

# United Bank Limited

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED MARCH 31, 2011  
(UNAUDITED)**





**Consolidated Condensed Interim Statement of Financial Position  
As at March 31, 2011**

	Note	(Un audited) March 31, 2011 ----- (Rupees in '000) -----	(Audited) December 31, 2010 -----
<b>ASSETS</b>			
Cash and balances with treasury banks		54,896,536	67,667,226
Balances with other banks		16,604,807	25,980,928
Lendings to financial institutions		12,900,407	12,384,778
Investments	7	230,716,433	231,717,214
Advances	8	343,209,983	341,510,412
Operating fixed assets	9	24,841,670	24,684,566
Deferred tax asset - net		1,297,484	1,298,247
Other assets		20,085,318	20,146,272
		704,552,638	725,389,643
<b>LIABILITIES</b>			
Bills payable		6,478,257	5,074,700
Borrowings from financial institutions	10	45,421,651	47,631,814
Deposits and other accounts	11	546,152,484	567,611,258
Sub-ordinated loans		11,983,720	11,985,748
Other liabilities		20,619,699	17,951,943
		630,655,811	650,255,463
<b>NET ASSETS</b>		<u>73,896,827</u>	<u>75,134,180</u>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		24,507,700	24,101,838
Unappropriated profit		25,816,872	27,576,333
Total equity attributable to the equity shareholders of the Bank		62,566,370	63,919,969
Non-controlling interest		2,291,167	2,207,241
		64,857,537	66,127,210
Surplus on revaluation of assets - net of deferred tax	12	9,039,290	9,006,970
		<u>73,896,827</u>	<u>75,134,180</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

The annexed notes from 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 Profit and Loss Account (Un-audited)  
For the quarter ended March 31, 2011**

	<b>Note</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	14	16,915,003	14,366,875
Mark-up / return / interest expensed	15	(7,644,439)	(6,028,856)
Net mark-up / return / interest income		<u>9,270,564</u>	<u>8,338,019</u>
Provision against loans and advances - net		(2,204,779)	(1,735,122)
Provision for diminuation in value of investment - net		(3,662)	(5,515)
Bad debts written off directly		(132,825)	(386,709)
		<u>(2,341,266)</u>	<u>(2,127,346)</u>
Net mark-up / return / interest income after provisions		<u>6,929,298</u>	<u>6,210,673</u>
<b>Non mark-up / return / interest income</b>			
Fee, commission and brokerage income		1,744,582	1,627,138
Dividend income		71,443	26,896
Income from dealing in foreign currencies		768,178	370,598
Gain on sale of securities		190,532	87,364
Unrealised loss on revaluation of investments classified as held for trading		(7,052)	(7,703)
Other income		408,333	345,232
Total non mark-up / return / interest income		<u>3,176,016</u>	<u>2,449,525</u>
		<u>10,105,314</u>	<u>8,660,198</u>
<b>Non mark-up / interest expenses</b>			
Administrative expenses	16	(4,993,739)	(4,392,940)
Other provisions / write offs / reversals - net		6,201	(8,327)
Workers' welfare fund		(103,118)	(89,736)
Other charges		(26,716)	(4,118)
Total non mark-up / interest expenses		<u>(5,117,372)</u>	<u>(4,495,121)</u>
		<u>4,987,942</u>	<u>4,165,077</u>
Share of income of associates		153,239	65,788
<b>Profit before taxation</b>		<b><u>5,141,181</u></b>	<b><u>4,230,865</u></b>
<b>Taxation</b>			
- Current	17	(1,811,874)	(1,551,973)
- Prior		7,538	(262)
- Deferred		58,745	64,294
		<u>(1,745,591)</u>	<u>(1,487,941)</u>
<b>Profit after taxation</b>		<b><u>3,395,590</u></b>	<b><u>2,742,924</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Bank		3,400,903	2,752,424
Non-controlling interest		(5,313)	(9,500)
		<u>3,395,590</u>	<u>2,742,924</u>
		----- (Rupees) -----	
<b>Basic and diluted earnings per share</b>		<u>2.78</u>	<u>2.25</u>

The annexed notes from 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 ended March 31, 2011**

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	----- (Rupees in '000) -----	
<b>Profit after taxation for the period attributable to:</b>		
Equity shareholders of the Bank	3,400,903	2,752,424
Non-controlling interest	<u>(5,313)</u>	<u>(9,500)</u>
	<u>3,395,590</u>	<u>2,742,924</u>
<b>Other comprehensive income / (loss):</b>		
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	58,430	(492,855)
- Non-controlling interest	89,239	(101,112)
Gain on cash flow hedges	31,029	18,299
Related deferred tax liability on cash flow hedges	<u>(10,860)</u>	<u>(6,405)</u>
	<u>167,838</u>	<u>(582,073)</u>
<b>Comprehensive income transferred to equity - net of tax</b>	<u><u>3,563,428</u></u>	<u><u>2,160,851</u></u>

Surplus / (deficit) 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 from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

**Atif R. Bokhari**  
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**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 quarter ended March 31, 2011**

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>----- (Rupees in '000) -----</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,141,181	4,230,865
Less: Dividend income	(71,443)	(26,896)
Share of income of associates	<u>(153,239)</u>	<u>(65,788)</u>
	4,916,499	4,138,181
<b>Adjustments:</b>		
Depreciation	466,532	462,860
Workers' welfare fund	103,118	89,736
Provision for retirement benefits and compensated absences	59,356	22,720
Provision against loans and advances	2,204,779	1,735,122
Provision for diminution in value of investments	3,662	5,515
Gain on sale of fixed assets	(7,403)	(2,035)
Finance charges on leased assets	-	89
(Reversal) / provision against other assets	(6,201)	8,327
Amortization of cash flow hedge reserve	31,029	18,299
Unrealized loss on revaluation of investment classified as held for trading	7,052	7,703
Bad debts written-off	<u>132,825</u>	<u>386,709</u>
	2,994,749	2,735,045
	<u>7,911,248</u>	<u>6,873,226</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(515,629)	9,416,017
Held for trading investments	9,855,302	(950,811)
Advances - net	(4,037,175)	20,344,664
Other assets - (excluding advance taxation)	<u>351,697</u>	<u>(118,862)</u>
	5,654,195	28,691,008
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,403,557	(822,245)
Borrowings from financial institutions	(2,210,163)	4,621,671
Deposits and other accounts	(21,458,774)	(41,396,282)
Other liabilities	<u>(2,343,822)</u>	<u>238,883</u>
	(24,609,202)	(37,357,973)
(Payment to) / Receipt from staff retirement benefit funds	(11,043,759)	(1,793,739)
Income tax paid	(220,292)	229,317
Net cash outflow from operating activities	<u>(1,881,593)</u>	<u>(2,758,555)</u>
	<b>(13,145,644)</b>	<b>(4,322,977)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(8,599,450)	(4,180,864)
Dividend income received	36,834	113,629
Investment in operating fixed assets	(636,468)	(887,843)
Sale proceeds from disposal of operating fixed assets	52,276	27,991
Net cash outflow from investing activities	<u>(9,146,808)</u>	<u>(4,927,087)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of principal of sub-ordinated loans	(2,028)	(2,024)
Payments of lease obligations	-	(262)
Net cash outflow from financing activities	<u>(2,028)</u>	<u>(2,286)</u>
	<b>(22,294,480)</b>	<b>(9,252,350)</b>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	58,430	(492,855)
- Non-controlling interest	<u>89,239</u>	<u>(101,112)</u>
	(22,146,811)	(9,846,317)
<b>Decrease in cash and cash equivalents</b>	<b>(22,146,811)</b>	<b>(9,846,317)</b>
Cash and cash equivalents at beginning of the period	<u>93,648,154</u>	<u>78,065,501</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>71,501,343</u></b>	<b><u>68,219,184</u></b>

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

**Consolidated Condensed Interim Statement of Changes in Equity  
For the quarter ended March 31, 2011**

	Attributable to equity shareholder of the Bank								Non-controlling Interest	Total
	Share Capital	General Reserve	Capital reserves			Cash flow hedge Reserve	Unappropriated Profit	Sub total		
			Statutory Reserve	Exchange Translation Reserve	Reserve for issue of Bonus Share					
(Rupees in '000)										
<b>Balance as at January 1, 2010 (Audited)</b>	11,128,907	3,000	12,221,570	9,149,799	-	(206,415)	23,617,875	55,914,736	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)	-	(2,782,227)
Transfer to reserve for issue of bonus shares	-	-	-	-	1,112,891	-	(1,112,891)	-	-	-
<b>Changes in equity during the quarter ended March 31, 2010</b>										
Profit after taxation for the quarter ended March 31, 2010	-	-	-	-	-	-	2,752,424	2,752,424	(9,500)	2,742,924
Other comprehensive income - net of tax	-	-	-	(492,855)	-	11,894	-	(480,961)	(101,112)	(582,073)
Total comprehensive income	-	-	-	(492,855)	-	11,894	2,752,424	2,271,463	(110,612)	2,160,851
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	70,510	70,510	-	70,510
Transfer to statutory reserves	-	-	566,204	-	-	-	(566,204)	-	-	-
<b>Balance as at March 31, 2010 (Un-audited)</b>	11,128,907	3,000	12,787,774	8,656,944	1,112,891	(194,521)	21,979,487	55,474,482	2,169,079	57,643,561
Interim cash dividend for the half year ended June 30, 2010 at Re 1 per share	-	-	-	-	-	-	(1,224,180)	(1,224,180)	-	(1,224,180)
Issue of bonus shares	1,112,891	-	-	-	(1,112,891)	-	-	-	-	-
<b>Changes in equity during the nine months ended December 31, 2010</b>										
Profit after taxation for the nine months ended December 31, 2010	-	-	-	-	-	-	8,279,206	8,279,206	(1,205)	8,278,001
Other comprehensive income - net of tax	-	-	-	1,108,350	-	65,369	-	1,173,719	70,544	1,244,263
Total comprehensive income	-	-	-	1,108,350	-	65,369	8,279,206	9,452,925	69,339	9,522,264
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	185,565	185,565	-	185,565
Preferred dividend relating to non-controlling shareholders	-	-	-	-	-	-	31,177	31,177	(31,177)	-
Transfer to statutory reserve	-	-	1,674,922	-	-	-	(1,674,922)	-	-	-
<b>Balance as at December 31, 2010 (Audited)</b>	12,241,798	3,000	14,462,696	9,765,294	-	(129,152)	27,576,333	63,919,969	2,207,241	66,127,210
Final cash dividend for the year ended December 31, 2010 declared subsequent to year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
<b>Changes in equity during quarter ended March 31, 2011</b>										
Profit after taxation for the quarter ended March 31, 2011	-	-	-	-	-	-	3,400,903	3,400,903	(6,313)	3,395,590
Other comprehensive income - net of tax	-	-	-	58,430	-	20,169	-	78,599	89,239	167,838
Total comprehensive income	-	-	-	58,430	-	20,169	3,400,903	3,479,502	83,926	3,563,428
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	63,618	63,618	-	63,618
Transfer to statutory reserves	-	-	327,263	-	-	-	(327,263)	-	-	-
<b>Balance as at March 31, 2011 (Un-audited)</b>	12,241,798	3,000	14,789,959	9,823,724	-	(108,983)	25,816,872	62,566,370	2,291,167	64,857,537

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

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**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

**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, Pakistan

UBL Fund Managers Limited, Pakistan

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 1,125 (December 31, 2010: 1,123) branches inside Pakistan including 6 (December 31, 2010: 6) Islamic Banking branches and 1 (December 31, 2010: 1) branch in Karachi Export Processing Zone. The Bank also operates 17 (December 31, 2010: 17) branches outside Pakistan as at March 31, 2011.

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 Non-controlling 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 consolidated condensed interim 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 Group 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 Group 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 quarter ended March 31, 2011 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 quarter ended March 31, 2011**

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, the 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 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 disclosure 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 Group for the year ended December 31, 2010.

**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 judgments, 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 judgments 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 consolidated financial statements for the year ended December 31, 2010.

**6. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT**

The accounting policies and the method of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2010.

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2010.

**7. INVESTMENTS**

	Note	(Un-audited) March 31, 2011			(Audited) December 31, 2010		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----							
Held-for-trading securities	7.2.1	6,767,304	-	6,767,304	15,440,514	1,189,144	16,629,658
Available-for-sale securities	7.2.2	87,426,373	21,031,082	108,457,455	88,728,901	21,231,926	109,960,827
Held-to-maturity securities	7.2.3	113,938,650	-	113,938,650	103,465,850	-	103,465,850
Investments in associates	7.2.4	7,271,569	-	7,271,569	7,666,215	-	7,666,215
		<u>215,403,896</u>	<u>21,031,082</u>	<u>236,434,978</u>	<u>215,301,480</u>	<u>22,421,070</u>	<u>237,722,550</u>
Provision for diminution in value of investments		(2,525,901)	-	(2,525,901)	(2,649,005)	-	(2,649,005)
<b>Investments (net of provisions)</b>		<u>212,877,995</u>	<u>21,031,082</u>	<u>233,909,077</u>	<u>212,652,475</u>	<u>22,421,070</u>	<u>235,073,545</u>
(Deficit) / surplus on revaluation of available-for-sale investments		(3,192,336)	6,744	(3,185,592)	(3,311,399)	(11,718)	(3,323,117)
Deficit on revaluation of held-for-trading investments		(7,052)	-	(7,052)	(33,050)	(164)	(33,214)
<b>Total Investments</b>		<u><u>209,678,607</u></u>	<u><u>21,037,826</u></u>	<u><u>230,716,433</u></u>	<u><u>209,308,026</u></u>	<u><u>22,409,188</u></u>	<u><u>231,717,214</u></u>



**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

	(Un-audited)			(Audited)		
	March 31, 2011			December 31, 2010		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
<b>7.2 Investments by types</b>	----- (Rupees in '000) -----					
<b>7.2.1 Held-for-trading securities</b>						
Market Treasury Bills	5,993,498	-	5,993,498	12,984,400	1,189,144	14,173,544
Pakistan Investment Bonds	276,295	-	276,295	805,257	-	805,257
Ordinary shares of listed companies	315,426	-	315,426	8,928	-	8,928
Foreign securities	-	-	-	1,392,186	-	1,392,186
Term Finance Certificate	108,106	-	108,106	106,431	-	106,431
Units of Mutual Funds	44,977	-	44,977	46,966	-	46,966
Sukuk Bonds	29,002	-	29,002	22,852	-	22,852
Government of Pakistan - Euro bonds	-	-	-	73,494	-	73,494
	6,767,304	-	6,767,304	15,440,514	1,189,144	16,629,658
<b>7.2.2 Available for sale securities</b>						
Market Treasury Bills	35,044,093	20,402,121	55,446,214	39,519,598	20,695,498	60,215,096
Pakistan Investment Bonds	19,863,649	628,961	20,492,610	18,988,194	536,428	19,524,622
Government of Pakistan - Sukuk	4,622,000	-	4,622,000	4,122,000	-	4,122,000
Government of Pakistan - Eurobonds	4,910,175	-	4,910,175	3,938,516	-	3,938,516
Ordinary shares of listed companies	4,295,818	-	4,295,818	3,629,335	-	3,629,335
Preference shares	471,220	-	471,220	472,097	-	472,097
Ordinary shares of unlisted companies	445,626	-	445,626	445,632	-	445,632
Term Finance Certificates	2,157,354	-	2,157,354	2,163,818	-	2,163,818
Units of mutual funds	164,662	-	164,662	164,662	-	164,662
Foreign securities	15,451,776	-	15,451,776	15,285,049	-	15,285,049
	87,426,373	21,031,082	108,457,455	88,728,901	21,231,926	109,960,827
<b>7.2.3 Held to maturity securities</b>						
Market Treasury Bills	65,145,371	-	65,145,371	58,843,648	-	58,843,648
Pakistan Investment Bonds	8,351,547	-	8,351,547	4,392,225	-	4,392,225
Government of Pakistan - Sukuk	330,000	-	330,000	30,000	-	30,000
Government of Pakistan - Guaranteed Bonds	51,346	-	51,346	51,399	-	51,399
Term Finance Certificates	26,940,702	-	26,940,702	27,106,749	-	27,106,749
Sukuk Bonds	2,399,980	-	2,399,980	2,548,739	-	2,548,739
Participation Term Certificates	17,920	-	17,920	19,202	-	19,202
Debentures	4,392	-	4,392	4,392	-	4,392
Foreign securities	9,915,135	-	9,915,135	9,772,562	-	9,772,562
CDC SAARC Fund	427	-	427	428	-	428
Government of Pakistan - Eurobonds	781,830	-	781,830	696,506	-	696,506
	113,938,650	-	113,938,650	103,465,850	-	103,465,850
<b>7.2.4 Investments in Associates</b>						
United Growth and Income Fund	3,030,436	-	3,030,436	3,023,430	-	3,023,430
UBL Liquidity Plus Fund	2,093,941	-	2,093,941	2,613,475	-	2,613,475
United Composite Islamic Fund	351,573	-	351,573	338,110	-	338,110
United Islamic Income Fund	200,206	-	200,206	196,425	-	196,425
United Stock Advantage Fund	440,707	-	440,707	354,897	-	354,897
UBL Participation Protected Plan	190,127	-	190,127	184,639	-	184,639
UBL Capital Protected Fund - II	109,740	-	109,740	108,757	-	108,757
UBL Savings Income Fund	134,015	-	134,015	174,469	-	174,469
UBL Islamic Savings Fund	202,843	-	202,843	197,224	-	197,224
UBL Islamic Retirement Savings Fund	102,276	-	102,276	98,310	-	98,310
UBL Retirement Savings Fund	102,978	-	102,978	99,681	-	99,681
UBL Capital Protected Fund - I	91,497	-	91,497	61,652	-	61,652
UBL Insurers Limited	152,056	-	152,056	150,038	-	150,038
Oman United Exchange Company, Muscat	69,174	-	69,174	65,108	-	65,108
	7,271,569	-	7,271,569	7,666,215	-	7,666,215
	215,403,896	21,031,082	236,434,978	215,301,480	22,421,070	237,722,550
Provision for diminution in value of investments	(2,525,901)	-	(2,525,901)	(2,649,005)	-	(2,649,005)
<b>Investments (net of provisions)</b>	212,877,995	21,031,082	233,909,077	212,652,475	22,421,070	235,073,545
(Deficit) / surplus on revaluation of available-for-sale investments	(3,192,336)	6,744	(3,185,592)	(3,311,399)	(11,718)	(3,323,117)
Deficit on revaluation of held-for-trading investments	(7,052)	-	(7,052)	(33,050)	(164)	(33,214)
<b>Total Investments</b>	209,678,607	21,037,826	230,716,433	209,308,026	22,409,188	231,717,214

**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

	Note	(Un-audited) March 31, 2011	(Audited) December 31, 2010
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		268,538,994	268,760,548
Outside Pakistan		89,767,309	88,132,534
		<u>358,306,303</u>	<u>356,893,082</u>
Bills discounted and purchased			
Payable in Pakistan		15,534,997	14,665,532
Payable outside Pakistan		6,587,661	4,921,410
		<u>22,122,658</u>	<u>19,586,942</u>
	8.1	<u>380,428,961</u>	<u>376,480,024</u>
Provision against advances			
- Specific	8.2	(36,413,762)	(33,544,116)
- General	8.3	(805,216)	(1,425,496)
		<u>343,209,983</u>	<u>341,510,412</u>

**8.1** Advances include Rs. 52,956 million (December 31, 2010: Rs. 48,613 million) which have been placed under non-performing status.

**8.2** The category wise classification of non performing status is given below:

Category of Classification	March 31, 2011 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Other Assets Especially Mentioned *	446,943	-	446,943	-	-
Substandard	5,395,566	1,070,611	6,466,177	1,629,369	1,629,369
Doubtful	6,746,556	2,705,244	9,451,800	4,713,455	4,713,455
Loss	34,486,917	2,104,528	36,591,445	30,070,938	30,070,938
	<u>47,075,982</u>	<u>5,880,383</u>	<u>52,956,365</u>	<u>36,413,762</u>	<u>36,413,762</u>
----- (Rupees in '000) -----					
Category of Classification	December 31, 2010 (Audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other Assets Especially Mentioned *	336,651	-	336,651	-	-
Substandard	6,320,318	1,037,361	7,357,679	1,673,379	1,673,379
Doubtful	5,716,839	3,005,088	8,721,927	3,032,943	3,032,943
Loss	30,587,904	1,608,917	32,196,821	28,837,794	28,837,794
	<u>42,961,712</u>	<u>5,651,366</u>	<u>48,613,078</u>	<u>33,544,116</u>	<u>33,544,116</u>

\* The other assets especially mentioned category pertains to agricultural finance.

**8.3** General provision represents provision amounting to Rs.345.706 million (December 31, 2010: Rs.375.327 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP, Rs.459.510 million (December 31, 2010: Rs.415.169 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate and Rs.Nil (December 31, 2010: 635 million) against other domestic advances.

**8.4** During the quarter the Group has availed certain forced sale value (FSV) benefits allowed by SBP vide its circular no. BSD 10 of 2009 dated October 20, 2009. Had the benefit not been availed by the Bank, the specific provision against non-performing advances would have been higher and consequently profit before taxation and advances (net of provisions) as of March 31, 2011 would have been lower by Rs. 297 million.

**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

	<b>(Un-audited) March 31, 2011</b>	<b>(Audited) December 31, 2010</b>
	----- (Rupees in '000) -----	
<b>9. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	1,627,233	1,337,697
Property and equipment	22,306,297	22,405,859
Intangible assets	908,140	941,010
	<u>24,841,670</u>	<u>24,684,566</u>
<b>10. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
- Export refinance scheme	13,578,057	14,840,163
- Refinance facility for modernization of SME	47,500	27,500
- Long term fixed finance	2,965,600	2,444,872
- Long term finance under export oriented projects	2,142,036	2,770,789
	18,733,193	20,083,324
Repurchase agreement borrowings	21,035,982	22,412,235
	<u>39,769,175</u>	<u>42,495,559</u>
<b>Unsecured</b>		
Call borrowings	2,119,187	428,195
Overdrawn nostro accounts	789,947	452,682
Trading liabilities	455,575	806,942
Other borrowings	2,287,767	3,448,436
	5,652,476	5,136,255
	<u>45,421,651</u>	<u>47,631,814</u>
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	172,339,161	169,880,101
Savings deposits	182,126,680	195,535,049
Sundry deposits	5,449,049	4,767,873
Margin deposits	3,903,121	3,696,330
Current accounts - remunerative	4,669,782	4,235,253
Current accounts - non-remunerative	174,383,249	184,647,813
	<u>542,871,042</u>	<u>562,762,419</u>
<b>Financial Institutions</b>		
Remunerative deposits	2,061,646	2,359,999
Non-remunerative deposits	1,219,796	2,488,840
	3,281,442	4,848,839
	<u>546,152,484</u>	<u>567,611,258</u>
<b>12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</b>		
Surplus arising on revaluation of assets - net of tax :		
Fixed assets		
- Group's share	10,819,343	10,865,342
- Non-controlling interest	401,138	386,706
	12.1	11,220,481
Securities		
- Group's share	(2,070,897)	(2,160,815)
- Non-controlling interest	(1,052)	-
	12.2	(2,071,949)
Deficit arising on revaluation of assets of associates	(109,242)	(84,263)
	<u>9,039,290</u>	<u>9,006,970</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

	(Un-audited) March 31, 2011 ----- (Rupees in '000) -----	(Audited) December 31, 2010
<b>12.1 Surplus on revaluation of fixed assets</b>		
Surplus on revaluation of fixed assets at January 01	16,394,246	16,331,741
Revaluation of fixed assets during the period / year	-	467,625
Exchange adjustment	32,041	(12,251)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(63,618)	(256,075)
Related deferred tax charge on incremental depreciation during the period / year	(34,256)	(136,794)
	(65,833)	62,505
	<u>16,328,413</u>	<u>16,394,246</u>
Less: related deferred tax liability on:		
Revaluation as on January 01	5,142,198	5,275,900
Revaluation of fixed assets during the period / year	-	3,092
Exchange adjustment	(10)	-
Incremental depreciation charged on related assets	(34,256)	(136,794)
	5,107,932	5,142,198
	<u>11,220,481</u>	<u>11,252,048</u>
<b>12.2 Deficit on revaluation on available-for-sale securities</b>		
Market Treasury Bills	(8,248)	(55,830)
Pakistan Investment Bonds	(1,755,755)	(1,937,605)
Listed shares	(150,943)	(34,452)
Mutual fund units	(3,094)	(709)
Term Finance Certificates, Sukuk, other Bonds etc.	(23,671)	(27,242)
Overseas securities	(1,243,881)	(1,267,279)
	(3,185,592)	(3,323,117)
Related deferred tax asset	1,113,643	1,162,302
	<u>(2,071,949)</u>	<u>(2,160,815)</u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct Credit Substitutes</b>		
Contingent liabilities in respect of guarantees given favouring:		
Government	8,865,235	8,742,208
Banking companies and other financial institutions	5,240,171	5,766,641
Others	7,926,130	6,124,874
	<u>22,031,536</u>	<u>20,633,723</u>
<b>13.2 Transaction-related Contingent Liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	79,298,991	82,423,478
Banking companies and other financial institutions	2,541,505	2,470,740
Others	14,321,369	14,018,380
	<u>96,161,865</u>	<u>98,912,598</u>
<b>13.3 Trade-related Contingent Liabilities</b>		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	49,528,693	52,890,721
Banking companies and other financial institutions	1,587,945	760,593
Others	78,990,764	74,685,738
	<u>130,107,402</u>	<u>128,337,052</u>
<b>13.4 Other Contingencies</b>		
Claims against the Group not acknowledged as debts	<u>31,207,113</u>	<u>29,938,014</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)**  
**For the quarter ended March 31, 2011**

**13.5 Commitments in respect of forward lending**

The Group 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.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2011</b>	<b>(Audited)</b> <b>December 31,</b> <b>2010</b>
	----- (Rupees in '000) -----	
<b>13.6 Commitments in respect of forward exchange contracts</b>		
Sale	66,642,413	85,906,329
Purchase	<u>113,500,962</u>	<u>131,134,706</u>
<b>13.7 Other commitments</b>		
Interest rate swaps	7,701,169	6,985,703
Cross Currency swaps	<u>35,443,243</u>	<u>35,570,843</u>
FX options - purchased	<u>-</u>	<u>2,055,442</u>
FX options - sold	<u>-</u>	<u>2,055,442</u>
Forward sale contracts of government securities	<u>268,073</u>	<u>441,981</u>
Commitments in respect of capital expenditure	<u>417,734</u>	<u>576,398</u>
	----- (Un-audited) -----	
	<b>March 31,</b> <b>2011</b>	<b>March 31,</b> <b>2010</b>
	----- (Rupees in '000) -----	

**14. MARK-UP / RETURN / INTEREST EARNED**

On loans and advances to customers	9,900,519	10,142,373
On lendings to financial institutions		
- Call money lendings	15,814	26,484
- Securities purchased under resale agreements	113,957	305,169
- Advances to financial institutions	71,131	57,575
	200,902	389,228
On investments in		
- Held for trading securities	540,818	143,278
- Available for sale securities	2,757,032	1,999,313
- Held to maturity securities	3,433,348	1,567,974
- Associates	153	1,733
	6,731,351	3,712,298
On deposits with financial institutions	77,566	114,420
Discount income	4,665	8,556
	<u>16,915,003</u>	<u>14,366,875</u>

**15. MARK-UP / RETURN / INTEREST EXPENSED**

On deposits	5,716,017	4,617,984
On securities sold under repurchase agreements	595,008	320,112
On other short - term borrowings	914,642	650,636
On other long - term borrowings	368,082	399,232
Discount expense	50,690	40,892
	<u>7,644,439</u>	<u>6,028,856</u>

**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**

	----- (Un-audited) -----	
	March 31, 2011	March 31, 2010
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	2,236,033	2,131,941
Rent, taxes, insurance, electricity etc.	589,640	528,419
Depreciation	466,532	462,860
Outsourced service charges including sales commission	362,239	318,022
Communications	208,999	181,963
Banking service charges	133,002	96,840
Cash transportation charges	77,047	64,491
Stationery and printing	89,965	94,437
Legal and professional charges	46,802	60,148
Contribution to retirement plan - net	16,262	(12,752)
Advertisement and publicity	134,042	35,688
Repairs and maintenance	63,939	54,695
Maintenance contracts	136,987	66,080
Travelling	64,749	33,819
Office running expenses	66,346	52,835
Charge for compensated absences	43,094	35,472
Vehicle expenses	33,989	30,714
Entertainment	30,943	25,721
Cartage, freight and conveyance	17,491	14,406
Insurance expense	35,792	5,229
Auditors' remuneration	18,463	16,051
Training and seminars	11,566	6,217
Brokerage expenses	10,458	3,483
Subscriptions	12,691	9,693
Subordinated debt related cost	1,642	2,094
Donations	100	22,400
Miscellaneous expenses	84,926	51,974
	<u>4,993,739</u>	<u>4,392,940</u>

**17. TAXATION**

The Income Tax returns of the Bank have been filed up to the tax year 2010 (accounting year ended December 31, 2009) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The tax authorities have issued amended assessment orders for the tax years 2003 to 2010 (accounting year ended December 31, 2002 to 2009) determining additional tax liability of Rs.7,308 million. The amount has been fully paid as required under the law. For the tax years 2004 to 2009, appeals have been decided by the Commissioner of Inland Revenue [CIR(A)], and for tax years 2004 to 2007, the Appellate Tribunal Inland Revenue (ATIR) has also decided the appeals by allowing relief on certain issues. For the remaining issues, the Bank is in the process of filing reference application before the High Court of Sindh. For the tax years 2003 and 2010, decision is still pending with CIR (A). The management is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) Branches have been filed for tax years 2005 to 2010 (financial years ended December 31, 2004 to 2009) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The Seventh Schedule to the Ordinance allows provision for advances and off balance sheet exposures @ 5% of advances to consumer and small and medium enterprises (SMEs), and 1% for other advances. A deferred tax asset of Rs. 2,574 million has been recognized relating to amounts in excess of the allowable limits which is carried forward to future years.

The Bank also carries a tax asset amounting to Rs.5,454 million (December 31, 2010: 5,454 million), representing disallowance of provisions against advances and off balance sheet obligations, for the periods prior to the applicability of the Seventh schedule. The Management, in consultation with its tax advisors, is confident that these would be allowed to the Bank at appellate levels.

**Notes to the consolidated condensed interim financial statements (Un-audited)  
For the quarter ended March 31, 2011**
**18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**
**For the Period Ended March 31, 2011 (Un-audited)**

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others
----- (Rupees in '000) -----						
Total income	78,590	1,303,884	8,683,216	2,066,155	96,469	371,505
Total expenses	(28,750)	(1,084,799)	(5,064,102)	(904,095)	(82,001)	(294,891)
Net income	49,840	219,085	3,619,114	1,162,060	14,468	76,614
Segment return on assets (ROA) (%)	3.53%	0.16%	2.06%	1.27%	7.79%	-
Segment cost of funds (%)	0.57%	9.11%	4.46%	11.69%	-	-

**For the Period Ended March 31, 2010 (Un-audited)**

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others
----- (Rupees in '000) -----						
Total income	39,524	596,446	7,593,080	2,254,087	99,511	270,684
Total expenses	(22,107)	(107,931)	(5,265,903)	(949,015)	(84,127)	(193,384)
Net income / (loss)	17,417	488,515	2,327,177	1,305,072	15,384	77,300
Segment return on assets (ROA) (%)	0.73%	0.52%	1.44%	1.44%	8.28%	-
Segment cost of funds (%)	8.05%	8.47%	3.96%	11.04%	-	-

**As at March 31, 2011 (Un-audited)**

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others
----- (Rupees in '000) -----						
Segment assets (gross of NPL provisions)	4,854,769	246,840,337	175,178,508	282,618,725	482,555	30,991,506
Segment non performing loans (NPL)	-	2,002,017	22,221,562	28,719,633	-	13,153
Segment provision	-	975,579	17,687,257	17,737,773	-	13,153
Segment liabilities	4,283,644	245,746,173	153,306,268	258,329,232	64,272	(31,073,778)

**As at December 31, 2010 (Audited)**

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others
----- (Rupees in '000) -----						
Segment assets (gross of NPL provisions)	5,004,302	257,667,931	199,958,760	265,008,433	483,062	30,811,271
Segment non performing loans (NPL)	-	2,002,017	21,787,039	24,810,869	-	13,153
Segment provision	-	10,105	16,691,950	16,828,908	-	13,153
Segment liabilities	4,665,722	258,459,687	170,683,576	245,510,597	37,560	(29,101,679)

**Notes to the consolidated condensed interim financial statements (Un-audited)**  
**For the quarter ended March 31, 2011**
**19. RELATED PARTY TRANSACTIONS**

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

The Group 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 financial statements, are as follows:

	For the quarter ended March 31, 2011 (Un-audited)			For the year ended December 31, 2010 (Audited)		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
<b>Balances with other banks</b>						
In current accounts	-	4,810	33,299	-	-	-
In saving accounts	-	-	5,119	-	-	2,773
	-	4,810	38,418	-	-	2,773
<b>Lendings to financial institutions</b>						
Call Money Lendings	-	-	-	-	-	350,000
<b>Investments</b>						
Opening balance	-	7,666,215	296,077	-	7,522,641	296,077
Investment made during the period / year	-	69,651	-	-	2,738,412	-
Investment sold / liquidated during the period / year	-	(563,446)	(8,306)	-	(2,434,051)	-
Equity method adjustment	-	99,150	-	-	(160,787)	-
Closing balance	-	7,271,569	287,771	-	7,666,215	296,077
<b>Advances</b>						
Opening balance	145,724	-	-	102,750	-	-
Addition during the period / year	11,868	-	-	174,409	-	-
Repaid during the period / year	(5,299)	-	-	(131,435)	-	-
Closing balance	152,293	-	-	145,724	-	-
<b>Other Assets</b>						
Interest markup accrued	-	-	7,520	-	-	4,656
Receivable from staff retirement funds	-	-	239,271	-	-	66,595
Prepaid insurance	-	174,894	-	-	1,368	-
Remuneration receivable from management of fund	-	22,182	-	-	15,468	-
Sales load receivable	-	1,424	-	-	1,327	-
Formation cost receivable	-	7,433	-	-	5,560	-
Other receivable	-	604	-	-	10,513	-
<b>Borrowings</b>						
Opening balance	-	-	-	-	300,000	100,000
Borrowings during the period / year	-	-	50,000	-	2,100,000	-
Settled during the period / year	-	-	(50,000)	-	(2,400,000)	(100,000)
Closing balance	-	-	-	-	-	-
Overdrawn nostros	-	-	-	-	533	-
<b>Deposits and other accounts</b>						
Opening balance	24,857	3,779,008	62,986	19,365	164,877	56,453
Received during the period / year	162,801	6,326,612	9,467,598	444,766	31,725,811	34,749,151
Withdrawn during the period / year	(144,878)	(8,387,073)	(9,225,060)	(439,274)	(28,111,680)	(34,742,618)
Closing balance	42,780	1,718,547	305,524	24,857	3,779,008	62,986
Sub-ordinated loans	5	5,999	-	5	5,999	-
<b>Other Liabilities</b>						
Interest / markup payable on deposits	22	1,075	356	41	17,769	1,024
Interest / markup payable on sub-ordinated loans	0	25	-	-	167	-
Unrealised loss on derivative transactions	-	-	588,979	-	-	618,818
Provision for employee benefit scheme	-	-	195,498	-	-	250,000
	For the quarter ended March 31, 2011			For the quarter ended March 31, 2010		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	(Rupees in '000)					
Mark-up / return / interest earned	2,289	-	65,674	790	-	-
Dividend received	-	29,735	-	-	110,732	-
Net gain on sale of investment	-	4,375	-	-	6,965	-
Realised gain on derivative transactions	-	-	575,518	-	-	221,400
Remuneration received from management of fund	-	81,635	-	-	94,422	-
Sales load received	-	4,898	-	-	1,670	-
Other income	2,398	90	122	-	135	-
Mark-up / return / interest paid	152	32,483	16,221	170	9,272	9,492
Remuneration paid	235,740	-	-	102,978	-	-
Post employment benefits	3,424	-	-	3,356	-	-
Non-executive directors' fee and allowances	-	-	5,379	-	-	4,039
Net charge for defined contribution plans	-	-	38,545	-	-	35,916
Net reversal for defined benefit plans	-	-	(73,988)	-	-	(89,034)
Payment for employee motivation and retention scheme	-	-	115,000	-	-	-
Insurance premium paid	-	235,591	-	-	288,162	-
Insurance claims settled	-	43,807	-	-	45,323	-



**Notes to the consolidated condensed interim financial statements  
For the quarter ended March 31, 2011**
**20. ISLAMIC BANKING BUSINESS**

20.1 The statement of financial position of the Group's Islamic Banking branches as at March 31, 2011 is as follows:

	(Un-audited) March 31, 2011	(Audited) December 31, 2010
	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	268,193	389,582
Balances with other banks	76,024	46,654
Lendings to financial institutions	-	450,000
Investments	3,729,785	2,884,260
Financing and receivables		
- Murabaha	347,803	203,787
- Musharaka	138,889	166,667
- Diminishing Musharaka	83,192	90,888
	569,884	461,342
Operating fixed assets including assets given on Ijara	415,993	426,052
Due from head office	-	83,725
Other assets	205,216	297,649
<b>Total Assets</b>	<b>5,265,095</b>	<b>5,039,264</b>
<b>LIABILITIES</b>		
Bills payable	969	970
Deposits and other accounts		
- Current accounts	634,130	724,750
- Saving accounts	533,127	933,100
- Term deposits	1,619,460	1,456,596
- Deposits from financial institutions - remunerative	1,263,874	1,344,775
	4,050,591	4,459,221
Due to head office	594,242	-
Other liabilities	94,323	101,782
	4,740,125	4,561,973
<b>NET ASSETS</b>	<b>524,970</b>	<b>477,291</b>
<b>REPRESENTED BY</b>		
Islamic Banking Fund	681,000	681,000
Accumulated loss	(152,936)	(203,000)
	528,064	478,000
Deficit on revaluation of assets	(3,094)	(709)
	<b>524,970</b>	<b>477,291</b>

20.2 The profit and loss account of the Group's Islamic Banking branches for the quarter ended March 31, 2011 is as follows:

	Quarter ended (Un-audited) March 31, 2011	March 31, 2010
	----- (Rupees in '000) -----	
Return earned	181,005	137,227
Return expensed	(107,584)	(48,479)
	73,421	88,748
Reversal of diminution in value of investment	35,130	5,733
Reversal of provision against assets given on Ijara	2,634	3,804
	37,764	9,537
Net return after provision	111,185	98,285
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	1,582	1,534
Dividend income	3,866	1,250
Income from dealing in foreign currencies	729	108
Loss on sale of securities	-	(2,732)
Other Income	3,664	319
Total other income	9,841	479
	121,026	98,764
<b>OTHER EXPENSES</b>		
Administrative expenses	(69,441)	(71,499)
Other provisions / write offs	(1,521)	(1,721)
Total other expenses	(70,962)	(73,220)
Net Profit for the period	50,064	25,544
Accumulated losses brought forward	(203,000)	(174,404)
Accumulated losses carried forward	(152,936)	(148,860)
Remuneration to Sharia Advisor / Board	602	735

**21. DATE OF AUTHORIZATION**

These financial statements were authorised for issue on April 27, 2011 by the Board of Directors of the Group.