

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET - (UNAUDITED)
AS AT SEPTEMBER 30, 2008**

	Note	(Un audited) September 30, 2008	(Audited) December 31, 2007
('Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		58,911,274	57,622,360
Balances with other banks		14,685,122	10,982,176
Lendings to financial institutions		22,967,076	24,781,723
Investments	7	110,304,034	114,026,273
Advances	8	374,368,421	308,271,290
Other assets		15,562,953	12,071,659
Operating fixed assets		20,355,787	19,040,390
Deferred tax asset - net		916,439	-
		618,071,105	546,795,871
LIABILITIES			
Bills payable		6,923,396	6,087,266
Borrowings	9	62,242,404	59,491,253
Deposits and other accounts	10	464,679,841	412,138,405
Sub-ordinated loans	11	11,993,848	5,996,696
Liabilities against assets subject to finance lease		2,259	3,261
Deferred tax liability - net		-	2,109,989
Other liabilities		19,601,573	13,078,063
		565,443,320	498,904,933
NET ASSETS		52,627,786	47,890,938
REPRESENTED BY			
Share capital	12	10,117,188	8,093,750
Reserves		17,926,838	11,577,342
Unappropriated profit		18,199,022	16,728,318
		46,243,048	36,399,410
Minority interest		2,504,524	2,115,645
		48,747,572	38,515,055
Surplus on revaluation of assets - net	13	3,880,214	9,375,883
		52,627,786	47,890,938
CONTINGENCIES AND COMMITMENTS			
	14		

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

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaq Hasan Khan
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**CONSOLIDATED CONSENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Note	Jul - Sep 2008	Jul - Sep 2007	Jan - Sep 2008	Jan - Sep 2007
----- (Rupees in '000) -----					
Mark-up / return / interest earned	15	14,042,114	10,688,779	37,641,060	30,880,859
Mark-up / return / interest expensed	16	(6,258,965)	(4,332,860)	(16,312,206)	(12,306,018)
Net mark-up / return / interest income		7,783,150	6,355,919	21,328,854	18,574,841
Provision against non-performing loans and advances - net		(1,081,732)	(2,530,891)	(3,031,771)	(2,826,340)
General provision against consumer loans		61,284	(88,325)	149,013	(198,646)
Provision for diminution in value of investments		(38,248)	(2,250)	(38,248)	(15,750)
Bad debts written off directly		(279,583)	(241,608)	(956,949)	(560,653)
		(1,338,279)	(2,863,074)	(3,877,955)	(3,601,389)
Net mark-up / return / interest income after provisions		6,444,870	3,492,845	17,450,899	14,973,452
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,914,041	1,476,536	5,476,468	4,240,166
Dividend income		113,798	260,656	365,087	269,087
Income from dealing in foreign currencies		501,450	233,223	1,256,425	692,144
Unrealised surplus on revaluation of trading securities		(2,469)	3,435	(3,671)	-
Other income		626,764	424,555	2,665,048	1,544,062
Total non mark-up / return / interest income		3,153,584	2,398,405	9,759,357	6,745,459
		9,598,454	5,891,250	27,210,257	21,718,911
Non mark-up / interest expenses					
Administrative expenses	17	(4,554,981)	(3,626,231)	(12,553,156)	(10,306,594)
Other provisions / write offs / reversals		(77,691)	(3,650)	(272,217)	(132,267)
Other charges		(681)	(252)	(182,953)	(1,371)
Total non mark-up / interest expenses		(4,633,353)	(3,630,133)	(13,008,326)	(10,440,232)
		4,965,101	2,261,117	14,201,930	11,278,679
Share of income from associates		(155,927)	1,996	(182,786)	119,163
Profit before taxation		4,809,174	2,263,113	14,019,144	11,397,842
Taxation	18				
- Current - for the period		(1,869,757)	(889,490)	(5,561,224)	(4,058,063)
- Prior		(2,289)	17,863	(47,275)	(420,706)
- Deferred		260,185	211,746	642,513	460,602
		(1,611,862)	(659,881)	(4,965,986)	(4,018,167)
Profit after taxation		3,197,312	1,603,232	9,053,158	7,379,675
Minority interest		(30,467)	(12,911)	(88,299)	(91,918)
		3,166,845	1,590,321	8,964,859	7,287,757
Unappropriated profit brought forward		17,116,908	13,987,496	16,728,318	12,930,344
		20,283,753	15,577,817	25,693,178	20,218,101
Transfer from surplus on revaluation of fixed assets - net of tax		80,420	23,614	241,260	70,841
Profit before appropriations		20,364,173	15,601,431	25,934,438	20,288,942
Appropriations					
Transfer to statutory reserve		(647,573)	(290,346)	(1,766,275)	(1,416,607)
Final cash dividend for the year ended December 31, 2007 and December 31, 2006 declared in 2008 and 2007 respectively		-	-	(2,428,125)	(1,942,500)
Interim cash dividend for the half year ended June 30, 2008 declared subsequent to the period end		(1,517,578)	-	(1,517,578)	-
Transfer to reserve for issue of bonus shares		-	-	(2,023,438)	(1,618,750)
		(2,165,151)	(290,346)	(7,735,416)	(4,977,857)
Unappropriated profit carried forward		18,199,022	15,311,085	18,199,022	15,311,085
		(Rupees)	(Rupees)		
Basic and diluted earnings per share		3.13	1.57	8.86	7.20

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

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Dr. Ashfaq Hasan Khan
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Nine months ended	
	September 30, 2008	September 30, 2007
	('Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,019,144	11,397,842
Less: Dividend income	(365,087)	(269,088)
Share of loss / (profit) from associates	182,786	(119,163)
	13,836,843	11,009,591
Adjustments for non-cash charges		
Depreciation	1,157,771	574,155
Provision for retirement benefits	(54,087)	129,482
Provision Against Non-performing Advances	3,031,771	3,024,986
Provision for Diminution in the value of investments	38,248	15,750
(Gain) on sale of fixed assets	(12,246)	(33,998)
Finance Charges on leased assets	235	522
Provision against other assets	272,217	132,267
Bad debts written off	956,949	560,653
	5,390,858	4,403,817
	19,227,701	15,413,408
(Increase)/ Decrease in operating assets		
Lendings to financial institutions	1,814,647	13,716,281
Held-for-trading securities	(5,209,043)	(317,647)
Advances	(70,085,851)	(37,695,990)
Others assets	(4,300,339)	(2,067,982)
	(77,780,585)	(26,365,338)
Increase/ (Decrease) in operating liabilities		
Bills Payable	836,130	1,317,374
Borrowings from financial institutions	2,751,151	977,736
Deposits	52,541,436	47,998,154
Other liabilities	4,510,694	3,741,429
	60,639,410	54,034,693
	2,086,525	43,082,763
Received for retirement benefits	448,577	963,266
Income tax paid	(3,453,369)	(1,288,332)
Net cash flow from operating activities	(918,267)	42,757,697
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	949,664	(48,565,273)
Dividend received	365,081	268,643
Investments in operating fixed assets	(2,719,898)	(1,624,485)
Sale proceeds of property and equipment disposed-off	381,267	207,998
Net cash flow from investing activities	(1,023,886)	(49,713,117)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of Sub-ordinated loan	5,997,152	(1,648)
Dividend paid	(3,945,703)	(1,942,500)
Payments of lease obligations	(1,238)	(3,789)
Net cash flow from financing activities	2,050,211	(1,947,937)
Net cash flow	108,059	(8,903,357)
Exchange difference on transaction of net investment in foreign branches	4,583,221	172,976
Exchange difference on transaction of net assets attributable to minority interest	300,580	135,221
Increase/(Decrease) in cash and cash equivalents	4,991,860	(8,595,160)
Cash and cash equivalents at beginning of the period	68,604,536	68,441,818
Cash and cash equivalents at end of the period	73,596,396	59,846,658

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

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

	Share capital	General Reserve	Statutory Reserve	Reserve for Issue of Bonus Shares	Exchange Translation Reserve	Unappropriated profit	Total
------(Rupees in '000)-----							
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 share	-	-	-	1,618,750	-	(1,618,750)	-
Issue of bonus shares	1,618,750	-	-	(1,618,750)	-	-	-
Changes in equity for the nine months ended Sep 30, 2007							
Profit after taxation for the nine months ended Sep 30, 2007	-	-	-	-	-	7,287,757	7,287,757
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 income recognized directly in equity	-	-	-	-	172,976	70,841	243,817
Total recognized income and expense for the period	-	-	-	-	172,976	7,358,598	7,531,574
Transfer to Statutory reserve	-	-	1,416,607	-	-	(1,416,607)	-
Balance as at September 30, 2007	8,093,750	3,000	8,452,498	-	2,463,649	15,311,085	34,323,982
Changes in equity for the quarter ended Dec 31, 2007							
Profit after taxation for quarter ended Dec. 31, 2007	-	-	-	-	-	1,681,144	1,681,144
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	-
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	394,284	-	394,284
Net income recognized directly in equity	-	-	-	-	394,284	-	394,284
Total recognized income and expense for the period	-	-	-	-	394,284	1,681,144	2,075,428
Transfer to Statutory reserve	-	-	263,911	-	-	(263,911)	-
Balance as at December 31, 2007	8,093,750	3,000	8,716,409	-	2,857,933	16,728,318	36,399,410
Final cash dividend for the year ended December 31, 2007 declared subsequent to year end at Rs 3 per share	-	-	-	-	-	(2,428,125)	(2,428,125)
Interim cash dividend for the half year ended June 30, 2008 declared subsequent to period end at Rs. 1.5 per share	-	-	-	-	-	(1,517,578)	(1,517,578)
Transfer to reserve for issue of bonus shares	-	-	-	2,023,438	-	(2,023,438)	-
Issue of Bonus shares	2,023,438	-	-	(2,023,438)	-	-	-
Changes in equity during period ended September 30, 2008							
Profit after taxation for the nine months ended Sep 30, 2008	-	-	-	-	-	8,964,860	8,964,860
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	241,260	241,260
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	4,583,221	-	4,583,221
Net income recognized directly in equity	-	-	-	-	4,583,221	241,260	4,824,481
Total recognized income and expense for the period	-	-	-	-	4,583,221	9,206,120	13,789,341
Transfer to Statutory reserves	-	-	1,766,275	-	-	(1,766,275)	-
Balance as at September 30, 2008	10,117,188	3,000	10,482,684	-	7,441,154	18,199,022	46,243,048

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

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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

Holding Company

United Bank Limited (The Bank)

United Bank Limited is a banking company and is engaged in commercial banking and related services. The bank is listed on all the three stock exchanges in Pakistan. The bank's registered and principal office is situated in State Life Building No.1, I.I. Chundrigar Road, Karachi. The Bank operates 1,085 (December 31,2007:1078) branches inside Pakistan including the Karachi Export Processing Zone Branch and 17 (December 31, 2007:17) branches outside Pakistan as at June 30, 2008. The domestic branch network include 5 (December 31,2007:5) Islamic Banking branches.

In year 2007, 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.

Subsidiary Companies

United National Bank Limited (UNBL), United Kingdom

United Bank AG (Zurich), Switzerland

United Executors and Trustees Company Limited

UBL Fund Managers Limited.

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 appropriate portion of mark-up thereon.

The financial results of the Islamic banking branches of the Bank have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 22 to these consolidated condensed interim financial statements.

The disclosures made in these consolidated condensed interim financial statements have 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 these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2007.

3. STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, 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. 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 IFRS or IFAS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.

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 financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to financial statements for the year ended December 31, 2007.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Group for the year ended December 31, 2007.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the company for the year ended December 31, 2007.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**
7 INVESTMENTS

	Note	September 30, 2008			December 31, 2007			
		Held by	Given as		Held by	Given as		
		bank	collateral	Total	bank	collateral	Total	
		-----Rupees in '000'-----			-----Rupees in '000'-----			
7.1	Held-for-trading securities	7.2.1	1,987,699	3,479,192	5,466,891	269,932	-	269,932
	Available-for-sale securities	7.2.2	57,889,374	22,295,827	80,185,201	46,158,578	29,426,386	75,584,964
	Held-to-maturity securities	7.2.3	29,855,766	-	29,855,766	32,356,858	-	32,356,858
	Investments in Associates	7.2.4	3,304,586	-	3,304,586	6,537,256	-	6,537,256
			93,037,426	25,775,019	118,812,445	85,322,624	29,426,386	114,749,010
	Provision for Diminution in value of investments		(388,682)	-	(388,682)	(351,508)	-	(351,508)
	Deficit on revaluation of available for sale securities		(6,784,773)	(1,331,285)	(8,116,058)	(314,365)	(41,109)	(355,474)
	Deficit on revaluation of held for trading securities		(2,839)	(832)	(3,671)	(15,755)	-	(15,755)
	Investments (net of provisions)		85,861,132	24,442,902	110,304,034	84,640,996	29,385,277	114,026,273
			September 30, 2008			December 31, 2007		
			Held by	Given as		Held by	Given as	
			bank	collateral	Total	bank	collateral	Total
			-----Rupees in '000'-----			-----Rupees in '000'-----		
7.2	Investments by types							
7.2.1	Held-for-trading securities							
	Market treasury bills		1,976,080	3,479,192	5,455,272	-	-	-
	Ordinary shares of listed companies		11,619	-	11,619	269,932	-	269,932
			1,987,699	3,479,192	5,466,891	269,932	-	269,932
7.2.2	Available for sale securities							
	Market treasury bills		19,788,133	15,784,944	35,573,077	19,510,171	27,889,798	47,399,969
	Pakistan investment bonds		10,947,118	6,510,883	17,458,001	15,337,793	1,536,588	16,874,381
	Ordinary shares of listed companies		5,717,791	-	5,717,791	3,185,338	-	3,185,338
	Government of Pakistan Bonds		1,481,464	-	1,481,464	1,123,894	-	1,123,894
	Foreign Currency bonds		15,052,517	-	15,052,517	3,475,078	-	3,475,078
	Euro Bonds		3,833,711	-	3,833,711	2,170,415	-	2,170,415
	Term Finance Certificates		407,242	-	407,242	644,145	-	644,145
	Ordinary shares of unlisted companies		441,695	-	441,695	441,423	-	441,423
	Cumulative Preference Shares		8,120	-	8,120	8,120	-	8,120
	Units of mutual funds		211,583	-	211,583	262,201	-	262,201
			57,889,374	22,295,827	80,185,201	46,158,578	29,426,386	75,584,964
7.2.3	Held to maturity securities							
	Term Finance Certificates		5,047,661	-	5,047,661	6,341,257	-	6,341,257
	Market treasury bills		8,509,147	-	8,509,147	12,883,608	-	12,883,608
	Pakistan investment bonds		4,503,089	-	4,503,089	4,521,049	-	4,521,049
	CIRC bonds		2,900,000	-	2,900,000	2,900,000	-	2,900,000
	Government of Pakistan Guaranteed bonds		1,483,444	-	1,483,444	1,433,444	-	1,433,444
	Foreign currency bonds		1,117,308	-	1,117,308	1,055,801	-	1,055,801
	Sukuk Bonds		1,104,997	-	1,104,997	685,000	-	685,000
	Foreign securities		2,046,340	-	2,046,340	1,628,023	-	1,628,023
	Certificate of deposits		3,095,557	-	3,095,557	853,146	-	853,146
	Debentures		6,827	-	6,827	8,300	-	8,300
	Participation of Term Certificates		41,005	-	41,005	46,920	-	46,920
	CDC SAARC Fund		391	-	391	310	-	310
			29,855,766	-	29,855,766	32,356,858	-	32,356,858
7.2.4	Investments in Associates							
	United Islamic Income Fund		257,875	-	257,875	254,100	-	254,100
	United Stock Advantage Fund		235,538	-	235,538	398,903	-	398,903
	United Composite Islamic Fund		465,085	-	465,085	636,896	-	636,896
	United Money Market Fund		1,552,954	-	1,552,954	3,318,770	-	3,318,770
	United Growth and Income Fund		448,254	-	448,254	1,875,256	-	1,875,256
	UBL Participation Protected Plan		170,599	-	170,599	-	-	-
	UBL Insurance Limited		90,000	-	90,000	46,350	-	46,350
	United Capital Protected Fund		77,300	-	77,300	-	-	-
	Oman United Exchange Company, Muscat		6,981	-	6,981	6,981	-	6,981
			3,304,586	-	3,304,586	6,537,256	-	6,537,256
			93,037,426	25,775,019	118,812,445	85,322,624	29,426,386	114,749,010
	Provision for Diminution in the value of investments		(388,682)	-	(388,682)	(351,508)	-	(351,508)
	Investments (net of provisions)		92,648,744	25,775,019	118,423,763	84,971,116	29,426,386	114,397,502
	Deficit on revaluation of available for sale securities		(6,784,773)	(1,331,285)	(8,116,058)	(314,365)	(41,109)	(355,474)
	Deficit on revaluation of held for trading securities		(2,839)	(832)	(3,671)	(15,755)	-	(15,755)
	Total investments		85,861,132	24,442,902	110,304,034	84,640,996	29,385,277	114,026,273

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

8 ADVANCES	Note	September 30, 2008	December 31, 2007
		-----'Rupees in '000'-----	
Loans, cash credits, running finances, etc.			
In Pakistan		263,230,341	240,420,608
Outside Pakistan		104,399,247	70,507,183
		<u>367,629,588</u>	<u>310,927,791</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		11,319,843	6,046,767
Payable outside Pakistan		7,677,918	6,066,566
		<u>18,997,761</u>	<u>12,113,333</u>
		<u>386,627,348</u>	<u>323,041,124</u>
Finance in respect of continuous funding system (CFS)		6,522,928	2,631,139
		<u>393,150,276</u>	<u>325,672,263</u>
Provision for non-performing advances - specific	8.1	(17,498,815)	(16,031,324)
- general	8.2	(1,283,040)	(1,369,649)
		<u>(18,781,856)</u>	<u>(17,400,973)</u>
		<u>374,368,421</u>	<u>308,271,290</u>

8.1 Advances include Rs.25.147 billion (December 31,2007: Rs. 22.352 billion) which have been placed under non-performing status as detailed below:-

Category of Classification Sep 30, 2008				
	Domestic	Overseas & Subsidiaries	Total	Provision Required	Provision Held
	-----Rupees in '000'-----				
Other Assets Especially Mentioned	1,027,261	-	1,027,261	-	-
Substandard	5,805,540	28,099	5,833,639	1,384,863	1,384,863
Doubtful	2,774,629	377,500	3,152,129	1,528,213	1,528,213
Loss	12,285,541	2,848,872	15,134,413	14,585,739	14,585,739
	<u>21,892,971</u>	<u>3,254,471</u>	<u>25,147,442</u>	<u>17,498,815</u>	<u>17,498,815</u>

8.2 General provision represents provision amounting to Rs 1,148 million (December 31, 2007: Rs.1,296 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs 135 million (December 31, 2007: Rs.73 million) pertaining to overseas/ subsidiaries advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

9. BORROWINGS	September 30, 2008	December 31, 2007
	-----'Rupees in '000'-----	
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	7,582,953	6,708,853
- Long - term financing under export oriented projects	4,265,556	4,945,514
- Locally manufactured machinery refinance scheme	1,076	1,620
	<u>11,849,585</u>	<u>11,655,987</u>
Repurchase agreement borrowings	22,390,278	32,269,543
	<u>34,239,863</u>	<u>43,925,530</u>
Unsecured		
Call borrowings	23,632,065	13,629,078
Overdrawn nostro accounts	2,687,256	936,004
Trading Liabilities	1,683,220	1,000,641
	<u>28,002,541</u>	<u>15,565,723</u>
	<u>62,242,404</u>	<u>59,491,253</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

10 DEPOSITS AND OTHER ACCOUNTS	Note	September 30, 2008	December 31, 2007
		------(Rupees in '000)-----	
Customers			
Fixed deposits		170,249,818	131,190,126
Savings deposits		150,544,063	154,537,137
Sundry deposits		5,765,793	4,645,873
Margin deposits		4,393,863	2,769,452
Current accounts - remunerative		2,564,084	5,794,610
Current accounts - non-remunerative		130,715,325	112,153,247
		<u>464,232,945</u>	<u>411,090,445</u>
Financial Institutions			
Remunerative deposits		3,146	821,361
Non-remunerative deposits		443,750	226,599
		<u>446,896</u>	<u>1,047,960</u>
		<u>464,679,841</u>	<u>412,138,405</u>

11. SUBORDINATED DEBT

In February 2008, the United Bank Limited issued listed, rated and unsecured 4th Term Finance Certificate of Rs. 6,000 million having a tenor of 10 years. The principal is redeemable semi-annually and interest is payable at KIBOR+0.85% per annum for the first 5 years and KIBOR+1.35% for the remaining term. The liability of the United Bank Limited is sub-ordinated as to the repayment of principal and profit to all other indebtedness of the Bank (including deposits). The United Bank Limited has the right to exercise the call option after the period of 5 years.

12. SHARE CAPITAL

The United Bank Limited in its 49th Annual General Meeting resolved to increase its authorized capital from Rs. 10.2 billion to Rs. 20 billion.

13. SURPLUS ON REVALUATION OF ASSETS

Surplus /(Deficit) arising on revaluation of assets - net of tax:

Fixed assets

- Group share

- Minority interest

Securities

Note	September 30, 2008	December 31, 2007
	------(Rupees in '000)-----	
	9,003,018	9,165,863
	487,460	429,130
	9,490,477	9,594,993
13.1	(5,610,263)	(219,110)
	<u>3,880,214</u>	<u>9,375,883</u>

13: (Deficit) / surplus on revaluation on available-for-sale securities

Market Treasury Bills

Pakistan Investment Bonds

Quoted Securities (Shares, Listed TFC's, Mutual funds)

Overseas securities

Related deferred tax assets

(121,892)	(70,202)
(2,528,307)	(105,316)
(2,538,898)	32,476
(2,926,961)	(212,432)
(8,116,058)	(355,474)
2,505,795	136,364
<u>(5,610,263)</u>	<u>(219,110)</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	September 30, 2008	December 31, 2007
	-----'Rupees in '000'-----	
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
- Government	9,694,071	5,525,535
- Banking companies and other financial institutions	5,544,047	3,992,848
- Others	8,940,305	5,941,261
	24,178,423	15,459,644
14.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, warranties, etc.		
- Government	57,716,005	43,946,035
- Banking companies and other financial institutions	4,119,630	3,031,393
- Others	17,505,124	13,992,900
	79,340,759	60,970,328
14.3 Trade-related Contingent Liabilities		
Contingent liability in respect of letters of credit favouring:		
- Government	95,740,560	60,431,464
- Banking companies and other financial institutions	3,084,161	412,056
- Others	94,803,280	89,102,242
	193,628,001	149,945,762
14.4 Other Contingencies		
Claims against the bank not acknowledge as debts	18,279,770	17,733,578
	18,279,770	17,733,578
14.5 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.		
14.6 Other commitments	September 30, 2008	December 31, 2007
	-----'Rupees in '000'-----	
- Interest rate swaps	14,008,362	4,977,160
- Cross currency swaps	14,384,669	9,993,448
- Equity futures	173,708	382,026
- Forward Rate Agreement	5,100,000	-
- Sales of securities not yet purchased	857,362	1,067,735
- Commitments in respect of capital expenditure	689,197	89,037
	19,113,318	16,449,406
14.7 Commitments in respect of forward exchange contracts		
- Sale	110,866,117	87,334,393
- Purchase	111,089,688	81,782,747
	221,955,805	169,117,140
15. MARK-UP / RETURN / INTEREST EARNED	Jan - Sep 2008	Jan - Sep 2007
	-----'Rupees in '000'-----	
On loans and advances		
- Customers	28,490,125	22,512,976
- Financial institutions	682,890	1,223,656
	29,173,015	23,736,632
On investments in		
- Securities	7,009,829	5,909,914
On deposits with financial institutions	363,006	278,412
On securities purchased under resale agreements	1,010,828	896,781
Discount income	84,382	59,120
	37,641,060	30,880,859

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

16. MARK-UP / RETURN / INTEREST EXPENSED	Jan - Sep 2008	Jan - Sep 2007
	-----'Rupees in '000'-----	
On deposits	12,166,717	10,116,828
On securities sold under repurchase agreements	1,840,163	1,011,769
On other short - term borrowings	1,186,080	669,511
On other long - term borrowings	962,700	447,184
Discount expense	156,546	60,726
	<u>16,312,206</u>	<u>12,306,018</u>

17. ADMINISTRATIVE EXPENSES	Jan - Sep 2008	Jan - Sep 2007
	-----'Rupees in '000'-----	
Salaries, allowances etc.	5,723,082	4,949,511
Outsourced service charges including sales commission	1,372,642	1,061,358
Contribution to retirement plan	(148,338)	24,610
Charge for compensated absences	94,251	104,872
Rent, taxes, insurance, electricity etc.	1,221,490	924,377
Communications	505,060	412,598
Advertisement and publicity	236,757	451,721
Depreciation	1,157,771	574,155
Stationery and printing	203,714	203,859
Banking service charge	325,193	312,904
Legal and professional charges	243,980	324,718
Cash transportation charges	157,128	114,200
Travelling	147,226	131,892
Repairs and maintenance	234,931	172,680
Donations	7,051	12,937
Insurance expenses	66,903	47,171
Vehicle expenses	80,494	64,423
Office running expenses	82,023	57,968
Entertainment	63,171	49,337
Cartage, freight and conveyance	49,864	41,526
Training and seminar	48,858	71,645
Auditors' remuneration	37,441	33,668
Subscriptions	27,096	21,521
Worker Welfare Funds	304,938	-
Brokerage expenses	18,219	13,599
Finance charges on lease	235	522
Miscellaneous expenses	291,979	128,822
	<u>12,553,156</u>	<u>10,306,594</u>

18. TAXATION

The income tax assessments of the bank for domestic branches till the assessment year 2002-2003 (financial year ended December 31, 2001) have been finalized under normal law and as per the provisions of Repealed Income Tax Ordinance, 1979. The returns for the Tax Years 2003 to 2007 (financial years ended December 31, 2002 to 2006) were filed under the provisions of section 114 of the Income Tax Ordinance, 2001 (Ordinance) and are deemed to be assessed under section 120(1) of the said Ordinance, unless amended by the Commissioner of Income Tax.

The return for the tax year 2003 was selected for audit under section 177 of the Ordinance and the amended assessment order has been passed on the basis of audit observations by adding / disallowing certain expenses / deductions resulting in an additional tax liability of Rs 406 million. Notwithstanding the challenging of the assessment in appeal before the Appellate Commissioner, on the grounds that the additions are arbitrary and uncalled for, the management has, on account of prudence, decided to create the provision against the above amount in the financial statements for the year ended December 31, 2007. The appeal against the said order has been heard by the Appellate Commissioner and the order is awaited.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

For the tax years 2004, 2005, 2006 and 2007 taxation authorities have initiated proceedings u/s. 122 (5A) read with the section 122(9) of the Ordinance. The proceedings have been joined and the required information is being provided. No order has been passed yet.

In respect of Azad Kashmir Branches for the tax years 2005 to 2008 (financial years ended December 31, 2004 to 2007) returns were filed under the provisions of Section 120(1) read with section 114 of the Ordinance and in compliance with the terms of agreement between the banks and the Azad Kashmir Council which were agreed in May 2005. The returns so filed qualify as deemed assessment orders.

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES
-----For the Nine months ended Sep 30, 2008-----

Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
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----- (Rupees in '000) -----

Total income	905,042	10,593,146	16,989,266	18,165,022	413,028	152,127
Total expenses	(145,101)	(8,593,994)	(13,015,094)	(11,084,651)	(263,560)	(96,088)
Net income / (loss)	759,941	1,999,152	3,974,172	7,080,371	149,468	56,040
Segment return on assets (ROA) (%)	11.8%	7.6%	11.0%	12.0%	111.6%	4.5%
Segment cost of funds (%)	10.3%	7.5%	8.6%	8.8%	0%	8.2%

-----For the nine months ended Sep 30, 2007-----

Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
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----- (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)	567,949	1,750,985	5,013,432	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%	7.5%

-----As at September 30, 2008-----

Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
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----- (Rupees in '000) -----

Segment assets (gross of NPL provisions)	9,940,393	176,416,718	195,683,910	243,719,026	370,190	3,409,597
Segment non performing loans (NPL)	-	-	16,176,043	8,971,359	-	-
Segment provision required against NPL	-	-	11,468,729	6,030,086	-	-
Segment liabilities	9,191,190	174,606,426	175,716,743	204,719,782	43,035	1,166,141

-----As at December 31, 2007-----

Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
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----- (Rupees in '000) -----

Segment assets (gross of NPL provisions)	5,270,519	179,801,387	171,381,012	202,709,302	265,398	2,949,577
Segment non performing loans (NPL)	-	-	18,822,358	3,529,367	-	-
Segment provision required against NPL	-	-	14,369,616	1,661,708	-	-
Segment liabilities	4,097,169	174,270,000	146,582,782	172,579,967	34,259	1,340,756

20. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, subsidiary companies, employee benefit plans and its directors and key management personnel (including their associates).

The Bank enters into transactions with the 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 are determined in accordance with the terms of their employment.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**
20.1. RELATED PARTY TRANSACTIONS

	For the nine months ended Sept 30, 2008			For the year ended December 31, 2007		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
Advances						
At January 01	87,581	-	-	100,637	565	1,000,000
Given during the year	78,771	-	-	46,002	-	-
Repaid during the year	(36,374)	-	-	(59,058)	(565)	(1,000,000)
At September 30 2008	129,978	-	-	87,581	-	-
Deposits						
At January 01	12,081	231,886	5,865,116	11,078	11,226	6,160,983
Received during the year	435,693	25,483,140	382,181	294,791	48,419,004	2,432,626
Withdrawn during the year	(412,439)	(25,657,223)	(392,086)	(293,788)	(48,198,344)	(2,728,493)
At September 30 2008	35,335	57,803	5,855,211	12,081	231,886	5,865,116
Outstanding placement at the end of the period / year	-	-	-	-	-	-
Outstanding borrowing at the end of the period / year	-	-	-	-	-	-
Payable in respect of acquisition of investment in equity shares	-	-	-	-	-	-
Distribution commission receivable	-	-	-	-	-	-
Other receivable	-	-	-	-	37,954	-
Employee Motivation & Retention Scheme payable	-	-	262,208	-	-	263,181
	For the nine months ended September 30, 2008			For the nine months ended September 30, 2007		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
Mark-up / return / interest earned	3,826	-	-	1,982	542	19,222
Mark-up / return / interest expensed	95	48,578	378	50	2	82,547
Reimbursement of liaison office expenses paid to Bestway and Abu Dhabi G	-	-	30,464	-	-	27,296
Dividend income received	-	49,578	-	-	-	-
Other expenses paid	-	137,971	-	-	15,899	-
Other Income	-	37,299	-	-	-	-
Insurance Premium	-	95,359	-	-	50,703	-
Remuneration paid	229,739	-	-	194,561	-	-
Post employment benefits	8,062	-	-	7,437	-	-
Contribution to defined contribution plan	-	-	186,275	-	-	88,947
Contribution to defined benefit plan	-	-	262,599	-	-	973,758
Employee Motivation & Retention scheme paic	-	-	230,000	-	-	197,388
Distribution Commission Income	-	-	-	-	-	-
Distribution Commission Expense	-	-	-	-	-	-
Reimbursable Expense Incurred	-	-	-	-	-	-
Placements made during the period	-	20,000	-	-	250,000	-
Placements settled during the period	-	-	-	-	-	-
Maximum amount of a placement made during the year	-	-	-	-	250,000	-
Borrowing made during the period	-	-	-	-	-	-
Borrowing settled during the period	-	-	-	-	-	-
Maximum amount of borrowing made during the period	-	-	-	-	-	-
Investment made during the period	-	3,212,687	-	-	1,380,000	-
Redemption made during the period	-	11,270,195	-	-	6,860,905	-
Bonus Units received	-	49,578	-	-	436,904	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2008**
21. ISLAMIC BANKING BUSINESS

The balance sheet of the bank's Islamic Banking Branches as at September 30, 2008 is as follows:

	September 30 2008	December 31 2007
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	179,561	307,448
Balances with other banks	14,640	-
Lendings to financial institutions	150,000	300,000
Investments	878,269	587,206
Advances	496,850	339,477
Operating fixed assets	895,399	401,909
Other assets	112,281	118,323
Total Assets	2,727,000	2,054,363
LIABILITIES		
Bills payable	6,901	17,565
Deposits and other accounts	1,029,659	1,198,688
Other liabilities	1,389,473	522,034
	<u>2,426,033</u>	<u>1,738,287</u>
NET ASSETS	<u>300,967</u>	<u>316,076</u>
REPRESENTED BY		
Islamic Banking Fund	470,000	470,000
Unappropriated / Unremitted loss	<u>(167,874)</u>	<u>(156,130)</u>
	302,126	313,870
Surplus / (deficit) on revaluation of assets	<u>(1,159)</u>	<u>2,206</u>
	<u>300,967</u>	<u>316,076</u>

22. DATE OF AUTHORIZATION

These financial statements were authorised for issue on _____ by the Board of Directors of the Bank.

Atif R. Bokhari
President &
Chief Executive Officer

Dr. Ashfaque Hasan Khan
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman