

# United Bank Limited

## CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014  
(UNAUDITED)





**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2014**

	Note	(Un-audited) September 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		77,496,964	89,591,601
Balances with other banks		29,213,502	32,658,606
Lendings to financial institutions	6	37,251,832	29,858,038
Investments	7	491,407,460	458,846,198
Advances	8	452,067,066	415,283,310
Operating fixed assets	9	27,879,802	28,037,980
Deferred tax asset - net		-	-
Other assets		28,418,019	29,356,983
		1,143,734,645	1,083,632,716
<b>LIABILITIES</b>			
Bills payable		11,175,727	16,600,691
Borrowings	10	63,416,279	41,077,730
Deposits and other accounts	11	927,560,854	889,525,603
Subordinated loans		-	665,328
Liabilities against assets subject to finance lease		664	1,325
Deferred tax liability - net		610,249	1,395,138
Other liabilities		24,314,746	23,093,754
		1,027,078,519	972,359,569
<b>NET ASSETS</b>		<u>116,656,126</u>	<u>111,273,147</u>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		38,076,443	38,049,345
Unappropriated profit		49,713,140	45,208,302
Total equity attributable to the equity holders of the Bank		100,031,381	95,499,445
Non-controlling interest		3,566,009	3,487,918
		103,597,390	98,987,363
Surplus on revaluation of assets - net of deferred tax	12	13,058,736	12,285,784
		<u>116,656,126</u>	<u>111,273,147</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Note	July - September 2014	July - September 2013	January - September 2014	January - September 2013
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	20,901,554	18,769,847	62,642,194	55,485,953
Mark-up / return / interest expensed	15	(9,386,607)	(8,849,585)	(29,073,131)	(27,066,163)
Net mark-up / return / interest income		11,514,947	9,920,262	33,569,063	28,419,790
Reversal / (provision) against loans and advances - net		489,724	(384,349)	(417,958)	(1,529,748)
(Provision) / reversal against lendings to financial institutions - net		(155,598)	338	(165,303)	(60,848)
(Provision) / reversal against diminution in value of investments - net		(173,410)	9,857	(414,687)	(19,216)
Bad debts written off directly		(113,146)	(57,526)	(189,546)	(166,209)
		47,570	(431,680)	(1,187,494)	(1,776,021)
Net mark-up / return / interest income after provisions		11,562,517	9,488,582	32,381,569	26,643,769
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		3,337,563	2,956,030	9,779,627	8,256,774
Dividend income		355,261	335,192	1,220,636	948,797
Income from dealing in foreign currencies		888,671	772,242	2,350,139	1,596,311
Gain on sale of securities - net		120,676	636,737	1,657,159	2,773,833
Unrealized loss on revaluation of investments classified as held for trading		(2,367)	(66,552)	(48,903)	(74,145)
Other income		304,550	266,790	1,020,093	827,013
Total non mark-up / interest income		5,004,354	4,900,439	15,978,751	14,328,583
		16,566,871	14,389,021	48,360,320	40,972,352
<b>Non mark-up / interest expenses</b>					
Administrative expenses	16	(7,817,838)	(7,210,952)	(23,076,863)	(21,025,264)
Other provisions - net		23,609	(20,840)	(142,319)	(91,855)
Workers' Welfare Fund		(175,021)	(132,452)	(506,724)	(377,174)
Other charges		(497)	(327)	(8,324)	(701)
Total non mark-up / interest expenses		(7,969,747)	(7,364,571)	(23,734,230)	(21,494,994)
		8,597,124	7,024,450	24,626,090	19,477,358
Share of income of associates		247,586	205,967	914,981	1,032,548
<b>Profit before taxation</b>		8,844,710	7,230,417	25,541,071	20,509,906
Taxation - Current		(3,011,232)	(2,335,583)	(8,715,479)	(6,354,879)
- Prior		(512,731)	(345,788)	(513,075)	(356,332)
- Deferred		533,154	241,104	865,773	236,237
		(2,990,809)	(2,440,267)	(8,362,781)	(6,474,974)
<b>Profit after taxation</b>		5,853,901	4,790,150	17,178,290	14,034,932
<b>Attributable to:</b>					
Equity shareholders of the Bank		5,759,995	4,790,234	17,064,669	13,652,179
Non-controlling interest		93,906	(84)	113,621	382,753
		5,853,901	4,790,150	17,178,290	14,034,932
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>		4.71	3.91	13.94	11.15

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	July - September 2014	July - September 2013	January - September 2014	January - September 2013
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period attributable to:</b>				
Equity shareholders of the Bank	5,759,995	4,790,234	17,064,669	13,652,179
Non-controlling interest	93,906	(84)	113,621	382,753
	<u>5,853,901</u>	<u>4,790,150</u>	<u>17,178,290</u>	<u>14,034,932</u>
<b>Other comprehensive income:</b>				
<i>Items that are or may be reclassified to profit and loss account</i>				
Exchange differences on translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	1,221,781	3,091,809	(1,567,892)	3,816,983
- Non-controlling interest	(10,978)	417,946	(36,219)	347,418
	<u>1,210,803</u>	<u>3,509,755</u>	<u>(1,604,111)</u>	<u>4,164,400</u>
Amortization of cash flow hedges	-	5,645	4,962	22,027
Related deferred tax charge	-	(1,975)	(1,737)	(7,709)
	<u>-</u>	<u>3,670</u>	<u>3,225</u>	<u>14,318</u>
	<u>1,210,803</u>	<u>3,513,425</u>	<u>(1,600,886)</u>	<u>4,178,718</u>
<b>Comprehensive income transferred to equity - net of tax</b>	<u><u>7,064,704</u></u>	<u><u>8,303,575</u></u>	<u><u>15,577,404</u></u>	<u><u>18,213,650</u></u>

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

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

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	25,541,071	20,509,906
Less: Dividend income	(1,220,636)	(948,797)
Share of income of associates	(914,981)	(1,032,548)
	<u>23,405,454</u>	<u>18,528,561</u>
<b>Adjustments:</b>		
Depreciation	1,279,716	1,338,186
Amortization	374,782	362,644
Workers' Welfare Fund	506,724	377,174
Provision for retirement benefits	872,147	763,198
Provision against loans and advances - net	417,958	1,529,748
Provision against lendings to financial institutions - net	165,303	60,848
Provision for diminution in value of investments - net	414,687	19,216
Gain on sale of operating fixed assets	(33,646)	(20,849)
Amortization of cash flow hedges	4,962	22,027
Unrealized loss on revaluation of investments classified as held for trading	48,903	74,145
Bad debts written-off directly	189,546	166,209
Finance charges on leased assets	76	340
Other provisions - net	142,319	91,855
	<u>4,383,477</u>	<u>4,784,741</u>
	<u>27,788,931</u>	<u>23,313,302</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(7,559,097)	4,598,025
Held for trading securities	(47,804,090)	1,334,464
Advances	(37,391,260)	(8,089,044)
Other assets (excluding advance taxation)	(1,984,229)	(2,524,208)
	<u>(94,738,676)</u>	<u>(4,680,763)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(5,424,964)	1,624,672
Borrowings	22,338,549	(26,894,934)
Deposits and other accounts	38,035,251	79,245,640
Other liabilities (excluding current taxation)	(431,974)	(468,532)
	<u>54,516,862</u>	<u>53,506,846</u>
	<u>(12,432,883)</u>	<u>72,139,386</u>
Payments on account of staff retirement benefits	(1,075,973)	(267,354)
Income taxes paid	(6,296,491)	(7,824,738)
<b>Net cash (outflow) / inflow from operating activities</b>	<u>(19,805,347)</u>	<u>64,047,294</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	16,638,249	(60,098,867)
Dividend income received	1,083,584	771,298
Investment in operating fixed assets	(1,912,654)	(2,029,110)
Sale proceeds from disposal of operating fixed assets	371,309	166,162
<b>Net cash outflow from investing activities</b>	<u>16,180,488</u>	<u>(61,190,518)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of subordinated loans	(665,328)	(8,653,936)
Payment in respect of leased obligation	(737)	(918)
Dividends paid	(9,644,706)	(9,181,349)
<b>Net cash outflow from financing activities</b>	<u>(10,310,771)</u>	<u>(17,836,203)</u>
	<u>(13,935,630)</u>	<u>(14,979,427)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	(1,567,892)	3,816,983
- Non-controlling interest	(36,219)	347,418
Decrease in cash and cash equivalents during the period	<u>(15,539,741)</u>	<u>(10,815,027)</u>
Cash and cash equivalents at the beginning of the period	<u>122,250,207</u>	<u>117,689,882</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>106,710,466</u></u>	<u><u>106,874,855</u></u>

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

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Attributable to equity shareholders of the Bank							Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	----Capital reserves----		Employees stock option reserve	Unappropriated profit			Sub total
			Exchange translation reserve	Cash flow hedge reserve						
----- (Rupees in '000) -----										
<b>Balance as at January 1, 2013 (Audited) - restated</b>	12,241,798	3,000	17,828,197	14,487,405	(20,994)	1,082	39,305,127	83,845,615	2,827,060	86,672,675
<b>Transactions with owners for the nine months ended September 30, 2013</b>										
Final cash dividend - December 31, 2012 declared subsequent to the year end at Rs.3.5 per share	-	-	-	-	-	-	(4,284,629)	(4,284,629)	-	(4,284,629)
Interim cash dividend - March 31, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Interim cash dividend - June 30, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Employees stock option reserve	-	-	-	-	-	1,905	-	1,905	-	1,905
	-	-	-	-	-	1,905	(9,181,349)	(9,179,444)	-	(9,179,444)
<b>Total comprehensive income for the nine months ended September 30, 2013</b>										
Profit after taxation for the nine months ended September 30, 2013	-	-	-	-	-	-	13,652,179	13,652,179	382,753	14,034,932
Other comprehensive income - net of tax	-	-	-	3,816,983	14,318	-	-	3,831,301	347,418	4,178,718
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	3,816,983	14,318	-	13,652,179	17,483,480	730,171	18,213,650
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,089	51,089	590	51,679
Transfer to statutory reserve	-	-	1,299,429	-	-	-	(1,299,429)	-	-	-
<b>Balance as at September 30, 2013 (Un-audited)</b>	12,241,798	3,000	19,127,626	18,304,388	(6,676)	2,987	42,527,617	92,200,740	3,557,821	95,758,560
<b>Transactions with owners for the three months ended December 31, 2013</b>										
Interim cash dividend - September 30, 2013 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,360)	(2,448,360)	-	(2,448,360)
Employees stock option reserve	-	-	-	-	-	3,706	-	3,706	-	3,706
	-	-	-	-	-	3,706	(2,448,360)	(2,444,654)	-	(2,444,654)
<b>Total comprehensive income for the three months ended December 31, 2013</b>										
Profit after taxation for the three months ended December 31, 2013	-	-	-	-	-	-	5,633,334	5,633,334	62,505	5,695,839
Other comprehensive income - net of tax	-	-	-	42,977	3,451	-	46,120	92,548	(133,019)	(40,470)
Total comprehensive income for the three months ended December 31, 2013	-	-	-	42,977	3,451	-	5,679,454	5,725,882	(70,514)	5,655,369
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,477	17,477	611	18,088
Transfer to statutory reserves	-	-	567,886	-	-	-	(567,886)	-	-	-
<b>Balance as at December 31, 2013 (Audited)</b>	12,241,798	3,000	19,695,512	18,347,365	(3,225)	6,693	45,208,302	95,499,445	3,487,918	98,987,363
<b>Transactions with owners for the nine months ended September 30, 2014</b>										
Final cash dividend - December 31, 2013 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Interim cash dividend - June 30, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Employees stock option reserve	-	-	-	-	-	(1,514)	-	(1,514)	-	(1,514)
	-	-	-	-	-	(1,514)	(11,017,619)	(11,019,133)	-	(11,019,133)
<b>Total comprehensive income for the nine months ended September 30, 2014</b>										
Profit after taxation for the nine months ended September 30, 2014	-	-	-	-	-	-	17,064,669	17,064,669	113,621	17,178,290
Other comprehensive income - net of tax	-	-	-	(1,567,892)	3,225	-	-	(1,564,667)	(36,219)	(1,600,886)
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	(1,567,892)	3,225	-	17,064,669	15,500,002	77,402	15,577,404
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,067	51,067	689	51,756
Transfer to statutory reserves	-	-	1,593,279	-	-	-	(1,593,279)	-	-	-
<b>Balance as at September 30, 2014 (Un-audited)</b>	12,241,798	3,000	21,288,791	16,779,473	-	5,179	49,713,140	100,031,381	3,566,009	103,597,390

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

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

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Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

**Holding Company**

United Bank Limited (the Bank)

**Subsidiary Companies**

United National Bank Limited, United Kingdom (UBL UK)

UBL (Switzerland) AG, Switzerland (USAG)

UBL Bank (Tanzania) Limited, Tanzania (UBTL)

United Executors and Trustees Company Limited, Pakistan (UET)

UBL Fund Managers Limited, Pakistan (UBLFM)

Al Ameen Islamic Financial Services (Pvt.) Limited, Pakistan (AAIFS)

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 1,287 (December 31, 2013: 1,283) branches inside Pakistan including 22 (December 31, 2013: 22) Islamic Banking branches and 1 (December 31, 2013: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2013: 18) branches outside Pakistan as at September 30, 2014. The Bank is a subsidiary of Bestway (Holdings) Limited which is incorporated in the United Kingdom.

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.

During the period, UBLFM has incorporated a wholly owned subsidiary Al Ameen Islamic Financial Services (Pvt.) Limited on February 27, 2014. The principal activity of the subsidiary is provision of shariah compliant financial services including distribution of shariah compliant mutual funds.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UBL UK, a 0.55% share of the employees of UBLFM in the net asset value of UBLFM and a 0.55% share of the employees of UBLFM in the net asset value of AAIFS.

**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 Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial results of the Islamic Banking branches of the Bank have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating 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 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements 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 requirements 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.

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 IAS 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 financial statements of the Group for the year ended December 31, 2013.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**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 consolidated financial statements of the Group for the year ended December 31, 2013.
- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2013.

**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 judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended December 31, 2013.

**6. LENDINGS TO FINANCIAL INSTITUTIONS**

(Un-audited)      (Audited)  
September 30,      December 31,  
2014                      2013  
----- (Rupees in '000) -----

Call money lendings	1,075,000	100,000
Repurchase agreement lendings	13,774,359	13,791,125
Other lendings to financial institutions	23,211,519	16,620,831
	38,060,878	30,511,956
Provision against lendings to financial institutions	(809,046)	(653,918)
	37,251,832	29,858,038



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**7. INVESTMENTS**
**7.1 Investments by types**

Note	(Un-audited)			(Audited)		
	September 30, 2014			December 31, 2013		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----						
<b>Held for trading securities</b>						
Market Treasury Bills	53,420,434	-	53,420,434	7,401,965	-	7,401,965
Pakistan Investment Bonds	1,123,787	-	1,123,787	-	-	-
Ordinary shares of listed companies	979,081	-	979,081	317,933	-	317,933
Term Finance Certificates	51,527	-	51,527	49,782	-	49,782
Sukuks	15,962	-	15,962	21,437	-	21,437
	55,590,791	-	55,590,791	7,791,117	-	7,791,117
<b>Available for sale securities</b>						
Market Treasury Bills	5,340,941	30,241,711	35,582,652	176,092,538	12,054,264	188,146,802
Pakistan Investment Bonds	145,376,293	2,547,012	147,923,305	65,136,963	-	65,136,963
Government of Pakistan Sukuk	9,881,631	-	9,881,631	6,186,752	-	6,186,752
Government of Pakistan Eurobonds	13,674,257	-	13,674,257	12,624,436	-	12,624,436
Ordinary shares of listed companies	16,156,400	-	16,156,400	14,157,245	-	14,157,245
Preference shares	428,018	-	428,018	444,765	-	444,765
Ordinary shares of unlisted companies	243,293	-	243,293	243,350	-	243,350
Term Finance Certificates	1,662,146	-	1,662,146	1,921,370	-	1,921,370
Foreign bonds - sovereign	23,475,014	-	23,475,014	26,815,680	-	26,815,680
Foreign bonds - others	22,202,354	-	22,202,354	32,479,255	-	32,479,255
	238,440,347	32,788,723	271,229,070	336,102,354	12,054,264	348,156,618
<b>Held to maturity securities</b>						
Market Treasury Bills	18,851,266	-	18,851,266	41,539,276	-	41,539,276
Pakistan Investment Bonds	119,273,252	-	119,273,252	38,333,967	-	38,333,967
Government of Pakistan Eurobonds	6,213,544	-	6,213,544	6,103,979	-	6,103,979
Government of Pakistan Sukuk	-	-	-	300,000	-	300,000
Term Finance Certificates	5,653,853	-	5,653,853	5,045,801	-	5,045,801
Sukuks	1,899,906	-	1,899,906	1,774,197	-	1,774,197
Participation Term Certificates	2,795	-	2,795	4,939	-	4,939
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	710,664	-	710,664	155,121	-	155,121
Foreign bonds - others	587,393	-	587,393	915,371	-	915,371
Recovery note	316,346	-	316,346	324,639	-	324,639
CDC SAARC Fund	223	-	223	229	-	229
	153,511,508	-	153,511,508	94,499,785	-	94,499,785
<b>Associates</b>						
United Growth and Income Fund	3,267,655	-	3,267,655	2,906,051	-	2,906,051
UBL Liquidity Plus Fund	261,526	-	261,526	543,443	-	543,443
UBL Stock Advantage Fund	120,345	-	120,345	51,940	-	51,940
UBL Money Market Fund	116,029	-	116,029	194,253	-	194,253
UBL Retirement Savings Fund	227,556	-	227,556	167,037	-	167,037
UBL Principal Protected Fund - I	-	-	-	212,808	-	212,808
UBL Principal Protected Fund - II	114,353	-	114,353	103,640	-	103,640
UBL Principal Protected Fund - III	211,427	-	211,427	-	-	-
UBL Government Securities Fund	1,955,857	-	1,955,857	109,348	-	109,348
UBL Financial Sector Bond Fund	77,187	-	77,187	105,246	-	105,246
UBL Asset Allocation Fund	709,589	-	709,589	842,528	-	842,528
UBL Gold Fund	88,371	-	88,371	83,283	-	83,283
Al-Ameen Shariah Stock Fund	34,010	-	34,010	27,356	-	27,356
Al-Ameen Islamic Aggressive Income Fund	241,820	-	241,820	212,573	-	212,573
Al-Ameen Islamic Cash Fund	113,965	-	113,965	108,693	-	108,693
Al-Ameen Islamic Principal Preservation Fund – I	132,057	-	132,057	121,674	-	121,674
Al-Ameen Islamic Principal Preservation Fund – II	114,380	-	114,380	105,807	-	105,807
Al-Ameen Islamic Principal Preservation Fund – III	102,512	-	102,512	-	-	-
Al-Ameen Islamic Sovereign Fund	353,565	-	353,565	343,122	-	343,122
Al-Ameen Islamic Retirement Savings Fund	189,396	-	189,396	162,120	-	162,120
Al-Ameen Islamic Asset Allocation Fund	106,276	-	106,276	100,071	-	100,071
UBL Insurers Limited	223,522	-	223,522	211,058	-	211,058
Khushhali Bank Limited	1,067,004	-	1,067,004	952,451	-	952,451
Oman United Exchange Company, Muscat	72,835	-	72,835	68,396	-	68,396
DHA Cogen Limited	-	-	-	-	-	-
	9,901,237	-	9,901,237	7,732,898	-	7,732,898
	457,443,883	32,788,723	490,232,606	446,126,154	12,054,264	458,180,418
Provision for diminution in value of investments	(1,874,974)	-	(1,874,974)	(1,484,505)	-	(1,484,505)
<b>Investments (net of provisions)</b>	455,568,909	32,788,723	488,357,632	444,641,649	12,054,264	456,695,913
Surplus / (deficit) on revaluation of available for sale securities	2,692,778	405,953	3,098,731	2,159,717	(5,016)	2,154,701
Deficit on revaluation of held for trading securities	(48,903)	-	(48,903)	(4,416)	-	(4,416)
<b>Total Investments</b>	458,212,784	33,194,676	491,407,460	446,796,950	12,049,248	458,846,198

7.2 The Bank holds 20.99% of the issued and paid up shares of DHA Cogen Limited which were acquired without any consideration having been paid.

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	Note	(Un-audited) September 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		302,574,778	269,527,934
Outside Pakistan		138,853,313	135,469,377
		<u>441,428,091</u>	<u>404,997,311</u>
Bills discounted and purchased			
Payable in Pakistan		30,967,121	29,857,262
Payable outside Pakistan		26,768,929	26,820,425
		<u>57,736,050</u>	<u>56,677,687</u>
Advances - gross		499,164,141	461,674,998
Provision against advances			
Specific		(45,017,182)	(44,497,945)
General	8.2	(2,079,893)	(1,893,743)
Advances - net of provision		<u>452,067,066</u>	<u>415,283,310</u>

8.1 Advances include Rs. 56,520 million (December 31, 2013: Rs. 54,835 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2014 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	151,151	-	151,151	3,026	-	3,026	3,026	-	3,026
Substandard	5,009,285	544,629	5,553,914	427,297	205,287	632,584	427,297	205,287	632,584
Doubtful	539,208	3,045,997	3,585,205	262,994	1,062,507	1,325,501	262,994	1,062,507	1,325,501
Loss	39,231,487	7,998,415	47,229,902	37,106,400	5,949,670	43,056,070	37,106,400	5,949,670	43,056,070
	<u>44,931,131</u>	<u>11,589,041</u>	<u>56,520,172</u>	<u>37,799,717</u>	<u>7,217,465</u>	<u>45,017,182</u>	<u>37,799,717</u>	<u>7,217,465</u>	<u>45,017,182</u>

Category of Classification	December 31, 2013 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	100,063	-	100,063	640	-	640	640	-	640
Substandard	1,876,334	2,027,722	3,904,056	310,902	501,219	812,121	310,902	501,219	812,121
Doubtful	1,526,948	3,006,480	4,533,428	206,431	1,515,728	1,722,159	206,431	1,515,728	1,722,159
Loss	39,374,606	6,922,779	46,297,385	37,250,604	4,712,421	41,963,025	37,250,604	4,712,421	41,963,025
	<u>42,877,951</u>	<u>11,956,981</u>	<u>54,834,932</u>	<u>37,768,577</u>	<u>6,729,368</u>	<u>44,497,945</u>	<u>37,768,577</u>	<u>6,729,368</u>	<u>44,497,945</u>

\* The other assets especially mentioned category pertains to agricultural finance and advances to small enterprises.

8.2 General provision consists of provision amounting to Rs. 260.242 million (December 31, 2013: Rs.252.592 million) against consumer finance portfolio and Rs. 42.942 million (December 31,2013: 32.942 million) against advances to small enterprises as required by the Prudential Regulations issued by the SBP and Rs.1,728.709 million (December 31, 2013: Rs.1,560.209 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provisions also include an amount of Rs. 48.000 million (December 31, 2013: Rs.48.000 million) which the Group carries as a 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 mortgaged properties 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.1,000.469 million (December 31, 2013: Rs.1,354.730 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
Note	----- (Rupees in '000) -----	
<b>9. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	2,745,373	1,950,378
Property and equipment	23,735,268	24,619,242
Intangible assets	1,399,161	1,468,360
9.1	<u>27,879,802</u>	<u>28,037,980</u>

9.1 Additions and disposals during the period amounted to Rs. 1,992.754 million (September 30, 2013: Rs.2,029.11 million) and Rs. 745.083 million (September 30, 2013: Rs.427.988 million), respectively.

	(Un-audited) September 30, 2014	(Audited) December 31, 2013
	----- (Rupees in '000) -----	
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Export refinance scheme	10,792,480	10,835,330
Refinance facility for modernization of SME	30,142	40,795
Long term financing facility	6,168,233	5,950,207
Long term financing under export oriented projects	230,841	423,958
	17,221,696	17,250,290
Repurchase agreement borrowings	33,196,415	12,042,846
	<u>50,418,111</u>	<u>29,293,136</u>
<b>Unsecured</b>		
Call borrowings	5,295,758	5,033,830
Overdrawn nostro accounts	287,376	399,584
Trading liabilities	2,227,231	-
Other borrowings	5,187,803	6,351,180
	12,998,168	11,784,594
	<u>63,416,279</u>	<u>41,077,730</u>

**11. DEPOSITS AND OTHER ACCOUNTS**
**Customers**

Fixed deposits	265,806,356	280,279,656
Savings deposits	316,494,254	280,813,671
Sundry deposits	9,190,209	7,083,484
Margin deposits	4,471,592	5,601,107
Current accounts - remunerative	7,185,872	10,709,116
Current accounts - non-remunerative	306,880,654	287,401,892
	<u>910,028,937</u>	<u>871,888,926</u>

**Financial Institutions**

Remunerative deposits	11,784,582	11,636,629
Non-remunerative deposits	5,747,335	6,000,048
	17,531,917	17,636,677
	<u>927,560,854</u>	<u>889,525,603</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

(Un-audited)                      (Audited)  
September 30,                      December 31,  
2014                                      2013  
----- (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		10,729,383	10,808,168
- Non-controlling interest		480,048	503,291
	12.1	11,209,431	11,311,459

Securities

- Group's share		2,068,219	1,517,922
- Non-controlling interest		(243,183)	(528,133)
	12.2	1,825,036	989,789

Surplus / (deficit) arising on revaluation of assets of associates		24,269	(15,464)
		13,058,736	12,285,784

**12.1 Surplus on revaluation of fixed assets**

Surplus on revaluation of fixed assets at January 01		16,680,220	16,581,261
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Exchange adjustments

Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(65,327)	204,856
Related deferred tax liability on incremental depreciation charged during the period / year		(51,756)	(69,767)
		(27,501)	(36,130)
		(144,584)	98,959
		16,535,636	16,680,220

Less: Related deferred tax liability on:

Revaluation as on January 1		5,368,761	5,070,497
Recognition of deferred tax		-	334,075
Exchange adjustments		(15,055)	319
Incremental depreciation charged during the period / year		(27,501)	(36,130)
		5,326,205	5,368,761
		11,209,431	11,311,459

**12.2 Surplus / (deficit) on revaluation of available for sale securities**

Market Treasury Bills		(5,040)	(147,850)
Pakistan Investment Bonds		(959,134)	(402,073)
Listed shares		2,688,981	2,767,281
Term Finance Certificates, Sukuks, other bonds, etc.		45,083	75,680
Foreign bonds		1,328,841	(138,337)
		3,098,731	2,154,701
Related deferred tax liability		(1,273,695)	(1,164,912)
		1,825,036	989,789

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	(Un-audited) September 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013 ----- (Rupees in '000) -----
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring:		
Government	4,306,646	3,796,673
Banking companies and other financial institutions	2,406,897	3,078,030
Others	5,231,697	3,912,366
	<u>11,945,240</u>	<u>10,787,069</u>
<b>13.2 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	85,270,152	79,772,016
Banking companies and other financial institutions	6,278,639	5,364,806
Others	40,812,638	34,406,478
	<u>132,361,429</u>	<u>119,543,300</u>
<b>13.3 Trade-related contingent liabilities</b>		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	51,777,806	60,259,468
Banking companies and other financial institutions	5,391,690	10,120,833
Others	119,982,802	108,614,288
	<u>177,152,298</u>	<u>178,994,589</u>
<b>13.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>11,844,363</u>	<u>12,471,155</u>
Contingency in respect of Workers' Welfare Fund	<u>305,997</u>	<u>305,997</u>
<b>13.5 Commitments to extent credit</b>		
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) September 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013 ----- (Rupees in '000) -----
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<u>196,403,572</u>	<u>238,732,897</u>
Sale	<u>166,482,711</u>	<u>202,902,937</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
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	(Un-audited) September 30, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013 ----- (Rupees in '000) -----
<b>13.7 Commitments in respect of derivatives</b>		
Forward sale of Government securities	987,020	-
Interest rate swaps	4,867,879	5,723,576
Cross currency swaps	9,886,800	10,550,240
<b>13.8 Commitments in respect of capital expenditure</b>	2,015,660	1,699,696
<b>13.9 For contingencies relating to taxation refer note 17</b>		
	January - September 2014 ----- (Rupees in '000) -----	January - September 2013 ----- (Rupees in '000) -----
<b>14. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to customers	27,037,775	24,732,882
On lendings to financial institutions		
Call money lendings	21,217	4,396
Repurchase agreement lendings	864,893	181,217
Other lendings to financial institutions	455,378	289,862
	1,341,488	475,475
On investments in		
Held for trading securities	1,319,401	437,109
Available for sale securities	21,243,676	20,230,900
Held to maturity securities	11,604,492	9,433,375
	34,167,569	30,101,384
On deposits with financial institutions	95,362	176,212
	62,642,194	55,485,953
<b>15. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On deposits	25,367,946	21,490,550
On securities sold under repurchase agreements	1,685,676	3,010,841
On other short term borrowings	1,594,097	1,711,594
On long term borrowings	425,412	853,178
	29,073,131	27,066,163

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	January - September 2014	January - September 2013
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	8,298,287	7,724,717
Charge for compensated absences	370,175	434,407
Medical expenses	377,277	351,637
Contribution to defined contribution plan	232,426	200,319
Charge in respect of defined benefit obligations	269,546	128,472
Rent, taxes, insurance, electricity etc.	3,009,400	2,732,010
Depreciation	1,279,716	1,338,186
Amortization	374,782	362,644
Outsourced service charges including sales commission	2,789,197	2,263,678
Communications	871,592	819,156
Banking service charges	754,803	683,764
Cash transportation charges	387,324	317,152
Stationery and printing	442,153	437,766
Legal and professional charges	168,857	208,083
Advertisement and publicity	573,809	413,538
Repairs and maintenance	1,108,134	947,152
Travelling	217,070	179,044
Office running expenses	403,814	356,089
Vehicle expenses	163,334	140,660
Entertainment	147,033	132,047
Cartage, freight and conveyance	67,408	70,893
Insurance expense	75,949	92,861
Auditors' remuneration	82,523	76,387
Training and seminars	78,382	69,318
Brokerage expenses	31,279	37,548
Subscriptions	93,773	64,004
Donations	56,186	41,321
Non-executive Directors' fees	26,912	23,966
Zakat paid by overseas branch	72,860	72,278
Miscellaneous expenses	252,862	306,167
	<u>23,076,863</u>	<u>21,025,264</u>

**17. TAXATION**

The Income Tax returns of the Bank have been filed up to the tax year 2013 (accounting year ended December 31, 2012) 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 income tax authorities have issued amended assessment orders for the tax years 2003 to 2013, and created additional tax demands of Rs.9,589 million, which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank 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 up to 5% of total advances for consumer and small and medium enterprises and up to 1% of total advances for remaining advances. Amounts above these limits are allowed to be claimed in future years. The Bank has booked a deferred tax asset of Rs.2,365 million (December 31, 2013: Rs.2,365 million) in respect of provisions in excess of the above mentioned limits.

The Bank also carries a tax asset amounting to Rs.4,114 million (December 31, 2013: 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.

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The tax returns for Azad Kashmir (AK) Branches have been filed upto the tax year 2013 (financial year 2012) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between 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, except for Bahrain, have been filed upto the year ended December 31, 2013 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment. There is no requirement to file a return in Bahrain.

For UBL UK, UBLFM and UET, income tax returns have been filed up to the accounting year ended December 31, 2012 and for UBTL and USAG, upto the year ended December 31, 2013, under the provisions of the laws prevailing in the respective countries and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, for UBL UK and USAG, tax clearance has been issued till the accounting years 2011 and 2012 respectively. There are no material tax contingencies in any of the subsidiaries.

**18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**
**For the nine months ended September 30, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	215,047	12,746,805	27,312,907	7,461,060	613,035	2,113,941	-
Total expenses	(85,449)	(1,072,431)	(17,465,527)	(4,442,080)	(452,809)	(1,403,428)	-
Profit before tax	129,598	11,674,374	9,847,380	3,018,980	160,226	710,513	-
Segment return on assets (ROA)	40.4%	1.8%	1.2%	0.6%	19.5%	-	-
Segment cost of funds	1.5%	6.5%	4.1%	6.2%	-	-	-

**For the nine months ended September 30, 2013 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	171,123	12,560,227	22,465,091	6,443,916	481,248	1,659,316	-
Total expenses	(61,120)	(1,127,812)	(17,268,169)	(3,314,032)	(354,533)	(1,145,349)	-
Profit before tax	110,003	11,432,415	5,196,922	3,129,884	126,715	513,967	-
Segment return on assets (ROA)	26.8%	2.1%	0.7%	0.7%	19.7%	-	-
Segment cost of funds	1.9%	6.3%	3.7%	6.6%	-	-	-

**As at September 30, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	770,081	568,829,093	824,197,878	456,289,237	1,021,825	94,477,278	(756,833,565)
Segment non performing loans (NPLs)	671,392	1,993,500	24,007,736	29,647,434	-	200,110	-
Segment provision held against NPLs	497,885	1,694,378	19,627,138	23,137,281	-	60,500	-
Segment liabilities	188,779	530,998,554	822,118,145	419,666,669	166,255	10,773,682	(756,833,565)

**As at December 31, 2013 (Audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Segment assets (gross of NPL provisions)	871,272	542,686,795	796,930,956	408,036,105	883,739	88,011,300	(709,289,506)
Segment non performing loans (NPLs)	686,875	2,065,568	25,055,587	26,826,792	-	200,110	-
Segment provision held against NPLs	489,059	1,708,033	20,397,714	21,842,639	-	60,500	-
Segment liabilities	254,094	497,317,706	804,325,091	369,858,106	114,926	9,779,152	(709,289,506)

Segment assets and liabilities include inter segment balances.

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



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**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 consolidated condensed interim financial statements, are as follows

	As at September 30, 2014 (Un-audited)				As at December 31, 2013 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
<b>Lendings to financial institutions</b>								
Other lendings to financial institution	-	-	500,000	-	-	-	-	-
<b>Investments</b>								
Opening balance	-	-	7,732,898	4,098,108	-	-	12,635,789	510,192
Investment made during the period / year	-	-	3,623,450	-	-	-	2,027,196	971,319
Investment redeemed / disposed off during the period / year	-	-	(2,365,667)	(180,363)	-	-	(8,170,659)	(491,881)
Transfer in - net	-	-	-	-	-	-	-	3,108,478
Equity method adjustments	-	-	910,556	-	-	-	1,240,572	-
Closing balance	-	-	9,901,237	3,917,745	-	-	7,732,898	4,098,108
Provision for diminution in value of investments	-	-	-	116,548	-	-	-	116,548
<b>Advances</b>								
Opening balance	-	268,862	2,155,149	412,954	-	254,497	-	11,913,710
Addition during the period / year	-	60,766	-	14,323,416	-	123,214	-	9,707,517
Repaid during the period / year	-	(88,640)	-	(3,982,535)	-	(108,849)	-	(21,208,273)
Transfer in - net	-	7,158	-	-	-	-	2,155,149	-
Closing balance	-	248,146	2,155,149	10,753,835	-	268,862	2,155,149	412,954
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
<b>Other Assets</b>								
Interest mark-up accrued	-	62	160	339,598	-	78	-	146,360
Receivable from staff retirement funds	-	-	-	231,989	-	-	-	60,977
Prepaid insurance	-	-	67,370	-	-	-	19	-
Remuneration receivable from management of funds	-	-	48,205	7,062	-	-	37,991	1,338
Sales load receivable	-	-	33,668	-	-	-	1,191	-
Formation cost receivable	-	-	5,000	-	-	-	12,270	-
Dividend Receivable	-	-	-	-	-	-	1,201	-
Advance against Pre-IPO investment	-	-	100,000	-	-	-	-	-
Other receivable	-	-	645	30,164	-	-	3,156	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
<b>Borrowings</b>								
Opening balance	-	-	-	-	-	-	-	306,215
Borrowings during the period / year	-	-	-	-	-	-	2,155,493	16,356,760
Settled during the period / year	-	-	-	-	-	-	(2,155,493)	(16,662,975)
Closing balance	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	7,506,473	161,288	667,512	734,999	6,173,963	128,400	824,546	2,583,608
Received during the period / year	23,153,267	1,017,146	78,357,668	78,103,523	22,861,734	1,062,030	67,508,254	206,417,373
Withdrawn during the period / year	(24,226,397)	(990,902)	(75,834,669)	(78,109,861)	(21,522,949)	(1,029,142)	(67,665,288)	(207,536,396)
Transfer in / (out) - net	1,057,392	(27,891)	-	92,312	(6,275)	-	-	(729,586)
Closing balance	7,490,735	159,641	3,190,511	820,973	7,506,473	161,288	667,512	734,999
<b>Other Liabilities</b>								
Interest / return / mark-up payable on deposits	49,355	1,102	821	11,318	32,260	1,265	-	3,511
Payable to staff retirement fund	-	-	-	98,575	-	-	-	250,844
<b>Contingencies and Commitments</b>								
Letter of guarantee	-	-	76,061	-	-	-	78,051	-
	<b>For the nine months ended September 30, 2014</b>				<b>For the nine months ended September 30, 2013</b>			
	<b>(Un-audited)</b>				<b>(Un-audited)</b>			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Mark-up / return / interest earned	-	7,839	160	561,873	-	8,510	-	773,501
Commission / charges recovered	22	108	751	639	6	25	586	27,391
Dividend received	-	-	44,185	258,248	-	-	31,905	84,599
Net gain on sale of securities	-	-	174,567	50,419	-	-	921,712	42,314
Remuneration from management of funds	-	-	368,144	15,641	-	-	318,896	8,620
Sales load	-	-	137,023	-	-	-	66,309	-
Other income	-	455	263	-	-	153	244	-
Mark-up / return / interest paid	143,664	2,364	61,902	12,733	182,477	2,231	43,562	75,285
Remuneration paid	-	1,005,912	-	-	-	842,157	-	-
Post employment benefits	-	27,470	-	-	-	20,032	-	-
Non-executive directors' fee	26,912	-	-	-	23,966	-	-	-
Net charge for defined contribution plans	-	-	-	232,426	-	-	-	200,319
Net charge / (reversal) for defined benefit plans	-	-	-	87,191	-	-	-	(52,319)
Donation	-	-	-	10,000	-	-	-	-
Other expenses	-	-	45,118	80,126	-	-	-	59,219
Insurance premium paid	-	-	270,646	-	-	-	267,310	-
Insurance claims settled	-	-	89,426	-	-	-	138,935	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**
**20. ISLAMIC BANKING BUSINESS**

20.1 The statement of financial position of the Group's Islamic Banking branches as at September 30, 2014 is as follows:

	Note	(Un-audited) September 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		970,891	951,157
Balances with other banks		389,232	1,701,743
Investments		10,800,755	7,363,524
Islamic financing and related assets	20.3	2,632,137	5,183,080
Operating fixed assets		104,181	117,974
Due from Head Office		1,371,927	2,144,911
Other assets		240,004	153,963
<b>Total Assets</b>		<b>16,509,127</b>	<b>17,616,352</b>
<b>LIABILITIES</b>			
Bills payable		77,138	54,532
Deposits and other accounts			
Current accounts		2,423,145	2,328,416
Saving accounts		1,949,229	2,490,262
Term deposits		1,134,810	1,994,823
Deposits from financial institutions - remunerative		10,346,133	9,980,829
	20.4	15,853,317	16,794,330
Other liabilities		97,429	191,564
		16,027,884	17,040,426
<b>NET ASSETS</b>		<b>481,243</b>	<b>575,926</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		681,000	681,000
Accumulated losses		(243,285)	(156,679)
		437,715	524,321
Surplus on revaluation of assets		43,528	51,605
		<b>481,243</b>	<b>575,926</b>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

**20.2** The profit and loss account of the Group's Islamic Banking branches for the nine months ended September 30, 2014 is as follows:

	----- (Un-audited) -----	
	January - September 2014	January - September 2013
	----- (Rupees in '000) -----	
Return earned	890,225	1,118,308
Return expensed	(640,517)	(664,832)
	<u>249,708</u>	<u>453,476</u>
Provision against loans and advances - net	(4,663)	-
Reversal for diminution in value of investments - net (Provision) / reversal against assets given on Ijarah	(10,192) (9,971)	1,080 2,048
	<u>(24,826)</u>	<u>3,128</u>
Net return after provisions	224,882	456,604
<b>Other Income</b>		
Fee, commission and brokerage income	21,288	11,415
Dividend income	9,062	15,812
Income from dealing in foreign currencies	(3,079)	8,829
Gain on sale of securities - net	-	5,906
Other income	31,114	7,438
Total other income	<u>58,385</u>	<u>49,400</u>
	283,267	506,004
<b>Other Expenses</b>		
Administrative expenses	(370,246)	(480,774)
Other reversals - net	373	-
Total other expenses	<u>(369,873)</u>	<u>(480,774)</u>
Net (loss) / profit for the period	(86,606)	25,230
Accumulated losses brought forward	(156,679)	(194,579)
Accumulated losses carried forward	<u>(243,285)</u>	<u>(169,349)</u>
	<u>821</u>	<u>950</u>
<b>Remuneration to Shariah Advisor</b>	<u>821</u>	<u>950</u>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2014</b>	<b>2013</b>
	----- (Rupees in '000) -----	

**20.3 Islamic financing and related assets**

Financing		
Murabaha	214,216	3,232,150
Ijarah	556,622	867,257
Diminishing Musharaka	1,686,210	687,448
Salam	-	281,040
Provision against financing	(36,052)	(31,389)
	<u>2,420,996</u>	<u>5,036,506</u>
Advances		
Advances and receivables against Ijarah	180,628	143,753
Advances for Murabaha	22,742	17,498
Provision against advances for Murabaha	(17,498)	(17,498)
	<u>185,872</u>	<u>143,753</u>
Profit receivable against financing	25,269	2,821
	<u>2,632,137</u>	<u>5,183,080</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

**20.4** Deposit and other accounts include redeemable capital of Rs. 13,430.172 million (December 31, 2013: Rs. 14,465.914 million) and deposits on Qard basis of Rs. 2,423.145 million (December 31, 2013: Rs. 2,328.416 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis.

**21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on October 28, 2014 has declared a cash dividend for the quarter ended September 30, 2014 of Rs. 2.50 per share (September 30, 2013: Rs. 2 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2014 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**22. DATE OF AUTHORIZATION**

These consolidated condensed interim financial statements were authorised for issue on October 28, 2014 by the Board of Directors of the Group.

Wajahat Husain  
President &  
Chief Executive Officer

Amin Uddin  
Director

Zameer Mohammed Choudrey  
Director

Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman