United Bank Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)

where you come first

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks		70,756,424	86,502,444
Balances with other banks		16,360,561	19,225,488
Lendings to financial institutions	6	15,168,279	9,536,211
Investments	7	337,150,176	301,106,877
Advances	8	360,326,826	341,139,519
Operating fixed assets	9	25,989,478	25,722,481
Deferred tax asset - net		1,806,236	1,991,667
Other assets		21,873,287	21,980,101
		849,431,267	807,204,788
LIABILITIES			
Bills payable		8,696,237	5,879,043
Borrowings	10	84,142,899	50,845,877
Deposits and other accounts	11	636,285,251	633,889,416
Sub-ordinated loans		10,318,172	11,317,080
Liabilities against assets subject to finance lease		2,616	-
Deferred tax liability - net		-	-
Other liabilities		25,260,125	19,352,726
		764,705,300	721,284,142
NET ASSETS		84,725,967	85,920,646
REPRESENTED BY			
Share capital		12,241,798	12,241,798
Reserves		28,505,653	27,495,959
Unappropriated profit		31,250,649	34,207,654
Total equity attributable to the equity holders of the Bank		71,998,100	73,945,411
Non-controlling interest		2,443,159	2,324,385
		74,441,259	76,269,796
Surplus on revaluation of assets - net of deferred tax	12	10,284,708	9,650,850
		84,725,967	85,920,646
CONTINGENCIES AND COMMITMENTS	13		

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

Atif R. Bokhari	**Seerat Asghar**	**Sir Mohammed Anwar Pervez, OBE, HPk**	**Nahayan Mabarak Al Nahayan**
President & Chief Executive Officer	Director	Deputy Chairman	Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

	Note	Quarter ended March 31, 2012	Quarter ended March 31, 2011
		--------- (Rupees in '000) ---------	
Mark-up / return / interest earned	14	18,012,120	16,922,026
Mark-up / return / interest expensed	15	(8,209,142)	(7,600,317)
Net mark-up / interest income		9,802,978	9,321,709
Provision against loans and advances - net		(606,557)	(2,205,281)
Provision against lendings to financial institutions		(81,150)	-
Reversal / (provision) for diminution in value of investments - net		1,331	(3,662)
Bad debts written off directly		(79,278)	(132,825)
		(765,654)	(2,341,768)
Net mark-up / interest income after provisions		9,037,324	6,979,941
Non mark-up / interest income			
Fee, commission and brokerage income		2,160,069	1,765,207
Dividend income		172,989	71,443
Income from dealing in foreign currencies		582,323	768,178
Gain on sale of securities - net		426,475	190,532
Unrealised loss on revaluation of investments classified as held for trading		(4,339)	(7,052)
Other income		456,558	408,833
Total non mark-up / interest income		3,794,075	3,197,141
		12,831,399	10,177,082
Non mark-up / interest expenses			
Administrative expenses	16	(5,993,003)	(5,065,507)
Other provisions / write offs - net		1,018	6,201
Workers' welfare fund		(148,362)	(103,118)
Other charges		(26,393)	(26,716)
Total non mark-up / interest expenses		(6,166,740)	(5,189,140)
		6,664,659	4,987,942
Share of income of associates		578,689	153,239
Profit before taxation		**7,243,348**	**5,141,181**
Taxation	17		
- Current		(2,445,220)	(1,811,874)
- Prior		-	7,538
- Deferred		65,555	58,745
		(2,379,665)	(1,745,591)
Profit after taxation		**4,863,683**	**3,395,590**
Attributable to:			
Equity shareholders of the Bank		4,857,305	3,400,903
Non-controlling interest		6,378	(5,313)
		4,863,683	**3,395,590**
		-------------- (Rupees) --------------	
Earnings per share - basic and diluted		3.97	2.78

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

Atif R. Bokhari	**Seerat Asghar**	**Sir Mohammed Anwar Pervez, OBE, HPk**	**Nahayan Mabarak Al Nahayan**
President & Chief Executive Officer	Director	Deputy Chairman	Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

	Quarter ended March 31, 2012	Quarter ended March 31, 2011
	--------- (Rupees in '000) ---------	
Profit after taxation for the period attributable to:		
Equity shareholders of the Bank	4,857,305	3,400,903
Non-controlling interest	6,378	(5,313)
	4,863,683	3,395,590
Other comprehensive income:		
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	508,674	58,430
- Non-controlling interest	112,396	89,239
	621,070	147,669
Gain on cash flow hedges	22,299	31,029
Related deferred tax liability on cash flow hedges	(7,805)	(10,860)
	14,494	20,169
	635,564	167,838
Comprehensive income transferred to equity - net of tax	5,499,247	3,563,428

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.

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President & Chief Executive Officer	Director	Deputy Chairman	Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

	Quarter ended	
	March 31, 2012	March 31, 2011
	--------- (Rupees in '000) ---------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,243,348	5,141,181
Less: Dividend income	(172,989)	(71,443)
Share of income of associates	(578,689)	(153,239)
	6,491,670	4,916,499
Adjustments:		
Depreciation	358,212	390,629
Amortization	95,397	75,903
Workers' welfare fund	148,362	103,118
Provision for retirement benefits	184,589	59,356
Provision against loans and advances	606,557	2,205,281
Provision against lendings to financial institutions	81,150	-
(Reversal) / provision for diminution in the value of investments	(1,331)	3,662
(Gain) / loss on sale of fixed assets	(10,763)	(7,403)
Net gain on cash flow hedges	22,299	31,029
Unrealized loss on revaluation of investments classified as held for trading	4,339	7,052
Bad debts written-off	79,278	132,825
Reversal against provision for other assets	(1,018)	(6,201)
	1,567,071	2,995,251
	8,058,741	7,911,750
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,713,218)	(515,629)
Held for trading investments	(5,420,673)	9,855,302
Advances	(19,873,142)	(4,037,677)
Other assets - (excluding advance taxation)	(872,551)	351,697
	(31,879,584)	5,653,693
Increase / (decrease) in operating liabilities		
Bills payable	2,817,194	1,403,557
Borrowings	33,297,022	(2,210,163)
Deposits and other accounts	2,395,835	(21,458,774)
Other liabilities (excluding current taxation)	(1,647,874)	(2,343,822)
	36,862,177	(24,609,202)
	13,041,334	(11,043,759)
Staff retirement benefits paid	(149,674)	(220,292)
Income tax paid	(1,336,533)	(1,881,593)
Net cash inflow / (outflow) from operating activities	**11,555,127**	**(13,145,644)**
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(29,205,134)	(8,599,450)
Dividend income received	69,832	36,834
Investment in operating fixed assets	(707,831)	(636,468)
Sale proceeds from disposal of operating fixed assets	54,897	52,276
Net cash used in investing activities	**(29,788,236)**	**(9,146,808)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of principal of sub-ordinated loans	(998,908)	(2,028)
Net cash used in financing activities	**(998,908)**	**(2,028)**
	(19,232,017)	**(22,294,480)**
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	508,674	58,430
- Non-controlling interest	112,396	89,239
(Decrease) / increase in cash and cash equivalents during the period	(18,610,947)	(22,146,811)
Cash and cash equivalents at beginning of the period	105,727,932	93,648,154
Cash and cash equivalents at end of the period	**87,116,985**	**71,501,343**

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

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President & Chief Executive Officer	Director	Deputy Chairman	Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2012

	Attributable to equity shareholders of the Bank								Non-controlling Interest	Total
	Share Capital	General reserve	Statutory reserve	----------Capital reserves---------- Exchange translation reserve	Cash flow hedge reserve	Employee stock option reserve	Unappro-priated profit	Sub total		
	-----(Rupees in '000)-----									
Balance as at January 1, 2011	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
Transactions with owners recorded directly in equity for the quarter ended March 31, 2011										
Final cash dividend for the year ended December 31, 2010 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Total comprehensive income for the quarter ended March 31, 2011										
Profit after taxation for the quarter ended March 31, 2011	-	-	-	-	-	-	3,400,903	3,400,903	(5,313)	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)	-	-	-
Balance as at March 31, 2011 (Un-audited)	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
Transactions with owners recorded directly in equity for the nine months ended December 31, 2011										
Interim cash dividend for the half year ended June 30, 2011 at Rs.1.5 per share	-	-	-	-	-	-	(1,836,270)	(1,836,270)	-	(1,836,270)
Total comprehensive income for the nine months ended December 31, 2011										
Profit after taxation for the nine months ended December 31, 2011	-	-	-	-	-	-	11,453,882	11,453,882	37,641	11,491,523
Other comprehensive income - net of tax	-	-	-	1,707,817	46,988	-	-	1,754,805	(4,423)	1,750,382
Total comprehensive income	-	-	-	1,707,817	46,988	-	11,453,882	13,208,687	33,218	13,241,905
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,425	5,425	-	5,425
Employee stock option reserve	-	-	-	-	-	1,199	-	1,199		1,199
Transfer to statutory reserve	-	-	1,232,255	-	-	-	(1,232,255)	-	-	-
Balance as at December 31, 2011 (Audited)	12,241,798	3,000	16,022,214	11,531,541	(61,995)	1,199	34,207,654	73,945,411	2,324,385	76,269,796
Transactions with owners recorded directly in equity for the quarter ended March 31, 2012										
Final cash dividend for the year ended December 31, 2011 declared subsequent to year end at Rs.6.0 per share	-	-	-	-	-	-	(7,345,078)	(7,345,078)	-	(7,345,078)
Total comprehensive income for the quarter ended March 31, 2012										
Profit after taxation for the quarter ended March 31, 2012	-	-	-	-	-	-	4,857,305	4,857,305	6,378	4,863,683
Other comprehensive income - net of tax	-	-	-	508,674	14,494	-	-	523,168	112,396	635,564
Total comprehensive income	-	-	-	508,674	14,494	-	4,857,305	5,380,473	118,774	5,499,247
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,294	17,294	-	17,294
Transfer to statutory reserves	-	-	486,526	-	-	-	(486,526)	-	-	-
Balance as at March 31, 2012 (Un-audited)	12,241,798	3,000	16,508,740	12,040,215	(47,501)	1,199	31,250,649	71,998,100	2,443,159	74,441,259

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

Atif R. Bokhari	**Seerat Asghar**	**Sir Mohammed Anwar Pervez, OBE, HPk**	**Nahayan Mabarak Al Nahayan**
President & Chief Executive Officer	Director	Deputy Chairman	Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

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) (UBAG), Switzerland
United Executors and Trustees Company Limited (UET), Pakistan
UBL Fund Managers Limited (UBLFM), Pakistan

The Group is engaged in commercial banking, asset management, investment advisory and investments business. 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 1,218 (December 31, 2011: 1,218) branches inside Pakistan including 14 (December 31, 2011: 14) Islamic Banking branches and 1 (December 31, 2011: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2010: 17) branches outside Pakistan as at March 31, 2012.

The Bank's ordinary shares are listed on all three stock exchanges in Pakistan. 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.

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 ("SBP") 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. 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 material inter 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

3.1 These consolidated condensed interim financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34, Interim Financial Reporting, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance,1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

3.2 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

3.3 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter 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 consolidated annual financial statements of the Bank for the year ended December 31, 2011.

3.4 On August 14, 2009, the Government of Pakistan (GoP) launched the Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-SOEs.

The Scheme needs to be accounted for by the covered entities, including the Bank, under the provisions of amended IFRS 2: Share Based Payments. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff costs of the Group for the period would have been higher by Rs.54 million (March 31, 2011: Rs.42 million), profit before taxation would have been lower by Rs.54 million (March 31, 2011: Rs.42 million), unappropriated profit would have been lower by Rs.750 million (March 31, 2011: Rs.624 million) and reserves would have been higher by Rs.750 million (March 31, 2011: Rs.624 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs. 0.04 per share (March 31, 2011: Rs.0.03).

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2011.

4.2 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, 2011.

5. BASIS OF MEASUREMENT

5.1 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.

5.2 The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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 consolidated financial statements of the Group for the year ended December 31, 2011.

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	------- (Rupees in '000) -------	
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	130,000
Repurchase agreement lendings	3,931,456	-
Other lendings to financial institutions	11,676,815	9,762,848
	15,608,271	9,892,848
Provisions against lendings to financial institutions	(439,992)	(356,637)
	15,168,279	9,536,211

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

7. INVESTMENTS

7.1 Investments by types

	Note	(Un-audited) March 31, 2012 Held by Group	Given as collateral	Total	(Audited) December 31, 2011 Held by Group	Given as collateral	Total
		-- (Rupees in '000)					
7.1.1 Held for trading securities							
Market Treasury Bills		6,172,100	-	6,172,100	692,705	-	692,705
Pakistan Investment Bonds		283,197	-	283,197	-	-	-
Ordinary shares of listed companies		-	-	-	386,782	-	386,782
Term Finance Certificates		110,581	-	110,581	101,174	-	101,174
Units of mutual funds		47,429	-	47,429	44,252	-	44,252
Sukuks		28,495	-	28,495	28,504	-	28,504
		6,641,802	-	6,641,802	1,253,417	-	1,253,417
7.1.2 Available for sale securities							
Market Treasury Bills		85,824,902	61,604,692	147,429,594	100,056,116	28,236,295	128,292,411
Pakistan Investment Bonds		28,840,200	187,686	29,027,886	28,741,922	-	28,741,922
Government of Pakistan Sukuk		8,549,169	-	8,549,169	7,666,532	-	7,666,532
Government of Pakistan Eurobonds		7,601,946	-	7,601,946	7,373,609	-	7,373,609
Ordinary shares of listed companies		2,035,716	-	2,035,716	5,806,330	-	5,806,330
Preference shares		488,234	-	488,234	485,936	-	485,936
Ordinary shares of unlisted companies	7.3	443,038	-	443,038	445,724	-	445,724
Term Finance Certificates		2,143,392	-	2,143,392	2,146,276	-	2,146,276
Units of mutual funds		2,179,075	-	2,179,075	2,179,075	-	2,179,075
Foreign bonds		21,652,677	-	21,652,677	18,181,364	-	18,181,364
		159,758,349	61,792,378	221,550,727	173,082,884	28,236,295	201,319,179
7.1.3 Held to maturity securities							
Market Treasury Bills		54,547,057	-	54,547,057	50,545,793	-	50,545,793
Pakistan Investment Bonds		23,499,185	-	23,499,185	23,468,779	-	23,468,779
Government of Pakistan Sukuk		300,000	-	300,000	300,000	-	300,000
Government of Pakistan Guaranteed Bonds		46,982	-	46,982	51,202	-	51,202
Term Finance Certificates		3,688,741	-	3,688,741	3,832,169	-	3,832,169
Sukuk Bonds		1,862,467	-	1,862,467	1,863,468	-	1,863,468
Participation Term Certificates		9,378	-	9,378	10,661	-	10,661
Debentures		4,392	-	4,392	4,392	-	4,392
Foreign bonds		3,796,947	-	3,796,947	5,441,878	-	5,441,878
Recovery note		289,398	-	289,398	289,214	-	289,214
Commercial paper		50,438	-	50,438	50,438	-	50,438
CDC SAARC Fund		454	-	454	450	-	450
Government of Pakistan Eurobonds		1,980,051	-	1,980,051	1,986,830	-	1,986,830
		90,075,490	-	90,075,490	87,845,274	-	87,845,274
7.1.4 Associates							
United Growth and Income Fund		2,406,126	-	2,406,126	2,332,486	-	2,332,486
UBL Liquidity Plus Fund		10,537,978	-	10,537,978	5,049,099	-	5,049,099
United Composite Islamic Fund		400,633	-	400,633	346,862	-	346,862
United Islamic Income Fund		173,802	-	173,802	163,959	-	163,959
United Stock Advantage Fund		440,761	-	440,761	388,046	-	388,046
UBL Capital Protected Fund - II		116,595	-	116,595	113,092	-	113,092
UBL Savings Income Fund		2,567,137	-	2,567,137	2,734,011	-	2,734,011
UBL Islamic Savings Fund		1,524,212	-	1,524,212	1,630,032	-	1,630,032
UBL Islamic Retirement Savings Fund		113,818	-	113,818	105,062	-	105,062
UBL Retirement Savings Fund		113,912	-	113,912	106,146	-	106,146
UBL Principal Protected Fund - I		143,059	-	143,059	-	-	-
UBL Government Securities Fund		3,118,023	-	3,118,023	3,058,294	-	3,058,294
UBL Insurers Limited		190,460	-	190,460	188,637	-	188,637
Oman United Exchange Company, Muscat		69,606	-	69,606	66,954	-	66,954
	7.2	21,916,122	-	21,916,122	16,282,680	-	16,282,680
		278,391,763	61,792,378	340,184,141	278,464,255	28,236,295	306,700,550
Provision for diminution in value of investments		(1,031,312)	-	(1,031,312)	(2,734,622)	-	(2,734,622)
Investments (net of provisions)		277,360,451	61,792,378	339,152,829	275,729,633	28,236,295	303,965,928
(Deficit) / surplus on revaluation of available for sale securities		(1,978,747)	(19,567)	(1,998,314)	(2,859,684)	32,921	(2,826,763)
Deficit on revaluation of held for trading securities		(4,339)	-	(4,339)	(32,288)	-	(32,288)
Total Investments		275,377,365	61,772,811	337,150,176	272,837,661	28,269,216	301,106,877

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7.2 This includes investment in mutual funds aggregating to Rs.480 million (December 31, 2011: Rs.480 million) which is required to be kept for a period of two years.

7.3 As explained in note 9.7 of the annual consolidated financial statements for the year ended December 31, 2011, the bid submitted by the Bank's consortium on February 16, 2012 has been selected as the highest bid by the selling shareholders of Khushhali Bank Limited (KBL). In this regard a letter of acceptance has been issued by the sellers in favor of the Bank's consortium.

Consummation of purchase of shares from the selling shareholders is conditional upon regulatory consents and approvals from the SBP and the Competition Commission of Pakistan and on successful execution of the Share Purchase Agreement. Post acquisition, UBL's direct shareholding in KBL shall become approximately 29.7%.

	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
		-------- (Rupees in '000) --------	
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		273,345,969	258,874,253
Outside Pakistan		90,874,741	88,932,219
		364,220,710	347,806,472
Bills discounted and purchased			
Payable in Pakistan		24,897,741	18,552,309
Payable outside Pakistan		12,915,069	15,756,994
		37,812,810	34,309,303
		402,033,520	382,115,775
Provision against advances			
- Specific		(40,675,210)	(39,967,562)
- General	8.2	(1,031,484)	(1,008,694)
		360,326,826	341,139,519

8.1 Advances include Rs. 59,731 million (December 31, 2011: Rs.51,144 million) which have been placed under non-performing status as detailed below:

March 31, 2012 (Un-audited)

Category of Classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------------------------------- (Rupees in '000) -----------------------------								
Other Assets Especially Mentioned *	385,551	-	385,551	-	-	-	-	-	-
Substandard	1,538,106	2,004,638	3,542,744	334,633	481,201	815,834	334,633	481,201	815,834
Doubtful	3,541,100	1,271,245	4,812,345	1,709,397	945,707	2,655,104	1,709,397	945,707	2,655,104
Loss	46,229,186	4,761,494	50,990,680	33,849,946	3,354,326	37,204,272	33,849,946	3,354,326	37,204,272
	51,693,943	8,037,377	59,731,320	35,893,976	4,781,234	40,675,210	35,893,976	4,781,234	40,675,210

December 31, 2011 (Audited)

Category of Classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------------------------------- (Rupees in '000) -----------------------------								
Other Assets Especially Mentioned *	319,428	-	319,428	-	-	-	-	-	-
Substandard	2,274,422	747,378	3,021,800	431,607	174,625	606,232	431,607	174,625	606,232
Doubtful	4,276,895	1,081,319	5,358,214	2,156,044	794,875	2,950,919	2,156,044	794,875	2,950,919
Loss	37,639,745	4,804,983	42,444,728	32,996,932	3,413,479	36,410,411	32,996,932	3,413,479	36,410,411
	44,510,490	6,633,680	51,144,170	35,584,583	4,382,979	39,967,562	35,584,583	4,382,979	39,967,562

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

8.2 General provision represents provision amounting to Rs 293.236 million (December 31, 2011: Rs.308.153 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 638.248 million (December 31, 2011: Rs.600.541 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. General provisions also include an amount of Rs. 100.000 million (December 31, 2011: Rs.100.000 million) which the Bank carries as matter of prudence given the current economic environment and is based on management estimates.

8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of pledged stocks and mortgaged residential and commercial properties (land and building only) held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,198 million (December 31, 2011: Rs.3,217 million). The FSV benefit recognized is not available for the distribution of cash or stock dividend to shareholders.

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	Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
		------- (Rupees in '000) -------	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		1,138,370	991,841
Property and equipment		23,361,829	23,218,456
Intangible assets		1,489,279	1,512,184
	9.1	25,989,478	25,722,481

9.1 Additions and disposals during the period amounted to Rs. 683.857 million (March 31, 2011:Rs. 586.988 million) and Rs. 45.778 million (March 31, 2011:Rs. 45.688 million), respectively.

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	------- (Rupees in '000) -------	
10. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan		
- Export refinance scheme	10,486,611	12,386,674
- Refinance facility for modernization of SME	39,778	42,264
- Long term financing facility	3,801,563	3,516,846
- Long term financing under export oriented projects	1,279,530	1,410,276
	15,607,482	17,356,060
Repurchase agreement borrowings	61,686,392	28,241,667
	77,293,874	45,597,727
Unsecured		
Call borrowings	4,189,895	3,772,258
Overdrawn nostro accounts	1,145,125	7,497
Other borrowings	1,514,005	1,468,395
	6,849,025	5,248,150
	84,142,899	50,845,877
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	194,719,638	185,703,454
Savings deposits	213,371,496	207,827,764
Sundry deposits	6,904,299	7,061,853
Margin deposits	3,926,265	4,052,656
Current accounts - remunerative	3,904,961	6,464,468
Current accounts - non-remunerative	201,112,273	208,228,448
	623,938,932	619,338,643
Financial Institutions		
Remunerative deposits	5,007,368	7,293,860
Non-remunerative deposits	7,338,951	7,256,913
	12,346,319	14,550,773
	636,285,251	633,889,416

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		(Un-audited) March 31, 2012	(Audited) December 31, 2011
		------- (Rupees in '000) -------	
12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus / (deficit) arising on revaluation of assets - net of tax:			
Fixed assets			
- Group's share		11,030,762	11,016,498
- Non-controlling interest		590,236	564,912
	12.1	11,620,998	11,581,410
Securities			
- Group's share		(1,302,005)	(1,829,181)
- Non-controlling interest		23,268	(30,464)
	12.2	(1,278,737)	(1,859,645)
Deficit arising on revaluation of assets of associates		(57,553)	(70,915)
		10,284,708	9,650,850

12.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets at January 01	16,687,720	16,394,246
Revaluation of fixed assets during the period / year	-	329,495
Exchange adjustments	56,909	69,055
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(17,294)	(69,043)
Related deferred tax liability on incremental depreciation charged during the period / year	(9,013)	(36,033)
	30,602	293,474
	16,718,322	16,687,720
Less: Related deferred tax liability on:		
Revaluation as on January 01	5,106,310	5,142,198
Exchange adjustments	27	145
Incremental depreciation charged on related assets	(9,013)	(36,033)
	5,097,324	5,106,310
	11,620,998	11,581,410

12.2 (Deficit) / surplus on revaluation on available for sale securities

Market Treasury Bills	93,228	129,358
Pakistan Investment Bonds	(806,015)	(714,954)
Listed shares	(125,625)	(551,038)
Mutual fund units	(33,153)	(34,323)
Term Finance Certificates, Sukuk, other Bonds etc.	26,809	36,224
Foreign bonds	(1,153,558)	(1,692,030)
	(1,998,314)	(2,826,763)
Related deferred tax asset	719,577	967,118
	(1,278,737)	(1,859,645)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	------- (Rupees in '000) -------	
13. CONTINGENCIES AND COMMITMENTS		
13.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring:		
Government	2,229,638	2,436,053
Banking companies and other financial institutions	4,142,162	4,786,121
Others	2,365,315	2,537,724
	8,737,115	9,759,898
13.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	83,475,441	78,652,267
Banking companies and other financial institutions	3,077,957	2,788,949
Others	22,070,797	19,930,066
	108,624,195	101,371,282
13.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	41,060,938	37,415,189
Banking companies and other financial institutions	4,264,558	2,620,900
Others	94,144,742	88,267,837
	139,470,238	128,303,926
13.4 Other contingencies		
Claims against the Group not acknowledged as debts	22,185,487	22,218,847

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.

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	------- (Rupees in '000) -------	
13.6 Commitments in respect of forward exchange contracts		
Sale	102,382,579	100,302,537
Purchase	154,764,651	142,678,300

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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		Note	(Un-audited) March 31, 2012	(Audited) December 31, 2011
			------- (Rupees in '000) -------	
13.7	**Commitments in respect of derivatives**			
	Interest rate swaps		8,425,921	8,444,451
	Cross Currency swaps		35,610,289	35,041,839
13.8	**Commitments in respect of capital expenditure**		1,799,529	1,082,145
13.9	**For contingencies relating to taxation refer note**	17		

		------(Un-audited)------ March 31, 2012	March 31, 2011
		------- (Rupees in '000) -------	
14.	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances to customers	9,276,700	9,907,589
	On lendings to financial institutions		
	- Call money lending	5,253	15,814
	- Securities purchased under resale agreements	69,169	113,957
	- Advances to financial institutions	89,135	71,136
		163,557	200,907
	On investments in		
	- Held for trading securities	110,825	540,818
	- Available for sale securities	5,308,826	2,757,032
	- Held to maturity securities	3,002,262	3,433,348
		8,421,913	6,731,198
	On deposits with financial institutions	115,018	77,666
	Discount income	34,932	4,666
		18,012,120	16,922,026
15.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	On deposits	6,633,516	5,722,585
	On securities sold under repurchase agreements	610,193	595,008
	On other short term borrowings	625,733	914,642
	On long term borrowings	339,700	368,082
		8,209,142	7,600,317

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

16. ADMINISTRATIVE EXPENSES

	------(Un-audited)------	
	March 31, 2012	March 31, 2011
	--------- (Rupees in '000) ---------	
Salaries, allowances etc.	2,392,430	2,122,270
Charge for compensated absences	143,415	43,094
Medical expenses	106,023	100,667
Contribution to defined contribution plan	63,581	51,559
Reversal in respect of defined benefit obligations	(22,407)	(35,297)
Rent, taxes, insurance, electricity etc.	692,458	585,048
Depreciation	358,212	390,629
Amortization	95,397	75,903
Outsourced service charges including sales commission	514,605	353,699
Communications	231,444	208,758
Banking service charges	201,003	172,898
Cash transportation charges	84,452	77,047
Stationery and printing	107,783	105,477
Legal and professional charges	76,761	40,296
Advertisement and publicity	140,889	134,042
Repairs and maintenance	288,234	214,547
Travelling	65,217	64,749
Office running expenses	96,568	87,982
Vehicle expenses	44,845	33,989
Entertainment	37,303	30,943
Cartage, freight and conveyance	22,254	18,451
Insurance expense	57,993	40,384
Auditors' remuneration	20,983	18,463
Training and seminars	22,095	11,566
Brokerage expenses	5,431	10,458
Subscriptions	19,878	12,691
Non-executive Directors' fees	5,910	5,379
Donations	727	100
Miscellaneous expenses	119,519	89,715
	5,993,003	5,065,507

17. TAXATION

The Income Tax return of the Bank for the tax year 2011 (accounting year ended December 31, 2010) was filed and was deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

On the basis of tax returns filed, the tax authorities have issued amended assessment orders for the tax years 2003 to 2011 (accounting years ended December 31, 2002 to 2010) determining additional tax liability of Rs.8,356 million, which has been fully paid as required under the law, except for a portion of Rs.518 million relating to the tax year 2011 which has not been paid because of available refunds. For the tax years 2004 to 2009, appeals have been decided by the Commissioner of Inland Revenue [CIR(A)] by allowing relief on certain issues, while the tax years 2003 and 2010 remain pending before the CIR(A). The appeal for the tax year 2011 is in the process of preparation and will be filed in due course before the CIR(A). For the tax years 2004 to 2007, appeals have been decided by the Appellate Tribunal Inland Revenue (ATIR) and relief on certain issues have been allowed, the appeal effect order of which has resulted in a refund of Rs. 1,340 million. For the remaining matters, the Bank has filed a reference application before the High Court of Sindh. For the tax years 2008 and 2009 the appeals are pending adjudication. The management is confident that the appeals will be decided in favor of the Bank.

Under the Seventh Schedule to the Ordinance, banks are allowed to claim provisions against advances upto 5% of total advances for consumer and small and medium enterprises and upto 1% of total advances for other advances. Amounts above these limits are allowed to be claimed in future years. The Bank has booked a deferred tax asset of Rs. 3,200 million (2011: 3,200 million) in respect of provisions in excess of the above mentioned limits.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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The Bank also carries a tax asset amounting to Rs.4,114 million (December 31, 2011: Rs.4,114 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 advisor, is confident that these would be allowed to the Bank at appellate levels.

The tax returns for Azad Kashmir (AK) Branches have been filed for the tax years 2005 to 2011 (accounting years ended December 31, 2004 to 2010) under the provisions of section 120(1) read with section 114 of the Ordinance, and in compliance with the terms of the agreement between the banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax returns for overseas branches (for UAE, Qatar, Yemen and New York) have been filed up to the accounting year ended December 31, 2010 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the Period Ended March 31, 2012 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	---- (Rupees in '000) ----						
Total income	64,374	2,513,142	8,497,875	2,211,197	172,638	716,516	-
Total expenses	(26,094)	(5,650)	(5,234,949)	(1,138,206)	(136,877)	(390,617)	-
Net income before tax	38,280	2,507,492	3,262,926	1,072,991	35,760	325,899	-
Segment return on assets (ROA) (%)	9.3%	1.9%	1.4%	1.0%	18.2%	-	-
Segment cost of funds (%)	1.0%	8.0%	4.1%	7.3%	-	-	-

For the Period Ended March 31, 2011 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	---- (Rupees in '000) ----						
Total income	78,590	1,303,884	8,707,685	2,113,956	96,469	371,506	-
Total expenses	(28,750)	(1,084,799)	(5,099,830)	(948,956)	(82,000)	(286,572)	-
Net income before tax	49,840	219,085	3,607,854	1,165,000	14,468	84,934	-
Segment return on assets (ROA) (%)	2.7%	0.2%	1.8%	0.9%	8.7%	-	-
Segment cost of funds (%)	0.4%	8.0%	4.2%	7.4%	-	-	-

As at March 31, 2012 (Un-audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	---- (Rupees in '000) ----						
Segment assets (gross of NPL provisions)	1,189,157	382,218,030	614,999,243	299,040,818	627,395	98,440,486	(506,408,653)
Segment non performing loans (NPLs)	590,762	644,473	24,969,041	33,513,891	-	13,153	-
Segment provision held against NPLs	150,589	322,008	19,734,893	20,454,567	-	13,153	-
Segment liabilities	1,013,323	381,683,232	589,441,497	274,954,790	99,579	23,921,532	(506,408,653)

As at December 31, 2011 (Audited)

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	---- (Rupees in '000) ----						
Segment assets (gross of NPL provisions)	1,890,059	363,562,165	622,289,351	338,561,705	562,761	81,148,631	(560,842,322)
Segment non performing loans (NPLs)	616,212	2,151,690	23,920,757	24,442,358	-	13,153	-
Segment provision held against NPLs	149,404	1,667,117	19,272,926	18,864,962	-	13,153	-
Segment liabilities	1,416,057	358,598,945	631,503,979	275,169,226	64,977	15,373,280	(560,842,322)

Segment assets and liabilites include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

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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 condensed interim financial statements, are as follows:

	As at March 31, 2012 (Un-audited)				As at December 31, 2011 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----							
Balances with banks								
In current accounts	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	955	-	-	-	500,006
	-	-	-	955	-	-	-	500,006
Investments								
In shares / mutual funds - cost								
Opening balance		-	16,282,680	308,803	-	-	7,666,215	361,441
Investment made during the period / year		-	5,727,690	-	-	-	13,630,136	-
Investment redeemed / disposed off during the period / year		-	(69,085)	(225)	-	-	(4,313,091)	(52,638)
Equity method adjustments			(25,162)				(700,580)	
Closing balance	-	-	21,916,122	308,578	-	-	16,282,680	308,803
Provision for dimunition in value of investments	-	-	-	58,259	-	-	-	58,259
Advances								
Opening balance	871	231,970	-	-	969	141,762	-	-
Addition during the period / year	-	41,552	-	-	-	148,506	-	-
Repaid during the period / year	(29)	(25,049)	-	-	(98)	(58,298)	-	-
Closing balance	842	248,473	-	-	871	231,970	-	-
Other Assets								
Interest markup accrued	11	24	-	6,919	11	139	-	6,722
Dividend recievable	-	-	449,422	-	-	-	-	-
Receivable from staff retirement funds	-	-	-	121,714	-	-	-	99,182
Prepaid insurance	-	-	177,066	-	-	-	805	-
Remuneration receivable from management of fund	-	-	62,556	4,256	-	-	49,583	3,412
Sales load receivable	-	-	7,311	-	-	-	10,472	-
Formation cost receivable	-	-	6,055	-	-	-	6,055	-
Advance for pre-IPO investment	-	-	-	-	-	-	100,000	-
Other receivable	-	-	64	-	-	-	68	-
Borrowings								
Opening balance	-	-	-	449,740	-	-	-	428,195
Borrowings during the period / year	-	-	-	2,321,317	-	-	-	899,480
Settled during the period / year	-	-	-	(903,047)	-	-	-	(877,935)
Closing balance	-	-	-	1,868,010	-	-	-	449,740
Deposits and other accounts								
Opening balance	2,898,779	81,370	1,217,179	2,040,939	2,796,798	66,269	3,824,208	1,023,817
Received during the period / year	582,238	208,972	9,523,849	19,584,850	15,000,221	1,821,171	36,730,601	83,114,029
Withdrawn during the period / year	(363,825)	(151,968)	(10,240,110)	(19,695,763)	(14,898,240)	(1,806,070)	(39,337,630)	(82,096,908)
Closing balance	3,117,192	138,374	500,918	1,930,026	2,898,779	81,370	1,217,179	2,040,939
Subordinated loans	-	5	5,998	-	-	5	5,998	-
Other Liabilities								
Interest / markup payable on deposits	15,622	95	60	9,701	35,518	222	64	2,844
Interest / markup payable on borrowings	-	-	-	1,203	-	-	-	761
Interest / markup payable on sub-ordinated loans	-	0	25	-	-	0	167	-
Unrealised loss on derivative transactions	-	-	-	1,782,339	-	-	-	1,623,223
Contingencies and Commitments								
Letter of guarantee	1,796,675	-	76,268	-	1,782,540	-	75,668	-
Forward foreign exchange contracts purchase	-	-	-	3,337,940	-	-	-	1,451,040
Forward foreign exchange contracts sale	-	-	-	837,810	-	-	-	1,448,555

	For the quarter ended March 31, 2012 (Un-audited)				For the quarter ended March 31, 2011 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----							
Mark-up / return / interest earned	32	3,127	-	18,127	38	2,272	-	67,469
Commission / charges recovered	1	7	101	65	2	4	253	686
Dividend received	-	-	617,212	-	-	-	29,735	-
Net gain on sale of investment	-	-	9,019	-	-	-	6,052	-
Realised gain on derivative transactions	-	-	-	506,914	-	-	-	575,518
Remuneration received from management of fund	-	-	145,803	2,204		-	81,635	168
Sales Load received	-	-	10,672	-		-	4,898	12
Other income	-	685	-	-	-	2,398	90	-
Mark-up / return / interest paid	31,150	172	3,674	13,912	22,414	152	32,483	16,255
Remuneration paid	-	292,092	-	-	-	224,801	-	-
Post employment benefits	-	5,201	-	-	-	4,724	-	-
Non-executive directors' fee	5,910	-	-	-	5,379	-	-	-
Net charge for defined contribution plans	-	-	-	44,174	-	-	-	39,721
Net reversal for defined benefit plans	-	-	-	(70,188)	-	-	-	(83,053)
Payment for employee motivation and retention scheme	-	-	-	250,000	-	-	-	115,000
Insurance premium paid	-	-	263,926	-	-	-	235,591	-
Insurance claims settled	-	-	38,636	-	-	-	43,807	-

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

20. ISLAMIC BANKING BUSINESS

20.1 The statement of financial position of the Group's Islamic Banking branches as at March 31, 2012 is as follows:

	(Un-audited) March 31, 2012	(Audited) December 31, 2011
	------(Rupees in '000)------	
ASSETS		
Cash and balances with treasury banks	487,778	520,737
Balances with other banks	198,435	2,185,282
Investments	6,964,997	5,006,664
Financing and receivables		
- Murabaha	184,851	355,909
- Musharaka	83,333	111,111
- Diminishing Musharaka	61,405	67,051
- Salam	72,969	-
Provision against advances	(28,672)	(21,982)
	373,886	512,089
Operating fixed assets including assets given under Ijarah	556,328	503,512
Other assets	615,605	384,977
Total Assets	9,197,029	9,113,261
LIABILITIES		
Bills payable	960	960
Deposits and other accounts		
- Current accounts	1,553,575	1,453,763
- Saving accounts	1,471,947	1,233,772
- Term deposits	2,410,416	1,652,628
- Deposits from financial institutions - remunerative	2,755,032	2,841,225
	8,190,970	7,181,388
Due to Head Office	289,195	1,339,874
Other liabilities	98,663	105,099
	8,579,788	8,627,321
NET ASSETS	617,241	485,940
REPRESENTED BY		
Islamic Banking Fund	681,000	681,000
Accumulated loss	(69,693)	(199,658)
	611,307	481,342
Surplus / (deficit) on revaluation of assets	5,934	4,598
	617,241	485,940

20.2 The profit and loss account of the Group's Islamic Banking branches for the quarter ended March 31, 2012 is as follows:

	Quarter ended (Un-audited) March 31, 2012	March 31, 2011
	------(Rupees in '000)------	
Return earned	326,792	181,005
Return expensed	(138,373)	(107,584)
	188,419	73,421
Provision against loans and advances	(6,690)	-
Reversal for diminution in value of investment	673	35,130
Reversal against assets given on Ijara	239	2,634
	(5,778)	37,764
Net return after provision	182,641	111,185
OTHER INCOME		
Fee, commission and brokerage income	2,666	1,582
Dividend income	27,865	3,866
Income from dealing in foreign currencies	3,749	729
Gain on sale of securities	860	-
Other income	4,049	3,664
Total other income	39,189	9,841
	221,830	121,026
OTHER EXPENSES		
Administrative expenses	(88,480)	(69,441)
Other provisions / write offs	(3,385)	(1,521)
Total other expenses	(91,865)	(70,962)
Net profit / (loss) for the period	129,965	50,064
Accumulated losses brought forward	(199,658)	(203,000)
Accumulated losses carried forward	(69,693)	(152,936)
Remuneration to Sharia Advisor / Board	681	602

21. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on April 26, 2012 by the Board of Directors of the Group.

Atif R. Bokhari President & Chief Executive Officer	**Seerat Asghar** Director	**Sir Mohammed Anwar Pervez, OBE, HPk** Deputy Chairman	**Nahayan Mabarak Al Nahayan** Chairman