

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2007**

Note	(Un audited) Sep. 30, 2007	(Audited) Dec. 31, 2006
	('Rupees in '000)	

ASSETS

Cash and balances with treasury banks	39,137,295	49,023,540
Balances with other banks	20,709,363	19,418,278
Lendings to financial institutions	15,855,789	29,572,070
Investments	6 114,455,606	65,875,666
Advances	7 288,780,843	254,670,492
Fixed assets	7,253,539	6,362,492
Deferred tax assets - net	1,390,232	870,684
Other assets	11,097,746	10,200,122
	498,680,412	435,993,344

LIABILITIES

Bills payable	5,945,143	4,627,769
Borrowings from financial institutions	8 39,657,544	38,679,808
Deposits and other accounts	9 391,802,984	343,804,830
Sub-ordinated loans	5,996,696	5,998,344
Liabilities against assets subject to finance lease	3,699	6,966
Other liabilities	16,580,574	9,594,496
	459,986,639	402,712,213

NET ASSETS

	38,693,773	33,281,131
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REPRESENTED BY

Share capital	10 8,093,750	6,475,000
Reserves	10,919,147	9,329,564
Unappropriated profit	15,311,084	12,930,344
	34,323,981	28,734,908
Minority interest	1,999,307	1,772,168
	36,323,289	30,507,076
Surplus / (Deficit) on revaluation of assets	2,370,484	2,774,055
	38,693,773	33,281,131

CONTINGENCIES AND COMMITMENTS

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

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Note	Jul - Sep 2007	Jul - Sep 2006	Jan - Sep 2007	Jan - Sep 2006
----- (Rupees in '000) -----					
Mark-up / return / interest earned	12	10,688,779	8,905,922	30,880,859	24,260,403
Mark-up / return / interest expensed	13	(4,332,860)	(3,196,542)	(12,306,018)	(8,663,311)
Net mark-up / return / interest income		6,355,919	5,709,380	18,574,841	15,597,092
Provision against non-performing loans and advances - net	7.3	(2,619,216)	(859,449)	(3,024,986)	(1,608,394)
Provision for diminution in value of investments		(2,250)	-	(15,750)	(96,968)
Bad debts written off directly		(241,608)	(33,290)	(560,653)	(107,599)
Net mark-up / return / interest income after provisions		3,492,845	4,816,641	14,973,452	13,784,131
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,476,536	1,078,508	4,240,166	3,296,846
Dividend income / gain or (loss) on sale of securities		260,656	(28,521)	925,661	408,961
Income from dealing in foreign currencies		233,223	163,625	692,144	470,333
Unrealised surplus on revaluation of trading securities		3,435	-	-	6,407
Other income		424,555	289,059	887,489	644,873
Total non mark-up / return / interest income		2,398,404	1,502,671	6,745,460	4,827,420
		5,891,249	6,319,312	21,718,911	18,611,551
Non mark-up / interest expenses					
Administrative expenses	14	(3,626,231)	(2,853,916)	(10,306,594)	(8,035,653)
Other provisions / write offs / reversals		(3,650)	8,015	(132,267)	(24,252)
Other charges		(252)	(170)	(1,371)	(678)
Total non mark-up / interest expenses		(3,630,133)	(2,846,071)	(10,440,232)	(8,060,583)
		2,261,116	3,473,241	11,278,679	10,550,968
Share of income from associates		1,996	(8,734)	119,163	14,842
Profit before taxation		2,263,112	3,464,507	11,397,842	10,565,810
Taxation					
- Current - for the period	15	(889,490)	(1,204,980)	(4,058,063)	(2,104,627)
- Prior		17,863	(17,647)	(420,706)	(27,448)
- Deferred		211,746	21,488	460,602	(1,446,617)
		(659,881)	(1,201,139)	(4,018,167)	(3,578,692)
Profit after taxation		1,603,231	2,263,368	7,379,674	6,987,118
Minority interest		(12,911)	(33,711)	(91,918)	(89,222)
		1,590,320	2,229,657	7,287,756	6,897,896
Unappropriated profit brought forward		13,987,674	8,976,697	12,930,344	7,790,148
		15,577,994	11,206,354	20,218,101	14,688,044
Transfer from surplus on revaluation of fixed assets - net of tax		23,614	23,614	70,841	70,841
Profit before appropriations		15,601,608	11,229,968	20,288,942	14,758,885
Appropriations					
Transfer to statutory reserve		(290,414)	(442,410)	(1,416,607)	(1,381,327)
Final cash dividend for the year ended December 31, 2005 and 2006 declared subsequent to the year end		-	-	(1,942,500)	(1,295,000)
Transfer to reserve for issue of bonus shares		-	-	(1,618,750)	(1,295,000)
		(290,414)	(442,410)	(4,977,857)	(3,971,327)
Unappropriated profit carried forward		15,311,194	10,787,558	15,311,084	10,787,558
		(Rupees)		(Rupees)	
Basic and diluted earnings per share		1.96	2.75	9.00	8.52

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

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Nine months ended	
	Sep 30, 2007	Sep 30, 2006
	('Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,397,842	10,565,810
Less: Dividend income	(269,088)	(256,586)
Share of income from associates	(119,163)	(14,842)
	11,009,591	10,294,382
Adjustments for non-cash charges		
Depreciation	574,155	460,338
Provision for retirement benefits	129,482	193,592
Provision Against Non-performing Advances	3,024,986	1,608,394
Provision for Diminution in the value of investments	15,750	96,968
(Gain) on sale of fixed assets	(33,998)	(66,200)
Finance Charges on leased assets	522	-
Unrealized (gain) / deficit on revaluation of held for trading investment	-	-
Provision against other assets	132,267	24,252
Bad debts written off	560,653	107,599
	4,403,817	2,424,943
	15,413,408	12,719,325
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	13,716,281	(9,542,479)
Held-for-trading securities	(317,647)	1,501,824
Advances	(37,695,990)	(32,136,478)
Others assets	(2,067,982)	(3,381,199)
	(26,365,337)	(43,558,332)
Increase/ (Decrease) in operating liabilities		
Bills Payable	1,317,374	1,338,265
Borrowings from financial institutions	977,736	8,239,100
Deposits	47,998,154	20,237,199
Other liabilities	3,741,429	1,697,235
	54,034,692	31,511,799
	43,082,763	672,792
Received / (Payments) for retirement benefits	963,266	(338,300)
Income tax paid	(1,288,332)	(1,037,470)
Net cash flow from operating activities	42,757,698	(702,978)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(48,565,273)	4,262,254
Dividend received	268,643	234,433
Investments in operating fixed assets	(1,624,485)	(1,013,907)
Sale proceeds of property and equipment disposed-off	207,998	87,750
Net cash flow from investing activities	(49,713,117)	3,570,530
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of Sub-ordinated loan	(1,648)	1,499,152
Dividened paid	(1,942,500)	(1,295,000)
Payments of lease obligations	(3,789)	(1,017)
Net cash flow from financing activities	(1,947,937)	203,135
Net cash flow	(8,903,356)	3,070,687
Exchange difference on transaction of net investment in foreign branches	172,976	312,405
Exchange difference on transaction of net assets attributable to minority interest	135,221	156,141
Increase/(Decrease) in cash and cash equivalents	(8,595,160)	3,539,233
Cash and cash equivalents at beginning of the period	68,441,818	52,831,811
Cash and cash equivalents at end of the period	59,846,658	56,371,044

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

Atif R. Bokhari
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Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Share capital	General reserve	Statutory reserve	Reserve for Issue of Bonus Shares	Exchange reserve	Unappropriated profit	Total
------(Rupees in '000)-----							
Opening Balance on 1 January 2006	5,180,000	3,000	5,142,245	-	1,674,989	7,790,148	19,790,382
Final cash dividend for the year ended December 31, 2005 declared subsequent to year end at Rs 2.5 / share	-	-	-	-	-	(1,295,000)	(1,295,000)
Transfer to reserve for issue of bonus share	-	-	-	1,295,000	-	(1,295,000)	-
Issue of bonus shares	1,295,000	-	-	(1,295,000)	-	-	-
Profit after taxation for nine months ended Sep 30, 2006	-	-	-	-	-	6,897,896	6,897,896
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	70,841	70,841
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	312,405	-	312,405
Net expense recognized directly in equity	-	-	-	-	312,405	70,841	383,246
Total recognized income and expense for the period	-	-	-	-	312,405	6,968,737	7,281,142
Transfer to Statutory reserve	-	-	1,381,327	-	-	(1,381,327)	-
Balance as at Sep 30, 2006	6,475,000	3,000	6,523,572	-	1,987,394	10,787,558	25,776,524
Profit after taxation for the quarter ended Dec. 31, 2006	-	-	-	-	-	2,631,492	2,631,492
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	23,613	23,613
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	303,279	-	303,279
Net expense recognized directly in equity	-	-	-	-	303,279	23,613	326,892
Total recognized income and expense for the period	-	-	-	-	303,279	2,655,105	2,958,384
Transfer to Statutory reserve	-	-	512,319	-	-	(512,319)	-
Balance as at December 31, 2006	6,475,000	3,000	7,035,891	-	2,290,673	12,930,344	28,734,908
Final cash dividend for the year ended December 31, 2006 declared subsequent to year end at Rs 2.5/ share	-	-	-	-	-	(1,942,500)	(1,942,500)
Transfer to reserve for issue of bonus shares	-	-	-	1,618,750	-	(1,618,750)	-
Issue of Bonus shares	1,618,750	-	-	(1,618,750)	-	-	-
Profit after taxation for nine months ended Sep 30, 2007	-	-	-	-	-	7,287,756	7,287,756
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	70,841	70,841
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	172,976	-	172,976
Net expense recognized directly in equity	-	-	-	-	172,976	70,841	243,817
Total recognized income and expense for the period	-	-	-	-	172,976	7,358,597	7,531,573
Transfer to Statutory reserves	-	-	1,416,607	-	-	(1,416,607)	-
Closing balance as at Sep 30, 2007	8,093,750	3,000	8,452,498	-	2,463,649	15,311,084	34,323,981

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

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President and
Chief Executive Officer

Muhammad Javed Malik
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Deputy Chairman

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**
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), Switzerland

United Executors and Trustees Company Limited

United Bank Financial services (Pvt.) limited

UBL Fund Managers Limited

(Formerly United Asset Management Company Limited)

The Group is engaged in commercial banking, modaraba management, asset management, mutual funds and trustee services. The Bank is listed on all three Stock Exchanges in Pakistan. The Bank's registered office and principal office is situated in State Life Building No. 1, I. I. Chundirgar Road Karachi. The Bank operates 1056 (2006: 1044) branches inside including the Karachi Export Processing Zone Branch (KEPZ) and 16 (2006: 15) branches outside Pakistan.

The minority interest represents National Bank of Pakistan's 45% share in the net asset value of UNBL.

During the current period, the Board of Directors of United Bank Financial Services (Private) Limited in their meeting held on March 30, 2007, decided to voluntarily wind up the Company. The details of assets, liabilities and equity of the subsidiary company as of June 30, 2007, based on un-audited financial statements, are as follows:

	Current Assets	Liabilities	Equity and surplus on revaluation of assets
United Bank Financial Services (Private) Limited	* 2,579	25	2,554

* Represents balances held in bank account carried at fair value.

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the Bank in the form of Global Depository Receipts (GDRs). As a pre-requisite to such offering by the GoP, the bank was admitted to the official list of the UK Listing Authority and London Stock Exchange Professional Securities Market for trading of GDRs issued by the bank. 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 U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S. Trading in the GDRs on the London Stock Exchange commenced on June 29, 2007. For more details refer note 10 to these condensed interim financial statements

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 has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the

The financial results of the Islamic banking branch of the bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic banking branch are disclosed in note 18 to these condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of

The disclosures made in these condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2006.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2006, except for the change as stated in note 5 to these condensed interim financial statements.

5. CHANGE IN ACCOUNTING POLICY

In order to comply with the requirements set out in BPRD Circular Letter No 16 dated June 05,2007 issued by the State Bank of Pakistan the Group had changed its accounting policy for the measurement of investment in unquoted securities (excluding investments in subsidiaries and associates) to be at breakup value subsequent to their initial recognition. As a result of which as at June 30, 2007 the investments and the related surplus on revaluation of assets (net of tax) were reported higher by Rs 143.612million and 105.914 million respectively. where as the deferred tax asset was reported was lower by 37.698 million.

However through BPRD Circular Letter No. 21 dated August 04,2007 State Bank of Pakistan had further amended the earlier directives. In order to comply with the fresh instructions the bank had to once again change its accounting policy and as per new accounting policy the investments in unquoted equity securities are valued at their cost. However, in case where the breakup value of such shares is less than the cost, the difference of the cost and breakup value will be classified as loss and provided for accordingly by charging to the profit and loss account.

Breakup value of unquoted equity securities is calculated with reference to the net assets of the invested company as per the latest available audited financial statements. As the Group's policy as at December 30, 2006 was in line with the SBP current directives as such there is no impact on the reported assets and liabilities as at September 30, 2007 when compared with December 31,2006.

6. INVESTMENTS

Note	Sep. 30, 2007			Dec. 31, 2006			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
-----'Rupees in '000'-----							
Held-for-trading securities	6.1	449,553	-	449,553	137,445	-	137,445
Available-for-sale securities	6.2	82,757,719	4,919,166	87,676,885	26,964,463	16,743,707	43,708,170
Held-to-maturity securities	6.3	25,803,096	-	25,803,096	21,540,291	-	21,540,291
Investments in Associates	6.4	1,005,796	-	1,005,796	586,633	-	586,633
		110,016,163	4,919,166	114,935,329	49,228,832	16,743,707	65,972,539
Provision for Diminution in value of investments		(382,883)	-	(382,883)	(400,886)	-	(400,886)
Surplus / (deficit) on revaluation of available for sale investments		(99,043)	-	(99,043)	314,288	(6,940)	307,348
Surplus / (deficit) on revaluation of held for trading investments		2,204	-	2,204	(3,335)	-	(3,335)
Investments (net of provisions)		109,536,440	4,919,166	114,455,606	49,138,899	16,736,767	65,875,666

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	Sep. 30, 2007			Dec. 31, 2006		
	Held by	Given as	Total	Held by	Given as	Total
	bank	collateral		bank	collateral	
	-----'Rupees in '000'-----			-----'Rupees in '000'-----		
6.1 Held-for-trading securities						
Market treasury bills	-	-	-	46,438	-	46,438
Ordinary shares of listed companies	132,094	-	132,094	91,007	-	91,007
Units of mutual funds	135,178	-	135,178	-	-	-
Other Bonds	182,281	-	182,281	-	-	-
	449,553	-	449,553	137,445	-	137,445
6.2 Available for sale securities						
Market treasury bills	59,363,435	1,409,166	60,772,601	15,304,284	16,743,707	32,047,991
Pakistan investment bonds	9,445,702	3,510,000	12,955,702	3,157,602	-	3,157,602
Ordinary shares of listed companies	1,371,683	-	1,371,683	2,409,288	-	2,409,288
Ordinary shares of unlisted companies	390,950	-	390,950	497,318	-	497,318
Cumulative Preference Shares	8,120	-	8,120	8,120	-	8,120
GOP Islamic Bonds	1,257,920	-	1,257,920	694,271	-	694,271
Units of mutual funds	5,134,201	-	5,134,201	1,246,338	-	1,246,338
Euro Bonds	2,124,963	-	2,124,963	1,247,217	-	1,247,217
Foreign Currency bonds	3,003,498	-	3,003,498	1,705,045	-	1,705,045
Term Finance Certificates	657,246	-	657,246	694,980	-	694,980
	82,757,719	4,919,166	87,676,885	26,964,463	16,743,707	43,708,170
6.3 Held to maturity securities						
Term Finance Certificates	6,378,256	-	6,378,256	8,134,206	-	8,134,206
CIRC bonds	2,900,000	-	2,900,000	2,900,000	-	2,900,000
Pakistan investment bonds	4,534,727	-	4,534,727	4,691,273	-	4,691,273
GoP- Guaranteed bonds	1,433,444	-	1,433,444	2,410,415	-	2,410,415
Foreign currency bonds	1,378,014	-	1,378,014	1,382,986	-	1,382,986
Foreign securities	2,714,231	-	2,714,231	734,939	-	734,939
Debentures	10,540	-	10,540	11,289	-	11,289
Participation of Term Certificates	53,242	-	53,242	55,169	-	55,169
CDC SAARC Fund	303	-	303	505	-	505
Federal investment bonds	-	-	-	13,906	-	13,906
Market treasury bills	6,400,339	-	6,400,339	1,205,603	-	1,205,603
	25,803,096	-	25,803,096	21,540,291	-	21,540,291
6.4 Investments in Associates						
- United Stock Advantage Fund	320,974	-	320,974	238,350	-	238,350
- United Composite Islamic Fund	602,170	-	602,170	250,300	-	250,300
- UBL Insurers Limited	75,671	-	75,671	91,002	-	91,002
- Oman United Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
	1,005,796	-	1,005,796	586,633	-	586,633
	110,016,163	4,919,166	114,935,329	49,228,832	16,743,707	65,972,539
Provision for Diminution in value of investments	(382,883)	-	(382,883)	(400,886)	-	(400,886)
	109,633,280	4,919,166	114,552,446	48,827,946	16,743,707	65,571,653
Surplus / (deficit) on revaluation of available for sale investments	(99,043)	-	(99,043)	314,288	(6,940)	307,348
Surplus / (deficit) on revaluation of held for trading investments	2,204	-	2,204	(3,335)	-	(3,335)
Investments (net of provisions)	109,536,440	4,919,166	114,455,606	49,138,899	16,736,767	65,875,666

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

7. ADVANCES	Note	Sep. 30, 2007	Dec. 31, 2006
		-----'Rupees in '000'-----	
Loans, cash credits, running finances, etc.			
In Pakistan		221,459,377	209,353,477
Outside Pakistan		65,777,985	44,195,586
		<u>287,237,362</u>	<u>253,549,063</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		11,235,850	6,537,721
Payable outside Pakistan		6,091,542	6,947,677
		<u>17,327,392</u>	<u>13,485,398</u>
		304,564,754	267,034,461
Finance in respect of continuous funding system (CFS)		125,297	1,462,242
Provision for non-performing advances- specific	7.1	(14,427,735)	(12,409,962)
- general	7.2	(1,481,474)	(1,416,249)
		<u>(15,909,209)</u>	<u>(13,826,211)</u>
		<u>288,780,843</u>	<u>254,670,492</u>

7.1 Advances include Rs.24.095 billion (December 31,2006: Rs. 16.745 billion)which have been placed under non-performing status as detailed below:-

Category of Classification	-----Sep. 30, 2007-----				
	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000'-----				
Other Assets Especially Mentioned	1,357,281	-	1,357,281	-	-
Substandard	5,938,214	162,205	6,100,419	976,926	976,926
Doubtful	2,865,734	3,751	2,869,485	1,214,715	1,214,715
Loss	9,406,291	4,042,705	13,448,996	12,230,088	12,230,088
	<u>19,567,520</u>	<u>4,208,661</u>	<u>23,776,181</u>	<u>14,421,729</u>	<u>14,421,729</u>
Subsidiary Company	-	318,884	318,884	6,006	6,006
	<u>19,567,520</u>	<u>4,527,545</u>	<u>24,095,065</u>	<u>14,427,735</u>	<u>14,427,735</u>
Category of Classification	-----Dec. 31, 2006-----				
	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000'-----				
Other Assets Especially Mentioned	363,819	-	363,819	-	-
Substandard	1,583,124	175,597	1,758,721	381,179	381,179
Doubtful	1,612,613	68,730	1,681,343	500,383	500,383
Loss	7,907,722	4,543,804	12,451,526	11,301,773	11,301,773
	<u>11,467,278</u>	<u>4,788,131</u>	<u>16,255,409</u>	<u>12,183,335</u>	<u>12,183,335</u>
Subsidiary Company	-	490,382	490,382	226,627	226,627
	<u>11,467,278</u>	<u>5,278,513</u>	<u>16,745,791</u>	<u>12,409,962</u>	<u>12,409,962</u>

7.2 General provision represents provision amounting to Rs 1,311.721 million (December 31, 2006: Rs.1,163.019 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Group of Pakistan and Rs169.753 million (December 31, 2006: Rs. 253.23 million) pertaining to overseas/ subsidiaries advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

7.3 During the current year, the holding company has changed the method of computation of provision against non-performing advances in order to comply with the amendments made by the State Bank of Pakistan in Prudential Regulations vide BSD Circular no. 07 dated October 12, 2007. In accordance with the amended regulations, effective from December 31, 2007 the benefit of Forced Sales Valuation (FSV) has been completely withdrawn while calculating the provisioning requirement against non performing loans. The incremental provision requirement arising as a result of the above mentioned amendment in Prudential Regulations amounted to Rs 3,953.615 million out of which provision amounting to Rs.1,976.807 million has been provided in these financial statements. Had the above mentioned benefit of FSV not been withdrawn, the profit before taxation for the quarter ended September 30, 2007 would have been higher by Rs 1,976.807 million whereas advances (net of provision) at the end of September 30, 2007 would have been higher by the same amount.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**

	Sep. 30, 2007	Dec. 31, 2006
	------(Rupees in '000)-----	
8. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	6,464,350	9,414,812
- Long - term financing under export oriented projects	4,940,701	5,333,691
- Locally manufactured machinery refinance scheme	2,152	3,382
	11,407,203	14,751,885
Repurchase agreement borrowings	25,136,517	17,527,738
	36,543,720	32,279,623
Unsecured		
Call borrowings	2,240,550	4,604,999
Overdrawn nostro accounts	156,042	567,880
Trading Liabilities	717,232	1,123,135
Others	-	104,171
	3,113,824	6,400,185
	39,657,544	38,679,808
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	126,734,700	118,250,882
Savings deposits	150,587,674	123,454,103
Sundry deposits	5,628,301	4,942,064
Margin deposits	2,774,675	2,710,848
Current accounts - remunerative	1,662,615	1,999,555
Current accounts - non-remunerative	101,745,729	91,673,844
	389,133,693	343,031,296
Financial Institutions		
Remunerative deposits	2,547,695	549,862
Non-remunerative deposits	121,595	223,672
	2,669,290	773,534
	391,802,984	343,804,830
10. SHARE CAPITAL		

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the bank comprising 175,951,092 equity shares in the form of Global Depository Receipts (GDRs). The GoP also granted an option to the Lead Manager to the issue i.e. Merrill Lynch International to purchase an additional 3.26% of the bank's equity shares within a period of 30 days from the announcement of offer price i.e. June 29, 2007 in case of over allotment. Merrill Lynch International has subsequently exercised this over-allotment option on July 11, 2007. In pursuance of the above mentioned disinvestment by the GoP, the bank has issued 43,987,773 GDRs each representing four ordinary equity shares at an offer price of US\$ 12.8543 per GDR before June 30, 2007 and an additional 6,598,165 GDRs at the same offer price on July 11, 2007 (total disinvestment being 25% of the total share capital of the bank). Due to the above cumulative disinvestment, the shareholding of SBP in the bank has reduced to 19.48%.

The bank has not received any proceeds from the offering of GDRs. Holders of GDRs are entitled, subject to the provision of the depositary agreement, to receive dividends, if any and rank parri passu with other equity shareholders in respect of such entitlement to receive dividends. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depositary facility. Upon withdrawal, the holders will rank parri passu with other equity shareholders in respect of voting powers. At June 30, 2007 none of the deposited equity shares had been withdrawn from the depositary facility.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**
11. CONTINGENCIES AND COMMITMENTS
Sep. 30, 2007 Dec.31, 2006
 -----'Rupees in '000'-----

11.1 Direct Credit Substitutes

Contingent liability in respect of guarantees given favouring:

- Government
- Banking companies and other financial institutions
- Others

7,739,912	9,658,487
3,443,800	2,450,816
3,813,508	4,120,475
<u>14,997,220</u>	<u>16,229,778</u>

11.2 Transaction-related Contingent Liabilities

Contingent liability in respect of performance bonds, bid bonds, warranties, etc.

- Government
- Banking companies and other financial institutions
- Others

33,694,505	27,269,975
2,793,911	1,387,386
9,955,707	4,585,391
<u>46,444,123</u>	<u>33,242,752</u>

11.3 Trade-related Contingent Liabilities

Contingent liability in respect of letters of credit favouring:

- Government
- Banking companies and other financial institutions
- Others

62,007,243	50,491,386
2,893,376	365,045
64,394,404	43,357,420
<u>129,295,023</u>	<u>94,213,851</u>

11.4 Other Contingencies

Claims against the bank not acknowledge as debts

<u>17,962,659</u>	<u>13,732,499</u>
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11.5 Commitments in respect of forward lending

The bank makes commitments to extend credit in the normal course of its business but these being recoverable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

Sep. 30, 2007 Dec.31, 2006
 -----'Rupees in '000'-----

11.6 Commitments in respect of forward exchange contracts

- Sale
- Purchase

<u>73,189,255</u>	<u>58,556,959</u>
<u>65,429,576</u>	<u>56,461,145</u>

11.7 Other commitments

- Forward purchase contracts of government securities
- Forward sale contracts of government securities
- Interest rate swaps
- Equity futures
- Sales of securities not yet purchased
- Commitments in respect of capital expenditure
- Cross currency swaps
- Forward Rate Agreement

<u>-</u>	<u>5,634,902</u>
<u>-</u>	<u>2,833,400</u>
<u>5,033,415</u>	<u>6,884,347</u>
<u>501</u>	<u>382,026</u>
<u>681,609</u>	<u>1,067,735</u>
<u>95,446</u>	<u>89,037</u>
<u>6,835,177</u>	<u>-</u>
<u>300,000</u>	<u>-</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**

	Jan - Sep 2007	Jan - Sep 2006
	----- (Rupees in '000) -----	
12. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances		
- Customers	22,512,976	18,223,264
- Financial institutions	1,223,656	962,183
	23,736,632	19,185,447
On investments in		
- Securities	5,909,914	3,874,125
On deposits with financial institutions	278,412	120,443
On securities purchased under resale agreements	896,781	1,012,782
Discount income	59,120	67,606
	<u>30,880,859</u>	<u>24,260,403</u>
13. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	10,116,828	7,009,987
On securities sold under repurchase agreements	1,011,769	760,063
On other short - term borrowings	669,511	527,974
On other long - term borrowings	447,184	320,603
Discount expense	60,726	44,684
	<u>12,306,018</u>	<u>8,663,311</u>
14. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	4,949,511	4,111,954
Outsourced service charges including sales commission	1,061,358	741,150
Contribution to retirement plan	24,610	54,659
Charge for compensated absences	104,872	138,116
Rent, taxes, insurance, electricity etc.	924,377	673,417
Communications	412,598	354,527
Advertisement and publicity	451,721	281,719
Depreciation	574,155	459,158
Stationery and printing	203,859	170,807
Banking service charge	312,904	179,332
Legal and professional charges	324,718	54,970
Cash transportation charges	114,200	104,808
Travelling	131,892	93,756
Repairs and maintenance	172,680	118,787
Donations	12,937	11,307
Vehicle expenses	64,423	63,877
Office running expenses	57,968	46,128
Entertainment	49,337	40,232
Cartage, freight and conveyance	41,526	35,383
Training and seminar	71,645	47,700
Auditors' remuneration	33,668	31,167
Subscriptions	21,521	17,262
Brokerage expenses	13,599	12,986
Miscellaneous expenses	176,517	192,451
	<u>10,306,594</u>	<u>8,035,653</u>
15. TAXATION		

The income tax assessment of United Bank Limited for domestic branches for the assessment year 2003 (financial year ended December 31, 2002) has been finalised under normal tax regime. The returns for the Tax Years 2004, 2005, 2006 and 2007 (financial years ended December 31, 2003, 2004, 2005 and December 31, 2006) were filed under the provisions of section 120(1) of the Income Tax Ordinance, 2001 which are deemed to be assessed. The return for the tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001 and the assessment has been finalised/amended on the bases of audit observations by adding / disallowing certain expenses / deductions resulting in an additional tax liability of Rs 420 million. Notwithstanding its contention that the above additions are arbitrary in nature, the management has, on account of prudence, decided to create the provision against the above amount in these condensed financial statements. An appeal against the said order has also been filed with the Appellate Commissioner. The management

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2007**
16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

-----For the Period Ended Sep 30, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Total income	633,593	6,111,540	20,552,718	10,063,253	261,485	122,892
Total expenses	(65,644)	(4,360,555)	(15,539,286)	(6,158,192)	(135,810)	(88,153)
Net income / (loss)	567,950	1,750,985	5,013,433	3,905,061	125,675	34,739
Segment return on assets (ROA) (%)	7.8%	7.3%	12.3%	5.5%	114.6%	5.7%
Segment cost of funds (%)	6.4%	7.4%	11.1%	4.0%	0.0%	7.5%

-----For the Period Ended Sep 30, 2006-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Total income	250,878	4,011,682	16,700,224	7,979,413	73,861	86,607
Total expenses	(130,120)	(3,046,059)	(10,212,283)	(5,007,303)	(77,020)	(64,069)
Net income / (loss)	120,758	965,623	6,487,941	2,972,110	(3,159)	22,538
Segment return on assets (ROA) (%)	8.5%	7.0%	15.0%	8.0%	98.3%	6.0%
Segment cost of funds (%)	7.3%	7.0%	9.0%	3.0%	0.0%	7.0%

-----As at Sep 30, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	4,855,688	-	167,045,865	182,629,265	228,193	2,174,294
Segment non performing loans (NPL)	-	-	9,567,875	14,527,190	-	-
Segment provision required against NPL	-	-	5,455,735	8,972,000	-	-
Segment liabilities	815,970	164,646,919	140,234,349	153,067,952	44,586	1,176,864

-----As at Dec. 31, 2006-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	4,855,688	165,851,845	167,045,865	182,629,265	228,193	2,174,294
Segment non performing loans (NPL)	-	-	9,567,875	14,527,190	-	-
Segment provision required against NPL	-	-	5,455,735	8,972,000	-	-
Segment liabilities	815,970	164,646,919	140,234,349	153,067,952	44,586	1,176,864

17. RELATED PARTY TRANSACTIONS

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

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
17.1 Related party transactions

Details of transactions with related parties are given below:

	For the Period Ended Sep. 30 , 2007			For the Year Ended Dec. 31, 2006		
	Key manage- ment personnel	Associates	Others	Key manage- ment personnel	Associates	Others
----- (Rupees in '000) -----						
Advances						
At January 01	93,648	565	1,000,000	80,694	565	1,817,576
Given during the period / year	15,013	-	-	45,557	-	-
Repaid during the period / year	(29,850)	(565)	-	(32,603)	-	(817,576)
At September 30	<u>78,811</u>	<u>-</u>	<u>1,000,000</u>	<u>93,648</u>	<u>565</u>	<u>1,000,000</u>
Deposits						
At January 01	13,249	11,226	6,160,983	15,542	4,261	4,317,759
Received during the period / year	213,029	7,752,905	26,868,612	189,638	11,190,278	138,271,114
Withdrawn during the period / year	(204,959)	(7,737,661)	(26,689,259)	(191,931)	(11,183,313)	(136,427,890)
At September 30	<u>21,319</u>	<u>26,469</u>	<u>6,340,336</u>	<u>13,249</u>	<u>11,226</u>	<u>6,160,983</u>
Outstanding placement at the end of period / year	-	250,000	-	-	500,000	-
Payable in respect of acquisition of investment securities	-	-	-	-	-	-
Distribution commission receivable	-	-	-	-	-	-
Other receivable	-	35,671	-	-	-	-
Placements made during the period	-	250,000	-	-	500,000	-
Placements settled during the period	-	-	-	-	500,000	-
Maximum amount of a placement made during the period	-	250,000	-	-	500,000	-
Investment made during the period	-	300,000	-	-	590,000	-
----- (Rupees in '000) -----						
	For the Period Ended Sep. 30 , 2007			For the Period Ended Sep. 30 , 2006		
	Key manage- ment personnel	Associates	Others	Key manage- ment personnel	Associates	Others
----- (Rupees in '000) -----						
Mark-up / return / interest earned	1,982	542	19,222	-	2,349	120,533
Mark-up / return / interest expensed	50	2	82,547	-	36	157,345
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Group	-	-	27,296	-	-	21,198
Dividend income received	-	-	-	-	-	-
Other expenses paid	-	14,409	-	-	-	-
Remuneration paid	194,561	-	-	150,761	-	-
Post employment benefit	7,437	-	-	12,885	-	-
Contribution to defined contribution plan	-	-	88,947	-	-	-
Contribution to defined benefit plan	-	-	973,758	-	-	-
Distribution commission income	-	-	-	-	-	-

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**
18. ISLAMIC BANKING BUSINESS

The Group is operating 4 islamic branches (December 31,2006: 01) .The balance sheet of islamic banking operations as at September 30, 2007 is as follows:

	Sep. 30, 2007	Dec. 31, 2006
	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	469,348	1,087
Balances with and due from financial institutions	-	48,000
Investments	635,000	-
Financing - net of provision	379,477	-
Operating fixed assets	253,888	-
Other assets	1,050,800	1,951
Total Assets	2,788,513	51,038
LIABILITIES		
Bills payable	13,132	-
Deposits and other accounts	2,397,491	1,006
Other liabilities	21,309	-
	<u>2,431,932</u>	<u>1,006</u>
NET ASSETS	<u>356,581</u>	<u>50,032</u>
REPRESENTED BY		
Islamic banking fund	470,000	50,000
Unappropriated / unremitted profit	(113,419)	32
	<u>356,581</u>	<u>50,032</u>
Surplus on revaluation of assets	-	-
	<u>356,581</u>	<u>50,032</u>

19. DATE OF AUTHORIZATION

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors of the Bank on October 30, 2007.

20. GENERAL

Corresponding information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

Atif R. Bokhari
President and
Chief Executive Officer

Muhammad Javed Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman