

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

**FOR THE THREE MONTHS ENDED MARCH 31, 2015  
(UNAUDITED)**



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2015**

	Note	(Un-audited) March 31, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>ASSETS</b>			
Cash and balances with treasury banks		90,501,303	75,660,306
Balances with other banks		27,483,385	21,948,274
Lendings to financial institutions	6	23,691,631	23,435,222
Investments	7	612,817,944	519,602,007
Advances	8	451,079,277	467,365,292
Operating fixed assets	9	33,272,713	33,335,646
Deferred tax asset - net		-	-
Other assets		32,478,051	41,106,366
		1,271,324,304	1,182,453,113
<b>LIABILITIES</b>			
Bills payable		12,020,831	9,559,255
Borrowings	10	74,209,552	53,248,526
Deposits and other accounts	11	1,005,622,932	951,902,296
Subordinated loans		-	-
Liabilities against assets subject to finance lease		268	429
Deferred tax liability - net		4,664,499	2,139,586
Other liabilities		29,284,421	28,098,410
		1,125,802,503	1,044,948,502
<b>NET ASSETS</b>		<b>145,521,801</b>	<b>137,504,611</b>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		38,400,716	37,286,088
Unappropriated profit		54,466,456	52,507,655
Total equity attributable to the equity holders of the Bank		105,108,970	102,035,541
Non-controlling interest		4,525,307	4,553,250
		109,634,277	106,588,791
Surplus on revaluation of assets - net of deferred tax	12	35,887,524	30,915,820
		145,521,801	137,504,611
<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 THREE MONTHS ENDED MARCH 31, 2015**

	Note	March 31, 2015 ----- (Rupees in '000) -----	March 31, 2014 -----
Mark-up / return / interest earned	14	23,644,549	20,114,281
Mark-up / return / interest expensed	15	(10,063,996)	(9,856,766)
Net mark-up / return / interest income		<u>13,580,553</u>	<u>10,257,515</u>
Provision against loans and advances - net		(745,588)	(268,035)
Reversal of provision against lendings to financial institutions - net		-	338
(Provision) / reversal for diminution in value of investments - net		(23,022)	5,578
Bad debts written off directly		(36,052)	(43,730)
		<u>(804,662)</u>	<u>(305,849)</u>
Net mark-up / return / interest income after provisions		12,775,891	9,951,666
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		3,309,831	3,112,052
Dividend income		494,129	655,396
Income from dealing in foreign currencies		774,547	669,565
Gain on sale of securities - net		1,997,000	762,547
Unrealized loss on revaluation of investments classified as held for trading		(78,295)	(45,862)
Other income		370,254	329,343
Total non mark-up / interest income		<u>6,867,466</u>	<u>5,483,041</u>
		19,643,357	15,434,707
<b>Non mark-up / interest expenses</b>			
Administrative expenses	16	(8,030,219)	(7,377,123)
Other provisions - net		(25,777)	(15,863)
Workers' Welfare Fund		(229,948)	(157,936)
Other charges		(63,697)	(151)
Total non mark-up / interest expenses		<u>(8,349,641)</u>	<u>(7,551,073)</u>
		11,293,716	7,883,634
Share of income of associates		235,366	269,692
<b>Profit before taxation</b>		<u>11,529,082</u>	<u>8,153,326</u>
Taxation - Current		(3,944,083)	(2,694,911)
- Prior		(949)	-
- Deferred		120,725	65,789
		<u>(3,824,307)</u>	<u>(2,629,122)</u>
<b>Profit after taxation</b>		<u>7,704,775</u>	<u>5,524,204</u>
<b>Attributable to:</b>			
Equity shareholders of the Bank		7,555,701	5,512,963
Non-controlling interest		149,074	11,241
		<u>7,704,775</u>	<u>5,524,204</u>
		----- (Rupees) -----	
<b>Earnings per share - basic and diluted</b>		<u>6.17</u>	<u>4.50</u>

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



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
	<b>----- (Rupees in '000) -----</b>	<b>----- (Rupees in '000) -----</b>
<b>Profit after taxation for the period attributable to:</b>		
Equity shareholders of the Bank	7,555,701	5,512,963
Non-controlling interest	149,074	11,241
	<u>7,704,775</u>	<u>5,524,204</u>
<b>Other comprehensive income:</b>		
<i>Items that are not to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	403,094	(3,081,716)
- Non-controlling interest	(177,276)	(183,301)
	225,818	(3,265,017)
Amortization of cash flow hedges	-	4,962
Related deferred tax charge	-	(1,737)
	-	3,225
	225,818	(3,261,792)
<b>Other comprehensive income transferred to equity</b>	<u>7,930,593</u>	<u>2,262,412</u>
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Surplus arising on revaluation of available for sale securities	7,695,519	2,152,604
Related deferred tax charge	(2,675,396)	(683,006)
	5,020,123	1,469,598
<b>Total comprehensive income during the period - net of tax</b>	<u><u>12,950,716</u></u>	<u><u>3,732,010</u></u>

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 CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	March 31, 2015 ----- (Rupees in '000) -----	March 31, 2014 ----- (Rupees in '000) -----
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,529,082	8,153,326
Less: Dividend income	(494,129)	(655,396)
Share of income of associates	(235,366)	(269,692)
	<u>10,799,587</u>	<u>7,228,238</u>
<b>Adjustments:</b>		
Depreciation	449,460	431,390
Amortization	116,339	117,926
Workers' Welfare Fund	229,948	157,936
Provision for retirement benefits	237,986	270,415
Provision against loans and advances - net	745,588	268,035
Reversal of provision against lendings to financial institutions - net	-	(338)
(Reversal) / provision for diminution in value of investments - net	23,022	(5,578)
Gain on sale of operating fixed assets	(12,836)	(30,332)
Amortization of cash flow hedges	-	4,962
Unrealized loss on revaluation of investments classified as held for trading	78,295	45,862
Bad debts written-off directly	36,052	43,730
Finance charges on leased assets	8	31
Provision against other assets	25,777	15,863
	<u>1,929,639</u>	<u>1,319,902</u>
	<u>12,729,226</u>	<u>8,548,140</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(256,409)	13,098,088
Held for trading securities	(1,341,317)	(46,323,488)
Advances	15,504,375	9,230,863
Other assets (excluding advance taxation)	8,000,440	(1,770,914)
	<u>21,907,089</u>	<u>(25,765,451)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,461,576	(7,016,735)
Borrowings	20,961,026	2,478,854
Deposits and other accounts	53,720,636	15,643,021
Other liabilities (excluding current taxation)	(3,450,644)	2,323,261
	<u>73,692,594</u>	<u>13,428,401</u>
	<u>108,328,909</u>	<u>(3,788,910)</u>
Payments on account of staff retirement benefits	(333,187)	(551,273)
Income taxes paid	(2,853,849)	(2,080,905)
Net cash (outflow) / inflow from operating activities	<u>105,141,873</u>	<u>(6,421,088)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(84,045,052)	(3,784,511)
Dividend income received	82,332	257,821
Investment in operating fixed assets	(613,361)	(463,344)
Sale proceeds from disposal of operating fixed assets	32,805	329,206
Net cash outflow from investing activities	<u>(84,543,276)</u>	<u>(3,660,828)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of subordinated loans	-	(332,668)
Payment in respect of leased obligation	(169)	(245)
Dividends paid	(448,138)	(11,891)
Net cash outflow from financing activities	<u>(448,307)</u>	<u>(344,804)</u>
	<u>20,150,290</u>	<u>(10,426,720)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	403,094	(3,081,716)
- Non-controlling interest	(177,276)	(183,301)
Increase/ (decrease) in cash and cash equivalents during the period	<u>20,376,108</u>	<u>(13,691,737)</u>
Cash and cash equivalents at the beginning of the period	<u>97,608,580</u>	<u>122,250,207</u>
Cash and cash equivalents at the end of the period	<u><u>117,984,688</u></u>	<u><u>108,558,470</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 THREE MONTHS ENDED MARCH 31, 2015**

	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, 2014 (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)
<b>Total comprehensive income for the three months ended March 31, 2014</b>	-	-	-	(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 reserve	-	-	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
<b>Transactions with owners for the nine months ended December 31, 2014</b>										
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)
Interim cash dividend - September 30, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Employees stock option reserve	-	-	-	-	-	(3,599)	-	(3,599)	-	(3,599)
<b>Total comprehensive income for the nine months ended December 31, 2014</b>	-	-	-	-	-	-	(9,181,350)	(9,184,949)	-	(9,184,949)
Profit after taxation for the nine months ended December 31, 2014	-	-	-	-	-	-	18,134,741	18,134,741	365,858	18,500,599
Other comprehensive income - net of tax	-	-	-	116,861	-	-	(137,734)	(20,873)	(252,868)	(273,741)
<b>Total comprehensive income for the nine months ended December 31, 2014</b>	-	-	-	116,861	-	-	17,997,007	18,113,868	112,990	18,226,858
Right issue of shares by a subsidiary	-	-	-	-	-	-	-	-	1,123,538	1,123,538
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,146	51,146	646	51,792
Transfer to statutory reserves	-	-	1,671,270	-	-	-	(1,671,270)	-	-	-
<b>Balance as at December 31, 2014 (Audited)</b>	12,241,798	3,000	21,896,084	15,382,510	-	4,494	52,507,655	102,035,541	4,553,250	106,588,791
<b>Transactions with owners for the three months ended March 31, 2015</b>										
Final cash dividend - December 31, 2014 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	-	-	-	-	-	(1,145)	-	(1,145)	-	(1,145)
<b>Total comprehensive income for the three months ended March 31, 2015</b>	-	-	-	-	-	(1,145)	(4,896,719)	(4,897,864)	-	(4,897,864)
Profit after taxation for the three months ended March 31, 2015	-	-	-	-	-	-	7,555,701	7,555,701	149,074	7,704,775
Other comprehensive income - net of tax	-	-	-	403,094	-	-	-	403,094	(177,276)	225,818
<b>Total comprehensive income for the three months ended March 31, 2015</b>	-	-	-	403,094	-	-	7,555,701	7,958,795	(28,202)	7,930,593
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	12,498	12,498	259	12,757
Transfer to statutory reserves	-	-	712,679	-	-	-	(712,679)	-	-	-
<b>Balance as at March 31, 2015 (Un-audited)</b>	12,241,798	3,000	22,608,763	15,785,604	-	3,349	54,466,456	105,108,970	4,525,307	109,634,277

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**
**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) - 55% holding

UBL (Switzerland) AG, Switzerland (USAG) - 100% holding

UBL Bank (Tanzania) Limited, Tanzania (UBTL) - 100% holding

United Executors and Trustees Company Limited, Pakistan (UET) - 100% holding

UBL Fund Managers Limited, Pakistan (UBLFM) - 98.92% holding

Al Ameen Financial Services (Pvt.) Limited (AFSL) - effective holding 98.92%

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 1,295 (December 31, 2014: 1,295) branches inside Pakistan including 24 (December 31, 2014: 24) Islamic Banking branches and 1 (December 31, 2014: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2014: 18) branches outside Pakistan as at March 31, 2015. 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.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UBL UK and a 1.08% 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, 2014.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**
**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, 2014.
- 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, 2014.

**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, 2014.

**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, 2015	(Audited) December 31, 2014
	----- (Rupees in '000) -----	
	1,145,000	1,105,000
	2,971,062	3,226,563
	<u>20,380,181</u>	<u>19,898,901</u>
	24,496,243	24,230,464
	(804,612)	(795,242)
	<u><u>23,691,631</u></u>	<u><u>23,435,222</u></u>



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**
**7. INVESTMENTS**
**7.1 Investments by types**

Note	(Un-audited)			(Audited)		
	March 31, 2015			December 31, 2014		
	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	7,609,282	-	7,609,282	6,941,106	-	6,941,106
Pakistan Investment Bonds	1,406,754	-	1,406,754	822,818	-	822,818
Ordinary shares of listed companies	486,011	-	486,011	430,943	-	430,943
Term Finance Certificates	51,448	-	51,448	51,527	-	51,527
Sukuks	16,260	-	16,260	10,767	-	10,767
	9,569,755	-	9,569,755	8,257,161	-	8,257,161
<b>Available for sale securities</b>						
Market Treasury Bills	34,103,010	7,806,137	41,909,147	46,284,703	-	46,284,703
Pakistan Investment Bonds	216,148,992	26,552,989	242,701,981	168,005,906	20,563,460	188,569,366
Government of Pakistan Sukuk	9,269,385	-	9,269,385	9,280,698	-	9,280,698
Government of Pakistan Eurobonds	14,084,371	-	14,084,371	14,175,920	-	14,175,920
Ordinary shares of listed companies	18,118,708	-	18,118,708	16,687,021	-	16,687,021
Preference shares	425,797	-	425,797	421,087	-	421,087
Ordinary shares of unlisted companies	243,278	-	243,278	243,247	-	243,247
Term Finance Certificates	1,371,339	-	1,371,339	1,483,030	-	1,483,030
Foreign bonds - sovereign	27,580,903	390,919	27,971,822	16,285,513	-	16,285,513
Foreign bonds - others	16,689,327	4,784,910	21,474,237	24,067,930	-	24,067,930
	338,035,110	39,534,955	377,570,065	296,935,055	20,563,460	317,498,515
<b>Held to maturity securities</b>						
Market Treasury Bills	48,726,069	-	48,726,069	31,446,074	-	31,446,074
Pakistan Investment Bonds	127,562,683	-	127,562,683	122,713,145	-	122,713,145
Government of Pakistan Eurobonds	6,201,044	-	6,201,044	6,089,160	-	6,089,160
Government of Pakistan Sukuk	205,128	-	205,128	202,244	-	202,244
Term Finance Certificates	5,491,611	-	5,491,611	5,570,990	-	5,570,990
Sukuks	4,347,978	-	4,347,978	1,880,379	-	1,880,379
Participation Term Certificates	2,795	-	2,795	2,795	-	2,795
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	800,944	-	800,944	655,610	-	655,610
Foreign bonds - others	526,859	-	526,859	622,304	-	622,304
Recovery note	314,222	-	314,222	309,708	-	309,708
CDC SAARC Fund	221	-	221	218	-	218
	194,181,820	-	194,181,820	169,494,893	-	169,494,893
<b>Associates</b>						
United Growth and Income Fund	3,548,140	-	3,548,140	3,379,214	-	3,379,214
UBL Liquidity Plus Fund	116,083	-	116,083	241,968	-	241,968
UBL Money Market Fund	11,896	-	11,896	118,428	-	118,428
UBL Retirement Savings Fund	249,723	-	249,723	261,357	-	261,357
UBL Principal Protected Fund - II	117,788	-	117,788	125,700	-	125,700
UBL Principal Protected Fund - III	216,551	-	216,551	232,795	-	232,795
UBL Government Securities Fund	2,001,242	-	2,001,242	2,107,669	-	2,107,669
UBL Gold Fund	88,891	-	88,891	89,310	-	89,310
UBL Asset Allocation Fund	166,791	-	166,791	171,220	-	171,220
UBL Stock Advantage Fund	175,798	-	175,798	136,774	-	136,774
UBL Financial Sector Bond Fund	51,383	-	51,383	79,582	-	79,582
Al-Ameen Islamic Cash Fund	12,328	-	12,328	115,998	-	115,998
Al-Ameen Islamic Aggressive Income Fund	38,706	-	38,706	239,211	-	239,211
Al-Ameen Islamic Sovereign Fund	269,490	-	269,490	356,179	-	356,179
Al-Ameen Islamic Retirement Savings Fund	203,118	-	203,118	209,640	-	209,640
Al-Ameen Shariah Stock Fund	113,535	-	113,535	61,398	-	61,398
Al-Ameen Islamic Principal Preservation Fund - I	140,811	-	140,811	142,214	-	142,214
Al-Ameen Islamic Principal Preservation Fund - II	117,787	-	117,787	123,213	-	123,213
Al-Ameen Islamic Principal Preservation Fund - III	105,281	-	105,281	111,029	-	111,029
Al-Ameen Islamic Principal Preservation Fund - IV	101,340	-	101,340	107,135	-	107,135
Al-Ameen Islamic Principal Preservation Fund - V	93,706	-	93,706	100,375	-	100,375
Al-Ameen Islamic Asset Allocation Fund	112,805	-	112,805	113,107	-	113,107
UBL Insurers Limited	232,695	-	232,695	225,909	-	225,909
Khushhali Bank Limited	1,160,814	-	1,160,814	1,111,127	-	1,111,127
Oman United Exchange Company, Muscat	74,743	-	74,743	72,287	-	72,287
DHA Cogen Limited	-	-	-	-	-	-
	9,521,445	-	9,521,445	10,032,839	-	10,032,839
	551,308,130	39,534,955	590,843,085	484,719,948	20,563,460	505,283,408
Provision for diminution in value of investments	(1,840,529)	-	(1,840,529)	(1,850,842)	-	(1,850,842)
<b>Investments (net of provisions)</b>	549,467,601	39,534,955	589,002,556	482,869,106	20,563,460	503,432,566
Surplus on revaluation of available for sale securities	22,410,721	1,482,962	23,893,683	15,433,595	764,569	16,198,164
Deficit on revaluation of held for trading securities	(78,295)	-	(78,295)	(28,723)	-	(28,723)
<b>Total Investments</b>	571,800,027	41,017,917	612,817,944	498,273,978	21,328,029	519,602,007

7.2 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		311,400,392	313,662,887
Outside Pakistan		139,370,319	141,980,418
		<u>450,770,711</u>	<u>455,643,305</u>
Bills discounted and purchased			
Payable in Pakistan		21,291,672	24,589,010
Payable outside Pakistan		26,789,065	34,050,405
		<u>48,080,737</u>	<u>58,639,415</u>
Advances - gross		498,851,448	514,282,720
Provision against advances			
Specific		(45,105,148)	(44,819,065)
General	8.2	(2,667,023)	(2,098,363)
Advances - net of provision		<u>451,079,277</u>	<u>467,365,292</u>

8.1 Advances include Rs.56,770 million (December 31, 2014: Rs. 57,105 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2015 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	104,808	-	104,808	2,367	-	2,367	2,367	-	2,367
Substandard	4,412,109	931,912	5,344,021	282,161	194,572	476,733	282,161	194,572	476,733
Doubtful	1,387,373	3,064,678	4,452,051	687,121	965,211	1,652,332	687,121	965,211	1,652,332
Loss	38,745,949	8,123,060	46,869,009	36,940,993	6,032,723	42,973,716	36,940,993	6,032,723	42,973,716
	<u>44,650,239</u>	<u>12,119,650</u>	<u>56,769,889</u>	<u>37,912,642</u>	<u>7,192,506</u>	<u>45,105,148</u>	<u>37,912,642</u>	<u>7,192,506</u>	<u>45,105,148</u>

Category of Classification	December 31, 2014 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other Assets Especially									
Mentioned *	114,459	-	114,459	650	-	650	650	-	650
Substandard	4,419,940	1,672,489	6,092,429	284,598	227,776	512,374	284,598	227,776	512,374
Doubtful	1,018,729	3,089,056	4,107,785	499,788	1,036,021	1,535,809	499,788	1,036,021	1,535,809
Loss	39,031,546	7,759,258	46,790,804	36,961,605	5,808,627	42,770,232	36,961,605	5,808,627	42,770,232
	<u>44,584,674</u>	<u>12,520,803</u>	<u>57,105,477</u>	<u>37,746,641</u>	<u>7,072,424</u>	<u>44,819,065</u>	<u>37,746,641</u>	<u>7,072,424</u>	<u>44,819,065</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. 246.652 million (December 31, 2014: Rs. 252.740 million) against consumer finance portfolio and Rs. 37.942 million (December 31, 2014: Rs. 32.942 million) against advances to small enterprises as required by the Prudential Regulations issued by the SBP and Rs.1,964.609 million (December 31, 2014: Rs.1,764.681 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate. General provisions also include an amount of Rs. 417.820 million (December 31, 2014: 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. 680.698 million (December 31, 2014: Rs. 922.746 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	Note	(Un-audited) March 31, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>9. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		3,258,738	3,013,899
Property and equipment		28,716,914	28,958,691
Intangible assets		1,297,061	1,363,056
	9.1	33,272,713	33,335,646

9.1 Additions and disposals during the period amounted to Rs. 613.361 million (March 31, 2014: Rs. 463.344 million) and Rs. 96.916 million (March 31, 2014: Rs. 441.679 million), respectively.

	(Un-audited) March 31, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>10. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan		
Export refinance scheme	13,728,459	14,267,463
Refinance facility for modernization of SME	29,689	33,591
Long term financing facility	6,513,161	6,461,411
Long term financing under export oriented projects	148,780	173,925
	20,420,089	20,936,390
Repurchase agreement borrowings	40,264,530	21,269,642
	60,684,619	42,206,032
<b>Unsecured</b>		
Call borrowings	6,098,560	4,217,499
Overdrawn nostro accounts	377,326	303,142
Trading liabilities	-	102,539
Other borrowings	7,049,047	6,419,314
	13,524,933	11,042,494
	74,209,552	53,248,526

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

Fixed deposits	273,793,160	263,464,259
Savings deposits	349,647,080	316,531,583
Sundry deposits	8,779,020	7,427,172
Margin deposits	5,768,548	6,748,723
Current accounts - remunerative	7,102,204	10,326,552
Current accounts - non-remunerative	335,191,801	325,630,714
	980,281,813	930,129,003

**Financial Institutions**

Remunerative deposits	20,440,638	15,949,527
Non-remunerative deposits	4,900,481	5,823,766
	25,341,119	21,773,293
	1,005,622,932	951,902,296

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

(Un-audited)      (Audited)  
March 31,      December 31,  
2015      2014  
----- (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
- Non-controlling interest

12.1

20,233,038	20,267,486
451,344	469,621
<u>20,684,382</u>	<u>20,737,107</u>

Securities

- Group's share
- Non-controlling interest

12.2

15,634,185	10,637,250
(464,796)	(487,984)
<u>15,169,389</u>	<u>10,149,266</u>

Surplus arising on revaluation of assets of associates

<u>33,753</u>	<u>29,447</u>
<u><u>35,887,524</u></u>	<u><u>30,915,820</u></u>

**12.1 Surplus on revaluation of fixed assets**

Surplus on revaluation of fixed assets at January 01

21,574,409      16,680,220

Revaluation of fixed assets during the period / year

Exchange adjustments

Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax

Related deferred tax liability on incremental depreciation charged during the period / year

-	5,146,820
(49,849)	(147,203)
(12,757)	(68,888)
(6,702)	(36,540)
<u>(69,308)</u>	<u>4,894,189</u>
<u>21,505,101</u>	<u>21,574,409</u>

Less: Related deferred tax liability on:

Revaluation as on January 1

Revaluation of fixed assets during the period / year

Reversal of deferred tax on revaluation of land

Impact of change in tax rate

Exchange adjustments

Incremental depreciation charged during the period / year

837,302	5,368,761
-	36,432
-	(4,457,315)
-	(40,131)
(9,881)	(33,905)
(6,702)	(36,540)
<u>820,719</u>	<u>837,302</u>
<u><u>20,684,382</u></u>	<u><u>20,737,107</u></u>

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

Market Treasury Bills

Pakistan Investment Bonds

Listed shares

Term Finance Certificates, Sukuks, other bonds, etc.

Foreign bonds

Related deferred tax liability

193,033	21,906
18,038,254	10,550,575
4,899,811	5,160,208
(43,354)	(74,792)
805,939	540,267
<u>23,893,683</u>	<u>16,198,164</u>
<u>(8,724,294)</u>	<u>(6,048,898)</u>
<u><u>15,169,389</u></u>	<u><u>10,149,266</u></u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
	----- (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	5,776,953	4,113,804
Banking companies and other financial institutions	4,246,122	3,315,085
Others	4,227,264	3,675,754
	<u>14,250,339</u>	<u>11,104,643</u>
<b>13.2 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	84,587,907	83,496,420
Banking companies and other financial institutions	5,615,723	4,306,447
Others	36,780,222	40,579,368
	<u>126,983,852</u>	<u>128,382,235</u>
<b>13.3 Trade-related contingent liabilities</b>		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	47,446,487	51,053,073
Banking companies and other financial institutions	5,368,866	5,433,924
Others	94,051,699	88,340,199
	<u>146,867,052</u>	<u>144,827,196</u>
<b>13.4 Other contingencies</b>		
Claims against the Group not acknowledged as debts	<u>12,265,357</u>	<u>10,935,953</u>
Contingency in respect of Workers' Welfare Fund	<u>305,997</u>	<u>305,997</u>
<b>13.4.1</b> WWF provision of Rs. 305.997 million relating to funds from the date of application till 29 May 2013 is to be borne by UBL Fund Manager (Subsidiary Company) if such amount is required to be paid to the Government authorities. Management based on opinion of its lawyers is expecting a favorable outcome of the petition filed against chargeability of WWF over its funds.		
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in favour of the Group and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.		
<b>13.4.2</b> Punjab revenue authority issued show cause notice to UBL Fund Managers Limited requiring them to pay sales tax under Punjab sales tax on service act 2012 on management fee earned in Punjab from May 22, 2013. The Company has filed a petition on July 8, 2014 in the High Court of Sind. A favorable outcome of this petition is expected.		
<b>13.4.3</b> UBL Fund Manager being the management company of UBL Principal Protected Fund II and UBL Principal Protected Fund III has guaranteed the GAP risk through Government guarantee agreement signed with trustee of the funds whereby It would be liable to provide Gap risk coverage of the initial fund size up to a maximum of 5% of the total subscription amount. Further they have also guaranteed the Gap risk on the investment advisory agreement signed with clients whereby they are liable to provide Gap risk coverage up to a maximum of 5% of the initial portfolio invested. The GAP risk will be revoked upon maturity of current terms of these mandates.		

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**
**13.5 Commitments to extent credit**

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,                      December 31,  
2015                      2014  
----- (Rupees in '000) -----

**13.6 Commitments in respect of forward foreign exchange contracts**

Purchase	206,587,030	204,579,868
Sale	174,999,736	169,150,871

**13.7 Commitments in respect of derivatives**

Interest rate swaps	4,296,333	4,511,816
Cross currency swaps	506,233	5,934,000
FX options - purchased	227,108	190,043
FX options - sold	227,108	190,043
Forward Purchase of Government securities	437,990	1,329,394
Forward sale of Government securities	-	906,201

**13.8 Commitments in respect of capital expenditure**

2,151,263                      1,874,447

**13.9 For contingencies relating to taxation refer note 17**

.....(Un-audited).....  
March 31,                      March 31,  
2015                      2014  
----- (Rupees in '000) -----

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

On loans and advances to customers	9,710,396	8,401,450
On lendings to financial institutions		
Call money lendings	30,621	4,369
Repurchase agreement lendings	89,724	465,521
Other lendings to financial institutions	169,920	92,083
	290,265	561,973
On investments in		
Held for trading securities	125,876	539,182
Available for sale securities	8,352,446	7,361,705
Held to maturity securities	5,144,663	3,200,817
	13,622,985	11,101,704
On deposits with financial institutions	20,903	49,154
	23,644,549	20,114,281

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

On deposits	8,444,139	8,507,988
On securities sold under repurchase agreements	863,349	653,925
On other short term borrowings	623,542	541,809
On long term borrowings	132,966	153,044
	10,063,996	9,856,766

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	.....(Un-audited).....	
	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	3,018,963	2,826,826
Charge for compensated absences	63,363	100,950
Medical expenses	129,180	125,715
Contribution to defined contribution plan	79,756	77,216
Charge in respect of defined benefit obligations	94,867	92,249
Rent, taxes, insurance, electricity etc.	966,501	912,451
Depreciation	449,460	431,390
Amortization	116,339	117,926
Outsourced service charges including sales commission	1,016,014	884,836
Communications	317,286	277,786
Banking service charges	261,104	227,220
Cash transportation charges	136,575	124,656
Stationery and printing	137,840	137,588
Legal and professional charges	69,166	55,295
Advertisement and publicity	160,847	130,571
Repairs and maintenance	444,056	335,066
Travelling	72,018	58,057
Office running expenses	140,251	120,413
Vehicle expenses	44,719	49,110
Entertainment	55,792	45,023
Cartage, freight and conveyance	24,585	22,733
Insurance expense	14,508	31,089
Auditors' remuneration	21,218	29,700
Training and seminars	24,444	17,293
Brokerage expenses	8,446	12,304
Subscriptions	32,150	25,698
Donations	41,405	21,100
Non-executive Directors' fees	10,587	5,066
Zakat paid by overseas branch	21,386	25,473
Miscellaneous expenses	57,393	56,323
	<u>8,030,219</u>	<u>7,377,123</u>

**17. TAXATION**

The Income Tax returns of the Bank have been filed up to the tax year 2014 (accounting year ended December 31, 2013) 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 2014, and created additional tax demands of Rs.11,559 million (including disallowances of provisions made prior to Seventh Schedule), 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.1,350 million (December 31, 2014: Rs.1,350 million) in respect of provisions in excess of the above mentioned limits.

The tax returns for Azad Kashmir (AK) Branches have been filed upto the tax year 2014 (financial 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.



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

The tax authorities have also carried out monitoring for Federal Exercise Duty, Sales tax and withholding taxes covering period from year ended 2007 to 2013. Consequently various addbacks and demands were raised creating a total demand of Rs. 994 million. The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE have been filed upto the year ended December 31, 2014 and other overseas branches 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.

For all the subsidiaries income tax returns have been filed up to the accounting 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, tax clearance has been issued for UBL UK till the accounting year 2012 and for UBL (Switzerland) AG and UBL (Tanzania) Bank Limited till the accounting year 2013. 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, 2015 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	93,825	6,624,892	9,452,636	3,372,732	229,452	909,848	-
Total expenses	(25,046)	(399,014)	(6,515,727)	(1,285,959)	(164,100)	(764,457)	-
Profit before tax	68,779	6,225,878	2,936,909	2,086,773	65,352	145,391	-
Segment return on assets (ROA)	107.3%	2.5%	0.9%	1.3%	17.7%	-	-
Segment cost of funds	2.6%	6.5%	3.7%	6.1%	-	-	-

**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	84,157	4,296,942	8,211,918	2,408,281	179,462	829,488	-
Total expenses	(20,815)	(403,195)	(5,172,500)	(1,748,828)	(130,026)	(381,558)	-
Profit before tax	63,342	3,893,747	3,039,418	659,453	49,436	447,930	-
Segment return on assets (ROA)	97.5%	1.8%	1.1%	0.5%	19.9%	-	-
Segment cost of funds	4.4%	6.4%	4.2%	6.5%	-	-	-

**As at March 31, 2015 (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)	689,673	699,287,033	882,819,632	444,215,612	1,119,918	114,036,566	(825,738,982)
Segment non performing loans (NPLs)	657,535	1,987,225	23,377,761	30,529,860	-	217,508	-
Segment provision held against NPLs	494,525	1,810,732	19,087,335	23,647,764	-	64,792	-
Segment liabilities	150,425	634,645,999	898,187,633	409,095,920	170,888	9,290,620	(825,738,982)

**As at December 31, 2014 (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)	775,136	578,630,275	872,818,868	456,542,712	1,082,670	92,668,476	(775,245,959)
Segment non performing loans (NPLs)	648,147	1,988,086	24,311,780	29,930,610	-	226,854	-
Segment provision held against NPLs	487,423	1,643,702	19,274,579	23,337,495	-	75,866	-
Segment liabilities	152,477	532,277,295	863,632,502	418,987,769	174,359	4,970,059	(775,245,959)

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, 2015**
**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, 2015 (Un-audited)				As at December 31, 2014 (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	-	-	-	500,000	-
<b>Investments</b>								
Opening balance	-	-	10,032,839	3,917,745	-	-	7,732,898	4,098,108
Investment made during the period / year	-	-	146,856	-	-	-	3,897,489	-
Investment redeemed / disposed off during the period / year	-	-	(897,920)	-	-	-	(2,985,033)	(180,363)
Equity method adjustments	-	-	239,670	-	-	-	1,387,485	-
Closing balance	-	-	9,521,445	3,917,745	-	-	10,032,839	3,917,745
Provision for diminution in value of investments	-	-	-	118,356	-	-	-	118,356
<b>Advances</b>								
Opening balance	368	249,996	2,155,149	9,394,005	-	268,862	2,155,149	412,954
Addition during the period / year	490	26,728	-	3,255,041	3,668	101,656	-	14,328,295
Repaid during the period / year	(785)	(18,496)	-	(2,906,280)	(3,300)	(129,501)	-	(5,347,244)
Transfer in / (out) - net	-	(28,702)	-	-	-	8,979	-	-
Closing balance	73	229,526	2,155,149	9,742,766	368	249,996	2,155,149	9,394,005
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
<b>Other Assets</b>								
Interest mark-up accrued	-	74	320	222,704	-	155	14,893	283,323
Receivable from staff retirement funds	-	-	-	122,848	-	-	-	88,862
Prepaid insurance	-	-	167,166	-	-	-	27	-
Remuneration receivable from management of funds	-	-	65,938	-	-	-	59,493	5,051
Sales load receivable	-	-	10,567	-	-	-	2,415	-
Formation cost receivable	-	-	11,100	-	-	-	11,100	-
Dividend Receivable	-	-	-	-	-	-	-	-
Other receivable	-	-	617	30,164	-	-	888	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
<b>Deposits and other accounts</b>								
Opening balance	7,920,019	180,520	2,501,595	204,907	7,506,473	161,288	667,512	734,999
Received during the period / year	4,977,356	341,923	26,303,283	27,674,465	26,067,173	1,649,178	112,528,554	127,557,270
Withdrawn during the period / year	(5,934,302)	(246,982)	(25,788,786)	(27,709,744)	(26,710,567)	(1,609,409)	(110,694,471)	(128,179,674)
Transfer in / (out) - net	-	(76,891)	-	-	1,056,940	(20,537)	-	92,312
Closing balance	6,963,073	198,570	3,016,092	169,628	7,920,019	180,520	2,501,595	204,907
<b>Other Liabilities</b>								
Interest / return / mark-up payable on deposits	56,740	295	944	74	47,181	1,344	9,793	266
Payable to staff retirement fund	-	-	-	78,599	-	-	-	155,908
<b>Contingencies and Commitments</b>								
Letter of guarantee	-	-	42,206	-	-	-	41,600	-
Forward foreign exchange contracts purchase	-	-	-	55,507	-	-	-	149,615
Forward foreign exchange contracts sale	-	-	-	564,396	-	-	-	31,313
Cross Currency Swaps	-	-	506,233	-	-	-	-	-
(Rupees in '000)								
	For the three months ended March 31, 2015 (Un-audited)				For the three months ended March 31, 2014 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Mark-up / return / interest earned	-	2,200	14,613	223,270	-	2,933	-	9,618
Commission / charges recovered	11	43	953	59	7	7	546	17
Dividend income	-	-	-	53,262	-	-	19,195	250,856
Net gain on sale of securities	-	-	128,114	-	-	-	70,294	5
Remuneration from management of funds	-	-	174,769	-	-	-	107,765	4,778
Sales load	-	-	25,751	-	-	-	38,923	-
Other income	-	3,615	-	-	-	166	88	-
Mark-up / return / interest paid	53,214	1,011	34,366	1,143	46,513	1,740	9,575	8,546
Remuneration paid	-	414,197	-	-	-	436,396	-	-
Post employment benefits	-	13,664	-	-	-	8,317	-	-
Non-executive directors' fee	10,587	-	-	-	5,066	-	-	-
Net charge for defined contribution plans	-	-	-	79,756	-	-	-	77,216
Net charge for defined benefit plans	-	-	-	31,265	-	-	-	29,064
Other expenses	-	-	1,960	25,600	-	-	15,319	24,432
Insurance premium paid	-	-	222,858	-	-	-	262,065	-
Insurance claims settled	-	-	45,827	-	-	-	31,786	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**
**20. ISLAMIC BANKING BUSINESS**

20.1 The statement of financial position of the Bank's Islamic Banking branches is as follows:

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,495,262	1,105,791
Balances with other banks		409,853	388,594
Investments		10,466,997	8,078,202
Islamic financing and related assets	20.3	6,688,383	6,656,812
Operating fixed assets		96,764	99,954
Due from Head Office		5,474,134	2,503,182
Other assets		203,193	154,874
<b>Total Assets</b>		<b>24,834,586</b>	<b>18,987,409</b>
<b>LIABILITIES</b>			
Bills payable		79,175	112,626
Deposits and other accounts		2,254,943	2,345,427
Current accounts		2,872,374	2,331,634
Saving accounts		935,394	1,061,485
Term deposits		17,636,497	12,120,720
Deposits from financial institutions - remunerative		32	32
Deposits from financial institutions - non remunerative	20.4	23,699,240	17,859,298
Due to Head Office		-	-
Other liabilities		198,973	179,808
		<b>23,977,388</b>	<b>18,151,732</b>
<b>NET ASSETS</b>		<b>857,198</b>	<b>835,677</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		1,181,000	1,181,000
Accumulated losses		(297,769)	(276,733)
		<b>883,231</b>	<b>904,267</b>
Deficit on revaluation of assets		(26,033)	(68,590)
		<b>857,198</b>	<b>835,677</b>

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

	----- (Un-audited) -----	
	March 31, 2015	March 31, 2014
----- (Rupees in '000) -----		
Return earned	422,492	330,138
Return expensed	(315,295)	(244,307)
	<b>107,197</b>	<b>85,831</b>
Provision against loans and advances - net	-	(1,613)
Reversal for diminution in value of investments - net	-	360
Reversal / (provision) against assets given on Ijarah	397	(482)
	<b>397</b>	<b>(1,735)</b>
Net return after provisions	<b>107,594</b>	<b>84,096</b>
<b>Other Income</b>		
Fee, commission and brokerage income	5,847	4,565
Dividend income	-	3,164
Income / (loss) from dealing in foreign currencies	1,710	(7,303)
Loss on sale of securities - net	(48)	-
Other income	(233)	28,578
Total other income	<b>7,276</b>	<b>29,004</b>
	<b>114,870</b>	<b>113,100</b>
<b>Other Expenses</b>		
Administrative expenses	(135,906)	(138,845)
Other reversals - net	-	373
Total other expenses	<b>(135,906)</b>	<b>(138,472)</b>
Net loss for the period	<b>(21,036)</b>	<b>(25,372)</b>
Accumulated losses brought forward	(276,733)	(156,679)
Accumulated losses carried forward	(297,769)	(182,051)
<b>Remuneration to Shariah Advisor</b>	<b>426</b>	<b>308</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
----- (Rupees in '000) -----		

**20.3 Islamic financing and related assets**

<b>Financings</b>			
Murabaha	985,297	230,260	
Ijarah	726,073	706,341	
Diminishing Musharaka	4,776,201	4,801,540	
Provision against financings	(36,052)	(36,052)	
	<b>6,451,519</b>	<b>5,702,089</b>	
<b>Advances</b>			
Advances and receivables against Ijarah	111,875	124,731	
Advances for Diminishing Musharaka	-	4,500	
Advances for Murabaha	33,316	834,246	
Provision against advances for Murabaha	(17,498)	(17,498)	
	<b>127,693</b>	<b>945,979</b>	
Profit receivable against financing	109,171	8,744	
	<b>6,688,383</b>	<b>6,656,812</b>	

20.4 Deposit and other accounts include redeemable capital of Rs. 21,444.265 million (2014: Rs. 15,513.839 million) and deposit on Qard basis of Rs. 2,245.975 million (2014: Rs. 2,345.459 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis. All the Redeemable capital held by the bank is in Pakistan Rupee.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2015****21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on April 24, 2015 has declared a cash dividend in respect of the three months ended March 31, 2015 of Rs. 3.0 per share (March 31, 2014: Rs. 2.5 per share). The consolidated condensed interim financial statements for the three months ended March 31, 2015 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 24, 2015 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