United Bank Limited
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)
## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT MARCH 31, 2012

### Note

<table>
<thead>
<tr>
<th>Note</th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>70,756,424</td>
<td>86,502,444</td>
</tr>
<tr>
<td>2</td>
<td>16,360,561</td>
<td>19,225,488</td>
</tr>
<tr>
<td>3</td>
<td>15,168,279</td>
<td>9,536,211</td>
</tr>
<tr>
<td>4</td>
<td>337,150,176</td>
<td>301,106,877</td>
</tr>
<tr>
<td>5</td>
<td>360,326,826</td>
<td>341,139,519</td>
</tr>
<tr>
<td>6</td>
<td>15,168,279</td>
<td>9,536,211</td>
</tr>
<tr>
<td>7</td>
<td>301,106,877</td>
<td>341,139,519</td>
</tr>
<tr>
<td>8</td>
<td>25,989,478</td>
<td>25,722,481</td>
</tr>
<tr>
<td>9</td>
<td>1,806,236</td>
<td>1,991,667</td>
</tr>
<tr>
<td>10</td>
<td>25,260,125</td>
<td>19,352,726</td>
</tr>
<tr>
<td>11</td>
<td>849,431,267</td>
<td>807,204,788</td>
</tr>
<tr>
<td>12</td>
<td>84,725,967</td>
<td>85,920,646</td>
</tr>
<tr>
<td>13</td>
<td>84,725,967</td>
<td>85,920,646</td>
</tr>
</tbody>
</table>

### ASSETS

- Cash and balances with treasury banks
- Balances with other banks
- Lendings to financial institutions
- Investments
- Advances
- Operating fixed assets
- Deferred tax asset - net
- Other assets

### LIABILITIES

- Bills payable
- Borrowings
- Deposits and other accounts
- Sub-ordinated loans
- Liabilities against assets subject to finance lease
- Deferred tax liability - net
- Other liabilities

### NET ASSETS

- Share capital
- Reserves
- Unappropriated profit
- Total equity attributable to the equity holders of the Bank
- Non-controlling interest
- Surplus on revaluation of assets - net of deferred tax

### REPRESENTED BY

- President & Chief Executive Officer
- Director
- Deputy Chairman
- Chairman

### CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.
### CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
#### FOR THE QUARTER ENDED MARCH 31, 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rupees in '000)</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>18,012,120</td>
<td>16,922,026</td>
</tr>
<tr>
<td>15</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>5,993,003</td>
<td>5,065,507</td>
</tr>
<tr>
<td>17</td>
<td>(2,445,220)</td>
<td>(1,811,874)</td>
</tr>
<tr>
<td></td>
<td>(2,379,665)</td>
<td>(1,745,591)</td>
</tr>
</tbody>
</table>

#### Non mark-up / interest income

- Income from dealing in foreign currencies: 582,323 (2012), 768,178 (2011)
- Gain on sale of securities - net: 426,475 (2012), 190,532 (2011)
- Other income: 456,558 (2012), 408,833 (2011)

#### Non mark-up / interest expenses

- Administrative expenses: (5,993,003) (2012), (5,065,507) (2011)
- Other provisions / write offs - net: 1,018 (2012), 6,201 (2011)
- Other charges: (26,393) (2012), (26,716) (2011)

#### Share of income of associates

- 578,689 (2012), 153,239 (2011)

#### Profit before taxation


#### Taxation

- Prior: - (2012), 7,538 (2011)

#### Profit after taxation


#### Attributable to:


#### Earnings per share - basic and diluted

- 3.97 (2012), 2.78 (2011)

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after taxation for the period attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity shareholders of the Bank</td>
<td>4,857,305</td>
<td>3,400,903</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>6,378</td>
<td>(5,313)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,863,683</strong></td>
<td><strong>3,395,590</strong></td>
</tr>
</tbody>
</table>

Other comprehensive income:

Exchange differences on translation of net investment in foreign branches and subsidiaries
- Equity shareholders of the Bank | 508,674 | 58,430 |
- Non-controlling interest | 112,396 | 89,239 |
**Total** | **621,070** | **147,669** |

Gain on cash flow hedges | 22,299 | 31,029 |
Related deferred tax liability on cash flow hedges | (7,805) | (10,860) |
**Total** | **14,494** | **20,169** |

Comprehensive income transferred to equity - net of tax | **5,499,247** | **3,563,428** |

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

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.
# CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

## CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>7,243,348</td>
<td>5,141,181</td>
</tr>
<tr>
<td>Less: Dividend income</td>
<td>(172,989)</td>
<td>(71,443)</td>
</tr>
<tr>
<td>Share of income of associates</td>
<td>(578,689)</td>
<td>(153,239)</td>
</tr>
<tr>
<td></td>
<td><strong>6,491,670</strong></td>
<td><strong>4,916,499</strong></td>
</tr>
</tbody>
</table>

### Adjustments:

- **Depreciation**: 358,212 (390,629)
- **Amortization**: 95,397 (75,903)
- **Workers’ welfare fund**: 148,362 (103,118)
- **Provision for retirement benefits**: 184,589 (59,356)
- **Provision against loans and advances**: 606,557 (2,205,281)
- **Provision against lendings to financial institutions**: 81,150 - 81,150 (3,662)
- **(Gain) / loss on sale of fixed assets**: (10,763) (7,403)
- **Net gain on cash flow hedges**: 22,299 (31,029)
- **Unrealized loss on revaluation of investments classified as held for trading**: 4,339 (7,052)
- **Bad debts written-off**: 79,278 (132,825)
- **Reversal against provision for other assets**: (1,018) (6,201)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,567,071</td>
<td>2,995,251</td>
</tr>
<tr>
<td></td>
<td><strong>8,058,741</strong></td>
<td><strong>7,911,750</strong></td>
</tr>
</tbody>
</table>

### (Increase) / decrease in operating assets

- **Lendings to financial institutions**: (5,713,218) (515,629)
- **Held for trading investments**: (5,420,673) 9,855,302
- **Advances**: (19,873,142) (4,037,677)
- **Other assets - (excluding advance taxation)**: (872,551) 351,697

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(31,879,584)</td>
<td>5,653,693</td>
</tr>
</tbody>
</table>

### Increase / (decrease) in operating liabilities

- **Bills payable**: 2,817,194 1,403,557
- **Borrowings**: 33,297,022 (2,210,163)
- **Deposits and other accounts**: 2,395,835 (21,458,774)
- **Other liabilities (excluding current taxation)**: (1,647,874) (2,343,822)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36,862,177</td>
<td>(24,609,202)</td>
</tr>
<tr>
<td></td>
<td><strong>13,041,334</strong></td>
<td>(11,043,759)</td>
</tr>
</tbody>
</table>
- **Staff retirement benefits paid**: (149,674) (220,292)
- **Income tax paid**: (1,336,533) (1,881,593)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow / (outflow) from operating activities</td>
<td><strong>11,555,127</strong></td>
<td><strong>13,145,644</strong></td>
</tr>
</tbody>
</table>

## CASH FLOW FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in securities</td>
<td>(29,205,134)</td>
<td>(8,599,450)</td>
</tr>
<tr>
<td>Dividend income received</td>
<td>69,832</td>
<td>36,834</td>
</tr>
<tr>
<td>Investment in operating fixed assets</td>
<td>(707,831)</td>
<td>(636,468)</td>
</tr>
<tr>
<td>Sale proceeds from disposal of operating fixed assets</td>
<td>54,897</td>
<td>52,276</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in investing activities</td>
<td><strong>(29,788,236)</strong></td>
<td><strong>(9,146,808)</strong></td>
</tr>
</tbody>
</table>

## CASH FLOW FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of principal of sub-ordinated loans</td>
<td><strong>(988,908)</strong></td>
<td><strong>(2,028)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in financing activities</td>
<td><strong>(988,908)</strong></td>
<td><strong>(2,028)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange differences on translation of net investment in foreign branches and subsidiaries</td>
<td>(18,810,947)</td>
<td>(22,146,811)</td>
</tr>
<tr>
<td>- Equity shareholders of the Bank</td>
<td>508,674</td>
<td>58,430</td>
</tr>
<tr>
<td>- Non-controlling interest</td>
<td>112,396</td>
<td>89,239</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease) / increase in cash and cash equivalents during the period</td>
<td><strong>(18,610,947)</strong></td>
<td><strong>(22,146,811)</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>105,727,932</td>
<td>93,648,154</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td><strong>87,116,985</strong></td>
<td><strong>71,501,343</strong></td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.
### CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
**FOR THE QUARTER ENDED MARCH 31, 2012**

#### Balance as at January 1, 2011

<table>
<thead>
<tr>
<th>Attributable to equity shareholders of the Bank</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>(Rupess in ’000)</td>
</tr>
</tbody>
</table>

##### Transactions with owners recorded directly in equity for the quarter ended March 31, 2011

- **Final cash dividend for the year ended December 31, 2010 declared subsequent to the year end at Rs. 4.0 per share**: (4,896,719)
- **(4,896,719)**

##### Total comprehensive income for the quarter ended March 31, 2011

- **Profit after taxation for the quarter ended March 31, 2011**
  - **Other comprehensive income - net of tax**: 3,409,033
  - **(3,409,033)**

- **Total comprehensive income**: 3,479,592
- **83,924**
- **Rupess**: 5,561,428

- **Transfer to statutory reserves**: (327,263)
- **(327,263)**

#### Balance as at March 31, 2011 (Un-audited)

| 12,241,798 | 3,000 | 14,789,959 | 9,823,724 | (108,983) | - | 25,816,872 | 62,576,370 | 2,291,167 | 84,657,537 |

##### Transactions with owners recorded directly in equity for the nine months ended December 31, 2011

- **Interim cash dividend for the half year ended June 30, 2011 at Rs. 1.5 per share**: (1,836,270)
- **(1,836,270)**

##### Total comprehensive income for the nine months ended December 31, 2011

- **Profit after taxation for the nine months ended December 31, 2011**
  - **Other comprehensive income - net of tax**: 3,409,033
  - **(3,409,033)**

- **Total comprehensive income**: 4,857,305
- **3,407,305**
- **46,988**
- **46,988**

- **Transfer to statutory reserves**: (1,232,255)
- **(1,232,255)**

#### Balance as at December 31, 2011 (Audited)

| 12,241,798 | 3,000 | 16,022,214 | 11,531,541 | (61,995) | 1,707,817 | 40,988 | 11,493,882 | 11,493,882 | 37,641 | 11,491,523 |

##### Transactions with owners recorded directly in equity for the quarter ended March 31, 2012

- **Final cash dividend for the year ended December 31, 2011 declared subsequent to year end at Rs. 6.0 per share**: (4,896,719)
- **(4,896,719)**

##### Total comprehensive income for the quarter ended March 31, 2012

- **Profit after taxation for the quarter ended March 31, 2012**
  - **Other comprehensive income - net of tax**: 4,881,305
  - **(4,881,305)**

- **Total comprehensive income**: 5,380,473
- **3,479,592**
- **1,199**
- **1,199**

- **Transfer to statutory reserve**: (1,232,255)
- **(1,232,255)**

#### Balance as at March 31, 2012 (Un-audited)

| 12,241,798 | 3,000 | 16,086,740 | 12,040,215 | (47,501) | 508,674 | 9,823,724 | 31,250,649 | 71,998,100 | 2,443,169 | 74,441,269 |

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

---

**United Bank Ltd.**

Chief Executive Officer

Atif R. Bokhari

President &

Seerat Asghar

Director

Sir Mohammed Anwar Pervez, OBE, HPk

Deputy Chairman

Nahayan Mabarak Al Nahayan

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

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

**Holding Company**
United Bank Limited (the Bank)

**Subsidiary Companies**
United National Bank Limited (UNBL), United Kingdom
United Bank AG (Zurich) (UBAG), Switzerland
United Executors and Trustees Company Limited (UET), Pakistan
UBL Fund Managers Limited (UBLFM), Pakistan

The Group is engaged in commercial banking, asset management, investment advisory and investments business. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at State Life Building No.1, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,218 (December 31, 2011: 1,218) branches inside Pakistan including 14 (December 31, 2011: 14) Islamic Banking branches and 1 (December 31, 2011: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2010: 17) branches outside Pakistan as at March 31, 2012.

The Bank's ordinary shares are listed on all three stock exchanges in Pakistan. Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UNBL.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan ("SBP") has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial results of the Islamic Banking branches of the Group have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 20 to these consolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
3.3 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the condensed annual financial statements of the Bank for the year ended December 31, 2011.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

4.2 The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2011.

5. BASIS OF MEASUREMENT

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

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

The significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements of the Group for the year ended December 31, 2011.

6. LENDINGS TO FINANCIAL INSTITUTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>(Un-audited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call money lendings</td>
<td></td>
<td>130,000</td>
</tr>
<tr>
<td>Repurchase agreement lendings</td>
<td>3,931,456</td>
<td></td>
</tr>
<tr>
<td>Other lendings to financial institutions</td>
<td>11,676,815</td>
<td>9,762,848</td>
</tr>
<tr>
<td></td>
<td>15,608,271</td>
<td>9,892,848</td>
</tr>
<tr>
<td>Provisions against lendings to financial institutions</td>
<td>(439,992)</td>
<td>(356,637)</td>
</tr>
<tr>
<td></td>
<td>15,168,279</td>
<td>9,536,211</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2012

7. INVESTMENTS

7.1 Investments by types

<table>
<thead>
<tr>
<th>Note</th>
<th>Held by Group</th>
<th>Given as collateral</th>
<th>Total</th>
<th>Held by Group</th>
<th>Given as collateral</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.1 Held for trading securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Treasury Bills</td>
<td>6,172,100</td>
<td>-</td>
<td>6,172,100</td>
<td>-</td>
<td>692,705</td>
<td>-</td>
</tr>
<tr>
<td>Pakistan Investment Bonds</td>
<td>283,197</td>
<td>-</td>
<td>283,197</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary shares of listed companies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>386,782</td>
<td>-</td>
</tr>
<tr>
<td>Units of mutual funds</td>
<td>47,429</td>
<td>-</td>
<td>47,429</td>
<td>-</td>
<td>44,252</td>
<td>-</td>
</tr>
<tr>
<td>Sukus</td>
<td>28,495</td>
<td>-</td>
<td>28,495</td>
<td>-</td>
<td>28,504</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>6,641,802</td>
<td>-</td>
<td>6,641,802</td>
<td>-</td>
<td>1,253,417</td>
<td>-</td>
</tr>
<tr>
<td>7.1.2 Available for sale securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Treasury Bills</td>
<td>85,824,902</td>
<td>61,604,692</td>
<td>147,429,594</td>
<td>100,056,116</td>
<td>28,236,295</td>
<td>128,292,411</td>
</tr>
<tr>
<td>Government of Pakistan Sukuk</td>
<td>8,549,169</td>
<td>-</td>
<td>8,549,169</td>
<td>7,666,532</td>
<td>-</td>
<td>7,666,532</td>
</tr>
<tr>
<td>Government of Pakistan Eurobonds</td>
<td>7,601,946</td>
<td>-</td>
<td>7,601,946</td>
<td>7,373,609</td>
<td>-</td>
<td>7,373,609</td>
</tr>
<tr>
<td>Ordinary shares of listed companies</td>
<td>2,035,716</td>
<td>-</td>
<td>2,035,716</td>
<td>5,806,330</td>
<td>-</td>
<td>5,806,330</td>
</tr>
<tr>
<td>Preference shares</td>
<td>488,234</td>
<td>-</td>
<td>488,234</td>
<td>485,936</td>
<td>-</td>
<td>485,936</td>
</tr>
<tr>
<td>Ordinary shares of unlisted companies</td>
<td>443,038</td>
<td>-</td>
<td>443,038</td>
<td>445,724</td>
<td>-</td>
<td>445,724</td>
</tr>
<tr>
<td>Term Finance Certificates</td>
<td>2,143,392</td>
<td>-</td>
<td>2,143,392</td>
<td>2,146,276</td>
<td>-</td>
<td>2,146,276</td>
</tr>
<tr>
<td>Units of mutual funds</td>
<td>2,179,075</td>
<td>-</td>
<td>2,179,075</td>
<td>2,179,075</td>
<td>-</td>
<td>2,179,075</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>21,652,677</td>
<td>-</td>
<td>21,652,677</td>
<td>18,181,364</td>
<td>-</td>
<td>18,181,364</td>
</tr>
<tr>
<td></td>
<td>159,758,349</td>
<td>61,792,376</td>
<td>221,550,727</td>
<td>173,082,884</td>
<td>28,236,295</td>
<td>201,319,179</td>
</tr>
<tr>
<td>7.1.3 Held to maturity securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Treasury Bills</td>
<td>54,547,057</td>
<td>-</td>
<td>54,547,057</td>
<td>50,545,793</td>
<td>-</td>
<td>50,545,793</td>
</tr>
<tr>
<td>Pakistan Investment Bonds</td>
<td>23,499,185</td>
<td>-</td>
<td>23,499,185</td>
<td>23,468,779</td>
<td>-</td>
<td>23,468,779</td>
</tr>
<tr>
<td>Government of Pakistan Sukuk</td>
<td>300,000</td>
<td>-</td>
<td>300,000</td>
<td>300,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Term Finance Certificates</td>
<td>3,688,741</td>
<td>-</td>
<td>3,688,741</td>
<td>3,832,169</td>
<td>-</td>
<td>3,832,169</td>
</tr>
<tr>
<td>Sukuk Bonds</td>
<td>1,862,467</td>
<td>-</td>
<td>1,862,467</td>
<td>1,863,468</td>
<td>-</td>
<td>1,863,468</td>
</tr>
<tr>
<td>Participation Term Certificates</td>
<td>9,378</td>
<td>-</td>
<td>9,378</td>
<td>10,661</td>
<td>-</td>
<td>10,661</td>
</tr>
<tr>
<td>Debentures</td>
<td>4,392</td>
<td>-</td>
<td>4,392</td>
<td>4,392</td>
<td>-</td>
<td>4,392</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>3,796,947</td>
<td>-</td>
<td>3,796,947</td>
<td>5,441,878</td>
<td>-</td>
<td>5,441,878</td>
</tr>
<tr>
<td>Recovery note</td>
<td>289,398</td>
<td>-</td>
<td>289,398</td>
<td>289,214</td>
<td>-</td>
<td>289,214</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>50,438</td>
<td>-</td>
<td>50,438</td>
<td>50,438</td>
<td>-</td>
<td>50,438</td>
</tr>
<tr>
<td>CDC SAARC Fund</td>
<td>454</td>
<td>-</td>
<td>454</td>
<td>450</td>
<td>-</td>
<td>450</td>
</tr>
<tr>
<td>Government of Pakistan Eurobonds</td>
<td>1,980,051</td>
<td>-</td>
<td>1,980,051</td>
<td>1,986,830</td>
<td>-</td>
<td>1,986,830</td>
</tr>
<tr>
<td></td>
<td>90,075,490</td>
<td>-</td>
<td>90,075,490</td>
<td>87,845,274</td>
<td>-</td>
<td>87,845,274</td>
</tr>
<tr>
<td>7.1.4 Associates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Growth and Income Fund</td>
<td>2,406,126</td>
<td>-</td>
<td>2,406,126</td>
<td>2,332,486</td>
<td>-</td>
<td>2,332,486</td>
</tr>
<tr>
<td>UBL Liquidity Plus Fund</td>
<td>10,537,976</td>
<td>-</td>
<td>10,537,976</td>
<td>5,049,099</td>
<td>-</td>
<td>5,049,099</td>
</tr>
<tr>
<td>United Composite Islamic Fund</td>
<td>400,633</td>
<td>-</td>
<td>400,633</td>
<td>346,862</td>
<td>-</td>
<td>346,862</td>
</tr>
<tr>
<td>United Islamic Income Fund</td>
<td>173,802</td>
<td>-</td>
<td>173,802</td>
<td>163,959</td>
<td>-</td>
<td>163,959</td>
</tr>
<tr>
<td>United Stock Advantage Fund</td>
<td>440,761</td>
<td>-</td>
<td>440,761</td>
<td>388,016</td>
<td>-</td>
<td>388,016</td>
</tr>
<tr>
<td>UBL Capital Protected Fund - II</td>
<td>116,595</td>
<td>-</td>
<td>116,595</td>
<td>113,092</td>
<td>-</td>
<td>113,092</td>
</tr>
<tr>
<td>UBL Savings Income Fund</td>
<td>2,567,137</td>
<td>-</td>
<td>2,567,137</td>
<td>2,734,011</td>
<td>-</td>
<td>2,734,011</td>
</tr>
<tr>
<td>UBL Islamic Savings Fund</td>
<td>1,524,212</td>
<td>-</td>
<td>1,524,212</td>
<td>1,630,032</td>
<td>-</td>
<td>1,630,032</td>
</tr>
<tr>
<td>UBL Islamic Retirement Savings Fund</td>
<td>113,818</td>
<td>-</td>
<td>113,818</td>
<td>105,062</td>
<td>-</td>
<td>105,062</td>
</tr>
<tr>
<td>UBL Retirement Savings Fund</td>
<td>113,912</td>
<td>-</td>
<td>113,912</td>
<td>106,146</td>
<td>-</td>
<td>106,146</td>
</tr>
<tr>
<td>UBL Principal Protected Fund - I</td>
<td>143,059</td>
<td>-</td>
<td>143,059</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UBL Government Securities Fund</td>
<td>3,118,023</td>
<td>-</td>
<td>3,118,023</td>
<td>3,058,294</td>
<td>-</td>
<td>3,058,294</td>
</tr>
<tr>
<td>UBL Insurers Limited</td>
<td>190,460</td>
<td>-</td>
<td>190,460</td>
<td>188,637</td>
<td>-</td>
<td>188,637</td>
</tr>
<tr>
<td>Oman United Exchange Company, Muscat</td>
<td>69,606</td>
<td>-</td>
<td>69,606</td>
<td>66,954</td>
<td>-</td>
<td>66,954</td>
</tr>
<tr>
<td></td>
<td>21,916,122</td>
<td>-</td>
<td>21,916,122</td>
<td>16,282,680</td>
<td>-</td>
<td>16,282,680</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(1,031,312)</td>
<td>-</td>
<td>(1,031,312)</td>
<td>(2,734,622)</td>
<td>-</td>
<td>(2,734,622)</td>
</tr>
<tr>
<td>Investments (net of provisions)</td>
<td>277,360,451</td>
<td>61,792,378</td>
<td>339,152,829</td>
<td>275,729,633</td>
<td>28,236,295</td>
<td>303,965,928</td>
</tr>
<tr>
<td>(Deficit) / surplus on revaluation of available for sale securities</td>
<td>(1,978,747)</td>
<td>(19,567)</td>
<td>(1,998,314)</td>
<td>(2,859,684)</td>
<td>32,921</td>
<td>(2,826,763)</td>
</tr>
<tr>
<td>Deficit on revaluation of held for trading securities</td>
<td>(4,339)</td>
<td>-</td>
<td>(4,339)</td>
<td>(32,288)</td>
<td>-</td>
<td>(32,288)</td>
</tr>
<tr>
<td>Total Investments</td>
<td>275,377,365</td>
<td>61,772,811</td>
<td>337,150,176</td>
<td>272,837,681</td>
<td>28,269,216</td>
<td>301,106,877</td>
</tr>
</tbody>
</table>
7.2 This includes investment in mutual funds aggregating to Rs.480 million (December 31, 2011: Rs.480 million) which is required to be kept for a period of two years.

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

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

### 8. ADVANCES

**Loans, cash credits, running finances, etc.**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Domestic</th>
<th>Overseas</th>
<th>Total</th>
<th>Domestic</th>
<th>Overseas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills discounted and purchased</td>
<td>364,220,710</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Payable in Pakistan**

- Payable in Pakistan: 24,897,741
- Payable outside Pakistan: 37,812,810

**Provision against advances**

- Specific: (40,675,210)
- General: (1,031,484)

**Provision held**

- March 31, 2012 (Un-audited): 380,326,826
- December 31, 2011 (Audited): 341,139,519

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

#### March 31, 2012 (Un-audited)

<table>
<thead>
<tr>
<th>Category of Classification</th>
<th>Classified advances</th>
<th>Provision required</th>
<th>Provision held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>Overseas</td>
<td>Total</td>
<td>Domestic</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Other Assets Especially Mentioned *</td>
<td>385,551</td>
<td>-</td>
<td>385,551</td>
</tr>
<tr>
<td>Substandard</td>
<td>1,538,106</td>
<td>2,004,638</td>
<td>3,542,744</td>
</tr>
<tr>
<td>Doubtful</td>
<td>3,541,100</td>
<td>1,271,245</td>
<td>4,812,345</td>
</tr>
<tr>
<td>Loss</td>
<td>46,229,186</td>
<td>4,761,494</td>
<td>50,990,680</td>
</tr>
<tr>
<td>Total</td>
<td>51,683,943</td>
<td>8,037,277</td>
<td>59,721,220</td>
</tr>
</tbody>
</table>

#### December 31, 2011 (Audited)

<table>
<thead>
<tr>
<th>Category of Classification</th>
<th>Classified advances</th>
<th>Provision required</th>
<th>Provision held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>Overseas</td>
<td>Total</td>
<td>Domestic</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---------------------</td>
<td>--------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Other Assets Especially Mentioned *</td>
<td>319,426</td>
<td>-</td>
<td>319,426</td>
</tr>
<tr>
<td>Doubtful</td>
<td>4,276,895</td>
<td>1,081,319</td>
<td>5,358,214</td>
</tr>
<tr>
<td>Loss</td>
<td>37,639,745</td>
<td>4,804,983</td>
<td>42,444,728</td>
</tr>
</tbody>
</table>

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

### 8.2 General provision represents provision amounting to Rs. 293.3 million (December 31, 2011: Rs.308.153 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 638.248 million (December 31, 2011: Rs.600.541 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate. General provisions also include an amount of Rs. 100.000 million (December 31, 2011: Rs.100.000 million) which the Bank carries as matter of prudence given the current economic environment and is based on management estimates.

### 8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of pledged stocks and mortgaged residential and commercial properties (land and building only) held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,196 million (December 31, 2011: Rs.3,217 million). The FSV benefit recognized is not available for the distribution of cash or stock dividend to shareholders.
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

9. OPERATING FIXED ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital work-in-progress</td>
<td>1,138,370</td>
<td>991,841</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>23,361,829</td>
<td>23,218,456</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,489,279</td>
<td>1,512,184</td>
</tr>
<tr>
<td><strong>9.1</strong></td>
<td><strong>25,989,478</strong></td>
<td><strong>25,722,481</strong></td>
</tr>
</tbody>
</table>

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

10. BORROWINGS

**Secured**
- Borrowings from the State Bank of Pakistan
  - Export refinance scheme | 10,486,611 | 12,386,674 |
  - Refinance facility for modernization of SME | 39,778 | 42,264 |
  - Long term financing facility | 3,801,563 | 3,516,846 |
  - Long term financing under export oriented projects | 1,279,530 | 1,410,276 |
- Repurchase agreement borrowings | 15,607,482 | 17,356,060 |
- | 77,293,874 | 45,597,727 |

**Unsecured**
- Call borrowings | 4,189,895 | 3,772,258 |
- Overdrawn nostro accounts | 1,145,125 | 7,497 |
- Other borrowings | 1,514,005 | 1,468,395 |
- | 6,849,025 | 5,248,150 |
| **Unsecured** | **84,142,899** | **50,845,877** |

11. DEPOSITS AND OTHER ACCOUNTS

**Customers**
- Fixed deposits | 194,719,638 | 185,703,454 |
- Savings deposits | 213,371,496 | 207,827,764 |
- Sundry deposits | 6,904,299 | 7,061,853 |
- Margin deposits | 3,926,265 | 4,052,656 |
- Current accounts - remunerative | 3,904,961 | 6,464,468 |
- Current accounts - non-remunerative | 201,112,273 | 208,228,448 |
- | **623,938,932** | **619,338,643** |

**Financial Institutions**
- Remunerative deposits | 5,007,368 | 7,293,860 |
- Non-remunerative deposits | 7,338,951 | 7,256,913 |
- | **12,346,319** | **14,550,773** |
| **Financial Institutions** | **636,285,251** | **633,889,416** |
### NOTICES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

<table>
<thead>
<tr>
<th>(Un-audited) March 31, 2012</th>
<th>(Audited) December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</strong></td>
<td></td>
</tr>
</tbody>
</table>

Surplus / (deficit) arising on revaluation of assets - net of tax:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Group's share</td>
<td>11,030,762</td>
<td>11,016,498</td>
</tr>
<tr>
<td>- Non-controlling interest</td>
<td>590,236</td>
<td>564,912</td>
</tr>
<tr>
<td><strong>Securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Group's share</td>
<td>(1,302,005)</td>
<td>(1,829,181)</td>
</tr>
<tr>
<td>- Non-controlling interest</td>
<td>23,268</td>
<td>(30,464)</td>
</tr>
<tr>
<td><strong>Deficit arising on revaluation of assets of associates</strong></td>
<td>(57,553)</td>
<td>(70,915)</td>
</tr>
</tbody>
</table>

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

| **12.2 (Deficit) / surplus on revaluation on available for sale securities** |      |      |
| Market Treasury Bills | 93,228 | 129,358 |
| Pakistan Investment Bonds | (806,015) | (714,954) |
| Listed shares | (125,625) | (551,039) |
| Mutual fund units | (33,153) | (34,323) |
| Term Finance Certificates, Sukuk, other Bonds etc. | 26,809 | 36,224 |
| Foreign bonds | (1,153,558) | (1,692,030) |
| Related deferred tax asset | 719,577 | 967,118 |
| **Total** | (1,278,737) | (1,859,645) |
13. CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>2,229,638</td>
<td>2,436,053</td>
</tr>
<tr>
<td>Banking companies and other financial institutions</td>
<td>4,142,162</td>
<td>4,786,121</td>
</tr>
<tr>
<td>Others</td>
<td>2,365,315</td>
<td>2,537,724</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,737,115</strong></td>
<td><strong>9,759,898</strong></td>
</tr>
</tbody>
</table>

13.2 Transaction-related contingent liabilities

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>83,475,441</td>
<td>78,652,267</td>
</tr>
<tr>
<td>Banking companies and other financial institutions</td>
<td>3,077,957</td>
<td>2,788,949</td>
</tr>
<tr>
<td>Others</td>
<td>22,070,797</td>
<td>19,930,066</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108,624,195</strong></td>
<td><strong>101,371,282</strong></td>
</tr>
</tbody>
</table>

13.3 Trade-related contingent liabilities

Contingent liabilities in respect of letters of credit opened favouring:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>41,060,938</td>
<td>37,415,189</td>
</tr>
<tr>
<td>Banking companies and other financial institutions</td>
<td>4,264,558</td>
<td>2,620,900</td>
</tr>
<tr>
<td>Others</td>
<td>94,144,742</td>
<td>88,267,837</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>139,470,238</strong></td>
<td><strong>128,303,926</strong></td>
</tr>
</tbody>
</table>

13.4 Other contingencies

Claims against the Group not acknowledged as debts

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22,185,487</td>
<td>22,218,847</td>
</tr>
</tbody>
</table>

13.5 Commitments in respect of forward lending

The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale</td>
<td>102,382,579</td>
<td>100,302,537</td>
</tr>
<tr>
<td>Purchase</td>
<td>154,764,651</td>
<td>142,678,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>257,147,230</strong></td>
<td><strong>242,980,837</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>(Un-audited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2012</td>
<td>December 31, 2011</td>
</tr>
<tr>
<td>13.7</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Commitments in respect of derivatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>8,425,921</td>
<td>8,444,451</td>
</tr>
<tr>
<td>Cross Currency swaps</td>
<td>35,610,289</td>
<td>35,041,839</td>
</tr>
<tr>
<td>13.8</td>
<td>Commitments in respect of capital expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,799,529</td>
<td>1,082,145</td>
</tr>
<tr>
<td>13.9</td>
<td>For contingencies relating to taxation refer note 17</td>
<td></td>
</tr>
</tbody>
</table>

14. MARK-UP / RETURN / INTEREST EARNED

<table>
<thead>
<tr>
<th></th>
<th>(Un-audited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On loans and advances to customers</td>
<td>9,276,700</td>
<td>9,907,589</td>
</tr>
<tr>
<td>On lendings to financial institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Call money lending</td>
<td>5,253</td>
<td>15,814</td>
</tr>
<tr>
<td>- Securities purchased under resale agreements</td>
<td>69,169</td>
<td>113,957</td>
</tr>
<tr>
<td>- Advances to financial institutions</td>
<td>89,135</td>
<td>71,136</td>
</tr>
<tr>
<td></td>
<td>163,557</td>
<td>200,907</td>
</tr>
<tr>
<td>On investments in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Held for trading securities</td>
<td>110,825</td>
<td>540,818</td>
</tr>
<tr>
<td>- Available for sale securities</td>
<td>5,308,826</td>
<td>2,757,032</td>
</tr>
<tr>
<td>- Held to maturity securities</td>
<td>3,002,262</td>
<td>3,433,348</td>
</tr>
<tr>
<td></td>
<td>8,421,913</td>
<td>6,731,198</td>
</tr>
<tr>
<td>On deposits with financial institutions</td>
<td>115,018</td>
<td>77,666</td>
</tr>
<tr>
<td>Discount income</td>
<td>34,932</td>
<td>4,666</td>
</tr>
<tr>
<td></td>
<td>18,012,120</td>
<td>16,922,026</td>
</tr>
</tbody>
</table>

15. MARK-UP / RETURN / INTEREST EXPENSED

<table>
<thead>
<tr>
<th></th>
<th>(Un-audited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On deposits</td>
<td>6,633,516</td>
<td>5,722,585</td>
</tr>
<tr>
<td>On securities sold under repurchase agreements</td>
<td>610,193</td>
<td>595,008</td>
</tr>
<tr>
<td>On other short term borrowings</td>
<td>625,733</td>
<td>914,642</td>
</tr>
<tr>
<td>On long term borrowings</td>
<td>339,700</td>
<td>368,082</td>
</tr>
<tr>
<td></td>
<td>8,209,142</td>
<td>7,600,317</td>
</tr>
</tbody>
</table>
# Administrative Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, allowances etc.</td>
<td>2,392,430</td>
<td>2,122,270</td>
</tr>
<tr>
<td>Charge for compensated absences</td>
<td>143,415</td>
<td>43,094</td>
</tr>
<tr>
<td>Medical expenses</td>
<td>106,023</td>
<td>100,667</td>
</tr>
<tr>
<td>Contribution to defined contribution plan</td>
<td>63,581</td>
<td>51,559</td>
</tr>
<tr>
<td>Reversal in respect of defined benefit obligations</td>
<td>(22,407)</td>
<td>(35,297)</td>
</tr>
<tr>
<td>Rent, taxes, insurance, electricity etc.</td>
<td>692,458</td>
<td>585,048</td>
</tr>
<tr>
<td>Depreciation</td>
<td>358,212</td>
<td>390,629</td>
</tr>
<tr>
<td>Amortization</td>
<td>95,397</td>
<td>75,903</td>
</tr>
<tr>
<td>Outsourced service charges including sales commission</td>
<td>514,605</td>
<td>353,699</td>
</tr>
<tr>
<td>Communications</td>
<td>231,444</td>
<td>208,758</td>
</tr>
<tr>
<td>Banking service charges</td>
<td>201,003</td>
<td>172,898</td>
</tr>
<tr>
<td>Cash transportation charges</td>
<td>84,452</td>
<td>77,047</td>
</tr>
<tr>
<td>Stationery and printing</td>
<td>107,783</td>
<td>105,477</td>
</tr>
<tr>
<td>Legal and professional charges</td>
<td>76,761</td>
<td>40,296</td>
</tr>
<tr>
<td>Advertisement and publicity</td>
<td>140,889</td>
<td>134,042</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>288,234</td>
<td>214,547</td>
</tr>
<tr>
<td>Travelling</td>
<td>65,217</td>
<td>64,749</td>
</tr>
<tr>
<td>Office running expenses</td>
<td>96,568</td>
<td>87,982</td>
</tr>
<tr>
<td>Vehicle expenses</td>
<td>44,845</td>
<td>33,989</td>
</tr>
<tr>
<td>Entertainment</td>
<td>37,303</td>
<td>30,943</td>
</tr>
<tr>
<td>Cartage, freight and conveyance</td>
<td>22,254</td>
<td>18,451</td>
</tr>
<tr>
<td>Insurance expense</td>
<td>57,993</td>
<td>40,384</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>20,983</td>
<td>18,463</td>
</tr>
<tr>
<td>Training and seminars</td>
<td>22,095</td>
<td>11,566</td>
</tr>
<tr>
<td>Brokerage expenses</td>
<td>5,431</td>
<td>10,458</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>19,878</td>
<td>12,691</td>
</tr>
<tr>
<td>Non-executive Directors’ fees</td>
<td>5,910</td>
<td>5,379</td>
</tr>
<tr>
<td>Donations</td>
<td>727</td>
<td>1,000</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>119,519</td>
<td>89,715</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,993,003</strong></td>
<td><strong>5,065,507</strong></td>
</tr>
</tbody>
</table>

# Taxation

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

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

Under the Seventh Schedule to the Ordinance, banks are allowed to claim provisions against advances upto 5% of total advances for consumer and small and medium enterprises and upto 1% of total advances for other advances. Amounts above these limits are allowed to be claimed in future years. The Bank has booked a deferred tax asset of Rs. 3,200 million (2011: 3,200 million) in respect of provisions in excess of the above mentioned limits.
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

The Bank also carries a tax asset amounting to Rs.4,114 million (December 31, 2011: Rs.4,114 million), representing disallowance of provisions against advances and off balance sheet obligations, for the periods prior to the applicability of the Seventh Schedule. The management, in consultation with its tax advisor, is confident that these would be allowed to the Bank at appellate levels.

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

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

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

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

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate</th>
<th>Trading &amp; Sales</th>
<th>Retail Banking</th>
<th>Commercial Banking</th>
<th>Asset Management</th>
<th>Others</th>
<th>Inter segment elimination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>78,590</td>
<td>1,303,884</td>
<td>8,707,685</td>
<td>2,113,956</td>
<td>96,469</td>
<td>371,506</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>(28,750)</td>
<td>(1,084,799)</td>
<td>(5,099,630)</td>
<td>(948,956)</td>
<td>(82,000)</td>
<td>(286,572)</td>
<td>-</td>
</tr>
<tr>
<td>Net income before tax</td>
<td>49,840</td>
<td>219,085</td>
<td>3,607,854</td>
<td>1,165,000</td>
<td>14,468</td>
<td>84,934</td>
<td>-</td>
</tr>
<tr>
<td>Segment return on assets (ROA) (%)</td>
<td>2.7%</td>
<td>0.2%</td>
<td>1.8%</td>
<td>0.9%</td>
<td>8.7%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Segment cost of funds (%)</td>
<td>0.4%</td>
<td>8.0%</td>
<td>4.2%</td>
<td>7.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

As at March 31, 2012 (Un-audited)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate</th>
<th>Trading &amp; Sales</th>
<th>Retail Banking</th>
<th>Commercial Banking</th>
<th>Asset Management</th>
<th>Others</th>
<th>Inter segment elimination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets (gross of NPL provisions)</td>
<td>1,189,157</td>
<td>382,218,030</td>
<td>614,999,243</td>
<td>299,040,818</td>
<td>627,395</td>
<td>96,440,466</td>
<td>(506,408,653)</td>
</tr>
<tr>
<td>Segment non performing loans (NPLs)</td>
<td>590,762</td>
<td>644,473</td>
<td>24,969,041</td>
<td>33,513,891</td>
<td>-</td>
<td>13,153</td>
<td>-</td>
</tr>
<tr>
<td>Segment provision held against NPLs</td>
<td>150,589</td>
<td>322,008</td>
<td>19,734,893</td>
<td>20,454,567</td>
<td>-</td>
<td>13,153</td>
<td>-</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>1,013,323</td>
<td>381,683,232</td>
<td>589,441,497</td>
<td>274,954,790</td>
<td>99,579</td>
<td>23,921,532</td>
<td>(506,408,653)</td>
</tr>
</tbody>
</table>

As at December 31, 2011 (Audited)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Corporate</th>
<th>Trading &amp; Sales</th>
<th>Retail Banking</th>
<th>Commercial Banking</th>
<th>Asset Management</th>
<th>Others</th>
<th>Inter segment elimination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets (gross of NPL provisions)</td>
<td>1,890,059</td>
<td>363,562,165</td>
<td>622,289,351</td>
<td>338,561,705</td>
<td>562,761</td>
<td>81,148,631</td>
<td>(560,842,322)</td>
</tr>
<tr>
<td>Segment non performing loans (NPLs)</td>
<td>616,212</td>
<td>2,151,690</td>
<td>23,920,757</td>
<td>24,442,358</td>
<td>-</td>
<td>13,153</td>
<td>-</td>
</tr>
<tr>
<td>Segment provision held against NPLs</td>
<td>149,404</td>
<td>1,667,117</td>
<td>19,272,926</td>
<td>24,969,041</td>
<td>-</td>
<td>13,153</td>
<td>-</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>1,416,057</td>
<td>358,998,945</td>
<td>631,503,979</td>
<td>275,169,226</td>
<td>64,979</td>
<td>15,373,280</td>
<td>(560,842,322)</td>
</tr>
</tbody>
</table>

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.
## 19. RELATED PARTY TRANSACTIONS

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

The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>As at March 31, 2012 (Un-audited)</th>
<th>As at December 31, 2011 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balances with banks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In current accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>In deposit accounts</td>
<td>-</td>
<td>955</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In shares / mutual funds - cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>16,262,680</td>
</tr>
<tr>
<td>Investment made during the period / year</td>
<td>-</td>
<td>5,727,690</td>
</tr>
<tr>
<td>Investment redeemed / disposed off during the period / year</td>
<td>(59,085)</td>
<td></td>
</tr>
<tr>
<td>Equity method adjustments</td>
<td>(25,152)</td>
<td></td>
</tr>
<tr>
<td>Closing balance</td>
<td>(151,968)</td>
<td></td>
</tr>
<tr>
<td><strong>Provision for diminution in value of investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the quarter ended March 31, 2012 (Un-audited)</td>
<td>-</td>
<td>5,201</td>
</tr>
<tr>
<td>As at March 31, 2012 (Un-audited)</td>
<td>-</td>
<td>172</td>
</tr>
<tr>
<td><strong>Advances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>871</td>
<td>231,970</td>
</tr>
<tr>
<td>Addition during the period / year</td>
<td>41,552</td>
<td>-</td>
</tr>
<tr>
<td>Repaid during the period / year</td>
<td>(29)</td>
<td></td>
</tr>
<tr>
<td>Closing balance</td>
<td>842</td>
<td>238,473</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest markup accrued</td>
<td>11</td>
<td>6,919</td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>-</td>
<td>449,422</td>
</tr>
<tr>
<td>Receivable from staff retirement funds</td>
<td>-</td>
<td>121,714</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>-</td>
<td>177,066</td>
</tr>
<tr>
<td>Remuneration receivable from management of fund</td>
<td>-</td>
<td>62,596</td>
</tr>
<tr>
<td>Sales load receivable</td>
<td>-</td>
<td>7,311</td>
</tr>
<tr>
<td>Formation cost receivable</td>
<td>-</td>
<td>6,055</td>
</tr>
<tr>
<td>Advance for pre-IPO investment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receivable</td>
<td>-</td>
<td>64</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>449,740</td>
</tr>
<tr>
<td>Borrowings during the period / year</td>
<td>-</td>
<td>2,321,317</td>
</tr>
<tr>
<td>Settlement during the period / year</td>
<td>-</td>
<td>(903,047)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>-</td>
<td>1,688,010</td>
</tr>
<tr>
<td><strong>Deposits and other accounts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>2,698,779</td>
<td>81,370</td>
</tr>
<tr>
<td>Received during the period / year</td>
<td>582,238</td>
<td>9,568,449</td>
</tr>
<tr>
<td>Withdrawn during the period / year</td>
<td>(363,825)</td>
<td></td>
</tr>
<tr>
<td>Closing balance</td>
<td>2,917,192</td>
<td>13,674</td>
</tr>
<tr>
<td><strong>Subordinated loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>5</td>
<td>5,996</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest / markup payable on deposits</td>
<td>15,622</td>
<td>95</td>
</tr>
<tr>
<td>Interest / markup payable on borrowings</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Interest / markup payable on subordinated loans</td>
<td>-</td>
<td>1,203</td>
</tr>
<tr>
<td>Unrealised loss on derivative transactions</td>
<td>-</td>
<td>1,782,339</td>
</tr>
<tr>
<td><strong>Contingencies and Commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Letter of guarantee</td>
<td>1,796,675</td>
<td>76,268</td>
</tr>
<tr>
<td>Forward foreign exchange contracts purchase</td>
<td>-</td>
<td>3,337,940</td>
</tr>
<tr>
<td>Forward foreign exchange contracts sale</td>
<td>-</td>
<td>837,810</td>
</tr>
</tbody>
</table>

### For the quarter ended March 31, 2012 (Un-audited)

<table>
<thead>
<tr>
<th>Description</th>
<th>Directors</th>
<th>Key management personnel</th>
<th>Associates</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark-up / return / interest earned</td>
<td>32</td>
<td>3,127</td>
<td>-</td>
<td>18,127</td>
</tr>
<tr>
<td>Commission / charges recovered</td>
<td>1</td>
<td>7</td>
<td>101</td>
<td>65</td>
</tr>
<tr>
<td>Dividend received</td>
<td>-</td>
<td>-</td>
<td>617,212</td>
<td>-</td>
</tr>
<tr>
<td>Net gain on sale of Investment</td>
<td>-</td>
<td>-</td>
<td>9,019</td>
<td>-</td>
</tr>
<tr>
<td>Realised gain on derivative transactions</td>
<td>-</td>
<td>-</td>
<td>506,914</td>
<td>-</td>
</tr>
<tr>
<td>Remuneration received from management of fund</td>
<td>-</td>
<td>-</td>
<td>145,803</td>
<td>2,204</td>
</tr>
<tr>
<td>Sales Load received</td>
<td>-</td>
<td>-</td>
<td>10,672</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>685</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Mark-up / return / interest paid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up / return / interest paid</td>
<td>31,150</td>
<td>172</td>
<td>3,674</td>
<td>13,912</td>
</tr>
<tr>
<td>Remuneration paid</td>
<td>-</td>
<td>-</td>
<td>292,092</td>
<td>-</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>-</td>
<td>-</td>
<td>5,201</td>
<td>-</td>
</tr>
<tr>
<td>Non-executive directors' fee</td>
<td>5,910</td>
<td>-</td>
<td>-</td>
<td>5,379</td>
</tr>
<tr>
<td>Net charge for defined contribution plans</td>
<td>-</td>
<td>-</td>
<td>44,174</td>
<td>-</td>
</tr>
<tr>
<td>Net reversal for defined benefit plans</td>
<td>-</td>
<td>-</td>
<td>(70,188)</td>
<td>-</td>
</tr>
<tr>
<td>Payment for employee motivation and retention scheme</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Insurance premium paid</td>
<td>-</td>
<td>-</td>
<td>263,926</td>
<td>-</td>
</tr>
<tr>
<td>Insurance claims settled</td>
<td>-</td>
<td>-</td>
<td>38,636</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Directors</th>
<th>Key management personnel</th>
<th>Associates</th>
<th>Other related parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark-up / return / interest earned</td>
<td>32</td>
<td>3,127</td>
<td>-</td>
<td>18,127</td>
</tr>
<tr>
<td>Commission / charges recovered</td>
<td>1</td>
<td>7</td>
<td>101</td>
<td>65</td>
</tr>
<tr>
<td>Dividend received</td>
<td>-</td>
<td>-</td>
<td>617,212</td>
<td>-</td>
</tr>
<tr>
<td>Net gain on sale of Investment</td>
<td>-</td>
<td>-</td>
<td>9,019</td>
<td>-</td>
</tr>
<tr>
<td>Realised gain on derivative transactions</td>
<td>-</td>
<td>-</td>
<td>506,914</td>
<td>-</td>
</tr>
<tr>
<td>Remuneration received from management of fund</td>
<td>-</td>
<td>-</td>
<td>145,803</td>
<td>2,204</td>
</tr>
<tr>
<td>Sales Load received</td>
<td>-</td>
<td>-</td>
<td>10,672</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>685</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Mark-up / return / interest paid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up / return / interest paid</td>
<td>31,150</td>
<td>172</td>
<td>3,674</td>
<td>13,912</td>
</tr>
<tr>
<td>Remuneration paid</td>
<td>-</td>
<td>-</td>
<td>292,092</td>
<td>-</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>-</td>
<td>-</td>
<td>5,201</td>
<td>-</td>
</tr>
<tr>
<td>Non-executive directors' fee</td>
<td>5,910</td>
<td>-</td>
<td>-</td>
<td>5,379</td>
</tr>
<tr>
<td>Net charge for defined contribution plans</td>
<td>-</td>
<td>-</td>
<td>44,174</td>
<td>-</td>
</tr>
<tr>
<td>Net reversal for defined benefit plans</td>
<td>-</td>
<td>-</td>
<td>(70,188)</td>
<td>-</td>
</tr>
<tr>
<td>Payment for employee motivation and retention scheme</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Insurance premium paid</td>
<td>-</td>
<td>-</td>
<td>263,926</td>
<td>-</td>
</tr>
<tr>
<td>Insurance claims settled</td>
<td>-</td>
<td>-</td>
<td>38,636</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2012

20. ISLAMIC BANKING BUSINESS

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

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>(Un-audited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2012</td>
<td>December 31, 2011</td>
</tr>
<tr>
<td>Cash and balances with treasury banks</td>
<td>487,778</td>
<td>520,737</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>198,435</td>
<td>2,185,282</td>
</tr>
<tr>
<td>Investments</td>
<td>6,964,997</td>
<td>5,006,664</td>
</tr>
<tr>
<td>Financing and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Murabaha</td>
<td>184,851</td>
<td>355,909</td>
</tr>
<tr>
<td>- Musharaka</td>
<td>83,333</td>
<td>111,111</td>
</tr>
<tr>
<td>- Diminishing Musharaka</td>
<td>61,405</td>
<td>67,051</td>
</tr>
<tr>
<td>- Salam</td>
<td>72,969</td>
<td>-</td>
</tr>
<tr>
<td>Provision against advances</td>
<td>(36,672)</td>
<td>(21,982)</td>
</tr>
<tr>
<td>Operating fixed assets including assets given under Ijarah</td>
<td>373,886</td>
<td>612,089</td>
</tr>
<tr>
<td>Other assets</td>
<td>556,328</td>
<td>503,512</td>
</tr>
<tr>
<td>Total Assets</td>
<td>9,197,029</td>
<td>9,113,261</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills payable</td>
<td>960</td>
<td>960</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current accounts</td>
<td>1,553,575</td>
<td>1,453,763</td>
</tr>
<tr>
<td>- Saving accounts</td>
<td>1,471,947</td>
<td>1,233,772</td>
</tr>
<tr>
<td>- Term deposits</td>
<td>2,410,416</td>
<td>1,652,628</td>
</tr>
<tr>
<td>- Deposits from financial institutions - remunerative</td>
<td>2,755,032</td>
<td>2,841,225</td>
</tr>
<tr>
<td>Due to Head Office</td>
<td>289,195</td>
<td>1,339,874</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>98,663</td>
<td>105,099</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>8,579,788</td>
<td>8,627,321</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Banking Fund</td>
<td>681,000</td>
<td>681,000</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td>(69,693)</td>
<td>(199,658)</td>
</tr>
<tr>
<td>Surplus / (deficit) on revaluation of assets</td>
<td>5,934</td>
<td>4,598</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>617,241</td>
<td>485,940</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter ended (Un-audited)</th>
<th>March 31, 2012</th>
<th>March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return earned</td>
<td>326,792</td>
<td>181,005</td>
</tr>
<tr>
<td>Return expensed</td>
<td>(138,373)</td>
<td>(107,584)</td>
</tr>
<tr>
<td>Total return after provision</td>
<td>188,419</td>
<td>73,421</td>
</tr>
<tr>
<td>Provision against loans and advances</td>
<td>(6,890)</td>
<td>-</td>
</tr>
<tr>
<td>Reversal for diminution in value of investment</td>
<td>673</td>
<td>35,130</td>
</tr>
<tr>
<td>Reversal against assets given on Ijara</td>
<td>239</td>
<td>2,634</td>
</tr>
<tr>
<td>Net return after provision</td>
<td>(5,778)</td>
<td>37,764</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER INCOME</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee, commission and brokerage income</td>
<td>2,666</td>
<td>1,582</td>
</tr>
<tr>
<td>Dividend income</td>
<td>27,865</td>
<td>3,866</td>
</tr>
<tr>
<td>Income from dealing in foreign currencies</td>
<td>3,749</td>
<td>729</td>
</tr>
<tr>
<td>Gain on sale of securities</td>
<td>860</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>4,049</td>
<td>3,664</td>
</tr>
<tr>
<td>Total other income</td>
<td>39,189</td>
<td>9,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expenses</td>
<td>(88,480)</td>
<td>(69,441)</td>
</tr>
<tr>
<td>Other provisions / write offs</td>
<td>(3,385)</td>
<td>(1,521)</td>
</tr>
<tr>
<td>Total other expenses</td>
<td>(91,865)</td>
<td>(70,962)</td>
</tr>
<tr>
<td>Net profit / (loss) for the period</td>
<td>129,965</td>
<td>50,064</td>
</tr>
<tr>
<td>Accumulated losses brought forward</td>
<td>(199,658)</td>
<td>(203,000)</td>
</tr>
<tr>
<td>Accumulated losses carried forward</td>
<td>(69,693)</td>
<td>(152,936)</td>
</tr>
<tr>
<td>Remuneration to Sharia Advisor / Board</td>
<td>681</td>
<td>602</td>
</tr>
</tbody>
</table>

21. DATE OF AUTHORIZATION

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

Atif R. Bokhari
President & Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman