

United Bank Limited

*CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010
(UNAUDITED)*



Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2010

	(Un audited) September 30, 2010	(Audited) December 31, 2009
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	54,117,689	61,252,772
Balances with other banks	29,778,348	14,049,990
Lendings to financial institutions	16,344,650	23,162,130
Investments	7 158,858,704	137,734,578
Advances	8 343,980,266	362,079,596
Operating fixed assets	9 24,155,054	23,734,082
Deferred tax asset - net	1,500,151	649,814
Other assets	20,989,803	17,786,567
	<u>649,724,665</u>	<u>640,449,529</u>
LIABILITIES		
Bills payable	4,630,355	5,166,361
Borrowings from financial institutions	10 37,990,368	37,168,277
Deposits and other accounts	11 507,418,420	503,831,672
Sub-ordinated loans	11,985,748	11,989,800
Liabilities against assets subject to finance lease	159	611
Deferred tax liability - net	-	-
Other liabilities	15,859,013	14,974,445
	<u>577,884,063</u>	<u>573,131,166</u>
NET ASSETS	<u><u>71,840,602</u></u>	<u><u>67,318,363</u></u>
REPRESENTED BY		
Share capital	12,241,798	11,128,907
Reserves	23,717,862	21,167,954
Unappropriated profit	25,035,991	23,617,875
	60,995,651	55,914,736
Non-controlling interests	2,292,314	2,279,691
	<u>63,287,965</u>	<u>58,194,427</u>
Surplus on revaluation of assets - net of deferred tax	12 8,552,637	9,123,936
	<u>71,840,602</u>	<u>67,318,363</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 quarter and nine months ended September 30, 2010

	Note	Jul - Sep 2010	Jul - Sep 2009	Jan - Sep 2010	Jan - Sep 2009
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	14,981,888	14,858,248	43,799,493	46,663,260
Mark-up / return / interest expensed	15	(6,258,491)	(6,356,511)	(18,295,350)	(22,376,712)
Net mark-up / return / interest income		8,723,397	8,501,737	25,504,143	24,286,548
Provision against loans and advances - net		(1,861,850)	(2,321,442)	(5,287,529)	(7,699,453)
Provision for diminution in value of investments - net		(88,159)	(45,567)	(148,889)	(659,156)
Bad debts written off directly		(217,134)	(324,272)	(853,043)	(1,024,563)
		(2,167,143)	(2,691,281)	(6,289,461)	(9,383,172)
Net mark-up / return / interest income after provisions		6,556,254	5,810,456	19,214,682	14,903,376
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,730,538	1,553,276	5,167,258	4,590,309
Dividend income		27,405	71,706	69,290	343,248
Income from dealing in foreign currencies		518,857	90,360	1,233,484	968,122
Gain on sale of securities		4,931	324,221	147,087	719,255
Unrealised loss on revaluation of investments classified as held for trading		10,785	(18,091)	(12,316)	(18,772)
Other income		308,830	164,535	901,406	2,398,036
Total non-markup / return / interest income		2,601,346	2,186,007	7,506,209	9,000,198
		9,157,600	7,996,463	26,720,891	23,903,574
Non mark-up / interest expenses					
Administrative expenses	16	(4,735,451)	(4,532,480)	(13,814,875)	(13,191,346)
Other provisions / write offs / reversals - net		14,084	(59,301)	130,641	(242,607)
Workers' welfare fund		(123,101)	(113,026)	(303,133)	(282,371)
Other charges		(74,991)	(2,383)	(170,052)	(3,551)
Total non-markup / interest expenses		(4,919,459)	(4,707,190)	(14,157,419)	(13,719,875)
		4,238,141	3,289,273	12,563,472	10,183,699
Share of income from associates		56,290	181,201	240,941	393,519
Profit before taxation		4,294,431	3,470,474	12,804,413	10,577,218
Taxation	17				
- Current		(2,145,987)	(2,031,062)	(5,263,021)	(5,008,597)
- Prior		(1,693)	(757)	(396,443)	(75,722)
- Deferred		634,627	901,598	762,258	1,445,126
		(1,513,053)	(1,130,221)	(4,897,206)	(3,639,193)
Profit after taxation		2,781,378	2,340,253	7,907,207	6,938,025
Profit / (loss) attributable to:					
Equity shareholders of the Bank		2,793,532	2,335,055	7,959,663	6,926,066
Non-controlling interests		(12,154)	5,198	(52,456)	11,959
		2,781,378	2,340,253	7,907,207	6,938,025
----- (Rupees) -----					
Basic and diluted earnings per share		2.28	1.91	6.50	5.66

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

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and nine months ended September 30, 2010

	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
----- (Rupees in '000) -----				
Profit for the period attributable to:				
Equity shareholders of the Bank	2,793,532	2,335,055	7,959,663	6,926,066
Non-controlling interests	(12,154)	5,198	(52,456)	11,959
	2,781,378	2,340,253	7,907,207	6,938,025
Other comprehensive income:				
Exchange gain / (loss) on translation of net investment in foreign branches and subsidiaries:				
- Equity shareholders of the Bank	883,901	711,176	883,016	1,503,379
- Non-controlling interests	147,513	(48,313)	65,079	319,812
Gain / (loss) on cash flow hedges	32,061	84,394	84,364	114,382
Related deferred tax (liability) / assets on cash flow hedges	(11,221)	(29,538)	(29,527)	(40,034)
	1,052,254	717,719	1,002,932	1,897,539
Comprehensive income transferred to equity - net of tax	3,833,632	3,057,972	8,910,139	8,835,564

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.

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

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, 2010

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,804,413	10,577,218
Less: Dividend income	(69,290)	(343,248)
Share of income from associates	(240,941)	(393,519)
	<u>12,494,182</u>	<u>9,840,451</u>
Adjustments:		
Depreciation	1,326,804	1,258,187
Workers' welfare fund	303,133	282,371
Provision for retirement benefits and compensated absences	30,730	227,998
Provision against loans and advances	5,287,529	7,699,453
Provision for diminution in the value of investments	148,889	659,156
Gain on sale of fixed assets	(2,072)	(7,317)
Finance charges on leased assets	128	-
Reversal of provision against other assets	(130,641)	242,607
Unrealized loss on revaluation of investments classified as held for trading	12,316	18,772
Fixed assets written off	4,370	15,329
Bad debts written off	853,043	1,024,563
	<u>7,834,229</u>	<u>11,421,119</u>
	<u>20,328,411</u>	<u>21,261,570</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,817,480	11,728,356
Held for trading investments	(2,464,656)	(3,403,277)
Advances - net	11,958,758	7,390,382
Others assets (excluding advance taxation)	(2,188,090)	2,513,057
	<u>14,123,492</u>	<u>18,228,518</u>
Increase / (decrease) in operating liabilities		
Bills payable	(536,006)	1,229,931
Borrowings from financial institutions	822,091	9,445,494
Deposits and other accounts	3,586,748	(28,379,476)
Other liabilities	585,231	(596,521)
	<u>4,458,064</u>	<u>(18,300,572)</u>
	<u>38,909,967</u>	<u>21,189,516</u>
Receipt from / (payment to) staff retirement benefit funds	316,046	(328,494)
Income tax paid	(6,829,158)	(7,772,246)
Net cash flow generated from operating activities	<u>32,396,855</u>	<u>13,088,776</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(19,440,540)	(8,082,436)
Dividend income received	384,624	277,236
Investments in operating fixed assets	(1,751,342)	(1,148,561)
Sale proceeds from disposal of operating fixed assets	66,494	73,097
Net cash outflow on investing activities	<u>(20,740,764)</u>	<u>(8,880,664)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of principal of sub-ordinated loans	(4,052)	(4,048)
Payments of lease obligations	(452)	(1,317)
Dividend paid	(4,006,407)	(1,011,719)
Net cash outflow from financing activities	<u>(4,010,911)</u>	<u>(1,017,084)</u>
Net cash flow	<u>7,645,180</u>	<u>3,191,028</u>
Exchange difference on translation of net investment in foreign branches, subsidiaries & non-controlling interests	948,095	1,823,191
Increase in cash and cash equivalents during the period	<u>8,593,275</u>	<u>5,014,219</u>
Cash and cash equivalents at beginning of the period	<u>75,302,762</u>	<u>64,683,876</u>
Cash and cash equivalents at end of the period	<u>83,896,037</u>	<u>69,698,095</u>

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

**Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended September 30, 2010**

	Share Capital	General Reserve	Statutory Reserve	Exchange Translation Reserve	Reserve for Issue of Bonus shares	Cash flow hedge reserve	Unappropriated Profit	Non-controlling Interests	Total
Rupees in '000									
Balance as at January 1, 2009	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 Re 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 nine months ended September 30, 2009									
Profit after taxation for the nine months ended September 30, 2009	-	-	-	-	-	-	6,926,066	11,959	6,938,025
Other comprehensive income - net of tax	-	-	-	1,503,379	-	74,348	-	319,812	1,897,539
Total comprehensive income	-	-	-	1,503,379	-	74,348	6,926,066	331,771	8,835,564
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	190,788	-	190,788
Transfer to statutory reserves	-	-	1,273,448	-	-	-	(1,273,448)	-	-
Balance as at September 30, 2009	11,128,907	3,000	11,656,481	8,650,040	-	(202,285)	21,523,295	2,376,360	55,135,798
Profit after taxation for the three months ended December 31, 2009	-	-	-	-	-	-	2,595,480	(45,553)	2,549,927
Other comprehensive income - net of tax	-	-	-	499,759	-	(4,130)	-	31,913	527,542
Total comprehensive income	-	-	-	499,759	-	(4,130)	2,595,480	(13,640)	3,077,469
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	64,189	-	64,189
Ordinary dividend relating to minority shareholders	-	-	-	-	-	-	-	(27,510)	(27,510)
Preferred dividend relating to minority shareholders	-	-	-	-	-	-	-	(55,519)	(55,519)
Transfer to statutory reserves	-	-	565,089	-	-	-	(565,089)	-	-
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)
Interim cash dividend for the half year ended June 30, 2010 declared subsequent to period end at Re. 1 per share	-	-	-	-	-	-	(1,224,180)	-	(1,224,180)
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 nine months ended September 30, 2010									
Profit after taxation for the nine months ended September 30, 2010	-	-	-	-	-	-	7,959,663	(52,456)	7,907,207
Other comprehensive income - net of tax	-	-	-	883,016	-	54,837	-	65,079	1,002,932
Total comprehensive income	-	-	-	883,016	-	54,837	7,959,663	12,623	8,910,139
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	-	189,806	-	189,806
Transfer to statutory reserves	-	-	1,612,055	-	-	-	(1,612,055)	-	-
Balance as at September 30, 2010	12,241,798	3,000	13,833,625	10,032,815	-	(151,578)	25,035,991	2,292,314	63,287,965

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

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 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 (under liquidation)

UBL Fund Managers Limited

The Group is engaged in commercial banking, asset management, investment advisory services and trustee services. 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 September 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 the UK Listing Authority and the London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

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.

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 consolidated condensed interim financial statements of the Group for the nine months ended September 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 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 nine months ended September 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 the 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 consolidated condensed interim financial statements should be read in conjunction with the annual consolidated 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 of 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.

5. 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.

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) -----		
		September 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	6,067,063	505,647	6,572,710	4,013,330	97,306	4,110,636
Available-for-sale securities	7.2.2	76,997,811	6,046,579	83,044,390	78,806,180	3,978,323	82,784,503
Held-to-maturity securities	7.2.3	69,394,006	-	69,394,006	48,508,781	-	48,508,781
Investments in associates	7.2.4	5,946,103	-	5,946,103	7,522,641	-	7,522,641
		158,404,983	6,552,226	164,957,209	138,850,932	4,075,629	142,926,561
Provision for diminution in value of investments		(2,592,998)	-	(2,592,998)	(2,146,794)	-	(2,146,794)
Investments (net of provisions)		155,811,985	6,552,226	162,364,211	136,704,138	4,075,629	140,779,767
(Deficit) / surplus on revaluation of available-for-sale securities		(3,488,131)	(5,060)	(3,493,191)	(3,045,011)	2,404	(3,042,607)
Deficit on revaluation of held-for-trading securities		(12,271)	(45)	(12,316)	(1,862)	(720)	(2,582)
Total Investments		152,311,583	6,547,121	158,858,704	133,657,265	4,077,313	137,734,578

Notes to the consolidated condensed interim financial statements
For the nine months ended September 30, 2010

	----- (Un-audited) -----			----- (Audited) -----		
	September 30, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
7.2 Investments by types	----- Rupees in '000 -----					
7.2.1 Held-for-trading securities						
Market Treasury Bills	5,182,488	505,647	5,688,135	3,268,035	-	3,268,035
Pakistan Investment Bonds	696,576	-	696,576	438,505	97,306	535,811
Government of Pakistan - Euro bonds	78,834	-	78,834	76,206	-	76,206
Units of mutual funds	44,935	-	44,935	214,865	-	214,865
Term Finance Certificates	22,882	-	22,882	-	-	-
Sukuk Bonds	22,871	-	22,871	15,719	-	15,719
Ordinary shares of listed companies	18,477	-	18,477	-	-	-
	6,067,063	505,647	6,572,710	4,013,330	97,306	4,110,636
7.2.2 Available-for-sale securities						
Market Treasury Bills	32,142,611	6,046,579	38,189,190	35,572,747	3,978,323	39,551,070
Pakistan Investment Bonds	18,839,543	-	18,839,543	16,728,759	-	16,728,759
Foreign securities	13,514,399	-	13,514,399	12,740,879	-	12,740,879
Ordinary shares of listed companies	3,503,258	-	3,503,258	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	2,512,045	-	2,512,045	3,870,557	-	3,870,557
Term Finance Certificates	1,935,126	-	1,935,126	1,948,702	-	1,948,702
Preference Shares	474,299	-	474,299	197,015	-	197,015
Ordinary shares of unlisted companies	441,869	-	441,869	441,824	-	441,824
Units of mutual funds	164,661	-	164,661	191,299	-	191,299
	76,997,811	6,046,579	83,044,390	78,806,180	3,978,323	82,784,503
7.2.3 Held-to-maturity securities						
Market Treasury Bills	33,963,185	-	33,963,185	11,611,110	-	11,611,110
Term Finance Certificates	27,008,871	-	27,008,871	25,289,199	-	25,289,199
Pakistan investment bonds	2,955,417	-	2,955,417	2,497,301	-	2,497,301
Sukuk Bonds	2,573,600	-	2,573,600	2,640,040	-	2,640,040
Foreign securities	2,245,761	-	2,245,761	4,001,718	-	4,001,718
Government of Pakistan - Euro bonds	540,412	-	540,412	922,505	-	922,505
Government of Pakistan - Guranteed bonds	51,453	-	51,453	1,485,057	-	1,485,057
Government of Pakistan - Sukuks	30,000	-	30,000	30,000	-	30,000
Participation of Term Certificates	20,484	-	20,484	26,838	-	26,838
Debentures	4,392	-	4,392	4,592	-	4,592
CDC SAARC Fund	431	-	431	421	-	421
	69,394,006	-	69,394,006	48,508,781	-	48,508,781
7.2.4 Investments in Associates						
United Growth and Income Fund	3,141,343	-	3,141,343	5,279,234	-	5,279,234
UBL Liquidity Plus Fund	1,285,209	-	1,285,209	749,831	-	749,831
United Composite Islamic Fund	322,244	-	322,244	539,012	-	539,012
United Stock Advantage Fund	256,871	-	256,871	305,297	-	305,297
United Islamic Income Fund	254,149	-	254,149	249,850	-	249,850
UBL Principal Protected Plan	179,582	-	179,582	170,136	-	170,136
UBL Capital Protected Fund - II	105,327	-	105,327	-	-	-
UBL Capital Protected Fund - I	93,519	-	93,519	90,299	-	90,299
UBL Retirement Saving Fund	92,097	-	92,097	-	-	-
UBL Islamic Retirement Saving Fund	91,576	-	91,576	-	-	-
UBL Insurers Limited	63,020	-	63,020	67,583	-	67,583
Oman United Exchange Company, Muscat	61,166	-	61,166	71,399	-	71,399
	5,946,103	-	5,946,103	7,522,641	-	7,522,641
Provision for diminution in value of investments	(2,592,998)	-	(2,592,998)	(2,146,794)	-	(2,146,794)
Investments (net of provisions)	155,811,985	6,552,226	162,364,211	136,704,138	4,075,629	140,779,767
(Deficit) / surplus on revaluation of available-for-sale securities	(3,488,131)	(5,060)	(3,493,191)	(3,045,011)	2,404	(3,042,607)
Deficit on revaluation of held-for-trading securities	(12,271)	(45)	(12,316)	(1,862)	(720)	(2,582)
Total Investments	152,311,583	6,547,121	158,858,704	133,657,265	4,077,313	137,734,578

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010**

	Note	(Un-audited) September 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----			
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		264,927,929	276,609,984
Outside Pakistan		88,688,983	94,398,422
		<u>353,616,912</u>	<u>371,008,406</u>
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		17,814,347	14,007,068
Payable outside Pakistan		5,941,962	5,478,479
		<u>23,756,309</u>	<u>19,485,547</u>
	8.1	377,373,221	390,493,953
Provision for advances			
- Specific	8.2	(32,474,872)	(27,700,850)
- General	8.3	(918,083)	(713,507)
		<u>343,980,266</u>	<u>362,079,596</u>

8.1 Advances include Rs. 47,390 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	September 30, 2010 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other Assets Especially Mentioned*	634,181	842,870	1,477,051	-	-
Substandard	6,828,381	1,505,670	8,334,051	1,810,882	1,810,882
Doubtful	4,664,176	1,612,668	6,276,844	2,672,724	2,672,724
Loss	29,318,195	1,983,608	31,301,803	27,991,266	27,991,266
	<u>41,444,933</u>	<u>5,944,816</u>	<u>47,389,749</u>	<u>32,474,872</u>	<u>32,474,872</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. 410.450 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 326.714 million (December 31, 2009: Rs. 144.311 million) pertaining to overseas advances both as a general provision and to meet the requirements of monetary agencies and regulatory 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. 180.919 million (December 31, 2009: Nil).

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010**

	Note	(Un-audited) September 30, 2010	(Audited) December 31, 2009
9 OPERATING FIXED ASSETS		----- (Rupees in '000) -----	
Capital work-in-progress		1,764,569	1,006,331
Property and equipment	9.1	21,966,238	22,236,240
Intangible assets		424,246	491,511
	9.2	<u>24,155,053</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. 1,751.342 (Sep 2009: Rs. 968.236) million and Rs. 138.138 (Sep 2009: Rs. 109.540) million, respectively.		
10 BORROWINGS FROM FINANCIAL INSTITUTIONS			
Secured			
Borrowings from State Bank of Pakistan			
- Export refinance scheme		12,438,028	14,666,570
- Long term fixed finance		2,276,037	1,018,535
- Long term finance under export oriented projects		2,779,924	3,705,568
		17,493,989	19,390,673
Repurchase agreement borrowings		6,528,359	5,066,098
		<u>24,022,348</u>	<u>24,456,771</u>
Unsecured			
Call borrowings		6,000,000	8,679,283
Overdrawn nostro accounts		1,469,628	688,082
Trading liabilities		680,954	96,586
Other borrowings		5,817,437	3,247,555
		13,968,019	12,711,506
		<u>37,990,367</u>	<u>37,168,277</u>
11 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		153,712,257	155,634,121
Savings deposits		170,736,071	179,752,604
Sundry deposits		5,943,144	4,643,923
Margin deposits		3,602,806	4,319,476
Current accounts - remunerative		1,874,805	2,820,934
Current accounts - non-remunerative		166,736,496	154,283,090
		<u>502,605,579</u>	<u>501,454,148</u>
Financial Institutions			
Remunerative deposits		2,308,331	1,529,551
Non-remunerative deposits		2,504,510	847,973
		4,812,841	2,377,524
		<u>507,418,420</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		10,705,292	10,870,484
- Minority Interest		200,614	185,357
	12.1	10,905,906	11,055,841
Securities	12.2	(2,269,006)	(1,976,173)
Associates		(84,263)	44,268
		<u>8,552,637</u>	<u>9,123,936</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010**

	(Un-audited) September 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	31,049	146,055
Written off during the period / year	-	(27,071)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(189,806)	(254,977)
Related deferred tax charge on incremental depreciation during the period / year	(102,203)	(136,238)
	<u>(252,138)</u>	<u>3,373,821</u>
	<u>16,079,603</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	(102,203)	(136,238)
	<u>5,173,697</u>	<u>5,275,900</u>
	<u>10,905,906</u>	<u>11,055,841</u>
12.2 Deficit on revaluation of available-for-sale securities		
Market Treasury Bills	(58,733)	20,995
Pakistan Investment Bonds	(1,809,298)	(1,129,224)
Ordinary shares of listed companies	(432,296)	86,025
Units of mutual fund	5,108	(43,856)
Term Finance Certificates, Sukuks, other bonds etc	(17,964)	9,642
Foreign securities	(1,180,007)	(1,986,189)
	<u>(3,493,190)</u>	<u>(3,042,607)</u>
Related deferred tax asset	1,224,184	1,066,434
	<u>(2,269,006)</u>	<u>(1,976,173)</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
Government	7,622,064	10,831,974
Banking companies and other financial institutions	5,891,492	2,910,518
Others	6,403,375	7,396,201
	<u>19,916,931</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	86,396,906	77,448,985
Banking companies and other financial institutions	2,993,397	3,311,075
Others	13,808,223	18,521,775
	<u>103,198,526</u>	<u>99,281,835</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010**

	(Un-audited) September 30, 2010 ----- (Rupees in '000) -----	(Audited) December 31, 2009
13.3 Trade-related Contingent Liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	53,129,772	56,186,541
Banking companies and other financial institutions	490,171	-
Others	70,609,730	62,787,741
	<u>124,229,673</u>	<u>118,974,282</u>
13.4 Other Contingencies		
Claims against the bank not acknowledged as debts	<u>21,088,015</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>5,461,344</u>	<u>11,014,381</u>
Cross currency swaps	<u>35,803,523</u>	<u>36,372,837</u>
FX options - purchased	<u>129,321</u>	<u>410,535</u>
FX options - sold	<u>129,321</u>	<u>410,535</u>
Swaptions	<u>-</u>	<u>2,527,248</u>
Commitments in respect of capital expenditure	<u>412,200</u>	<u>575,176</u>
13.7 Commitments in respect of forward exchange contracts		
Sale	<u>52,664,693</u>	<u>47,499,455</u>
Purchase	<u>96,310,882</u>	<u>92,086,590</u>
	<u>149,075,575</u>	<u>139,586,045</u>
	----- (Un-audited) -----	----- (Audited) -----
	Jan-Sep 2010	Jan-Sep 2009
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
14. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to		
- Customers	30,200,223	34,658,103
- Financial institutions	236,500	482,969
	30,436,723	35,141,072
On investments in		
- Available-for-sale securities	6,241,586	7,627,970
- Held-to-maturity securities	5,981,350	2,700,695
- Associates	3,140	18,287
	12,226,076	10,346,952
On deposits with financial institutions	384,967	171,455
On securities purchased under resale agreements	729,855	888,752
Discount income	21,872	115,029
	<u>43,799,493</u>	<u>46,663,260</u>
15. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	13,741,234	17,804,407
On securities sold under repurchase agreements	1,227,289	1,402,449
On other short - term borrowings	2,137,600	1,971,492
On long - term borrowings	1,058,313	1,003,406
Discount expense	130,914	194,958
	<u>18,295,350</u>	<u>22,376,712</u>

Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010

	----- (Un-audited) -----	
	Jan-Sep 2010	Jan-Sep 2009
	----- (Rupees in '000) -----	
16. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	6,167,492	6,121,406
Rent, taxes, insurance, electricity etc.	1,751,861	1,548,691
Depreciation	1,326,804	1,258,187
Outsourced service charges including sales commission	1,108,312	1,008,128
Communications	562,774	562,773
Banking service charges	519,091	388,296
Repairs and maintenance	332,623	279,509
Stationery and printing	312,476	244,854
Advertisement and publicity	323,449	135,148
Legal and professional charges	231,609	171,806
Cash transportation charges	205,921	265,760
Travelling	136,938	125,644
Office running expenses	127,545	112,388
Charge for compensated absences	104,388	105,693
Contribution to retirement plan - net	(73,658)	122,305
Vehicle expenses	85,537	74,396
Donations	76,285	54,117
Entertainment	68,797	66,967
Insurance expense	60,062	125,743
Auditors' remuneration	48,998	48,858
Cartage, freight and conveyance	48,691	51,898
Subscriptions	33,039	29,581
Training and seminars	29,815	34,487
Brokerage expenses	12,920	14,867
Subordinated debt related cost	5,448	5,993
Miscellaneous expenses	207,660	233,851
	<u>13,814,877</u>	<u>13,191,346</u>

17. TAXATION

The Income Tax returns of the Bank for domestic branches up to tax year 2010 (financial year ended December 31, 2009) 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 years 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 2010 (financial years ended December 31, 2004 to 2009) 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.

The 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 (SME) 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. A deferred tax asset of Rs. 2,141 million has been recognized 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, 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 tax asset in these financial statements.

Notes to the consolidated condensed interim financial statements (Un-audited) For the nine months ended September 30, 2010

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

Total income	359,512	10,792,837	16,671,640	22,764,612	278,852	438,249
Total expenses	(129,769)	(9,356,050)	(9,370,412)	(19,340,127)	(242,612)	(303,260)
Net income	229,742	1,436,787	7,301,228	3,424,486	36,240	134,989
Segment return on assets (ROA) (%)	3.82%	0.61%	1.44%	1.26%	6.30%	-
Segment cost of funds (%)	0.34%	7.03%	4.56%	9.04%	-	-

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

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

Total income	436,228	12,257,030	19,108,153	23,232,187	366,025	263,835
Total expenses	(389,424)	(9,763,718)	(14,136,520)	(21,203,470)	(226,504)	239,876
Net income / (loss)	46,804	2,493,312	4,971,633	2,028,717	139,521	503,711
Segment return on assets (ROA) (%)	0.67%	1.07%	0.92%	0.80%	29.99%	-
Segment cost of funds (%)	6.18%	6.90%	5.81%	9.78%	-	-

----- As at September 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)	5,495,315	188,756,726	193,870,447	262,109,568	501,349	31,466,132
Segment non performing loans (NPL)	-	-	25,908,272	21,481,477	-	-
Segment provision	-	-	18,451,890	14,022,982	-	-
Segment liabilities	5,261,982	190,142,201	166,923,039	240,418,059	63,954	(24,925,172)

----- 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 (NPL)	-	-	22,784,132	17,281,105	-	-
Segment provision	-	-	15,670,535	12,030,315	-	-
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 nine months ended September 30, 2010**
19. RELATED PARTY TRANSACTIONS

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

The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	As at September 30, 2010 (Un-audited)			As at December 31, 2009 (Audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----						
Advances						
Opening balance	102,750	-	-	148,875	-	-
Addition during the period / year	118,032	-	-	38,092	-	-
Repaid during the period / year	(85,996)	-	-	(84,217)	-	-
Closing balance	134,786	-	-	102,750	-	-
Deposits						
Opening balance	19,365	164,877	56,453	20,149	147,701	308,347
Received during the period / year	285,494	27,325,234	23,534,709	258,920	15,508,596	1,151,870
Withdrawn during the period / year	(271,648)	(25,971,407)	(23,481,788)	(259,704)	(15,491,420)	(1,403,764)
Closing balance	33,211	1,518,704	109,374	19,365	164,877	56,453
Investments in shares / mutual funds						
Opening balance	-	7,522,641	50,372	-	2,905,831	50,372
Investment made during the period	-	1,336,969	-	-	4,629,331	-
Investment sold / liquidated during the period	-	(2,744,226)	-	-	(528,224)	-
Equity method adjustment	-	(169,281)	-	-	515,703	-
Closing balance	-	5,946,103	50,372	-	7,522,641	50,372
Borrowings						
Opening balance	-	300,000	-	-	-	-
Borrowings during the period	-	2,100,000	-	-	1,650,000	-
Settled during the period	-	(2,400,000)	-	-	(1,350,000)	-
Closing balance	-	-	-	-	300,000	-
Receivable from staff retirement funds	-	-	772,457	-	-	1,045,899
Prepaid insurance	-	54,957	-	-	18,759	-
Other receivable	-	-	234	-	108,522	-
Sub-ordinated loans	5	111,393	-	5	761,987	-
Interest/markup payable on deposits	31	186	808	174	449	1,095
Interest/markup payable on borrowings	-	-	-	-	814	-
Interest/markup payable on sub-ordinated loans	-	1,877	-	-	36,497	-
Provision for employee benefit scheme	-	-	158,936	-	-	210,000
Unrealised loss on derivative transactions	-	-	763,422	-	-	307,241
Overdraw nostros	-	-	-	-	-	-
Other payable	-	-	-	-	26,851	-
----- (Rupees in '000) -----						
	For the Period Ended September 30, 2010 (Un-audited)			For the Period Ended September 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	5,478	-	7,135	5,674	-	-
Mark-up / return / interest paid	491	161,154	116,013	381	56,724	91,704
Dividend received	-	328,704	-	-	76,155	-
Net gain on sale of investment	-	2,191	-	-	-	-
Realised gain on derivative transactions	-	-	1,674,938	-	-	597,878
Other income	-	614	23	-	558	-
Remuneration paid	268,134	-	-	247,186	-	-
Post employment benefits	9,450	-	-	8,311	-	-
Maximum amount of borrowings made during the period	-	300,000	-	-	1,279,043	-
Contribution to defined contribution plan	-	-	70,662	-	-	351,782
Contribution to defined benefit plan	-	-	286,989	-	-	319,190
Payment for employee motivation and retention scheme	-	-	210,000	-	-	50,005
Insurance premium paid	-	204,453	-	-	180,527	-
Insurance claims settled	-	111,112	-	-	217,907	-
Non-executive directors' fee and allowances	-	-	30,057	-	-	37,012

**Notes to the consolidated condensed interim financial statements (Un-audited)
For the nine months ended September 30, 2010**
20. ISLAMIC BANKING BUSINESS

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

	(Un-audited) September 30. 2010	(Audited) December 31, 2009
	----(Rupees in '000)----	
ASSETS		
Cash and balances with treasury banks	450,464	208,180
Balances with other banks	85,586	93,410
Lendings to financial institutions	600,000	100,000
Investments	2,789,865	1,563,953
Financing and receivables		
- Murabaha	208,690	154,650
- Musharaka	166,667	222,222
- Diminishing Musharaka	224,178	261,259
	599,535	638,131
Operating fixed assets including assets given on Ijara	454,220	598,452
Due from head office	105,922	-
Other assets	291,450	548,396
Total Assets	5,377,042	3,750,522
LIABILITIES		
Bills payable	178	4,522
Deposits and other accounts		
- Current accounts	441,212	429,412
- Saving accounts	1,401,566	209,676
- Term deposits	806,913	459,878
- Deposits from financial institutions - remunerative	2,173,874	1,109,452
	4,823,565	2,208,418
Due to head office	-	948,744
Other liabilities	76,133	84,544
	4,899,876	3,246,228
NET ASSETS	477,166	504,294
REPRESENTED BY		
Islamic Banking Fund	681,000	681,000
Unappropriated loss / Unremitted loss	(205,356)	(174,404)
	475,644	506,596
Surplus / (deficit) on revaluation of assets	1,522	(2,302)
	477,166	504,294

20.2 The profit and loss account of the bank's Islamic Banking branches for the nine months ended September 30, 2010 is as follows:

	(Un-audited) Jan-Sep 2010	(Un-audited) Jan-Sep 2009
	----(Rupees in '000)----	
Return earned	439,114	355,472
Return expensed	(205,982)	(79,925)
	233,132	275,547
(Charge) / Reversal of diminution in value of investment	(69,092)	96,132
Reversal / (provision) against assets given on Ijara	4,612	484
	(64,480)	96,616
Net return after provision	168,652	372,163
OTHER INCOME		
Fee, commission and brokerage income	4,168	2,229
Dividend income	7,325	9,044
Income from dealing in foreign currencies	736	560
Loss on sale of securities	(4,750)	(11,355)
Other Income	104	2,322
Total other income	7,583	2,800
	176,235	374,963
OTHER EXPENSES		
Administrative expenses	(205,466)	(225,275)
Other provisions / write offs	(1,721)	-
Total other expenses	(207,187)	(225,275)
Net Profit for the period	(30,952)	149,688
Unappropriated loss brought forward	(174,404)	(346,051)
Unappropriated loss carried forward	(205,356)	(196,363)
	2,039	1,354

21 DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on _____, 2010 by the Board of Directors of the Bank.

Atif R. Bokhari
President &
Chief Executive Officer

Muhammad Sami Saeed
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman