

United Bank Limited  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2014  
(UNAUDITED)**





**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014**

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		85,383,062	89,591,601
Balances with other banks		23,175,408	32,658,606
Lendings to financial institutions	6	16,760,288	29,858,038
Investments	7	511,336,209	458,846,198
Advances	8	405,740,682	415,283,310
Operating fixed assets	9	27,435,446	28,037,980
Deferred tax asset - net		-	-
Other assets		31,185,993	29,379,037
		1,101,017,088	1,083,654,770
<b>LIABILITIES</b>			
Bills payable		9,583,956	16,600,691
Borrowings	10	43,556,584	41,077,730
Deposits and other accounts	11	905,168,624	889,525,603
Subordinated loans		332,660	665,328
Liabilities against assets subject to finance lease		1,111	1,325
Deferred tax liability - net		2,094,573	1,395,138
Other liabilities		30,236,568	23,115,808
		990,974,076	972,381,623
<b>NET ASSETS</b>		<b>110,043,012</b>	<b>111,273,147</b>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		35,501,556	38,049,345
Unappropriated profit		45,312,122	45,208,302
Total equity attributable to the equity holders of the Bank		93,055,476	95,499,445
Non-controlling interest		3,316,076	3,487,918
		96,371,552	98,987,363
Surplus on revaluation of assets - net of deferred tax	12	13,671,460	12,285,784
		110,043,012	111,273,147
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

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

Atif R. Bokhari  
President &  
Chief Executive Officer

Amin Uddin  
Director

Seerat Asghar  
Director

Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	Note	March 31, 2014 ----- (Rupees in '000) -----	March 31, 2013 ----- (Rupees in '000) -----
Mark-up / return / interest earned	14	20,114,281	17,709,285
Mark-up / return / interest expensed	15	(9,856,766)	(8,567,121)
Net mark-up / return / interest income		10,257,515	9,142,164
Provision against loans and advances - net		(268,035)	(525,584)
Reversal of provision against lendings to financial institutions - net		338	4,338
Reversal / (provision) for diminution in value of investments - net		5,578	(13,220)
Bad debts written off directly		(43,730)	(44,691)
		(305,849)	(579,157)
Net mark-up / return / interest income after provisions		9,951,666	8,563,007
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		3,112,052	2,653,593
Dividend income		655,396	542,851
Income from dealing in foreign currencies		669,565	416,029
Gain on sale of securities - net		762,547	1,000,117
Unrealized (loss) / gain on revaluation of investments classified as held for trading		(45,862)	6,287
Other income		329,343	183,442
Total non mark-up / interest income		5,483,041	4,802,319
		15,434,707	13,365,326
<b>Non mark-up / interest expenses</b>			
Administrative expenses	16	(7,377,123)	(6,664,019)
Other provisions - net		(15,863)	(3,954)
Workers' Welfare Fund		(157,936)	(117,315)
Other charges		(151)	(299)
Total non mark-up / interest expenses		(7,551,073)	(6,785,587)
		7,883,634	6,579,739
Share of income of associates		269,692	294,359
<b>Profit before taxation</b>		8,153,326	6,874,098
Taxation - Current		(2,694,911)	(1,948,654)
- Deferred		65,789	23,284
		(2,629,122)	(1,925,370)
<b>Profit after taxation</b>		5,524,204	4,948,728
<b>Attributable to:</b>			
Equity shareholders of the Bank		5,512,963	4,675,952
Non-controlling interest		11,241	272,776
		5,524,204	4,948,728
		----- (Rupees) -----	
<b>Earnings per share - basic and diluted</b>		4.50	3.82

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	March 31, 2014 ----- (Rupees in '000) -----	March 31, 2013 ----- (Rupees in '000) -----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,153,326	6,874,098
Less: Dividend income	(655,396)	(542,851)
Share of income of associates	(269,692)	(294,359)
	<u>7,228,238</u>	<u>6,036,888</u>
<b>Adjustments:</b>		
Depreciation	431,390	433,439
Amortization	117,926	104,342
Workers' Welfare Fund	157,936	117,315
Provision for retirement benefits	270,415	179,491
Provision against loans and advances - net	268,035	525,584
Reversal of provision against lendings to financial institutions - net	(338)	(4,338)
(Reversal) / provision for diminution in value of investments - net	(5,578)	13,220
Gain on sale of operating fixed assets	(30,332)	(3,564)
Amortization of cash flow hedges	4,962	10,786
Unrealized loss / (gain) on revaluation of investments classified as held for trading	45,862	(6,287)
Bad debts written-off directly	43,730	44,691
Finance charges on leased assets	31	75
Provision against other assets	15,863	3,954
	<u>1,319,902</u>	<u>1,418,708</u>
	8,548,140	7,455,596
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	13,098,088	(775,819)
Held for trading securities	(46,323,488)	(1,910,087)
Advances	9,230,863	10,854,511
Other assets (excluding advance taxation)	(1,770,914)	4,833,744
	<u>(25,765,451)</u>	<u>13,002,349</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(7,016,735)	6,801,050
Borrowings	2,478,854	30,756,709
Deposits and other accounts	15,643,021	6,692,689
Other liabilities (excluding current taxation)	2,323,261	(335,485)
	<u>13,428,401</u>	<u>43,914,963</u>
	(3,788,910)	64,372,908
	(551,273)	(226,769)
	<u>(2,080,905)</u>	<u>(2,688,434)</u>
	(6,421,088)	61,457,705
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(3,784,511)	(66,158,169)
Dividend income received	257,821	156,908
Investment in operating fixed assets	(463,344)	(777,439)
Sale proceeds from disposal of operating fixed assets	329,206	32,667
Net cash outflow from investing activities	<u>(3,660,828)</u>	<u>(66,746,033)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of subordinated loans	(332,668)	(2,333,268)
Payment in respect of leased obligation	(245)	(259)
Dividends paid	(11,891)	-
Net cash outflow from financing activities	<u>(344,804)</u>	<u>(2,333,527)</u>
	(10,426,720)	(7,621,855)
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	(3,081,716)	252,939
- Non-controlling interest	(183,301)	(139,178)
Decrease in cash and cash equivalents during the period	<u>(13,691,737)</u>	<u>(7,508,094)</u>
Cash and cash equivalents at the beginning of the period	122,250,207	117,689,882
Cash and cash equivalents at the end of the period	<u>108,558,470</u>	<u>110,181,788</u>

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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 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 01, 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 three months ended March 31, 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)
Employees stock option reserve	-	-	-	-	-	1,905	-	1,905	-	1,905
<b>Total comprehensive income for the three months ended March 31, 2013</b>	-	-	-	-	-	-	(4,284,629)	(4,282,724)	-	(4,282,724)
Profit after taxation for the three months ended March 31, 2013	-	-	-	-	-	-	4,675,952	4,675,952	272,776	4,948,728
Other comprehensive income - net of tax	-	-	-	252,939	7,011	-	-	259,950	(139,178)	120,772
Total comprehensive income for the three months ended March 31, 2013	-	-	-	252,939	7,011	-	4,675,952	4,935,902	133,598	5,069,500
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	17,073	17,073	258	17,331
Transfer to statutory reserve	-	-	395,384	-	-	-	(395,384)	-	-	-
<b>Balance as at March 31, 2013 (Un-audited)</b>	12,241,798	3,000	18,223,581	14,740,344	(13,983)	2,987	39,318,139	84,515,866	2,960,916	87,476,782
<b>Transactions with owners for the nine months ended December 31, 2013</b>										
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)
Interim cash dividend - September 31, 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
<b>Total comprehensive income for the nine months ended December 31, 2013</b>	-	-	-	-	-	3,706	(7,345,080)	(7,341,374)	-	(7,341,374)
Profit after taxation for the nine months ended December 31, 2013	-	-	-	-	-	-	14,609,561	14,609,561	172,482	14,782,043
Other comprehensive income - net of tax	-	-	-	3,607,021	10,758	-	46,120	3,663,899	353,577	4,017,476
Total comprehensive income for the nine months ended December 31, 2013	-	-	-	3,607,021	10,758	-	14,655,681	18,273,460	526,059	18,799,519
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,493	51,493	943	52,436
Transfer to statutory reserves	-	-	1,471,931	-	-	-	(1,471,931)	-	-	-
<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 three months ended March 31, 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)
Employees stock option reserve	-	-	-	-	-	1,400	-	1,400	-	1,400
<b>Total comprehensive income for the three months ended March 31, 2014</b>	-	-	-	-	-	1,400	(4,896,719)	(4,895,319)	-	(4,895,319)
Profit after taxation for the three months ended March 31, 2014	-	-	-	-	-	-	5,512,963	5,512,963	11,241	5,524,204
Other comprehensive income - net of tax	-	-	-	(3,081,716)	3,225	-	-	(3,078,491)	(183,301)	(3,261,792)
Total comprehensive income for the three months ended March 31, 2014	-	-	-	(3,081,716)	3,225	-	5,512,963	2,434,472	(172,060)	2,262,412
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	16,878	16,878	218	17,096
Transfer to statutory reserves	-	-	529,302	-	-	-	(529,302)	-	-	-
<b>Balance as at March 31, 2014 (Un-audited)</b>	12,241,798	3,000	20,224,814	15,265,649	-	8,093	45,312,122	93,055,476	3,316,076	96,371,552

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

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Director

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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 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)

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 1,281 (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 March 31, 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 related services including distribution of shariah compliant financial products. The subsidiary is currently in the process of being established, and no capital has yet been injected.

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

**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 THREE MONTHS ENDED MARCH 31, 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**

Call money lendings  
Repurchase agreement lendings  
Other lendings to financial institutions  
  
Provision against lendings to financial institutions

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

	200,000	100,000
	1,200,000	13,791,125
	15,980,885	16,620,831
	17,380,885	30,511,956
	(620,597)	(653,918)
	16,760,288	29,858,038



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**
**7. INVESTMENTS**
**7.1 Investments by types**

Note	(Un-audited)			(Audited)		
	March 31, 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	51,508,889	-	51,508,889	7,401,965	-	7,401,965
Pakistan Investment Bonds	1,066,483	-	1,066,483	-	-	-
Ordinary shares of listed companies	1,462,772	-	1,462,772	317,933	-	317,933
Term Finance Certificates	51,506	-	51,506	49,782	-	49,782
Sukuks	20,539	-	20,539	21,437	-	21,437
	54,110,189	-	54,110,189	7,791,117	-	7,791,117
<b>Available for sale securities</b>						
Market Treasury Bills	103,430,001	212,564	103,642,565	176,092,538	12,054,264	188,146,802
Pakistan Investment Bonds	119,946,454	17,205,580	137,152,034	65,136,963	-	65,136,963
Government of Pakistan Sukuk	5,185,000	-	5,185,000	6,186,752	-	6,186,752
Government of Pakistan Eurobonds	11,768,187	-	11,768,187	12,624,436	-	12,624,436
Ordinary shares of listed companies	14,850,496	-	14,850,496	14,157,245	-	14,157,245
Preference shares	422,941	-	422,941	444,765	-	444,765
Ordinary shares of unlisted companies	243,206	-	243,206	243,350	-	243,350
Term Finance Certificates	1,920,640	-	1,920,640	1,921,370	-	1,921,370
Foreign bonds - sovereign	25,339,218	-	25,339,218	26,815,680	-	26,815,680
Foreign bonds - others	24,538,756	-	24,538,756	32,479,255	-	32,479,255
	307,644,899	17,418,144	325,063,043	336,102,354	12,054,264	348,156,618
<b>Held to maturity securities</b>						
Market Treasury Bills	48,471,081	-	48,471,081	41,539,276	-	41,539,276
Pakistan Investment Bonds	57,068,557	-	57,068,557	38,333,967	-	38,333,967
Government of Pakistan Eurobonds	5,637,313	-	5,637,313	6,103,979	-	6,103,979
Government of Pakistan Sukuk	-	-	-	300,000	-	300,000
Term Finance Certificates	5,007,817	-	5,007,817	5,045,801	-	5,045,801
Sukuks	1,720,506	-	1,720,506	1,774,197	-	1,774,197
Participation Term Certificates	4,939	-	4,939	4,939	-	4,939
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	144,568	-	144,568	155,121	-	155,121
Foreign bonds - others	928,054	-	928,054	915,371	-	915,371
Recovery note	303,697	-	303,697	324,639	-	324,639
CDC SAARC Fund	214	-	214	229	-	229
	119,289,012	-	119,289,012	94,499,785	-	94,499,785
<b>Associates</b>						
United Growth and Income Fund	3,006,066	-	3,006,066	2,906,051	-	2,906,051
UBL Liquidity Plus Fund	1,470,341	-	1,470,341	543,443	-	543,443
Al-Ameen Shariah Stock Fund	28,842	-	28,842	27,356	-	27,356
Al-Ameen Islamic Income Fund	219,176	-	219,176	212,573	-	212,573
UBL Stock Advantage Fund	130,589	-	130,589	51,940	-	51,940
UBL Savings Income Fund	111,437	-	111,437	194,253	-	194,253
Al-Ameen Islamic Sovereign Fund	348,005	-	348,005	343,122	-	343,122
Al-Ameen Islamic Retirement Savings Fund	170,463	-	170,463	162,120	-	162,120
UBL Retirement Savings Fund	174,162	-	174,162	167,037	-	167,037
UBL Principal Protected Fund - I	-	-	-	212,808	-	212,808
UBL Principal Protected Fund - II	108,730	-	108,730	103,640	-	103,640
UBL Principal Protected Fund - III	201,313	-	201,313	-	-	-
UBL Government Securities Fund	1,317,850	-	1,317,850	109,348	-	109,348
Al-Ameen Islamic Cash Fund	110,641	-	110,641	108,693	-	108,693
UBL Gold Fund	89,526	-	89,526	83,283	-	83,283
Al-Ameen Islamic Principal Preservation Fund - I	125,706	-	125,706	121,674	-	121,674
Al-Ameen Islamic Principal Preservation Fund - II	109,689	-	109,689	105,807	-	105,807
UBL Asset Allocation Fund	869,566	-	869,566	842,528	-	842,528
Al-Ameen Islamic Asset Allocation Fund	102,783	-	102,783	100,071	-	100,071
UBL Financial Sector Bond Fund	87,333	-	87,333	105,246	-	105,246
UBL Insurers Limited	213,417	-	213,417	211,058	-	211,058
Khushhali Bank Limited	983,000	-	983,000	952,451	-	952,451
Oman United Exchange Company, Muscat	64,857	-	64,857	68,396	-	68,396
DHA Cogen Limited	-	-	-	-	-	-
	10,043,492	-	10,043,492	7,732,898	-	7,732,898
	491,087,592	17,418,144	508,505,736	446,126,154	12,054,264	458,180,418
Provision for diminution in value of investments	(1,430,970)	-	(1,430,970)	(1,484,505)	-	(1,484,505)
<b>Investments (net of provisions)</b>	489,656,622	17,418,144	507,074,766	444,641,649	12,054,264	456,695,913
Surplus / (deficit) on revaluation of available for sale securities	3,925,879	381,426	4,307,305	2,159,717	(5,016)	2,154,701
Deficit on revaluation of held for trading securities	(45,862)	-	(45,862)	(4,416)	-	(4,416)
<b>Total Investments</b>	493,536,639	17,799,570	511,336,209	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) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		265,043,504	269,527,934
Outside Pakistan		133,605,150	135,469,377
		<u>398,648,654</u>	<u>404,997,311</u>
Bills discounted and purchased			
Payable in Pakistan		28,961,850	29,857,262
Payable outside Pakistan		24,256,076	26,820,425
		<u>53,217,926</u>	<u>56,677,687</u>
Advances - gross		451,866,580	461,674,998
Provision against advances			
Specific		(44,162,392)	(44,497,945)
General	8.2	(1,963,506)	(1,893,743)
Advances - net of provision		<u>405,740,682</u>	<u>415,283,310</u>

8.1 Advances include Rs. 53,040 million (December 31, 2013: Rs. 54,835 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 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 *	120,643	-	120,643	2,499	-	2,499	2,499	-	2,499	
Substandard	997,215	510,874	1,508,089	197,117	163,512	360,629	197,117	163,512	360,629	
Doubtful	1,844,356	2,861,648	4,706,004	371,365	1,046,498	1,417,863	371,365	1,046,498	1,417,863	
Loss	39,022,941	7,682,729	46,705,670	36,945,770	5,435,631	42,381,401	36,945,770	5,435,631	42,381,401	
	<u>41,985,155</u>	<u>11,055,251</u>	<u>53,040,406</u>	<u>37,516,751</u>	<u>6,645,641</u>	<u>44,162,392</u>	<u>37,516,751</u>	<u>6,645,641</u>	<u>44,162,392</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. 251.869 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.1,620.695 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.1,324.370 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 THREE MONTHS ENDED MARCH 31, 2014**

	(Un-audited) Note	(Audited)
	March 31, 2014	December 31, 2013
	----- (Rupees in '000) -----	
<b>9. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	2,178,534	1,950,378
Property and equipment	23,903,547	24,619,242
Intangible assets	1,353,365	1,468,360
	9.1 <u>27,435,446</u>	<u>28,037,980</u>

9.1 Additions and disposals during the period amounted to Rs. 463.344 million (March 31, 2013: Rs.777.439 million) and Rs. 441.679 million (March 31, 2013: Rs.81.746 million), respectively.

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

**10. BORROWINGS**
**Secured**

Borrowings from the State Bank of Pakistan  
Export refinance scheme  
Refinance facility for modernization of SME  
Long term financing facility  
Long term financing under export oriented projects

11,486,105	10,835,330
37,244	40,795
6,242,276	5,950,207
366,177	423,958
18,131,802	17,250,290
17,472,830	12,042,846
35,604,632	29,293,136

Repurchase agreement borrowings

**Unsecured**

Call borrowings  
Overdrawn nostro accounts  
Other borrowings

2,233,874	5,033,830
427,105	399,584
5,290,973	6,351,180
7,951,952	11,784,594
43,556,584	41,077,730

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

Fixed deposits  
Savings deposits  
Sundry deposits  
Margin deposits  
Current accounts - remunerative  
Current accounts - non-remunerative

277,748,484	280,279,656
294,405,408	280,813,671
9,277,107	7,083,484
5,410,469	5,601,107
12,931,968	10,709,116
292,059,693	287,401,892
891,833,129	871,888,926

**Financial Institutions**

Remunerative deposits  
Non-remunerative deposits

9,009,199	11,636,629
4,326,296	6,000,048
13,335,495	17,636,677
905,168,624	889,525,603

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	(Un-audited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</b>		
Surplus / (deficit) arising on revaluation of assets - net of tax:		
Fixed assets		
- Group's share	10,754,479	10,808,168
- Non-controlling interest	473,366	503,291
12.1	11,227,845	11,311,459
Securities		
- Group's share	2,896,999	1,517,922
- Non-controlling interest	(437,612)	(528,133)
12.2	2,459,387	989,789
Deficit arising on revaluation of assets of associates	(15,772)	(15,464)
	13,671,460	12,285,784
<b>12.1 Surplus on revaluation of fixed assets</b>		
Surplus on revaluation of fixed assets at January 01	16,680,220	16,581,261
Exchange adjustments	(86,508)	204,856
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax	(17,096)	(69,767)
Related deferred tax liability on incremental depreciation charged during the period / year	(9,089)	(36,130)
	(112,693)	98,959
	16,567,527	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	(19,990)	319
Incremental depreciation charged during the period / year	(9,089)	(36,130)
	5,339,682	5,368,761
	11,227,845	11,311,459
<b>12.2 Surplus / (deficit) on revaluation of available for sale securities</b>		
Market Treasury Bills	(34,286)	(147,850)
Pakistan Investment Bonds	1,089,629	(402,073)
Listed shares	2,131,514	2,767,281
Term Finance Certificates, Sukuks, other bonds, etc.	150,201	75,680
Foreign bonds	970,247	(138,337)
	4,307,305	2,154,701
Related deferred tax liability	(1,847,918)	(1,164,912)
	2,459,387	989,789

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	(Un-audited)	(Audited)
	March 31, 2014	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	3,846,315	3,796,673
Banking companies and other financial institutions	2,206,798	3,078,030
Others	4,388,738	3,912,366
	<u>10,441,851</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	75,822,324	79,772,016
Banking companies and other financial institutions	8,625,445	5,364,806
Others	33,471,150	34,406,478
	<u>117,918,919</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	55,676,156	60,259,468
Banking companies and other financial institutions	2,902,071	10,120,833
Others	97,190,097	108,614,288
	<u>155,768,324</u>	<u>178,994,589</u>
<b>13.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>12,397,388</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)	(Audited)
	March 31, 2014	December 31, 2013
	----- (Rupees in '000) -----	
<b>13.6 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<u>206,620,714</u>	<u>238,732,897</u>
Sale	<u>184,042,783</u>	<u>202,902,937</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	Note	(Un-audited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) December 31, 2013
<b>13.7 Commitments in respect of derivatives</b>			
Forward purchase of Government securities		65,461	-
Interest rate swaps		5,298,593	5,723,576
Cross currency swaps		10,769,240	10,550,240
<b>13.8 Commitments in respect of capital expenditure</b>		1,440,265	1,699,696
<b>13.9 For contingencies relating to taxation refer note 17</b>			
<b>March 31,                      March 31,</b>			
<b>2014                              2013</b>			
<b>----- (Rupees in '000) -----</b>			
<b>14. MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances to customers		8,401,450	8,089,583
On lendings to financial institutions			
Call money lendings		4,369	511
Repurchase agreement lendings		465,521	52,457
Other lendings to financial institutions		92,083	88,721
		561,973	141,689
On investments in			
Held for trading securities		539,182	141,763
Available for sale securities		7,361,705	6,185,755
Held to maturity securities		3,200,817	3,082,384
		11,101,704	9,409,902
On deposits with financial institutions		49,154	68,111
		20,114,281	17,709,285
<b>15. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On deposits		8,507,988	6,805,114
On securities sold under repurchase agreements		653,925	859,425
On other short term borrowings		541,809	576,473
On long term borrowings		153,044	326,109
		9,856,766	8,567,121

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	March 31, 2014 ----- (Rupees in '000) -----	March 31, 2013 -----
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	2,826,826	2,603,037
Charge for compensated absences	100,950	81,516
Medical expenses	125,715	116,987
Contribution to defined contribution plan	77,216	62,030
Charge in respect of defined benefit obligations	92,249	35,945
Rent, taxes, insurance, electricity etc.	912,451	851,958
Depreciation	431,390	433,439
Amortization	117,926	104,342
Outsourced service charges including sales commission	884,836	676,190
Communications	277,786	267,624
Banking service charges	227,220	203,182
Cash transportation charges	124,656	109,678
Stationery and printing	137,588	126,254
Legal and professional charges	55,295	68,831
Advertisement and publicity	130,571	112,661
Repairs and maintenance	319,747	304,155
Travelling	58,057	56,864
Office running expenses	120,413	115,337
Vehicle expenses	49,110	45,907
Entertainment	45,023	43,520
Cartage, freight and conveyance	22,733	22,871
Insurance expense	31,089	33,525
Auditors' remuneration	29,700	22,166
Training and seminars	17,293	29,764
Brokerage expenses	12,304	13,515
Subscriptions	25,698	20,584
Donations	21,100	15,980
Non-executive Directors' fees	5,066	5,513
Zakat paid by overseas branch	25,473	23,671
Miscellaneous expenses	71,642	56,973
	<u>7,377,123</u>	<u>6,664,019</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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
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The tax returns for Azad Kashmir Branches have been filed upto the tax year 2013 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 UAE have been filed upto the year ended December 31, 2013 and for other overseas branches up to the accounting year ended December 31, 2012 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

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 UBL (Switzerland) AG, 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 three months ended March 31, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	44,733	4,279,187	8,204,345	2,470,345	182,150	829,488	-
Total expenses	(20,027)	(404,658)	(5,159,442)	(1,761,443)	(129,794)	(381,558)	-
Profit before tax	24,706	3,874,529	3,044,903	708,902	52,356	447,930	-
Segment return on assets (ROA)	18.0%	1.8%	1.1%	0.5%	19.9%	-	-
Segment cost of funds	2.1%	6.3%	4.1%	6.1%	-	-	-

**For the three months ended March 31, 2013 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	33,000	4,244,525	7,299,323	1,975,072	144,199	542,723	-
Total expenses	(46,478)	(282,429)	(5,749,181)	(743,955)	(103,146)	(439,555)	-
Profit before tax	(13,478)	3,962,096	1,550,142	1,231,117	41,053	103,168	-
Segment return on assets (ROA)	-4.5%	2.5%	0.6%	0.9%	18.5%	-	-
Segment cost of funds	1.0%	6.4%	3.6%	6.8%	-	-	-

**As at March 31, 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)	734,686	589,463,711	793,901,667	407,356,958	944,663	102,329,096	(749,551,301)
Segment non performing loans (NPLs)	642,582	2,048,342	24,152,459	25,996,913	-	200,110	-
Segment provision held against NPLs	457,507	1,701,978	19,571,096	22,371,311	-	60,500	-
Segment liabilities	261,120	560,194,372	800,082,801	365,832,064	130,048	14,024,972	(749,551,301)

**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	(709,267,452)
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	(709,267,452)

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 THREE MONTHS ENDED MARCH 31, 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 March 31, 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>Investments</b>									
Opening balance	-	-	7,732,898	4,098,108	-	-	12,635,789	510,192	
Investment made during the period / year	-	-	2,517,853	-	-	-	2,027,196	971,319	
Investment redeemed / disposed off during the period / year	-	-	(457,446)	(61,896)	-	-	(8,170,659)	(491,881)	
Transfer in / (out) - net	-	-	-	-	-	-	-	3,108,478	
Equity method adjustments	-	-	250,187	-	-	-	1,240,572	-	
Closing balance	-	-	10,043,492	4,036,212	-	-	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	-	25,491	-	4,660	-	123,214	-	9,707,517	
Repaid during the period / year	-	(28,103)	-	(133,529)	-	(108,849)	-	(21,208,273)	
Transfer in / (out) - net	-	(103)	-	-	-	-	2,155,149	-	
Closing balance	-	266,147	2,155,149	284,085	-	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	-	347	-	9,029	-	78	-	146,360	
Receivable from staff retirement funds	-	-	-	243,606	-	-	-	60,977	
Prepaid insurance	-	-	241,353	-	-	-	19	-	
Remuneration receivable from management of funds	-	-	47,828	1,185	-	-	37,991	1,338	
Sales load receivable	-	-	5,215	-	-	-	1,191	-	
Formation cost receivable	-	-	15,496	-	-	-	12,270	-	
Dividend Receivable	-	-	1,438	229,076	-	-	1,201	-	
Other receivable	-	-	3,297	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	2,537,857	304,296	18,851,379	26,466,161	22,861,734	1,062,030	67,508,254	206,417,373	
Withdrawn during the period / year	(4,000,583)	(243,899)	(19,012,271)	(26,499,041)	(21,522,949)	(1,029,142)	(67,665,288)	(207,536,396)	
Transfer in / (out) - net	8,115	(2,136)	-	-	(6,275)	-	-	(729,586)	
Closing balance	6,051,862	219,549	506,620	702,119	7,506,473	161,288	667,512	734,999	
<b>Other Liabilities</b>									
Interest / return / mark-up payable on deposits	63,963	313	-	5,534	32,260	1,265	-	3,511	
Payable to staff retirement fund	-	-	-	108,774	-	-	-	250,844	
<b>Contingencies and Commitments</b>									
Letter of guarantee	-	-	73,015	-	-	-	78,051	-	
		For the three months ended March 31, 2014 (Un-audited)				For the three months ended March 31, 2013 (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	-	2,933	-	9,618	-	2,955	-	-	14,036
Commission / charges recovered	7	7	546	17	5	9	3,383	198	
Dividend received	-	-	19,195	250,856	-	-	6,005	-	
Net gain / (loss) on sale of securities	-	-	70,294	5	-	-	3,474	(197)	
Remuneration from management of funds	-	-	107,765	4,778	-	-	110,860	2,040	
Sales load	-	-	38,923	-	-	-	7,686	-	
Other income	-	166	88	-	-	-	-	-	
Mark-up / return / interest paid	46,513	1,740	9,575	8,546	28,492	640	6,244	13,669	
Remuneration paid	-	436,396	-	-	-	403,205	-	-	
Post employment benefits	-	8,317	-	-	-	6,540	-	-	
Non-executive directors' fee	5,066	-	-	-	5,513	-	-	-	
Net charge for defined contribution plans	-	-	-	77,216	-	-	-	62,030	
Net charge / (reversal) for defined benefit plans	-	-	-	29,064	-	-	-	(17,577)	
Insurance premium paid	-	-	262,065	-	-	-	258,785	-	
Insurance claims settled	-	-	31,786	-	-	-	32,993	-	
Other expenses	-	-	15,319	24,432	-	-	-	18,589	

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**
**20. ISLAMIC BANKING BUSINESS**

20.1 The statement of financial position of the Bank's Islamic Banking branches as at March 31, 2014 is as follows:

	Note	(Un-audited) March 31, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		818,136	951,157
Balances with other banks		1,061,848	1,701,743
Investments		6,092,803	7,363,524
Islamic financing and related assets	20.3	2,754,917	5,183,080
Operating fixed assets		113,115	117,974
Due from Head Office		3,429,979	2,144,911
Other assets		160,347	153,963
<b>Total Assets</b>		<b>14,431,145</b>	<b>17,616,352</b>
<b>LIABILITIES</b>			
Bills payable		124,970	54,532
Deposits and other accounts			
Current accounts		2,081,595	2,328,416
Saving accounts		2,344,343	2,490,262
Term deposits		1,591,891	1,994,823
Deposits from financial institutions - remunerative		7,549,169	9,980,829
		13,566,998	16,794,330
Other liabilities		125,787	191,564
		<u>13,817,755</u>	<u>17,040,426</u>
<b>NET ASSETS</b>		<b><u>613,390</u></b>	<b><u>575,926</u></b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		681,000	681,000
Accumulated loss		<u>(182,051)</u>	<u>(156,679)</u>
		498,949	524,321
Surplus on revaluation of assets		<u>114,441</u>	<u>51,605</u>
		<b><u>613,390</u></b>	<b><u>575,926</u></b>

20.2 The profit and loss account of the Bank's Islamic Banking branches for the three months ended March 31, 2014 is as follows:

	----- (Un-audited) ----- March 31, 2014	March 31, 2013 -----
----- (Rupees in '000) -----		
Return earned	330,138	331,472
Return expensed	<u>(244,307)</u>	<u>(206,885)</u>
	85,831	124,587
Provision against loans and advances - net	(1,613)	-
Reversal for diminution in value of investments - net	360	240
(Provision) / reversal against assets given on Ijarah	<u>(482)</u>	<u>2,826</u>
	(1,735)	3,066
Net return after provisions	<u>84,096</u>	<u>127,653</u>
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	4,565	3,288
Dividend income	3,164	6,005
Income from dealing in foreign currencies	(7,303)	307
Other income	28,578	1,820
Total other income	<u>29,004</u>	<u>11,420</u>
	113,100	139,073
<b>OTHER EXPENSES</b>		
Administrative expenses	(138,845)	(155,319)
Other reversals / (provisions) - net	373	-
Total other expenses	<u>(138,472)</u>	<u>(155,319)</u>
Net loss for the period	<u>(25,372)</u>	<u>(16,246)</u>
Accumulated losses brought forward	(156,679)	(194,579)
Accumulated losses carried forward	<u>(182,051)</u>	<u>(210,825)</u>
<b>Remuneration to Shariah Advisor</b>	<b><u>308</u></b>	<b><u>285</u></b>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
<b>20.3 Islamic financing and related assets</b>		
Financing		
Murabaha	1,265,117	3,232,150
Ijarah	592,875	867,257
Diminishing Musharaka	728,424	687,448
Salam	72,402	281,040
Provision against financing	(33,002)	(31,389)
	2,625,816	5,036,506
Advances		
Advances and receivables against Ijarah	124,451	143,753
Advances for Murabaha	18,810	17,498
Provision against advances for Murabaha	(17,498)	(17,498)
	125,763	143,753
Profit receivable against financing	3,338	2,821
	<u>2,754,917</u>	<u>5,183,080</u>

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

The Board of Directors in its meeting held on April 18, 2014 has declared a cash dividend in respect of the three months ended March 31, 2014 of Rs. 2.5 per share (March 31, 2013: Rs. 2.0 per share). The consolidated condensed interim financial statements for the three months ended March 31, 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 April 18, 2014 by the Board of Directors of the Group.

Atif R. Bokhari  
President &  
Chief Executive Officer

Amin Uddin  
Director

Seerat Asghar  
Director

Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman