9,055,032	7,477,242
Banking companies and other financial institutions		498,759	201,946
Others		3,017,730	4,051,297
		<u>12,571,521</u>	<u>11,730,485</u>
8.3 Trade-related contingent liabilities			
Contingent liabilities in respect of letters of credit opened favoring:			
Government		3,379,420	185,994
Banking companies and other financial institutions		3,539,914	216,960
Others		48,991,191	55,713,984
		<u>55,910,525</u>	<u>56,116,938</u>
8.4 Other contingencies			
Claims against the Bank not acknowledged as debts		6,114,995	6,115,838

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

	March 31, 2005	December 31, 2004
	(Rupees in '000)	
8.5 Commitments in respect of forward lending		
Commitments to extend credit	<u>5,641,000</u>	<u>1,651,359</u>
8.6 Commitments in respect of forward foreign exchange contracts		
Sale	<u>28,380,669</u>	<u>24,618,916</u>
Purchase	<u>27,732,856</u>	<u>21,452,980</u>
8.7 Capital Commitments	<u>16,775</u>	<u>229,050</u>

9. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, subsidiary companies and its directors and executive officers (including their associates) and retirement benefit funds.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk (i.e. under the comparable uncontrolled price method).

Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. Remuneration to the executives, are determined in accordance with the terms of their appointment.

Details of transactions with related parties, except the remuneration to the executive staff under the terms of employment and balances with them as at the period-end were as follows:

Advances

At January 01	1,500,000	500,000
Given during the quarter/ year	-	1,000,000
Repaid during the quarter / year	-	-
At March 31 / December 31	<u>1,500,000</u>	<u>1,500,000</u>

Deposits

At January 01	3,594,143	2,268,428
Received during the quarter/ year	3,955,125	30,997,599
Withdrawn during the quarter/year	<u>(4,278,065)</u>	<u>(29,671,884)</u>
At March 31 / December 31	<u>3,271,203</u>	<u>3,594,143</u>

Placements made during the quarter / year	<u>19,116,037</u>	<u>99,474,467</u>
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Placements settled during the quarter/year	<u>17,401,124</u>	<u>85,857,768</u>
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Maximum amount of a placement made during the quarter/ year	<u>2,981,500</u>	<u>2,687,400</u>
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Investments made during the quarter/year	<u>-</u>	<u>4,600</u>
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Mark-up / return / interest earned	<u>19,862</u>	<u>65,125</u>
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Mark-up / return / interest expensed	<u>919</u>	<u>108,703</u>
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Reimbursement of liaison office expenses paid to Abu Dhabi group and Bestway	<u>7,422</u>	<u>31,535</u>
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Others	<u>1,730,567</u>	<u>1,972,558</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005 (UN-AUDITED)

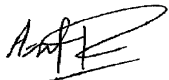
9.2 Finances to directors and executive officers are granted as per terms of their employment and their deposits maintained at the bank are subject to commercial terms. Hence, these finances and deposits have been excluded from related party transactions.

10. DATE OF AUTHORISATION

These financial statements were authorized for issue on April 27, 2005 by the Board of Directors of the Bank.

11. General

Comparative figures have been reclassified and rearranged, wherever necessary for comparison purposes.



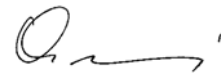
Atif R. Bokhari
President and
Chief Executive Officer



Muhammad Tahsin Khan Iqbal
Director



Zameer Mohammed Choudrey
Director



Omar Z. Al Askari
Director