

United Bank Limited

*CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2010
(UNAUDITED)*



Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2010

	Note	June 30, 2010 (Un audited) ----- (Rupees in '000) -----	December 31, 2009 (Audited)
ASSETS			
Cash and balances with treasury banks		66,288,230	61,252,772
Balances with other banks		25,979,948	14,049,990
Lendings to financial institutions		12,058,533	23,162,130
Investments	7	168,336,637	137,734,578
Advances	8	351,698,064	362,079,596
Operating fixed assets	9	23,945,885	23,734,082
Deferred tax asset - net		721,983	649,814
Other assets		19,745,308	17,786,567
		<u>668,774,588</u>	<u>640,449,529</u>
LIABILITIES			
Bills payable		4,199,564	5,166,361
Borrowings from financial institutions	10	49,487,150	37,168,277
Deposits and other accounts	11	515,107,632	503,831,672
Sub-ordinated loans		11,987,776	11,989,800
Liabilities against assets subject to finance lease		159	611
Deferred tax liability - net		-	-
Other liabilities		18,499,376	14,974,445
		<u>599,281,657</u>	<u>573,131,166</u>
NET ASSETS		<u><u>69,492,931</u></u>	<u><u>67,318,363</u></u>
REPRESENTED BY			
Share capital		12,241,798	11,128,907
Reserves		22,241,208	21,167,954
Unappropriated profit		23,975,295	23,617,875
		58,458,301	55,914,736
Non-controlling interests		<u>2,156,955</u>	<u>2,279,691</u>
		60,615,256	58,194,427
Surplus on revaluation of assets - net of deferred tax	12	<u>8,877,675</u>	<u>9,123,936</u>
		<u><u>69,492,931</u></u>	<u><u>67,318,363</u></u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements

Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended June 30, 2010

	Note	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	14,450,730	15,497,873	28,817,605	31,805,012
Mark-up / return / interest expensed	15	(6,008,003)	(7,762,381)	(12,036,859)	(16,020,201)
Net mark-up / return / interest income		8,442,727	7,735,492	16,780,746	15,784,811
Provision against loans and advances - net		(1,690,557)	(3,778,748)	(3,425,679)	(5,378,011)
Provision for diminution in value of investments - net		(55,215)	(323,529)	(60,730)	(613,589)
Bad debts written off directly		(249,200)	(365,631)	(635,909)	(700,291)
		(1,994,972)	(4,467,908)	(4,122,318)	(6,691,891)
Net mark-up / return / interest income after provisions		6,447,755	3,267,584	12,658,428	9,092,920
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,809,582	1,685,686	3,436,720	3,037,033
Dividend income		14,989	236,426	41,885	271,542
Income from dealing in foreign currencies		344,029	388,729	714,627	877,762
Gain on sale of securities		54,792	263,195	142,156	395,034
Unrealised loss on revaluation of investments classified as held for trading		(15,398)	(22,673)	(23,101)	(681)
Other income		247,344	1,804,869	592,576	2,233,501
Total non-markup / return / interest income		2,455,338	4,356,232	4,904,863	6,814,191
		8,903,093	7,623,816	17,563,291	15,907,111
Non mark-up / interest expenses					
Administrative expenses	16	(4,686,484)	(4,459,400)	(9,079,424)	(8,658,866)
Other provisions / write offs / reversals - net		124,884	(186,276)	116,557	(183,306)
Workers' welfare fund		(90,296)	(86,727)	(180,032)	(169,345)
Other charges		(90,943)	(348)	(95,061)	(1,168)
Total non-markup / interest expenses		(4,742,839)	(4,732,751)	(9,237,960)	(9,012,685)
		4,160,254	2,891,065	8,325,331	6,894,426
Share of income from associates		118,863	32,403	184,651	212,318
Profit before taxation		4,279,117	2,923,468	8,509,982	7,106,744
Taxation	17				
- Current		(1,565,061)	(1,355,875)	(3,117,034)	(2,977,535)
- Prior		(394,488)	(74,961)	(394,750)	(74,965)
- Deferred		63,337	340,598	127,631	543,528
		(1,896,212)	(1,090,238)	(3,384,153)	(2,508,972)
Profit after taxation		2,382,905	1,833,230	5,125,829	4,597,772
Profit / (loss) attributable to:					
Equity shareholders of the Bank		2,413,707	1,834,453	5,166,131	4,591,011
Non-controlling interests		(30,802)	(1,223)	(40,302)	6,761
		2,382,905	1,833,230	5,125,829	4,597,772
----- (Rupees) -----					
Basic and diluted earnings per share		1.97	1.50	4.22	3.75

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Atif R. Bokhari
 President &
 Chief Executive Officer

Muhammad Sami Saeed
 Director

Omar Z. Al Askari
 Director

Sir Mohammed Anwar Pervez, OBE, HPK
 Deputy Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2010

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
----- (Rupees in '000) -----				
Profit for the period attributable to:				
Equity shareholders of the Bank	2,413,707	1,834,453	5,166,131	4,591,011
Non-controlling interests	<u>(30,802)</u>	<u>(1,223)</u>	<u>(40,302)</u>	<u>6,761</u>
	2,382,905	1,833,230	5,125,829	4,597,772
Other comprehensive income:				
Exchange gain / (loss) on translation of net investment in foreign branches and subsidiaries:				
- Equity shareholders of the Bank	491,970	(2,717)	(885)	792,203
- Minority Interest	18,678	362,115	(82,434)	368,125
Gain / (loss) on cash flow hedges	34,004	(395,602)	52,303	29,988
Related deferred tax (liability) / assets on cash flow hedges	<u>(11,901)</u>	<u>138,461</u>	<u>(18,306)</u>	<u>(10,496)</u>
	532,751	102,257	(49,322)	1,179,820
Comprehensive income transferred to equity - net of tax	<u><u>2,915,656</u></u>	<u><u>1,935,487</u></u>	<u><u>5,076,507</u></u>	<u><u>5,777,592</u></u>

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

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 Deputy Chairman

**Consolidated Condensed Interim Cash Flow Statement (Un-audited)**

For the half year ended June 30, 2010

Half Year Ended June 30, 2010	Half Year Ended June 30, 2009
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----- (Rupees in '000) -----

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	8,509,982	7,106,744
Less: Dividend income	(41,885)	(271,542)
Share of income from associates	(184,651)	(212,318)
	<u>8,283,446</u>	<u>6,622,884</u>

Adjustments:

Depreciation	907,937	828,857
Workers' welfare fund	180,032	169,345
Provision for retirement benefits and compensated absences	9,928	159,851
Provision against loans and advances	3,425,679	5,378,011
Provision for diminution in the value of investments	60,730	613,589
Gain on sale of fixed assets	(3,867)	(5,970)
Finance charges on leased assets	112	83
Reversal of provision against other assets	(116,557)	(15,400)
Unrealized gain on revaluation of investments classified as held for trading	23,101	681
Fixed assets written off	326	15,329
Bad debts written off	635,909	700,291
	<u>5,123,330</u>	<u>7,844,667</u>
	<u>13,406,776</u>	<u>14,467,551</u>

(Increase) / decrease in operating assets

Lendings to financial institutions	11,103,597	(5,132,850)
Held for trading investments	(13,742,248)	1,248,959
Advances - net	6,319,944	(6,594,339)
Others assets (excluding advance taxation)	537,086	2,209,738
	<u>4,218,379</u>	<u>(8,268,492)</u>

Increase / (decrease) in operating liabilities

Bills payable	(966,797)	(136,419)
Borrowings from financial institutions	12,318,873	(2,717,680)
Deposits and other accounts	11,275,960	28,895,495
Other liabilities	3,405,455	(3,692)
	<u>26,033,491</u>	<u>26,037,704</u>
	<u>43,658,646</u>	<u>32,236,763</u>

Receipt from / (payment to) staff retirement benefit funds

Income tax paid	5,865	(311,094)
Net cash flow generated from operating activities	<u>(5,940,509)</u>	<u>(6,875,262)</u>
	<u>37,724,002</u>	<u>25,050,407</u>

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities	(17,031,995)	(8,928,554)
Dividend income received	224,005	249,486
Investments in operating fixed assets	(1,134,413)	(886,613)
Sale proceeds from disposal of operating fixed assets	51,839	48,242
Net cash outflow on investing activities	<u>(17,890,564)</u>	<u>(9,517,439)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Repayments of principal of sub-ordinated loans	(2,024)	(2,024)
Payments of lease obligations	(452)	(828)
Dividend paid	(2,782,227)	(1,011,719)
Net cash outflow from financing activities	<u>(2,784,703)</u>	<u>(1,014,571)</u>

Net cash flow

<u>17,048,735</u>	<u>14,518,398</u>
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Exchange difference on translation of net investment in foreign branches, subsidiaries & non-controlling interests

(83,319)	1,160,328
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Increase in cash and cash equivalents during the period

Cash and cash equivalents at beginning of the period	16,965,416	15,678,726
Cash and cash equivalents at end of the period	<u>75,302,762</u>	<u>64,683,876</u>
	<u>92,268,178</u>	<u>80,362,602</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

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Director

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Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended June 30, 2010

	Share capital	General Reserve	Statutory Reserve	Exchange Translation Reserve	Reserve for issue of Bonus shares	Cash flow hedge reserve	Unappropriated Profit	Minority Interest	Total
Rupees in '000									
Balance as at December 31, 2008	10,117,188	3,000	10,383,033	7,146,661	-	(276,633)	17,703,327	2,044,589	47,121,165
Final cash dividend for the year ended December 31, 2008 declared subsequent to year end at Rs. 1.0 per share	-	-	-	-	-	-	(1,011,719)	-	(1,011,719)
Transfer to reserve for issue of bonus shares	-	-	-	-	1,011,719	-	(1,011,719)	-	-
Issue of bonus shares	1,011,719	-	-	-	(1,011,719)	-	-	-	-
Changes in equity during the half year ended June 30, 2009									
Profit after taxation for the half year ended June 30, 2009	-	-	-	-	-	-	4,591,011	6,761	4,597,772
Other comprehensive income - net of tax	-	-	-	792,203	-	19,492	-	368,125	1,179,820
Total comprehensive income	-	-	-	792,203	-	19,492	4,591,011	374,886	5,777,592
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	126,614	-	126,614
Transfer to statutory reserves	-	-	857,510	-	-	-	(857,510)	-	-
Balance as at June 30, 2009	11,128,907	3,000	11,240,543	7,938,864	-	(257,141)	19,540,004	2,419,475	52,013,652
Profit after taxation for the half year ended December 31, 2009	-	-	-	-	-	-	4,930,535	(40,355)	4,890,180
Other comprehensive income - net of tax	-	-	-	1,210,935	-	50,726	-	(16,400)	1,245,261
Total comprehensive income	-	-	-	1,210,935	-	50,726	4,930,535	(56,755)	6,135,441
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	128,363	-	128,363
Ordinary dividend relating to minority shareholders	-	-	-	-	-	-	-	(27,510)	(27,510)
Preferred dividend relating to minority shareholders	-	-	-	-	-	-	-	(55,519)	(55,519)
Transfer to statutory reserves	-	-	981,027	-	-	-	(981,027)	-	-
Balance as at December 31, 2009	11,128,907	3,000	12,221,570	9,149,799	-	(206,415)	23,617,875	2,279,691	58,194,427
Final cash dividend for the year ended December 31, 2009 declared subsequent to year end at Rs. 2.5 per share	-	-	-	-	-	-	(2,782,227)	-	(2,782,227)
Transfer to reserve for issue of bonus shares	-	-	-	-	1,112,891	-	(1,112,891)	-	-
Issue of bonus shares	1,112,891	-	-	-	(1,112,891)	-	-	-	-
Changes in equity during the half year ended June 30, 2010									
Profit after taxation for the half year ended June 30, 2010	-	-	-	-	-	-	5,166,131	(40,302)	5,125,829
Other comprehensive income - net of tax	-	-	-	(885)	-	33,997	-	(82,434)	(49,322)
Total comprehensive income	-	-	-	(885)	-	33,997	5,166,131	(122,736)	5,076,507
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	126,549	-	126,549
Transfer to statutory reserves	-	-	1,040,142	-	-	-	(1,040,142)	-	-
Balance as at June 30, 2010	12,241,798	3,000	13,261,712	9,148,914	-	(172,418)	23,975,295	2,156,955	60,615,256

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

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Director

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Deputy Chairman

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010**

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

UBL Fund Managers Limited

The Group is engaged in commercial banking, asset management, investment advisory services and trustee services. The Bank is listed on all three Stock Exchanges in Pakistan and on the London Stock Exchange. The Bank's registered office and principal office are situated at UBL building, Jinnah Avenue, Blue Area, Islamabad and at State Life Building No. 1, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,121 (December 31, 2009:1,120) branches inside Pakistan including the Karachi Export Processing Zone Branch and 17 (December 31, 2009:17) branches outside Pakistan as at June 30, 2010. The domestic branch network includes 5 (December 31, 2009:5) Islamic Banking branches.

The Bank's ordinary shares are listed on all three stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) are on the list of UK Listing Authority and London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

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

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan 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. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 have been followed.

The financial results of the Islamic Banking branches of the Bank have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 20 to these consolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements of the Bank for the six months period ended June 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to banks. 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 of various circulars issued by the SBP.

The disclosures made in these consolidated condensed interim financial statements have, however, been limited based on a 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 the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2009.

During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 27 - Consolidated and Separate Financial Statements (Amendments).
- IFRS 2 - Share Based Payments : Amendments relating to Group Cash-settled Share-based Payment Transaction.
- IFRS 3 - Business Combinations (Revised).
- IFRIC 17 - Distributions to Non-cash Assets to owners

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the consolidated annual financial statements for the year ended December 31, 2009. The implications of the amendment to IFRS - 2 relating to the Government of Pakistan share option scheme for employees of State Owned Enterprises are under consideration of the Institute of Chartered Accountants of Pakistan.

4. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and, certain investments, commitments in respect of certain forward foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

The preparation of consolidated condensed interim financial statements requires management to make judgements, 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 judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2009.

5. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on July 30, 2010 has declared a cash dividend in respect of the half year ended June 30, 2010 of Re. 1.00 per share (June 30, 2009: Nil). The consolidated condensed interim financial statements for the half year ended June 30, 2010 do not include the effect of this appropriation which will be accounted for subsequent to the period end.

6. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated annual financial statements for the year ended December 31, 2009.

The financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements of the Bank for the year ended December 31, 2009.

7. INVESTMENTS

7.1 Investments by types	Note	----- (Un-audited) -----			----- (Audited) -----		
		June 30, 2010			December 31, 2009		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000 -----							
Held-for-trading securities	7.2.1	17,800,972	49,330	17,850,302	4,013,330	97,306	4,110,636
Available-for-sale securities	7.2.2	65,486,319	15,608,593	81,094,912	78,806,180	3,978,323	82,784,503
Held-to-maturity securities	7.2.3	69,059,457	-	69,059,457	48,508,781	-	48,508,781
Investments in associates	7.2.4	5,958,994	-	5,958,994	7,522,641	-	7,522,641
		158,305,742	15,657,923	173,963,665	138,850,932	4,075,629	142,926,561
Provision for diminution in value of investments		(2,553,151)	-	(2,553,151)	(2,146,794)	-	(2,146,794)
Investments (net of provisions)		155,752,591	15,657,923	171,410,514	136,704,138	4,075,629	140,779,767
(Deficit) / surplus on revaluation of available-for-sale securities		(3,052,089)	1,313	(3,050,776)	(3,045,011)	2,404	(3,042,607)
Deficit on revaluation of held-for-trading securities		(23,091)	(10)	(23,101)	(1,862)	(720)	(2,582)
Total Investments		<u>152,677,411</u>	<u>15,659,226</u>	<u>168,336,637</u>	<u>133,657,265</u>	<u>4,077,313</u>	<u>137,734,578</u>

Notes to the consolidated condensed interim financial statements
For the half year ended June 30, 2010

	----- (Un-audited) -----			----- (Audited) -----		
	June 30, 2010			December 31, 2009		
7.2 Investments by types	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
7.2.1 Held-for-trading securities	----- Rupees in '000 -----					
Market Treasury Bills	16,918,001	49,330	16,967,331	3,268,035	-	3,268,035
Pakistan Investment Bonds	453,658	-	453,658	438,505	97,306	535,811
Units of mutual funds	210,005	-	210,005	214,865	-	214,865
Ordinary shares of listed companies	104,015	-	104,015	-	-	-
Government of Pakistan - Euro bonds	79,155	-	79,155	76,206	-	76,206
Term Finance Certificates	22,882	-	22,882	-	-	-
Sukuk Bonds	13,256	-	13,256	15,719	-	15,719
	17,800,972	49,330	17,850,302	4,013,330	97,306	4,110,636
7.2.2 Available-for-sale securities						
Market Treasury Bills	20,449,195	15,608,593	36,057,788	35,572,747	3,978,323	39,551,070
Pakistan Investment Bonds	18,799,242	-	18,799,242	16,728,759	-	16,728,759
Foreign securities	13,359,581	-	13,359,581	12,740,879	-	12,740,879
Ordinary shares of listed companies	3,913,456	-	3,913,456	3,644,398	-	3,644,398
Government of Pakistan - Sukuk	3,470,000	-	3,470,000	3,470,000	-	3,470,000
Government of Pakistan - Euro bonds	2,488,381	-	2,488,381	3,870,557	-	3,870,557
Term Finance Certificates	1,916,657	-	1,916,657	1,948,702	-	1,948,702
Preference Shares	471,679	-	471,679	197,015	-	197,015
Ordinary shares of unlisted companies	441,852	-	441,852	441,824	-	441,824
Units of mutual funds	176,276	-	176,276	191,299	-	191,299
	65,486,319	15,608,593	81,094,912	78,806,180	3,978,323	82,784,503
7.2.3 Held-to-maturity securities						
Market Treasury Bills	31,584,661	-	31,584,661	11,611,110	-	11,611,110
Term Finance Certificates	27,108,723	-	27,108,723	25,289,199	-	25,289,199
Pakistan investment bonds	2,964,021	-	2,964,021	2,497,301	-	2,497,301
Sukuk Bonds	2,612,033	-	2,612,033	2,640,040	-	2,640,040
Foreign securities	2,221,471	-	2,221,471	4,001,718	-	4,001,718
Government of Pakistan - Guranteed bonds	1,484,951	-	1,484,951	1,485,057	-	1,485,057
Government of Pakistan - Euro bonds	1,027,010	-	1,027,010	922,505	-	922,505
Government of Pakistan - Sukuks	30,000	-	30,000	30,000	-	30,000
Participation of Term Certificates	21,767	-	21,767	26,838	-	26,838
Debentures	4,392	-	4,392	4,592	-	4,592
CDC SAARC Fund	428	-	428	421	-	421
	69,059,457	-	69,059,457	48,508,781	-	48,508,781
7.2.4 Investments in Associates						
United Growth and Income Fund	3,255,921	-	3,255,921	5,279,234	-	5,279,234
UBL Liquidity Plus Fund	1,113,753	-	1,113,753	749,831	-	749,831
United Stock Advantage Fund	330,440	-	330,440	305,297	-	305,297
United Composite Islamic Fund	329,254	-	329,254	539,012	-	539,012
United Islamic Income Fund	255,049	-	255,049	249,850	-	249,850
UBL Principal Protected Plan	175,768	-	175,768	170,136	-	170,136
UBL Capital Protected Fund - II	103,466	-	103,466	-	-	-
UBL Capital Protected Fund - I	91,380	-	91,380	90,299	-	90,299
UBL Retirement Saving Fund	90,194	-	90,194	-	-	-
UBL Islamic Retirement Saving Fund	89,825	-	89,825	-	-	-
UBL Insurers Limited	67,066	-	67,066	67,583	-	67,583
Oman United Exchange Company, Muscat	56,878	-	56,878	71,399	-	71,399
	5,958,994	-	5,958,994	7,522,641	-	7,522,641
	158,305,742	15,657,923	173,963,665	138,850,932	4,075,629	142,926,561
Provision for diminution in value of investments	(2,553,151)	-	(2,553,151)	(2,146,794)	-	(2,146,794)
Investments (net of provisions)	155,752,591	15,657,923	171,410,514	136,704,138	4,075,629	140,779,767
(Deficit) / surplus on revaluation of available-for-sale securities	(3,052,089)	1,313	(3,050,776)	(3,045,011)	2,404	(3,042,607)
Deficit on revaluation of held-for-trading securities	(23,091)	(10)	(23,101)	(1,862)	(720)	(2,582)
Total Investments	152,677,411	15,659,226	168,336,637	133,657,265	4,077,313	137,734,578

7.3 During the period, Rs 280 million were invested in seed capital of mutual funds units, Rs.50 million and Rs.180 million cannot be redeemed before May, 2012 and June, 2013 respectively.

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010**

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		273,381,640	276,609,984
Outside Pakistan		88,751,539	94,398,422
		<u>362,133,179</u>	<u>371,008,406</u>
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		16,131,221	14,007,068
Payable outside Pakistan		5,237,736	5,478,479
		<u>21,368,957</u>	<u>19,485,547</u>
	8.1	<u>383,502,136</u>	<u>390,493,953</u>
Provision for advances			
- Specific	8.2	(30,723,224)	(27,700,850)
- General	8.3	(1,080,848)	(713,507)
		<u>351,698,064</u>	<u>362,079,596</u>

8.1 Advances include Rs. 42,671 million (December 31, 2009: Rs. 40,065 million) which have been placed under non-performing status.

8.2 The category wise classification of non performing status detailed below:

Category of Classification	June 30, 2010 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other Assets Especially Mentioned*	290,777	789,376	1,080,153	-	-
Substandard	4,970,973	1,253,504	6,224,477	1,341,708	1,341,708
Doubtful	3,236,320	2,033,299	5,269,619	2,364,479	2,364,479
Loss	28,189,837	1,907,224	30,097,061	27,017,037	27,017,037
	<u>36,687,907</u>	<u>5,983,403</u>	<u>42,671,310</u>	<u>30,723,224</u>	<u>30,723,224</u>
----- Rupees in '000 -----					
Category of Classification	December 31, 2009 (Audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other Assets Especially Mentioned*	386,517	923,161	1,309,678	-	-
Substandard	3,802,275	1,474,283	5,276,558	1,260,069	1,260,069
Doubtful	6,007,332	1,696,401	7,703,733	3,499,795	3,499,795
Loss	24,424,423	1,350,845	25,775,268	22,940,986	22,940,986
	<u>34,620,547</u>	<u>5,444,690</u>	<u>40,065,237</u>	<u>27,700,850</u>	<u>27,700,850</u>

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

8.3 General provision represents provision amounting to Rs. 454.287 million (December 31, 2009: Rs.569.195 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan, Rs 145.691 million (December 31, 2009: Rs. 144.311 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulating authorities of the respective countries in which the overseas branches operate and a general provision against the Bank's loans and advances portfolio amounting to Rs. 480.870 million (December 31, 2009: Nil).

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010**

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
9 OPERATING FIXED ASSETS		----- (Rupees in '000) -----	
Capital work-in-progress		1,571,567	1,006,331
Property and equipment	9.1	21,940,997	22,236,240
Intangible assets		433,321	491,511
	9.2	<u>23,945,885</u>	<u>23,734,082</u>
9.1	During the period, land amounting to Rs. 1,090.717 million and building amounting to Rs. 173.899 million were reclassified from leasehold land and building to freehold land and building.		
9.2	Additions and disposals during the period amounted to Rs. 1,231.123 (June 2009: Rs. 888.104) million and Rs. 96.710 (June 2009: Rs. 65.555) million, respectively.		
10 BORROWINGS FROM FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Export refinance scheme		13,883,909	14,666,570
- Long term fixed finance		1,853,845	1,018,535
- Long term finance under export oriented projects		3,081,368	3,705,568
		18,819,122	19,390,673
Repurchase agreement borrowings		16,764,342	5,066,098
		<u>35,583,464</u>	<u>24,456,771</u>
Unsecured			
Call borrowings		10,303,408	8,679,283
Overdrawn nostro accounts		362,174	688,082
Trading liabilities		-	96,586
Other borrowings		3,238,104	3,247,555
		13,903,686	12,711,506
		<u>49,487,150</u>	<u>37,168,277</u>
11 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		154,596,540	155,634,121
Savings deposits		174,283,234	179,752,604
Sundry deposits		7,372,077	4,643,923
Margin deposits		4,380,905	4,319,476
Current accounts - remunerative		2,300,018	2,820,934
Current accounts - non-remunerative		169,084,139	154,283,090
		<u>512,016,913</u>	<u>501,454,148</u>
Financial Institutions			
Remunerative deposits		1,705,110	1,529,551
Non-remunerative deposits		1,385,609	847,973
		3,090,719	2,377,524
		<u>515,107,632</u>	<u>503,831,672</u>
12 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus arising on revaluation of assets - net of tax:			
Fixed assets			
- Group's share		10,752,904	10,870,484
- Minority Interest		187,881	185,357
	12.1	10,940,785	11,055,841
Securities	12.2	(1,981,353)	(1,976,173)
Associates		(81,757)	44,268
		<u>8,877,675</u>	<u>9,123,936</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010**

	(Un-audited) June 30, 2010	(Audited) December 31, 2009
	----- (Rupees in '000) -----	
12.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets at January 01	16,331,741	12,957,920
Revaluation of fixed assets during the period / year	8,822	3,646,052
Exchange adjustment	2,671	146,055
Written off during the period / year	-	(27,071)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(126,549)	(254,977)
Related deferred tax charge on incremental depreciation during the period / year	(68,142)	(136,238)
	<u>(183,198)</u>	<u>3,373,821</u>
	<u>16,148,543</u>	<u>16,331,741</u>
Less: related deferred tax liability on:		
Revaluation as on January 01	5,275,900	3,972,755
Revaluation of fixed assets during the period / year	-	1,448,858
Written off during the period / year	-	(9,475)
Incremental depreciation charged on related assets	(68,142)	(136,238)
	<u>5,207,758</u>	<u>5,275,900</u>
	<u>10,940,785</u>	<u>11,055,841</u>
12.2 Deficit on revaluation of available-for-sale securities		
Market Treasury Bills	1,783	20,995
Pakistan Investment Bonds	(1,129,770)	(1,129,224)
Ordinary shares of listed companies	(429,983)	95,326
Units of mutual fund	506	(2,302)
Term Finance Certificates, Sukuks, other bonds etc	(25,016)	(41,213)
Foreign securities	(1,468,297)	(1,986,189)
	<u>(3,050,777)</u>	<u>(3,042,607)</u>
Related deferred tax asset	1,069,424	1,066,434
	<u>(1,981,353)</u>	<u>(1,976,173)</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
Government	6,854,041	10,831,974
Banking companies and other financial institutions	4,444,267	2,910,518
Others	8,475,187	7,396,201
	<u>19,773,495</u>	<u>21,138,693</u>
13.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, warranties, etc. given favouring		
Government	77,585,238	77,448,985
Banking companies and other financial institutions	3,906,878	3,311,075
Others	17,952,274	18,521,775
	<u>99,444,390</u>	<u>99,281,835</u>

Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010

	(Un-audited) June 30, 2010	(Audited) December 31, 2009
	----- (Rupees in '000) -----	
13.3 Trade-related Contingent Liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	54,464,210	56,186,541
Others	75,204,706	62,787,741
	<u>129,668,916</u>	<u>118,974,282</u>
13.4 Other Contingencies		
Claims against the bank not acknowledged as debts	<u>20,523,547</u>	<u>20,670,923</u>
13.5 Commitments in respect of forward lending		
The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
13.6 Other commitments		
Interest rate swaps	<u>13,040,770</u>	<u>11,014,381</u>
Cross currency swaps	<u>35,433,123</u>	<u>36,372,837</u>
FX options - purchased	<u>115,303</u>	<u>410,535</u>
FX options - sold	<u>115,303</u>	<u>410,535</u>
Swaptions	<u>-</u>	<u>2,527,248</u>
Commitments in respect of capital expenditure	<u>420,060</u>	<u>575,176</u>
13.7 Commitments in respect of forward exchange contracts		
Sale	<u>61,848,877</u>	<u>47,499,455</u>
Purchase	<u>107,341,540</u>	<u>92,086,590</u>
	----- (Un-audited) -----	
	Jan-Jun 2010	Jan-Jun 2009
	----- (Rupees in '000) -----	
14. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to		
- Customers	20,134,464	23,678,211
- Financial institutions	162,095	362,408
	20,296,559	24,040,619
On investments in		
- Held-for-trading securities	2,070	-
- Available-for-sale securities	4,016,029	6,915,942
- Held-to-maturity securities	3,675,575	4,248
- Associates	3,219	10,925
	7,696,893	6,931,115
On deposits with financial institutions	254,876	260,518
On securities purchased under resale agreements	553,338	505,958
Discount income	15,939	66,802
	<u>28,817,605</u>	<u>31,805,012</u>
15. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	9,262,528	12,731,417
On securities sold under repurchase agreements	658,869	1,052,545
On other short - term borrowings	1,333,104	1,268,739
On long - term borrowings	693,866	768,211
Discount expense	88,492	199,289
	<u>12,036,859</u>	<u>16,020,201</u>

Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010

	----- (Un-audited) -----	
	Jan-Jun 2010	Jan-Jun 2009
	----- (Rupees in '000) -----	
16. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	4,153,570	4,069,941
Rent, taxes, insurance, electricity etc.	1,138,866	963,783
Depreciation	907,937	828,857
Outsourced service charges including sales commission	671,680	663,465
Communications	374,672	373,669
Banking service charges	315,725	248,081
Stationery and printing	202,405	155,238
Repairs and maintenance	200,345	177,841
Advertisement and publicity	178,513	83,328
Legal and professional charges	162,854	108,645
Cash transportation charges	133,933	205,168
Travelling	89,180	87,298
Office running expenses	85,665	69,410
Charge for compensated absences	70,730	70,624
Contribution to retirement plan - net	(60,802)	89,227
Vehicle expenses	58,264	48,883
Entertainment	51,860	46,137
Donations	46,558	33,567
Insurance expense	40,685	44,558
Auditors' remuneration	31,868	30,005
Cartage, freight and conveyance	31,437	34,937
Subscriptions	22,232	19,533
Training and seminars	19,959	24,550
Brokerage expenses	8,148	11,824
Subordinated debt related cost	3,833	4,003
Miscellaneous expenses	139,307	166,294
	<u>9,079,424</u>	<u>8,658,866</u>

17. TAXATION

The Income Tax returns of the Bank for domestic branches up to tax year 2009 (financial year ended December 31, 2008) were filed under the provisions of Section 114 of the Income Tax Ordinance, 2001 (Ordinance) and are deemed to be assessed under section 120 of the Ordinance, unless amended by the Commissioner of Income Tax.

For tax years 2008 and 2009 (financial year ended December 31, 2007 and 2008), the taxation authorities have issued amended assessment orders under section 122(5A) of the Ordinance determining further tax liability of Rs. 1,609 Million and Rs.960 million respectively. The Bank has filed appeals before the Commissioner of Income Tax (Appeals) [CIT (A)] against the said additional liability. The management is confident that the appeals will be decided in favor of the Bank.

For tax years 2004 to 2007 (financial year ended December 31, 2003 to 2006) the taxation authorities have issued amended assessment orders under section 122(5A) of the Ordinance, which were further rectified under section 221 of the Ordinance determining additional tax liability of Rs.3,564 million. Appeals filed by the Bank before the CIT (A) against these amended assessments have been decided, by allowing relief on certain issues. However, for remaining issues appeals have been filed before the Income Tax Appellate Tribunal (ITAT), and hearing is still pending. The return for the tax year 2003 was selected for audit under section 177 of the Ordinance and the amended assessment order was passed, which has been contested before the CIT(A). The management is confident that the appeals will be decided in favor of the Bank.

In respect of Azad Kashmir (AK) Branches, returns for the tax years 2005 to 2009 (financial years ended December 31, 2004 to 2008) 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 in May 2005. The agreement requires the income from AK operations to be declared on the basis of actual income earned in AK and a compensation on basis of global yield on average balances utilised by head office on AK funds. The returns so filed qualify the statutory conditions to be termed as deemed assessment orders.

Seventh Schedule to the Ordinance has been amended through Finance Act, 2010. Through this amendment, provision for advances and off balance sheet exposures shall be allowed @ 5% of advances to consumer and small & medium enterprises (SMEs) sector in addition to 1% provision against other advances which would be allowed as in prior year. The said change will be applicable for tax year 2011 (accounting year December 31, 2010) and onwards. The Bank has accounted for these in the tax computation for the period. During the period, the Bank's provisions are within the above mentioned limits. A deferred tax asset of Rs. 1,589 million was recognized in the year 2009 relating to amounts allowed to be carried forward to future years. Based upon the legal opinion of its tax advisor, the Bank is confident that the disallowance relating to prior periods (in excess of 1% of advances), which approximates to Rs.5,454 million, would be allowed to the Bank in future periods against available profits and, hence, the same has been carried forward as a deferred tax asset in these financial statements.

Notes to the consolidated condensed interim financial statements (Un-audited) For the half year ended June 30, 2010

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

----- For the Period Ended June 30, 2010 (Un-audited) -----

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

Total income	220,386	6,794,873	11,036,998	15,148,367	188,395	333,449
Total expenses	(58,641)	(6,063,444)	(6,403,701)	(12,612,992)	(177,990)	(80,369)
Net income	161,745	731,429	4,633,297	2,535,375	10,405	253,080
Segment return on assets (ROA) (%)	11.5%	0.5%	1.7%	1.8%	4.1%	-
Segment cost of funds (%)	0.6%	8.7%	4.6%	10.9%	14.5%	-

----- For the Period Ended June 30, 2009 (Un-audited) -----

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

Total income	305,382	8,684,031	11,054,984	16,084,078	231,232	2,259,496
Total expenses	(394,488)	(6,774,872)	(7,973,613)	(14,659,041)	(150,176)	(1,772,587)
Net income / (loss)	(89,106)	1,909,159	3,081,371	1,425,037	81,056	486,909
Segment return on assets (ROA) (%)	-40.90%	2.10%	1.00%	0.80%	19.14%	-
Segment cost of funds (%)	24.70%	8.80%	6.20%	11.40%	9.00%	-

----- As at June 30, 2010 (Un-audited) -----

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

Segment assets (gross of NPL provisions)	5,281,243	198,779,949	203,455,333	251,780,369	504,505	39,696,413
Segment non performing loans (NPLs)	-	-	22,714,928	13,073,334	-	6,883,048
Segment provision required against NPLs	-	-	15,265,600	8,608,446	-	6,849,178
Segment liabilities	3,444,602	193,715,950	192,344,063	227,510,313	83,802	(17,817,074)

----- As at December 31, 2009 (Audited) -----

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

Segment assets (gross of NPL provisions)	7,449,464	166,432,507	222,607,209	246,060,761	495,052	25,105,386
Segment non performing loans (NPLs)	-	-	20,021,906	13,522,882	-	6,520,449
Segment provision required against NPLs	-	-	12,981,152	8,293,354	-	6,426,344
Segment liabilities	6,449,753	162,108,934	200,753,892	228,201,047	51,050	(24,433,510)

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010**
19. RELATED PARTY TRANSACTIONS

The Bank has related party relationships transactions 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 / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	As at June 30, 2010 (Un-audited) (Un-audited)			As at December 31, 2009 (Audited) (Audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----						
Advances						
At January 01	102,750	-	-	148,875	-	-
Given during the period / year	110,566	-	-	38,092	-	-
Repaid during the period / year	(71,133)	-	-	(84,217)	-	-
At June 30, 2010 / December 31, 2009	142,183	-	-	102,750	-	-

Deposits

At January 01	19,365	164,877	56,453	20,149	147,701	308,347
Received during the period / year	182,997	18,585,901	8,437,858	258,920	15,508,596	1,151,870
Withdrawn during the period / year	(187,720)	(17,260,554)	(8,406,430)	(259,704)	(15,491,420)	(1,403,764)
At June 30, 2010 / December 31, 2009	14,642	1,490,224	87,881	19,365	164,877	56,453

FX inter bank deal purchase	-	-	168,900	-	-	-
FX inter bank deal sale	-	-	85,680	-	-	-
Outstanding borrowing at the end of the period / year	-	300,000	-	-	300,000	-
Other receivable	-	-	234	-	108,522	-
Insurance payable	-	668	-	-	26,851	-
Accrual for employee motivation and retention scheme	-	-	105,958	-	-	210,000
Unrealised loss on cross currency swaps	-	-	590,063	-	-	307,241

	For the Period Ended June 30, 2010 (Un-audited)			For the Period Ended June 30, 2009 (Un-audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----						
Mark-up / return / interest earned	3,317	-	349	4,019	-	-
Mark-up / return / interest expensed	174	119,476	3,205	205	218,572	567
Dividend income received	-	185,822	-	-	-	-
Other income	-	8	-	-	6,701	-
Insurance premium paid	-	184,062	-	-	180,527	-
Insurance claims settled	-	77,795	-	-	138,360	-
Remuneration paid	210,021	-	-	194,908	-	-
Post employment benefits	6,397	-	-	6,024	-	-
Contribution to defined contribution plan	-	-	36,152	-	-	285,552
Contribution to defined benefit plan	-	-	151,805	-	-	172,223
Employee Motivation and Retention Scheme	-	-	210,000	-	-	50,005
Borrowing made during the period	-	1,800,000	-	-	1,650,000	-
Borrowing settled during the period	-	1,800,000	-	-	1,350,000	-
Maximum amount of borrowings made during the period	-	300,000	-	-	500,000	-
Investment made during the period	-	780,000	-	-	2,437,264	-
Redemption made during the period	-	2,108,888	-	-	-	-
Realised gain on cross currency swaps	-	-	1,057,185	-	-	574,396
Capital gain on sale of units	-	7,149	-	-	-	-
Capital loss on sale of units	-	4,949	-	-	-	-

Notes to the consolidated condensed interim financial statements (Un-audited)
For the half year ended June 30, 2010
20. ISLAMIC BANKING BUSINESS

20.1 The statement of financial position of the bank's Islamic Banking branches as at June 30, 2010 is as follows:

	(Un-audited) June 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----		
ASSETS		
Cash and balances with treasury banks	253,595	208,180
Balances with other banks	72,053	93,410
Lendings to financial institutions	350,000	100,000
Investments	1,669,890	1,563,953
Financing and receivables		
- Murabaha	188,222	154,650
- Musharaka	194,444	222,222
- Diminishing Musharaka	233,997	261,259
	616,663	638,131
Operating fixed assets including assets given on Ijara	482,312	598,452
Due from head office	279,507	-
Other assets	185,488	548,396
Total Assets	3,909,508	3,750,522
LIABILITIES		
Bills payable	178	4,522
Deposits and other accounts		
- Current accounts	474,009	429,412
- Saving accounts	572,065	209,676
- Term deposits	725,931	459,878
- Deposits from financial institutions - remunerative	1,525,404	1,109,452
	3,297,409	2,208,418
Due to head office	-	948,744
Other liabilities	79,882	84,544
	3,377,469	3,246,228
NET ASSETS	532,039	504,294
REPRESENTED BY		
Islamic Banking Fund	681,000	681,000
Unappropriated loss / Unremitted loss	(149,467)	(174,404)
	531,533	506,596
Surplus / (deficit) on revaluation of assets	506	(2,302)
	532,039	504,294

20.2 The profit and loss account of the bank's Islamic Banking branches for the half year ended June 30, 2010 is as follows:

	(Un-audited) Jan-Jun 2010	(Un-audited) Jan-Jun 2009
----- (Rupees in '000) -----		
Return earned	273,634	241,625
Return expensed	113,252	58,638
	160,382	182,987
Reversal of diminution in value of investment	8,575	54,249
Reversal / (provision) against assets given on Ijara	1,932	(2,178)
	10,507	52,071
Net return after provision	170,889	235,058
OTHER INCOME		
Fee, commission and brokerage income	2,913	1,179
Dividend income	1,250	4,670
Income from dealing in foreign currencies	424	336
Loss on sale of securities	(4,750)	(5,614)
Other Income	1,238	568
Total other income	1,075	1,139
	171,964	236,197
OTHER EXPENSES		
Administrative expenses	(145,306)	(155,943)
Other provisions / write offs	(1,721)	-
Total other expenses	(147,027)	(155,943)
Net Profit for the period	24,937	80,254
Unappropriated loss brought forward	(174,404)	(346,051)
Unappropriated loss carried forward	(149,467)	(265,797)
Remuneration to Sharia Advisor / Board	1,502	1,101

21 DATE OF AUTHORIZATION

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

Atif R. Bokhari
 President &
 Chief Executive Officer

Muhammad Sami Saeed
 Director

Omar Z. Al Askari
 Director

Sir Mohammed Anwar Pervez, OBE, HPk
 Deputy Chairman