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QUARTERLY REPORT (UN-AUDITED)
SEPTEMBER 30, 2021

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COMPANY INFORMATION

Board of Directors

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman/Non-Executive Director

Lord Zameer M. Choudrey, CBE, SI Pk
Non-Executive Director

Mr. Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Shazad G. Dada
President & CEO

Mr. Arshad Ahmad Mir
Non-Executive Director

Mr. Amar Zafar Khan
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Shazia Syed
Independent Director

COMMITTEES OF THE BOARD

BOARD AUDIT COMMITTEE (BAC):

Ms. Shazia Syed	Chairperson
Mr. Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member
Mr. Aqeel Ahmed Nasir	Secretary

BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (HRCC):

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPK	Member
Mr. Arshad Ahmad Mir	Member
Mr. Rizwan Pervez	Member
Mr. Abdul Jabbar Junejo	Secretary

BOARD RISK & COMPLIANCE COMMITTEE (BRCC):

Mr. Arshad Ahmad Mir	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Ms. Shazia Syed	Member
Mr. Shazad G. Dada	Member
Mr. Imran Sarwar	Secretary

BOARD IT COMMITTEE (BITC):

Mr. Tariq Rashid	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Haider Zameer Choudrey	Member
Mr. Shazad G. Dada	Member
Mr. Muhammad Faisal Anwar	Secretary

BOARD NOMINATION COMMITTEE (BNC):

Sir Mohammed Anwar Pervez, OBE, HPK	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Arshad Ahmad Mir	Member
Mr. Aqeel Ahmed Nasir	Secretary

Chief Financial Officer

Mr. Aameer Karachiwalla

Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

Registered Office:

13th Floor, UBL Building, Jinnah Avenue,
Blue Area, Islamabad.

UBL Head Office

I.I. Chundrigar Road, Karachi - 74000, Pakistan.

Share Registrar

THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street - 2
D.H.A. Phase VII,
Karachi - 75500.
Phone No.: 021-35310187
UAN: 021-111-000-322
Fax No.: 021-35310190
Email: sfc@thk.com.pk

Auditors

M/s. A. F. Ferguson & Co.,
Chartered Accountants

Legal Advisors

M/s. Mehmood Abdul Ghani & Co.,
Advocates

Contacts

UAN: 111-825-111
Contact Centre: 111-825-888
Website: www.ubldigital.com
Email: customer.services@ubl.com.pk

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the financial statements of United Bank Limited (UBL) for the nine months ended September 30, 2021.

Performance Overview

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 39.3 billion for the nine months ended September 30, 2021, a strong growth of 49% year on year. The bank recorded a PBT of Rs. 13.5 billion for Q3'21, maintaining the strong earnings profile and largely in line with the PBT of Rs. 13.7 billion earned in Q2'21.

UBL earned gross revenues of Rs. 71.0 billion in 9M'21, the core earnings base remains resilient versus last year despite impacts of margin compression. Net markup income stood at Rs. 53.7 billion for 9M'21 (9M'20: Rs. 58.2 billion). The bank recorded Non-markup income of Rs. 17.3 billion for 9M'21, with 33% year on year growth, mainly on account of capital gains realized on foreign debt securities as well as aggressive buildup of new business across all major fee lines.

The bank's operating expenses were recorded at Rs. 31.2 billion, growing by 7% year on year. Cost to income ratio remained well controlled at 44% for 9M'21 (9M'20: 41%).

With enhanced risk vigilance and strong recovery efforts within both domestic and international businesses, the bank recorded a net provision reversal of Rs. 415 million for 9M'21, as against a net provision charge of Rs. 14.9 billion for 9M'20.

Financial Highlights

UBL recorded Profit After Tax (PAT) of Rs. 22.8 billion for 9M'21 versus a PAT of Rs. 16.1 billion for 9M'20, an increase of 42% year on year. Earnings per share (EPS) was measured at Rs. 18.59 for 9M'21 (9M'20: Rs. 13.13). On a consolidated basis, UBL recorded a PAT of Rs. 21.9 billion (9M'20: Rs. 15.4 billion). The consolidated EPS was measured at Rs. 17.76 for 9M'21 (9M'20: Rs. 12.75).

Net Markup Income

UBL's net markup for the nine months ended September 30, 2021 stood at Rs. 53.7 billion, down 8% year on year. The bank's markup earning assets averaged Rs. 1.9 trillion in 9M'21, growing by 19% year on year. Bank level Net interest margin (NIM) was measured at 3.8% for 9M'21 (9M'20: 5.0%). In order to support the economy during the pandemic, the State Bank of Pakistan (SBP) reduced the policy rate from 13.25% at Dec'19 to 7.00% by Jun'20. The average interest rate on risk free government securities for the 3M tenor was measured at 7.3% in 9M'21 as against 9.4% last year, which impacted the overall interest income profile of the banking sector.

Domestic deposits averaged Rs. 1.5 trillion in 9M'21, with a strong growth of 21% over 9M'20. This was led by year on year growth in CASA deposits of 21% with incremental deposit volumes of Rs. 219 billion. The domestic CASA to total deposits ratio was recorded at 85.5% for 9M'21 (9M'20: 85.4%).

Domestic Branch Banking Group continues to drive overall profitability for the UBL franchise. The bank is expanding its customer base aggressively with 413,000 NTB current account relationships in 9M'21 versus 402,000 in the corresponding period of last year. These new acquisitions enabled the bank to record a strong growth of 20% in average current deposits, with average volume of Rs. 628 billion in 9M'21. The domestic portfolio of savings accounts averaged Rs. 651 billion in 9M'21, recording a strong growth of 22% year on year. This growth in low cost deposits as well as a sharp reduction in the policy rate resulted in the domestic cost of deposits declining to 3.5% in 9M'21 from 4.8% in 9M'20. UBL International's deposits base averaged USD 1.3 billion for 9M'21 (9M'20: USD 1.5 billion). In line with the bank's strategy to improve interest margins, cost of deposits was reduced from 1.7% in 9M'20 to 1.1% in 9M'21.

On the asset side, bank level performing advances averaged Rs. 542 billion for 9M'21, declining by 7% year on year. The domestic loan book constitutes more than 80% of the Bank's portfolio and averaged Rs. 438 billion for 9M'21, declining by 7% year on year. The bank remains cautious in terms of building its loan book as the economy transitions out of the pandemic. The consumer book averaged Rs. 19 billion for 9M'21, growing by 11% year on year, mainly due to the healthy momentum within the secured autos segment. Islamic asset acquisition remains a key priority for UBL. The loan book for this segment averaged Rs. 34 billion in 9M'21, growing by over 70% year on year. UBL International's performing loan book averaged USD 644 million, with a decline of 8% year on year as we the bank remains focused on rebuilding the International business with prudence and risk aversion.

The bank's markup earning investments averaged Rs. 1.4 trillion in 9M'21, a growth of 36% over 9M'20. The domestic government securities portfolio averaged Rs. 1.2 trillion in 9M'21, growing by 41% year on year, earning the bank a healthy yield of over 8%. UBL International's investment book averaged USD 737 million in 9M'21, growing by 6% year on year, earning the bank a strong yield of 5.6%.

Non-Markup Income

The bank earned non-markup income of Rs. 17.3 billion for 9M'21 as against Rs. 13.0 billion in 9M'20, a strong growth of 33%. Non-markup income constituted 24% of the total revenues of the bank in 9M'21 (9M'20: 18%).

Fees and commission income of Rs. 9.7 billion was earned in 9M'21, up 22% year on year. Fee income constituted 56% of the total non-markup income in 9M'21 (9M'20: 61%). This performance is driven by the domestic franchise, which recorded strong growth of 31% year on year.

Customer fees from branch banking operations of Rs. 1.2 billion was earned in 9M'21, up 2% over the previous year. The bank continues to be the leader in the home remittance business with a market share of approx. 20%, which enabled the bank to record commission income of Rs. 1.2 billion in 9M'21, up 3% year on year. The bank also continued its strong momentum in the bancassurance space, as premium volumes of Rs. 2.5 billion were underwritten in 9M'21, a strong growth of 55% over 9M'20. Resultantly, bancassurance commission income witnessed a strong growth of 56% year on year, recorded at Rs. 1.2 billion for 9M'21. As business momentum has improved significantly, there was a sharp improvement in fee income from consumer finance, which was recorded at Rs. 816 million, an increase of 29% year on year. Fee income from debit and credit cards was recorded at Rs. 1.8 billion for 9M'21, growing by a strong

71% over 9M'20. The bank earned investment banking fees of Rs. 456 million in 9M'21 as against Rs. 139 million in 9M'20, driven by mandates for debt arrangement as well as other advisory services. Commission income from cash management was recorded at Rs. 711 million for 9M'21, growing by 20% year on year as throughput volumes witnessed a significant increase aided by integration with the bank's digital corporate portal and a wider client base.

Foreign exchange income of Rs. 2.6 billion was earned for 9M'21 (9M'20: Rs. 2.9 billion). Dividend income of Rs. 1.4 billion was recorded for 9M'21, growing by 57% year on year, with strong payouts from investments in energy and fertilizer sectors as well as improved contribution from the bank's subsidiaries. The bank realized capital gains of Rs. 3.3 billion in 9M'21 (9M'20: Rs. 789 million), mainly arising on timely sale and active trading within foreign sovereign bonds.

Provisions and Loan Losses

UBL recorded a net provision reversal of Rs. 415 million as against a net provision charge of Rs. 14.9 billion in the corresponding period of last year.

Bank level non-performing loans (NPLs) increased from Rs. 83.6 billion at Dec'20 to Rs. 86.3 billion at Sep'21. The increase in NPLs includes an amount of approximately Rs. 3.9 billion on account of devaluation in the PKR during the nine months ending September 30, 2021 arising on International NPLs portfolio. Bank level asset quality improved marginally from 13.7% at Dec'20 to 13.3% at Sep'21, while specific coverage was enhanced from 85.8% at Dec'20 to 87.4% at Sep'21.

UBL Domestic

Gross advances for the domestic bank stood at Rs. 482 billion at Sep'21 (Dec'20: Rs. 458 billion), constituting more than 75% of the bank's portfolio. Domestic NPLs have decreased by Rs. 1.3 billion since Dec'20, from Rs. 28.7 billion at Dec'20 to Rs. 27.4 billion at Sep'21.

The domestic bank recorded a net provision reversal of Rs. 1.4 billion for 9M'21 versus a net provision charge of Rs. 1.7 billion in 9M'20. Asset quality for the domestic bank stood at 5.7% at Sep'21, improving from 6.3% at Dec'20, while specific coverage improved from 85.7% at Dec'20 to 87.1% at Sep'21.

UBL International

UBL International's NPLs have remained largely unchanged at USD 345 million at Sep'21 (Dec'20: USD 343.3 million). A net provision charge of USD 5.9 million was taken for 9M'21, versus a net provision charge of USD 81.5 million for 9M'20, arising on large exposures within the UAE. Specific coverage was further enhanced from 85.9% at Dec'20 to 87.5% at Sep'21. Furthermore, specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral remained adequate at 96.8% at Sep'21 (Dec'20: 95.5%, refer to note 10.3.2 to the financial statements).

Cost Management

UBL continues to efficiently manage its cost base, maximizing on cross functional synergies between front offices and operations, while improving service delivery through investment in IT as well as building up capacity levels across the network. The bank's operating expenses were recorded at Rs. 31.2 billion for 9M'21, with a growth of 7% year on year well below inflation levels. Employee compensation was recorded at Rs. 12.4 billion for 9M'21, growing by 7% over 9M'20. Property expenses were recorded at Rs. 5.1 billion for 9M'21, in line with last year. IT related expenses witnessed an increase of 6%, as the bank continues to selectively invest in innovative technologies as part of its overall digital strategy. Other operating expenses stood at Rs. 10.5 billion for 9M'21, increasing by 12% year on year, mainly due to higher sales commissions in line with growth in business volumes.

Balance Sheet Management

UBL's balance sheet size stood at 2.5 trillion at Sep'21, an increase of 23% over Dec'20. Bank level deposits were recorded at Rs. 1.8 trillion, growing by 10% over Dec'20. The domestic deposits base stood at Rs. 1.6 trillion, a growth of 12% over Dec'20. This enabled the bank to record an average market share of 8.4% of banking sector deposits in 9M'21 (9M'20: 8.1%). Domestic current deposits closed Sep'21 at Rs. 713 billion, growing by a strong 16% over Dec'20, while the saving portfolio stood at Rs. 681 billion, increasing by 14% over Dec'20. This enabled the bank to improve its CASA to total deposits ratio from 85.2% at Dec'20 to 87.7% at Sep'21. UBL International's deposits base stood at USD 1.3 billion at Sep'21, with a slight decline of 6% since Dec'20.

Bank level net advances closed at Rs. 567 billion as at Sep'21 growing by 7% since Dec'20. The bank's lending strategy is aimed at ensuring optimum asset quality levels while maximizing yields on relationships. Domestic performing advances stood at Rs. 454 billion, growing by 6% since Dec'20. The bank is aggressively looking to expand within the Islamic banking space as performing advances stood at Rs. 40 billion, increasing almost two-folds over the Dec'20 levels of Rs. 21 billion. After a sustained period of de-risking, UBL International's net advances stood at USD 644 million at Sep'21, with an increase of 6% over Dec'20, with a more cautious approach to asset writing, growth has been mainly within trade based financing and FI lending.

Bank level investments stood at Rs. 1.6 trillion as at Sep'21, an increase of 39% over Dec'20. Funding within domestic operations is primarily deployed in government securities, with Rs. 244 billion invested in fixed rate Pakistan Investment Bonds (PIBs), Rs. 413 billion invested in floating rate PIBs and Rs. 697 billion in treasury bills. In the current interest rate environment, the investments strategy is aimed at maintaining stable margins across a well-diversified mix of shorter and longer tenor instruments. Within UBL International, excess liquidity is invested mainly in sovereign bonds, with the portfolio standing at USD 667 million (Dec'20: USD 740 million).

The bank continues to support the Government's flagship Housing Initiative "Mera Pakistan Mera Ghar" and has approved financing of Rs. 785 million as at September 30, 2021. UBL is encouraged by the strong demand for this product and aims to further serve the mortgage market in Pakistan. Furthermore, the SBP's Roshan Digital Account Initiative continues to grow from strength to strength. With the support and

guidance of the regulators, banks continue to innovate and add new products with the latest being the Roshan Apni Car and Roshan Apna Ghar. With over 248,000 accounts opened and over USD 2.4 billion received under a year, this has been a resounding success for the country. UBL is proud to be one of the top banks participating in this initiative having opened approx. 48,000 accounts and with inflows close to USD 260 million.

Capital Ratios

The bank seeks to maintain a strong capital base that provides a solid foundation for future growth as well as maintaining adequate buffers over regulatory requirements. UBL has earlier been designated a Domestic Systemically Important Bank (D-SIB) by the SBP. This designation initially required the bank to hold an additional 1.5% Higher Loss Absorbency (HLA) Surcharge, over and above the applicable minimum capital adequacy ratio (CAR) limit in 2019, on both a standalone and consolidated basis. However, SBP reduced the HLA surcharge by 50 bps to 1.0% effective March 2020 as per their latest D-SIB designation.

SBP has also provided regulatory relief post COVID-19 to support the banking sector in extending credit facilities to its customers. In this respect, SBP has reduced the Capital Conservation Buffer (CCB) from its existing level of 2.5% to 1.5%, for the time being till further instructions are issued. Thus, the minimum CAR requirement for UBL stood at 12.5% (including the HLA Surcharge of 1.0%) as at September 30, 2021.

The overall CAR stood at 22.9% at Sep'21 (Dec'20: 24.4%), a buffer of 10.4% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 16.0% at Sep'21 (Dec'20: 17.0%). Total Tier 1 Capital ratio was measured at 17.3% at Sep'21 (Dec'20: 18.4%).

The Board of Directors of UBL declared an interim cash dividend Rs. 4.0 per share in their meeting in Islamabad held on October 20, 2021, along with the results for the nine months ended September 30, 2021.

Economy Review

Economic activity continues to pick up momentum as the country emerges from COVID 19. The mass scale vaccination drive has helped in bringing the pandemic under control, as the number of active cases continue to decrease each passing day. The strong pace of economic activity is largely led by a considerable pickup in domestic demand. However, rising commodity prices, as well as a more than anticipated increase in import levels is negatively impacting the balance of payments position.

High Inflation remains a key challenge as the levels continue to be consistently over 8% for the past 18 months, with the current CPI for Sep'21 at 9.0%. Following a prolonged accommodative monetary stance, the SBP increased the policy rate by 25 bps in its Monetary Policy Committee meeting held on September 20, 2021.

After recording a mild deficit for FY'21, the country's current account recorded a deficit of USD 2.3 billion for 2MFY'22 as against a surplus of USD 838 million for 2MFY'21. The country's imports stood at USD 18.6 billion for 3MFY'22 versus USD 11.3 billion for 3MFY'21, increasing by 65% year on year, while the country's exports recorded a growth of 27% year on year, being recorded at USD 7.0 billion for 3MFY'22.

This enhanced import led pressure also caused significant volatility in the country's foreign exchange markets as the USD / PKR stood at Rs. 170.66 at September 30, 2021, with a devaluation of 7% since Dec'20. Home remittances, however maintained strong support to the country with volumes of USD 8.0 billion for 3MFY'22, up 12.5% year on year. The KSE-100 index after touching a high of 48,700 points in June 2021, remained largely range bound this quarter mainly impacted by regional dynamics closed at 44,900 points at Sep'21.

Banking sector deposits stood at Rs. 19.8 trillion at Sep'21, growing by 11% over Dec'20. Overall industry advances were recorded at Rs. 9.3 trillion at Sep'21, growing by 9% over Dec'20. Non-performing loans for the banking industry stood at Rs. 851 billion at June 30, 2021, 3% above Dec'20, as the asset quality improved slightly from 9.2% at Dec'20 to 8.9% at Sep'21.

UBL International

The economic environment within the GCC has started to pick up momentum as the pandemic gradually recedes together with a sharp rise in oil prices. Within International, UBL is looking to build a sustainable business model driven mainly by a strong base of low cost deposits. On the asset side, lending remains selective, confined to existing quality relationships, with rigorous oversight to contain any new NPL formation. The bank is pursuing more trade based financing opportunities while expanding its FI lending book. Excess liquidity is primarily deployed in stable, sovereign debt securities with an aim to maintain healthy net interest margins.

UBL International's deposits averaged USD 1.3 billion for 9M'21 (9M'20: USD 1.4 billion). Cost of deposits was reduced from 1.7% in 9M'20 to 1.1% in 9M'21. Performing advances averaged USD 644 million for 9M'21, declining by 8% over 9M'20. The earning investment portfolio comprising mainly of sovereign bonds averaged USD 737 million (9M'20: USD 693 million), earning the bank a healthy yield of 5.6% in 9M'21. This performance enabled UBL International to record a PBT of USD 30.1 million for the nine months ended September 30, 2021 as against a loss of USD 57.2 million for the corresponding period of last year.

Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of UBL at "AAA / A-1+" (Triple A / A-One Plus) on June 30, 2021. Furthermore, UBL's Additional Tier-1 (ADT-1) TFC has also been reaffirmed at 'AA+' (Double A plus). Outlook on the assigned ratings are 'Stable'.

Awards and Recognition

UBL was awarded the "Best Mobile App" and "Best Emerging Technology" awards at the prestigious Pakistan Digital Awards 2021. The award recognizes outstanding innovation and creativity of the best digital professionals and companies from across the country.

Future Outlook

UBL continues to deliver strong results as the country slowly re-emerged from the pandemic.

Being one of the largest financial institutions in the country, UBL with its vast scale, diversified product offerings and widespread presence in all corners of the country, will continue to play a leading role as a financial intermediary. Branch Banking continues to be the core of the UBL franchise where the bank is fully committed to better service levels, offering a wider product suite and improving our proposition across urban and commercial centers. UBL is an industry leader in the digital banking space as we evolve innovative and technologically superior solutions. Strengthening compliance and control standards in line with international best practices remains a key strategic priority and the bank remains fully committed to further improving its processes and culture. The International business has rebounded strongly following years of de-risking, where we aim to be the preferred partner for the overseas Pakistani diaspora while rebuilding a business model around our core strengths.

Acknowledgements

In the end, we would like to express our sincere gratitude to all of our stakeholders for their continued patronage. We greatly appreciate the tireless efforts of our staff who continue to ensure uninterrupted service to our customers in these challenging times. We would also like to extend our sincere thanks to the Government of Pakistan, the State Bank of Pakistan, the Securities and Exchange Commission and other regulatory bodies for their guidance and continued support.

For and on behalf of the Board,



Shazad G. Dada

President & CEO
Islamabad,
October 20th, 2021



Arshad Ahmad Mir

Director



where *you* come *first*

UNITED BANK LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021
(Un-audited)**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		(Un-audited)	(Audited)
	Note	September 30, 2021	December 31, 2020
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	226,659,164	250,838,052
Balances with other banks	7	22,757,364	13,888,765
Lendings to financial institutions	8	33,929,186	19,959,132
Investments	9	1,564,883,920	1,128,674,494
Advances	10	566,913,171	530,279,496
Fixed assets	11	51,721,074	51,207,703
Intangible assets	12	1,926,519	1,829,211
Deferred tax assets	13	7,749,217	6,399,267
Other assets	14	43,262,191	46,507,193
		2,519,801,806	2,049,583,313
LIABILITIES			
Bills payable	16	30,067,476	29,733,813
Borrowings	17	416,428,551	128,987,415
Deposits and other accounts	18	1,809,736,725	1,640,211,901
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	10,000,000	10,000,000
Deferred tax liabilities		-	-
Other liabilities	20	67,577,738	56,577,277
		2,333,810,490	1,865,510,406
NET ASSETS		<u>185,991,316</u>	<u>184,072,907</u>
REPRESENTED BY:			
Share capital		12,241,797	12,241,797
Reserves		67,380,174	62,274,068
Surplus on revaluation of assets	21	25,352,838	27,640,579
Unappropriated profit		81,016,507	81,916,463
		<u>185,991,316</u>	<u>184,072,907</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



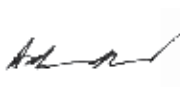
Aameer Karachiwalla
Chief Financial Officer



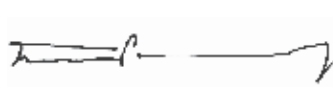
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	July - September 2021	July - September 2020	January - September 2021	January - September 2020
----- (Rupees in '000) -----					
Mark-up / return / interest earned	24	41,307,290	34,467,338	109,058,338	120,915,352
Mark-up / return / interest expensed	25	22,706,710	15,376,038	55,368,852	62,703,242
Net mark-up / interest income		18,600,580	19,091,300	53,689,486	58,212,110
Non mark-up / interest income					
Fee and commission income	26	3,117,409	2,712,495	9,722,299	7,960,804
Dividend income		540,036	112,680	1,421,194	906,008
Foreign exchange income		1,366,963	1,211,353	2,561,521	2,943,970
Income / (loss) from derivatives		34,359	(148,696)	43,117	(162,204)
Gain on securities - net	27	721,273	112,555	3,265,773	788,892
Other income	28	73,595	104,940	269,224	596,453
Total non mark-up / interest income		5,853,635	4,105,327	17,283,128	13,033,923
Total Income		24,454,215	23,196,627	70,972,614	71,246,033
Non mark-up / Interest expenses					
Operating expenses	29	11,003,494	9,888,544	31,202,319	29,051,763
Workers' Welfare Fund		257,678	200,734	774,856	700,009
Other charges	30	46,416	7,995	85,910	160,328
Total non mark-up / interest expenses		11,307,588	10,097,273	32,063,085	29,912,100
Profit before provisions					
(Reversals) / provisions and write-offs - net	31	13,146,627	13,099,354	38,909,529	41,333,933
		(327,125)	5,456,793	(414,521)	14,886,614
PROFIT BEFORE TAXATION		13,473,752	7,642,561	39,324,050	26,447,319
Taxation	32	5,710,721	2,973,997	16,563,712	10,377,977
PROFIT AFTER TAXATION		7,763,031	4,668,564	22,760,338	16,069,342
----- (Rupees) -----					
Earnings per share - basic and diluted	33	6.34	3.81	18.59	13.13


The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



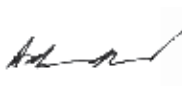
Aameer Karachiwalla
Chief Financial Officer



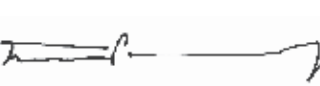
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	July - September 2021	July - September 2020	January - September 2021	January - September 2020
	----- (Rupees in '000) -----			
Profit after taxation for the period	7,763,031	4,668,564	22,760,338	16,069,342
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	3,436,548	(516,745)	2,830,072	2,254,597
Movement in (deficit) / surplus on revaluation of investments - net of tax	(2,012,090)	(1,056,814)	(2,252,502)	848,854
	1,424,458	(1,573,559)	577,570	3,103,451
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	(1,355,438)
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	1,356	(242)	1,119	881
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	2,308	(2)	2,527	(922)
	3,664	(244)	3,646	(1,355,479)
Total comprehensive income for the period	9,191,153	3,094,761	23,341,554	17,817,314

The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



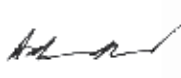
Aameer Karachiwalla
Chief Financial Officer



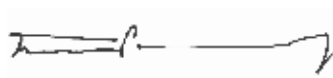
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Share Capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
(Rupees in '000)								
Balance as at December 31, 2019 (Audited)	12,241,797	26,143,887	33,175,725	653,502	25,152,570	31,071	71,670,331	169,068,883
Total comprehensive income for the nine months ended September 30, 2020								
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	16,069,342	16,069,342
Other comprehensive income - net of tax	-	2,254,597	-	848,854	881	(922)	(1,355,438)	1,747,972
Total comprehensive income for the nine months ended September 30, 2020	-	2,254,597	-	848,854	881	(922)	14,713,904	17,817,314
Transfer to statutory reserve	-	-	1,606,934	-	-	-	(1,606,934)	-
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(110,838)	(19,995)	130,833	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(37,798)	-	37,798	-
Transactions with owners for the nine months ended September 30, 2020								
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Balance as at September 30, 2020 (Un-audited)	12,241,797	28,398,484	34,782,659	1,502,356	25,004,815	10,154	76,988,764	178,929,029
Total comprehensive income for the three months ended December 31, 2020								
Profit after taxation for the three months ended December 31, 2020	-	-	-	-	-	-	4,829,441	4,829,441
Other comprehensive income - net of tax	-	(1,390,019)	-	1,152,576	(478)	1	552,357	314,437
Total comprehensive income for the three months ended December 31, 2020	-	(1,390,019)	-	1,152,576	(478)	1	5,381,798	5,143,878
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(5,508)	(9,242)	14,750	-
Transfer to statutory reserve	-	-	482,944	-	-	-	(482,944)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(14,095)	-	14,095	-
Transactions with owners for the three months ended December 31, 2020								
Balance as at December 31, 2020 (Audited)	12,241,797	27,008,465	35,265,603	2,654,932	24,984,734	913	81,916,463	184,072,907
Total comprehensive income for the nine months ended September 30, 2021								
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	22,760,338	22,760,338
Other comprehensive income - net of tax	-	2,830,072	-	(2,252,502)	1,119	2,527	-	581,216
Total comprehensive income for the nine months ended September 30, 2021	-	2,830,072	-	(2,252,502)	1,119	2,527	22,760,338	23,341,554
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(2,641)	-	2,641	-
Transfer to statutory reserve	-	-	2,276,034	-	-	-	(2,276,034)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(36,244)	-	36,244	-
Transactions with owners for the nine months ended September 30, 2021								
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs.9.5 per share	-	-	-	-	-	-	(11,629,707)	(11,629,707)
Interim cash dividend - March 31, 2021 declared at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - June 30, 2021 declared at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Balance as at September 30, 2021 (Un-audited)	12,241,797	29,838,537	37,541,637	402,430	24,946,968	3,440	81,016,507	185,991,316

The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



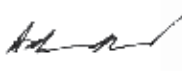
Aameer Karachiwalla
Chief Financial Officer



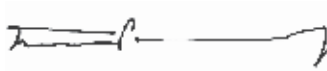
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director





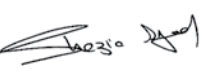
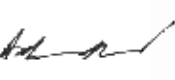
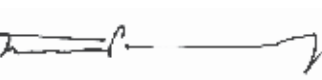
Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	39,324,050	26,447,319
Less: Dividend income	(1,421,194)	(906,008)
	<u>37,902,856</u>	<u>25,541,311</u>
Adjustments:		
Depreciation on fixed assets	2,111,581	2,090,599
Depreciation on Islamic financing against leased assets (Ijarah)	128,364	178,680
Depreciation on right-of-use assets	1,417,961	1,403,204
Amortisation	597,556	588,094
Workers' Welfare Fund	774,856	700,009
Provision for retirement benefits	700,466	749,158
Provision for compensated absences	126,749	137,017
Provision against loans and advances - net	622,824	13,912,413
(Reversal) / provision for diminution in value of investments - net	(968,284)	433,135
(Reversal) / provision against off balance sheet items	(347,861)	200,965
Interest expense on lease liability against right-of-use assets	715,736	774,591
Gain on sale of operating fixed assets - net	(30,077)	(63,135)
Gain on sale of ijarah assets - net	(3,928)	(730)
Gain on sale of non-banking asset	-	(226,277)
Bad debts written-off directly	30,080	58,865
Unrealized loss on revaluation of investments classified as held for trading	88,219	7,833
Other provisions & write-offs	248,720	281,236
	<u>6,212,962</u>	<u>21,225,657</u>
	44,115,818	46,766,968
(Increase) / decrease in operating assets		
Lendings to financial institutions	(13,970,054)	11,938,554
Held for trading securities	(139,759,042)	50,375,284
Advances	(37,437,960)	83,716,321
Other assets (excluding advance taxation)	(2,823,335)	15,945,700
	<u>(193,990,391)</u>	<u>161,975,859</u>
Increase in operating liabilities		
Bills payable	333,663	7,166,126
Borrowings	287,441,136	(24,221,338)
Deposits and other accounts	169,524,824	113,887,449
Other liabilities	8,847,008	(10,772,354)
	<u>466,146,631</u>	<u>86,059,883</u>
	316,272,058	294,802,710
Payments on account of staff retirement benefits	(1,902,154)	(1,155,939)
Income taxes paid	(10,711,852)	(1,173,186)
Net cash flow generated from operating activities	<u>303,658,052</u>	<u>292,473,585</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(192,323,242)	(347,489,536)
Net investments in held to maturity securities	(106,710,346)	42,312,690
Net investments in subsidiaries and associates	(216,640)	-
Dividend income received	1,502,525	859,818
Investment in fixed assets and intangible assets	(3,386,460)	(2,989,744)
Sale proceeds from disposal of fixed assets	43,152	189,788
Sale proceeds from disposal of ijarah assets	26,945	66,848
Effect of translation of net investment in foreign branches	2,830,072	2,254,597
Net cash flow used in investing activities	<u>(298,233,994)</u>	<u>(304,795,539)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,856,584)	(778,062)
Dividends paid	(18,877,763)	(8,136,614)
Net cash flow used in financing activities	<u>(20,734,347)</u>	<u>(8,914,676)</u>
Decrease in cash and cash equivalents	<u>(15,310,289)</u>	<u>(21,236,630)</u>
Cash and cash equivalents at the beginning of the period	264,726,817	256,590,772
Cash and cash equivalents at the end of the period	<u><u>249,416,528</u></u>	<u><u>235,354,142</u></u>

The annexed notes from 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

				
Aameer Karachiwalla Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Arshad Ahmad Mir Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

1. STATUS AND NATURE OF BUSINESS

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,344 (December 31, 2020: 1,356) branches inside Pakistan including 114 (December 31, 2020: 100) Islamic Banking branches and 2 (December 31, 2020: 2) branches in Export Processing Zones. The Bank also operates 11 (December 31, 2020: 14) branches outside Pakistan.

The Bank was a subsidiary of Bestway (Holdings) Limited which is a wholly owned subsidiary of Bestway Group Limited incorporated in United Kingdom.

During the period, an internal reorganization exercise was undertaken by the Bestway Group by virtue of which Bestway (Holdings) Limited has transferred its entire shareholding of 51.6 percent in the Bank to a new Company "Bestway International Holdings Limited" (BIHL) on March 19, 2021. BIHL is a wholly owned subsidiary of the newly incorporated Bestway Group Limited (BGL). Both BIHL and BGL have been incorporated in Guernsey.

The aforementioned transfer of shareholding did not have any effect on the ultimate beneficial ownership of the Bank.

The Bank's ordinary shares are listed on Pakistan Stock Exchange (PSX). 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.

2. BASIS OF PRESENTATION

2.1 These unconsolidated condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 5 dated March 22, 2019.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark - up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

2.3 Key financial figures of the Islamic Banking branches are disclosed in note 38 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements of the Bank have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

- 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. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. 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 unconsolidated 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 SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2020.
- 3.5** These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are presented separately.
- 3.6 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are either considered to not be relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

3.7 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018. Accordingly, the requirements of this standard are incorporated in the Bank's unconsolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Meanwhile, the banks are required to submit IFRS 9 compatible pro forma financial statements for year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements.

Other than effects of IFRS 9, there are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2020.
- 4.2** The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2020.

5. BASIS OF MEASUREMENT

- 5.1** These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes are carried at their present values.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

5.2 Critical accounting estimates and judgments

The preparation of these unconsolidated condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan 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 recognised 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 unconsolidated financial statements of the Bank for the year ended December 31, 2020.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	22,305,796	20,776,101
Foreign currencies	7,135,643	12,098,863
	29,441,439	32,874,964
With State Bank of Pakistan in		
Local currency current accounts	54,431,990	75,604,954
Foreign currency current accounts	5,010,121	4,420,727
Foreign currency deposit accounts	8,680,291	7,767,517
	68,122,402	87,793,198
With other central banks in		
Foreign currency current accounts	31,338,438	28,800,193
Foreign currency deposit accounts	7,378,859	6,869,307
	38,717,297	35,669,500
With National Bank of Pakistan in local currency current accounts	87,753,089	92,628,531
Prize Bonds	2,624,937	1,871,859
	<u>226,659,164</u>	<u>250,838,052</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	3,000,000	2,000,000
Outside Pakistan		
In current accounts	8,758,400	7,354,534
In deposit accounts	10,998,964	4,534,231
	19,757,364	11,888,765
	<u>22,757,364</u>	<u>13,888,765</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	-	10,500,000
Repurchase agreement lendings (Reverse Repo)	29,402,285	-
Bai Muajjal receivable		
- with State Bank of Pakistan	-	6,433,114
- with other financial institutions	4,526,901	3,026,018
	4,526,901	9,459,132
	<u>33,929,186</u>	<u>19,959,132</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

9. INVESTMENTS

9.1 Investments by type

Note	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held for trading securities								
Market Treasury Bills	142,768,419	-	(88,130)	142,680,289	3,009,238	-	228	3,009,466
Pakistan Investment Bonds	12,806	-	(89)	12,717	-	-	-	-
	142,781,225	-	(88,219)	142,693,006	3,009,238	-	228	3,009,466
Available for sale securities								
Market Treasury Bills	554,662,276	-	(204,359)	554,457,917	341,885,979	-	238,363	342,124,342
Pakistan Investment Bonds - fixed	43,217,974	-	(275,006)	42,942,968	76,334,054	-	333,950	76,668,004
Pakistan Investment Bonds - floaters	365,407,246	-	(331,371)	365,075,875	340,678,646	-	(2,569,332)	338,109,314
Government of Pakistan Eurobonds	20,739,351	(250,302)	(12,264)	20,476,785	24,216,628	(105,010)	1,126,146	25,237,764
Government of Pakistan Sukuk	25,733,772	(633)	133,088	25,866,227	23,232,221	(8,713)	(50,261)	23,173,247
Government of Pakistan Mudarabah Pool	1,091,038	-	-	1,091,038	466,435	-	-	466,435
Corporate Sukuks	1,198,571	-	-	1,198,571	1,220,000	-	-	1,220,000
Ordinary shares of listed companies	14,664,415	(4,868,148)	1,565,569	11,361,836	13,345,156	(5,479,476)	2,517,580	10,383,260
Preference shares	-	-	-	-	36,667	-	-	36,667
Ordinary shares of unlisted companies	789,960	(52,977)	5	736,988	808,294	(134,392)	36	673,938
Investment in REIT	458,590	-	30,017	488,607	458,590	-	(16,676)	441,914
Investment in Mutual Fund	258,179	-	(24,496)	233,683	250,000	-	(21,482)	228,518
Term Finance Certificates	782,335	(161,996)	-	620,339	662,335	(162,033)	-	500,302
Foreign bonds - sovereign	42,620,702	(493,002)	(238,137)	41,889,563	53,560,498	(909,881)	2,494,807	55,145,424
Foreign bonds - others	2,335,123	(14,864)	16,676	2,336,935	4,494,088	(24,002)	299,217	4,769,303
	1,073,959,532	(5,841,922)	659,722	1,068,777,332	881,649,591	(6,823,507)	4,352,348	879,178,432
Held to maturity securities								
Market Treasury Bills	2,497,863	-	-	2,497,863	2,696,727	-	-	2,696,727
Pakistan Investment Bonds - fixed	200,760,288	-	-	200,760,288	160,738,122	-	-	160,738,122
Pakistan Investment Bonds - floaters	47,636,355	-	-	47,636,355	-	-	-	-
Government of Pakistan Eurobonds	10,104,552	(137,787)	-	9,966,765	9,383,208	(45,483)	-	9,337,725
Government of Pakistan Sukuk	878,875	(1,045)	-	877,830	824,745	(3,374)	-	821,371
Bai Muajjal with Government of Pakistan	31,901,314	-	-	31,901,314	29,569,648	-	-	29,569,648
Term Finance Certificates	8,187,028	(69,951)	-	8,117,077	4,516,483	(69,951)	-	4,446,532
Corporate Sukuks	11,654,543	(50,934)	-	11,603,609	12,022,820	(57,846)	-	11,964,974
Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
Debentures	2,266	(2,266)	-	-	2,266	(2,266)	-	-
Corporate Bond	1,658,970	(22,580)	-	1,636,390	-	-	-	-
Foreign bonds - sovereign	31,735,593	(563,151)	-	31,172,442	21,361,427	(628,582)	-	20,732,845
Foreign bonds - others	2,101,434	(14,536)	-	2,086,898	1,261,784	(23,219)	-	1,238,565
CDC SAARC Fund	371	-	-	371	347	-	-	347
	349,119,889	(862,687)	-	348,257,202	242,378,014	(831,158)	-	241,546,856
Associates								
UBL Financial Sector Fund	366,640	-	-	366,640	150,000	-	-	150,000
UBL Insurers Limited	240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	832,485	-	-	832,485	832,485	-	-	832,485
	1,439,125	-	-	1,439,125	1,222,485	-	-	1,222,485
Subsidiaries								
United National Bank Limited (UBL UK)	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL (Switzerland) AG	-	-	-	-	589,837	-	-	589,837
UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
United Executors and Trustees Company Limited	30,100	-	-	30,100	30,100	-	-	30,100
	2,985,323	-	-	2,985,323	3,575,160	-	-	3,575,160
Discontinued operations								
UBL Bank (Tanzania) Limited	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
UBL (Switzerland) AG	589,837	-	-	589,837	-	-	-	-
Total Investments	1,572,705,937	(8,393,520)	571,503	1,564,883,920	1,133,665,494	(9,343,576)	4,352,576	1,128,674,494

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
9.1.1 Investments given as collateral - at market value			
Market Treasury Bills		114,232,800	59,846,168
Pakistan Investment Bonds - fixed		1,924,362	-
Pakistan Investment Bonds - floaters		206,349,500	-
		<u>322,506,662</u>	<u>59,846,168</u>
9.2 Provision for diminution in value of investments			
9.2.1 Opening balance		9,343,576	9,117,891
Exchange adjustments		99,612	34,098
(Reversals) / charge			
Charge for the period / year		292,699	853,323
Reversals for the period / year		(1,260,983)	(511,772)
	31	(968,284)	341,551
Amounts written off		(81,384)	(149,964)
Closing balance	9.5	<u>8,393,520</u>	<u>9,343,576</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Non performing investment (NPI)	Provision	Non performing investment (NPI)	Provision
----- (Rupees in '000) -----				
Domestic				
Loss	<u>285,584</u>	<u>285,584</u>	<u>292,496</u>	<u>292,496</u>

9.3 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 347,872.296 million (December 31, 2020: Rs. 246,788.536 million).

9.4 This represents the Bank's subscription towards the paid-up capital of Khushhali Bank Limited. Pursuant to section 10 of the Khushhali Bank Ordinance, 2000, strategic investors including the Bank cannot sell or transfer their investment before a period of five years that has expired on October 10, 2005. Thereafter, such sale / transfer would be subject to the prior approval of the SBP. However, these shares are still appearing as frozen as no approval has been obtained by the Bank to unfreeze these shares.

9.5 Provision against investments includes expected credit loss under IFRS 9 amounting to Rs. 1,497.901 million (December 31, 2020: Rs. 1,748.301 million) for overseas branches.

9.6 The shareholders of the Bank, in their annual general meeting held on March 27, 2020, resolved to wind up "United Executors and Trustees Company Limited", a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of "United Executors and Trustees Company Limited" to appoint liquidators and voluntarily wind up the company. The liquidators will conclude the process of voluntary winding-up as per the requirements of applicable laws and regulations.

9.7 UBL Bank (Tanzania) Limited ("UBTL") is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities held as at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited ("Exim"), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is in process of winding up and voluntary liquidation.

9.8 The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

10. ADVANCES

Note	Performing		Non-performing		Total	
	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	484,389,529	474,312,018	83,497,912	80,691,738	567,887,441	555,003,756
Islamic financings and related assets	38.3 39,869,467	20,542,257	221,450	107,478	40,090,917	20,649,735
Bills discounted and purchased	38,829,119	30,828,990	2,587,177	2,824,527	41,416,296	33,653,517
Advances - gross	563,088,115	525,683,265	86,306,539	83,623,743	649,394,654	609,307,008
Provision against advances						
- Specific	-	-	(75,413,229)	(71,755,668)	(75,413,229)	(71,755,668)
- General	(7,068,254)	(7,271,844)	-	-	(7,068,254)	(7,271,844)
10.3	(7,068,254)	(7,271,844)	(75,413,229)	(71,755,668)	(82,481,483)	(79,027,512)
Advances - net of provision	556,019,861	518,411,421	10,893,310	11,868,075	566,913,171	530,279,496
					(Un-audited) September 30, 2021	(Audited) December 31, 2020

10.1 Particulars of advances - gross

	----- (Rupees in '000) -----
In local currency	468,310,633
In foreign currencies	181,084,021
	<u>649,394,654</u>
	<u>609,307,008</u>

10.2 Advances include Rs. 86,306.539 million (December 31, 2020: Rs. 83,623.743 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	234,826	1,700	189,538	497
Substandard	2,581,021	641,970	2,690,171	662,589
Doubtful	654,440	374,824	1,599,695	798,209
Loss	<u>23,976,849</u>	<u>22,883,675</u>	<u>24,259,582</u>	<u>23,164,558</u>
	27,447,136	23,902,169	28,738,986	24,625,853
Overseas				
Not past due but impaired**	3,246,315	1,020,855	5,820,717	2,681,378
Overdue by:				
Upto 90 days	2,147,354	1,274,119	1,064,806	135,443
91 to 180 days	2,901,765	2,630,584	5,232,868	4,695,361
181 to 365 days	2,375,206	1,364,057	6,841,381	6,407,521
> 365 days	<u>48,188,763</u>	<u>45,221,445</u>	<u>35,924,985</u>	<u>33,210,112</u>
	58,859,403	51,511,060	54,884,757	47,129,815
Total	<u>86,306,539</u>	<u>75,413,229</u>	<u>83,623,743</u>	<u>71,755,668</u>

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

** Not past due but impaired category mainly represents restructured exposure.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

10.3 Particulars of provision against advances

Note	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	71,755,668	7,271,844	79,027,512	63,615,915	3,501,359	67,117,274
Exchange adjustments	3,333,595	422,720	3,756,315	917,623	155,659	1,073,282
Charge / (reversals)						
Charge for the period / year	3,974,480	215,326	4,189,806	14,394,123	3,623,212	18,017,335
Reversals for the period / year	(2,367,934)	(841,636)	(3,209,570)	(1,805,805)	(8,386)	(1,814,191)
31	1,606,546	(626,310)	980,236	12,588,318	3,614,826	16,203,144
Amounts written off	(1,196,386)	-	(1,196,386)	(5,282,212)	-	(5,282,212)
Amounts charged off - agriculture financing	(86,194)	-	(86,194)	(80,974)	-	(80,974)
Transfers out - net	-	-	-	(3,002)	-	(3,002)
Closing balance	<u>75,413,229</u>	<u>7,068,254</u>	<u>82,481,483</u>	<u>71,755,668</u>	<u>7,271,844</u>	<u>79,027,512</u>

10.3.1 General provision represents provision amounting to Rs. 378.561 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,689.693 million (December 31, 2020: Rs. 6,951.889 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing domestic 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 domestic advances would have been higher by Rs. 16.841 million (December 31, 2020: Rs. 18.337 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,498.596 million (December 31, 2020: Rs. 3,951.861 million) for the overseas branches.

10.3.3 As a result of COVID-19, the SBP has allowed certain relaxations including deferment of principal payment, rescheduling / restructuring of principal and mark-up, extension and timeline of provisioning against trade bills while maintaining the customer status as "regular". These have been considered while determining the provisioning requirements on a time based criteria.

Note	(Un-audited)	(Audited)
	September 30, 2021	December 31, 2020
----- (Rupees in '000) -----		
11. FIXED ASSETS		
Capital work-in-progress	1,043,839	447,893
Property and equipment	43,792,459	44,075,077
Right-of-use assets	6,884,776	6,684,733
	<u>51,721,074</u>	<u>51,207,703</u>
11.1 Capital work-in-progress		
Civil works	371,972	270,445
Equipment	671,867	177,448
	<u>1,043,839</u>	<u>447,893</u>

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13.1 Movement in temporary differences during the period

September 30, 2021 (Un-Audited)			
At January 01, 2021	Recognised in profit and loss account	Recognised in OCI	At September 30, 2021
----- (Rupees in '000) -----			
Deductible temporary differences on			
- Post retirement employee benefits	1,381,087	4,674	-
- Provision against advances, off balance sheet etc.	6,390,263	(721,831)	-
- Workers' Welfare Fund	1,833,191	302,194	-
	9,604,541	(414,963)	-
			1,385,761
			5,668,432
			2,135,385
			9,189,578
Taxable temporary differences on			
- Surplus on revaluation of fixed assets / non-banking assets	(646,666)	22,600	(207)
- Surplus on revaluation of investment	(1,697,416)	-	1,440,124
- Accelerated tax depreciation	(729,569)	204,847	-
- Others	(131,623)	-	97,549
	(3,205,274)	227,447	1,537,466
	6,399,267	(187,516)	1,537,466
			(1,440,361)
			7,749,217

December 31, 2020 (Audited)			
At January 01, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
----- (Rupees in '000) -----			
Deductible temporary differences on			
- Post retirement employee benefits	837,307	30,335	513,445
- Provision against advances, off balance sheet etc.	3,291,876	3,098,387	-
- Workers' Welfare Fund	1,495,858	337,333	-
	5,625,041	3,466,055	513,445
			1,381,087
			6,390,263
			1,833,191
			9,604,541
Taxable temporary differences on			
- Surplus on revaluation of fixed assets / non-banking assets	(739,593)	33,079	59,848
- Surplus on revaluation of investment	(417,813)	-	(1,279,603)
- Accelerated tax depreciation	(1,147,656)	418,087	-
- Others	(19,815)	-	(111,808)
	(2,324,877)	451,166	(1,331,563)
	3,300,164	3,917,221	(818,118)
			(3,205,274)
			6,399,267

14. OTHER ASSETS	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
Income / mark-up accrued in local currency - net of provision		19,751,006	21,075,804
Income / mark-up accrued in foreign currencies - net of provision	14.1	2,623,682	2,117,215
Advance taxation - net of provision for taxation	14.2	138,411	5,921,083
Receivable from staff retirement fund		68,546	24,160
Receivable from other banks against telegraphic transfers and demand drafts		32,337	110,689
Receivable in respect of derivative transactions		18,033	-
Unrealized gain on forward foreign exchange contracts		5,554,289	2,703,865
Rebate receivable - net		838,472	631,410
Unrealized gain on derivative financial instruments		31,778	-
Suspense accounts		97,991	51,215
Stationery and stamps on hand		196,936	169,311
Non-banking assets acquired in satisfaction of claims		237,899	241,683
Advances, deposits, advance rent and other prepayments		1,438,061	916,276
Acceptances		9,494,230	10,505,651
Dividend Receivable		136,643	217,974
Commission Receivable - Branchless Banking		649,745	658,524
Receivable against fraud & forgery and looted notes		614,610	586,929
Insurance receivable against consumer assets		387,367	420,456
Others		2,162,664	1,586,291
		44,472,700	47,938,536
Provision held against other assets	14.3	(1,216,149)	(1,392,976)
Other assets - net of provisions		43,256,551	46,545,560
Surplus / (Deficit) on revaluation of non-banking assets acquired in satisfaction of claims	21	5,640	(38,367)
Other assets - total		<u>43,262,191</u>	<u>46,507,193</u>

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14.1 This includes unrealised mark-up held in suspense amounting to Rs. 17,019.537 million (December 31, 2020: Rs. 13,639.898 million) kept against non-performing overseas advances / investment as per the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

14.2 The income tax returns of the Bank have been filed up to the tax year 2020 (accounting year ended December 31, 2019) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2019, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.13,752 million (December 31, 2020: Rs.11,610 million). 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.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2021 (financial year 2020) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 2,467 million (December 31, 2020: Rs. 1,274 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 Yemen have been filed upto the year ended December 31, 2019 and for UAE and Qatar branches upto the year ended December 31, 2020 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 0.642 million (Rs. 30.086 million) from the General Tax Authority (GTA) in respect of tax year 2015. Management has filed an appeal against the said penalty and is confident that the matters will be decided in favour of the Bank and the possibility of any outcome against it is remote.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
14.3 Provision held against other assets			
Advances and other receivables		54,108	84,272
Fraud & forgery and looted notes		606,437	626,435
Others		555,604	682,269
		<u>1,216,149</u>	<u>1,392,976</u>
14.3.1 Movement of provision held against other assets			
Opening balance		1,392,976	1,271,877
Exchange adjustments		(6,618)	655
(Reversals) / charge			
Charge for the period / year		29,333	249,664
Reversals for the period / year		(126,364)	(94,809)
	31	(97,031)	154,855
Amounts written off		(30,221)	(37,656)
Transfers (out) / in - net		(42,957)	3,245
Closing balance		<u>1,216,149</u>	<u>1,392,976</u>

15. CONTINGENT ASSETS

There were no contingent assets as at the statement of financial position date.

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	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
16. BILLS PAYABLE		
In Pakistan	29,365,821	28,820,012
Outside Pakistan	701,655	913,801
	<u>30,067,476</u>	<u>29,733,813</u>
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	33,882,227	30,724,174
Long term financing facility	20,763,282	22,243,644
Refinance scheme for payment of wages and salaries	3,906,020	5,587,037
Renewable energy scheme	273,378	146,985
Temporary economic refinance scheme	7,021,725	307,540
Other Borrowings	452,014	464,621
	66,298,646	59,474,001
Repurchase agreement borrowings	332,624,330	59,835,819
	<u>398,922,976</u>	<u>119,309,820</u>
Unsecured		
Call borrowings	17,406,892	2,397,485
Overdrawn nostro accounts	98,683	356,029
Money market deals	-	6,924,081
	17,505,575	9,677,595
	<u>416,428,551</u>	<u>128,987,415</u>

18. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- (Rupees in '000) -----						
Customers						
Fixed deposits	149,734,518	126,662,987	276,397,505	171,340,589	123,785,587	295,126,176
Savings deposits	628,854,931	48,668,022	677,522,953	509,712,356	48,079,084	557,791,440
Sundry deposits	15,246,862	1,220,223	16,467,085	5,022,037	1,750,251	6,772,288
Margin deposits	4,052,282	2,260,706	6,312,988	3,833,926	3,164,625	6,998,551
Current accounts - remunerative	2,197,007	3,492,970	5,689,977	1,387,144	5,240,221	6,627,365
Current accounts - non-remunerative	635,836,381	121,016,848	756,853,229	549,419,858	111,464,961	660,884,819
	1,435,921,981	303,321,756	1,739,243,737	1,240,715,910	293,484,729	1,534,200,639
Financial Institutions						
Current deposits	19,226,448	1,700,179	20,926,627	20,978,533	1,941,161	22,919,694
Savings deposits	23,748,552	648,748	24,397,300	56,409,524	42,544	56,452,068
Term deposits	23,803,800	1,365,261	25,169,061	25,207,956	1,431,544	26,639,500
	66,778,800	3,714,188	70,492,988	102,596,013	3,415,249	106,011,262
	<u>1,502,700,781</u>	<u>307,035,944</u>	<u>1,809,736,725</u>	<u>1,343,311,923</u>	<u>296,899,978</u>	<u>1,640,211,901</u>

18.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounted to Rs.1,061,701.173 million (December 31, 2020: Rs 991,687.959 million).

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19. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the ADT 1 issue are as follows:-

Issue Size	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited
Security	Unsecured
Mark-up rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Mark-up payment frequency	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis
Call option	The Bank may, at its sole discretion, call the TFCs, at any time after five years from the issue date subject to the prior approval of the SBP.
Lock-in clause	Mark-up on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss absorbency clause	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20. OTHER LIABILITIES

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
Mark-up / return / interest payable in local currency		18,036,254	11,628,846
Mark-up / return / interest payable in foreign currencies		698,839	1,306,907
Accrued expenses		3,510,525	4,052,238
Branch adjustment account		968,868	105,228
Deferred income		1,021,878	882,954
Unearned commission and income on bills discounted		234,015	437,621
Provision against off - balance sheet obligations	20.1	766,776	1,065,233
Unrealized loss on forward foreign exchange contracts		2,714,039	3,318,593
Trading liabilities		4,037,631	-
Payable to staff retirement fund		214,308	1,122,023
Deferred liabilities		3,629,409	3,752,247
Workers' Welfare Fund payable		5,275,346	4,700,490
Liabilities against IBFT, ATM and other settlements - net		249,873	1,199,242
Insurance payable against consumer assets		184,762	615,406
Dividend payable		2,902,960	357,578
Acceptances		9,494,230	10,505,651
Lease liability against right-of-use assets		8,171,223	7,776,503
Levies and taxes payable		3,537,845	2,666,232
Others		1,928,957	1,084,285
		<u>67,577,738</u>	<u>56,577,277</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
20.1 Provision against off-balance sheet obligations			
Opening balance		1,065,233	622,264
Exchange adjustment		49,404	11,220
(Reversals) / charge			
Charge for the period / year		5,700	568,987
Reversals for the period / year	31	(353,561)	(137,238)
		(347,861)	431,749
Closing balance		<u>766,776</u>	<u>1,065,233</u>
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus arising on revaluation of assets			
Available for sale securities	9.1	659,722	4,352,348
Fixed assets		25,569,041	25,630,817
Non-banking assets acquired in satisfaction of claims		5,640	1,496
		26,234,403	29,984,661
Less: Deferred tax liability on revaluation of:			
Available for sale securities		257,292	1,697,416
Fixed assets		622,073	646,083
Non-banking assets acquired in satisfaction of claims		2,200	583
		881,565	2,344,082
		<u>25,352,838</u>	<u>27,640,579</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	156,656,324	147,936,161
Commitments	22.2	1,046,272,916	891,767,423
Other contingent liabilities	22.3	15,730,389	15,539,628
		<u>1,218,659,629</u>	<u>1,055,243,212</u>
22.1 Guarantees:			
Financial guarantees		53,614,314	43,027,825
Performance guarantees		103,042,010	104,908,336
		<u>156,656,324</u>	<u>147,936,161</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		228,407,318	137,787,140
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	679,534,064	635,597,333
- forward Government securities transactions	22.2.3	26,445,000	-
- derivatives - FX options	22.2.4	3,315,300	-
- forward lending	22.2.5	105,138,702	115,451,442
- operating leases	22.2.6	151,724	55,009
Commitments for acquisition of operating fixed assets	22.2.7		
- Fixed assets		2,378,792	2,038,561
- Intangible		902,016	837,938
		<u>1,046,272,916</u>	<u>891,767,423</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

22.2.1 Commitments to extend credit

The Bank 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.

	Note	(Un-audited) September 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		365,667,692	342,792,602
Sale		313,866,372	292,804,731
22.2.3 Commitments in respect of forward government securities transactions			
Purchase		8,045,000	-
Sale		18,400,000	-
22.2.4 Commitments in respect of derivatives			
FX options - purchased		1,657,650	-
FX options - sold		1,657,650	-
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	55,135,914	57,591,623
Others		50,002,788	57,859,819
		105,138,702	115,451,442
22.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.			
22.2.6 Commitments in respect of operating leases			
Not later than one year		151,472	50,579
Later than one year and not later than five years		22	4,197
Later than five years		230	233
		151,724	55,009
22.2.7 Commitments in respect of capital expenditure			
		3,280,808	2,876,499
22.3 Other contingent liabilities			
22.3.1 Claims against the Bank not acknowledged as debts			
		11,641,085	11,450,325

These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security).

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

22.3.2 During 2016, penalties amounting to Rs. 4.089 billion were levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.

22.3.3 For contingencies relating to taxation, refer note 14.2.

23. DERIVATIVE INSTRUMENTS

Product analysis

Counterparties	September 30, 2021 (Un-audited)							
	FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
(Rupees in '000)								
Total								
Hedging	1,657,650	-	8,045,000	10,572	18,400,000	21,206	28,102,650	31,778
Market making	1,657,650	-	-	-	-	-	1,657,650	-
	<u>3,315,300</u>	<u>-</u>	<u>8,045,000</u>	<u>10,572</u>	<u>18,400,000</u>	<u>21,206</u>	<u>29,760,300</u>	<u>31,778</u>

Counterparties	December 31, 2020 (Audited)							
	FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
(Rupees in '000)								
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Un-audited)
January - January -
September - September -
2021 2020
 ----- (Rupees in '000) -----

24. MARK-UP / RETURN / INTEREST EARNED

On:		
Loans and advances	28,578,055	42,570,882
Investments	78,929,826	75,906,713
Landings to financial institutions	1,163,774	1,955,594
Balances with banks	386,683	482,163
	<u>109,058,338</u>	<u>120,915,352</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	41,601,747	48,040,046
Borrowings	10,078,686	10,434,568
Subordinated debt	667,666	878,674
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,305,017	2,575,363
Lease liability against right-of-use assets	715,736	774,591
	<u>55,368,852</u>	<u>62,703,242</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited)	
		January - September 2021	January - September 2020
----- (Rupees in '000) -----			
26. FEE AND COMMISSION INCOME			
Branch banking customer fee		1,226,024	1,217,667
Consumer finance related fee		815,998	632,297
Card related fees (debit and credit cards)		1,783,705	1,044,942
Investment banking fee		456,124	138,808
Financial Institution rebate / commission		258,034	212,841
Corporate service charges / facility fee		375,409	337,131
Commission on trade		534,031	470,411
Commission on guarantees		428,422	542,937
Commission on cash management		710,891	593,410
Commission on remittances including home remittances - net		1,657,121	1,696,368
Commission on bancassurance		1,179,826	756,267
Commission on Benazir Income Support Program		-	38,145
Rent on lockers		143,817	140,997
Others		152,897	138,583
		<u>9,722,299</u>	<u>7,960,804</u>
27. GAIN ON SECURITIES - NET			
Realised	27.1	3,353,992	796,725
Unrealised - held for trading	9.1	(88,219)	(7,833)
		<u>3,265,773</u>	<u>788,892</u>
27.1 Realised gain / (loss) on:			
Federal Government securities		1,052,779	122,270
Shares		492,257	33,510
Foreign securities		1,808,972	643,760
Other Securities		(16)	(2,815)
		<u>3,353,992</u>	<u>796,725</u>
28. OTHER INCOME			
Charges recovered		196,651	165,975
Rent on properties		55,913	39,362
Gain on sale of operating fixed assets - net		30,077	63,135
Gain on sale of Ijarah assets - net		3,928	730
Gain on disposal of non-banking assets - net		-	226,277
(Loss) / gain on trading liabilities - net		(17,345)	100,974
		<u>269,224</u>	<u>596,453</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	(Un-audited)	
	January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
29. OPERATING EXPENSES		
Total compensation expense	12,381,219	11,566,041
Property expense		
Rent and taxes	815,930	911,263
Insurance	164,589	142,607
Utilities cost	1,157,789	1,091,038
Security	755,258	764,958
Repair and maintenance	133,731	103,630
Depreciation	602,675	598,559
Depreciation - right-of-use assets	1,417,961	1,403,204
Others	30,376	28,533
	5,078,309	5,043,792
Information technology expenses		
Software maintenance	1,206,271	1,063,311
Hardware maintenance	272,738	240,597
Depreciation	593,767	606,362
Amortisation	597,556	588,094
Network charges	543,503	529,968
	3,213,835	3,028,332
Other operating expenses		
Directors' fees and allowances	49,950	66,399
Fees and allowances to Shariah Board	7,422	7,036
Legal and professional charges	487,851	429,381
Commission paid to branchless banking agents	311,272	264,082
Commission paid to sales force	989,473	769,576
Outsourced service costs	973,928	1,009,762
Travelling and conveyance	66,259	66,135
Clearing charges	156,481	176,197
Depreciation - others	915,139	885,678
Depreciation on Islamic financing against leased assets	128,364	178,680
Training and development	12,021	22,287
Postage and courier charges	269,041	213,466
Communication	301,988	327,791
Stationery and printing	571,355	491,002
Marketing, advertisement and publicity	451,004	296,886
Donations	109,986	287,700
Auditors' remuneration	58,701	58,231
Insurance	68,573	160,565
Deposit Protection Premium	1,190,026	1,025,667
Cash transportation and sorting charges	613,581	588,697
Entertainment	117,521	98,212
Vehicle expenses	74,775	66,380
Subscription	71,172	82,813
Office running expenses	117,704	127,180
Banking service charges	1,495,130	1,170,813
Repairs and maintenance	540,642	369,110
Cartage, freight and conveyance	34,115	30,336
Zakat paid by overseas branch	50,632	-
Brokerage expenses	17,205	20,252
Miscellaneous expenses	277,645	123,284
	10,528,956	9,413,598
	<u>31,202,319</u>	<u>29,051,763</u>
30. OTHER CHARGES		
Penalties imposed by the SBP	73,018	160,185
Other penalties	12,892	143
	<u>85,910</u>	<u>160,328</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited)	
		January - September 2021	January - September 2020
31. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET		----- (Rupees in '000) -----	
Provision against loans and advances - net	10.3	980,236	14,310,364
Reversal of provision for diminution in value of investments - net	9.2	(968,284)	433,135
Bad debts written off directly		30,080	58,865
Reversal of provision against other assets - net	14.3.1	(97,031)	(80,580)
(Reversal) / provision against off - balance sheet obligations	20.1	(347,861)	200,965
Recovery of written-off / charged off bad debts		(357,412)	(397,951)
Other provisions / write-offs - net		345,751	361,816
		(414,521)	14,886,614
32. TAXATION			
Current		16,565,493	13,948,449
Prior years		(189,297)	-
Deferred		187,516	(3,570,472)
		16,563,712	10,377,977
33. EARNINGS PER SHARE			
Profit after taxation for the period		22,760,338	16,069,342
		----- (Number of shares) -----	
Weighted average number of ordinary shares		1,224,179,687	1,224,179,687
		----- (Rupees) -----	
Earnings per share - basic and diluted		18.59	13.13

There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2021 and September 30, 2020.

34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

34.1 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments	September 30, 2021 (Un-audited)				
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Mudarabah Pool)	1,152,591,099	-	1,152,591,099	-	1,152,591,099
Foreign Bonds - Sovereign	41,889,563	-	41,889,563	-	41,889,563
Foreign Bonds - others	2,336,935	-	2,336,935	-	2,336,935
Ordinary shares of listed companies	11,361,836	11,361,836	-	-	11,361,836
Mutual funds	233,683	-	233,683	-	233,683
Debt securities (TFCs, Sukuks)	1,818,910	-	1,818,910	-	1,818,910
Investment in REIT	488,607	488,607	-	-	488,607
	<u>1,210,720,633</u>	<u>11,850,443</u>	<u>1,198,870,190</u>	<u>-</u>	<u>1,210,720,633</u>
Financial assets not measured at fair value					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Bai Muajjal)	291,142,552	-	289,907,959	-	289,907,959
Foreign Bonds - Sovereign	33,670,305	-	34,310,895	-	34,310,895
Foreign Bonds - others	2,086,898	-	2,154,859	-	2,154,859
Debt securities (TFCs, Sukuks)	21,357,447	-	21,498,583	-	21,498,583
	<u>348,257,202</u>	<u>-</u>	<u>347,872,296</u>	<u>-</u>	<u>347,872,296</u>
	<u>1,558,977,835</u>	<u>11,850,443</u>	<u>1,546,742,486</u>	<u>-</u>	<u>1,558,592,929</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	679,534,064	-	2,840,250	-	2,840,250
FX options - purchased and sold	3,315,300	-	-	-	-
Forward purchase of government securities	8,045,000	-	10,572	-	10,572
Forward sale of government securities	18,400,000	-	21,206	-	21,206
Fair Value of non-financial assets					
Fixed Assets	36,220,763	-	-	36,220,763	36,220,763
Non-banking assets acquired in satisfaction of claims	243,539	-	-	243,539	243,539
	<u>36,464,302</u>	<u>-</u>	<u>-</u>	<u>36,464,302</u>	<u>36,464,302</u>

On balance sheet financial instruments	December 31, 2020 (Audited)				
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Mudarabah Pool)	808,788,572	-	808,788,572	-	808,788,572
Foreign Bonds - Sovereign	55,145,424	-	55,145,424	-	55,145,424
Foreign Bonds - others	4,769,303	-	4,769,303	-	4,769,303
Ordinary shares of listed companies	10,383,260	10,383,260	-	-	10,383,260
Mutual funds	228,518	-	228,518	-	228,518
Debt securities (TFCs, Sukuks)	1,720,302	-	1,720,302	-	1,720,302
Investment in REIT	441,914	441,914	-	-	441,914
	<u>881,477,293</u>	<u>10,825,174</u>	<u>870,652,119</u>	<u>-</u>	<u>881,477,293</u>
Financial assets not measured at fair value					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Bai Muajjal)	200,466,866	-	206,791,388	-	206,791,388
Foreign Bonds - Sovereign	23,429,572	-	22,141,647	-	22,141,647
Foreign Bonds - others	1,238,565	-	1,285,465	-	1,285,465
Debt securities (TFCs, Sukuks)	16,411,853	-	16,570,036	-	16,570,036
	<u>241,546,856</u>	<u>-</u>	<u>246,788,536</u>	<u>-</u>	<u>246,788,536</u>
	<u>1,123,024,149</u>	<u>10,825,174</u>	<u>1,117,440,655</u>	<u>-</u>	<u>1,128,265,829</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	635,597,333	-	614,728	-	614,728
FX options - purchased and sold	-	-	-	-	-
Forward purchase of government securities	-	-	-	-	-
Fair Value of non-financial assets					
Fixed Assets	36,220,762	-	-	36,220,762	36,220,762
Non-banking assets acquired in satisfaction of claims	203,316	-	-	203,316	203,316
	<u>36,424,078</u>	<u>-</u>	<u>-</u>	<u>36,424,078</u>	<u>36,424,078</u>

34.2 Certain categories of fixed assets (land and buildings) and non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

34.3 Valuation techniques used in determination of fair values within level 2 and level 3.

Debt Securities

The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) and the fair value of other corporate and foreign government securities is determined using the rates from Reuters / Bloomberg.

Derivatives

The fair valuation techniques include forward pricing and swap models using present value calculations.

Fixed assets and non-banking assets acquired in satisfaction of claims

Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim financial statements.

35. SEGMENT INFORMATION

35.1 Segment details with respect to business activities

For the nine months ended September 30, 2021 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
Profit and Loss Account							
Net mark-up / return / profit	17,931,147	58,490,909	(31,372,333)	3,267,488	5,822,084	(449,809)	53,689,486
Inter segment (expense) / revenue - net	(14,395,626)	(52,412,399)	62,493,577	-	-	4,314,448	-
Non mark-up / return / interest income	2,358,406	3,325,855	6,716,266	263,412	3,915,316	703,873	17,283,128
Total Income	5,893,927	9,404,365	37,837,510	3,530,900	9,737,400	4,568,512	70,972,614
Segment direct expenses	931,932	489,431	20,257,911	1,308,141	3,535,163	5,540,507	32,063,085
Inter segment expense allocation	339,433	60,543	4,527,465	-	406,223	(5,333,664)	-
Total expenses	1,271,365	549,974	24,785,376	1,308,141	3,941,386	206,843	32,063,085
(Reversals) / provision and write-offs - net	(231,351)	(614,275)	(597,602)	52,475	955,867	20,365	(414,521)
Profit before taxation	4,853,913	9,468,666	13,649,736	2,170,284	4,840,147	4,341,304	39,324,050
For the nine months ended September 30, 2020 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
Profit and Loss Account							
Net mark-up / return / profit	30,305,811	55,188,384	(35,710,743)	3,051,400	5,855,812	(478,554)	58,212,110
Inter segment (expense) / revenue - net	(23,278,533)	(48,598,339)	67,233,911	-	-	4,642,961	-
Non mark-up / return / interest income	1,672,084	2,358,950	5,269,893	118,764	2,367,787	1,246,445	13,033,923
Total Income	8,699,362	8,948,995	36,793,061	3,170,164	8,223,599	5,410,852	71,246,033
Segment direct expenses	1,061,620	432,959	18,409,347	1,309,717	3,890,440	4,808,017	29,912,100
Inter segment expense allocation	398,886	52,677	3,501,396	-	385,562	(4,338,521)	-
Total expenses	1,460,506	485,636	21,910,743	1,309,717	4,276,002	469,496	29,912,100
Provision and write-offs - net	1,433,437	99,966	107,436	7,951	13,222,096	15,728	14,886,614
Profit before taxation	5,805,419	8,363,393	14,774,882	1,852,496	(9,274,499)	4,925,628	26,447,319

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

As at September 30, 2021 (Un-audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Statement of financial position							
Cash & Bank balances	9,311	64,600,252	115,441,012	12,054,762	56,457,903	853,288	249,416,528
Investments	8,568,494	1,366,565,053	-	69,541,134	114,686,132	5,523,107	1,564,883,920
Net inter segment lending	-	-	1,292,674,363	14,083,662	-	78,063,563	1,384,821,588
Lendings to financial institutions	-	29,402,285	-	4,526,901	-	-	33,929,186
Advances - performing	362,290,185	16,589	45,494,535	39,822,768	102,627,671	5,768,113	556,019,861
Advances - non-performing net of provision	2,800,914	-	616,972	99,406	7,348,344	27,674	10,893,310
Others	13,818,543	17,121,995	17,400,131	2,010,083	12,562,615	41,745,634	104,659,001
Total Assets	387,487,447	1,477,706,174	1,471,627,013	142,138,716	293,682,665	131,981,379	3,904,623,394
Borrowings	57,409,569	332,723,013	4,311,955	4,577,122	17,406,892	-	416,428,551
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	56,268,366	67,338	1,404,777,582	127,293,843	221,011,566	318,030	1,809,736,725
Net inter segment borrowing	253,470,360	1,130,501,720	-	-	849,508	-	1,384,821,588
Others	14,570,051	8,766,602	54,291,429	3,657,743	3,507,275	12,852,114	97,645,214
Total Liabilities	381,718,346	1,472,058,673	1,463,380,966	135,528,708	242,775,241	23,170,144	3,718,632,078
Equity	5,769,101	5,647,501	8,246,047	6,610,008	50,907,424	108,811,235	185,991,316
Total Equity & liabilities	387,487,447	1,477,706,174	1,471,627,013	142,138,716	293,682,665	131,981,379	3,904,623,394
Contingencies and Commitments	416,487,570	215,607,869	33,388,653	14,420,852	536,168,670	2,586,015	1,218,659,629

As at December 31, 2020 (Audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Statement of financial position							
Cash & Bank balances	5,833	81,844,130	122,637,049	12,061,714	47,378,919	799,172	264,726,817
Investments	4,803,162	932,393,450	-	62,729,601	123,251,328	5,496,953	1,128,674,494
Net inter segment lending	-	-	1,139,940,361	7,997,409	-	77,017,055	1,224,954,825
Lendings to financial institutions	-	-	-	19,959,132	-	-	19,959,132
Advances - performing	360,426,353	-	41,532,652	20,521,606	89,119,069	6,811,741	518,411,421
Advances - non-performing net of provision	3,287,884	-	802,173	16,551	7,754,943	6,524	11,868,075
Others	14,416,544	16,648,272	14,968,909	1,705,673	13,301,659	44,902,317	105,943,374
Total Assets	382,939,776	1,030,885,852	1,319,881,144	124,991,686	280,805,918	135,033,762	3,274,538,138
Borrowings	51,240,762	60,191,848	4,600,487	3,632,752	9,321,566	-	128,987,415
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	50,351,838	132,797	1,257,985,091	111,478,161	220,015,338	248,676	1,640,211,901
Net inter segment borrowing	263,282,545	960,917,205	-	-	755,075	-	1,224,954,825
Others	13,412,717	3,328,909	47,513,400	4,811,546	6,305,922	10,938,596	86,311,090
Total Liabilities	378,287,862	1,024,570,759	1,310,098,978	119,922,459	236,397,901	21,187,272	3,090,465,231
Equity	4,651,914	6,315,093	9,782,166	5,069,227	44,408,017	113,846,490	184,072,907
Total Equity & liabilities	382,939,776	1,030,885,852	1,319,881,144	124,991,686	280,805,918	135,033,762	3,274,538,138
Contingencies and Commitments	349,133,005	285,716,584	13,182,354	5,991,566	398,498,688	2,721,015	1,055,243,212

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

36. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, associates, subsidiary companies, employee benefit plans and its Directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. 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 / year, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Statement of financial position	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Balances with other banks												
In current accounts	-	-	-	1,462,404	-	-	-	-	-	1,482,280	-	-
In deposit accounts	-	-	-	853,287	-	-	-	-	-	-	-	-
	-	-	-	2,315,691	-	-	-	-	-	1,482,280	-	-
	-	-	-	-	-	2,409,325	-	-	-	-	-	-
Lendings to financial institutions												
Investments												
Opening balance	-	-	-	5,406,166	1,582,485	3,997,489	-	-	-	5,406,166	1,582,485	3,943,202
Investment made during the period / year	-	-	-	-	216,640	2,563,634	-	-	-	-	-	54,287
Investment disposed / written off during the period / year	-	-	-	-	-	(396,375)	-	-	-	-	-	-
Closing balance	-	-	-	5,406,166	1,799,125	6,164,748	-	-	-	5,406,166	1,582,485	3,997,489
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,324,602	-	-	-	1,688,911	-	1,544,596
Provision written off	-	-	-	-	-	77,606	-	-	-	-	-	-
Advances												
Opening balance	-	10	237,861	-	-	9,365,687	-	4,624	220,133	-	2,155,149	12,715,998
Addition during the period / year	-	98	31,281	-	-	17,387,460	-	838	72,462	-	-	16,398,899
Repaid during the period / year	-	(40)	(32,729)	-	-	(26,746,680)	-	(5,452)	(68,603)	-	(152,755)	(19,749,210)
Transfer in - net / (write-off)	-	-	5,729	-	-	-	-	-	13,869	-	(2,002,394)	-
Closing balance	-	68	242,142	-	-	6,467	-	10	237,861	-	-	9,365,687

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

Statement of financial position	September 30, 2021 (Un-audited)					December 31, 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)												
Other Assets												
Interest mark-up accrued	-	-	-	2,271	723	37,710	-	-	-	-	4,282	232,471
Receivable from staff retirement fund	-	-	-	-	-	28,605	-	-	-	-	-	24,160
Advances, Deposits & Prepayments	-	-	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	-	174,567	-	-	-	-	-	1,002	-
Dividend Receivable	-	-	-	24,321	-	-	-	-	-	-	-	104,215
Other receivable	-	-	-	12,887	-	-	-	-	11,983	-	-	30,164
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Provision written off	-	-	-	-	-	30,164	-	-	-	-	-	-
Borrowings												
Opening balance	-	-	-	1,598,323	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	2,834,585	-	488,300	-	-	1,760,102	-	-	1,538,000
Settled during the period / year	-	-	-	(3,238,306)	-	(488,300)	-	-	(161,779)	-	-	(1,538,000)
Closing balance	-	-	-	1,194,602	-	-	-	-	1,598,323	-	-	-
Deposits and other accounts												
Opening balance	-	6,431,790	62,761	281,016	2,478,432	16,511,019	-	8,679,450	49,368	211,870	6,502,931	11,346,752
Received during the period / year	80,968	20,114,840	688,039	15,065,485	80,602,311	283,725,443	-	29,415,769	1,265,710	15,708,641	144,141,551	177,627,329
Withdrawn during the period / year	(60,778)	(22,458,121)	(702,712)	(15,107,706)	(81,351,250)	(278,763,356)	-	(31,659,519)	(1,192,377)	(15,639,495)	(148,166,050)	(172,469,603)
Transfer (out) / in - net	-	-	(11,593)	-	(853,657)	(1,943,207)	-	(3,910)	(59,940)	-	-	6,541
Closing balance	20,190	4,088,509	36,495	238,795	1,375,836	19,509,899	-	6,431,790	62,761	281,016	2,478,432	16,511,019
Other Liabilities												
Interest / mark-up payable on deposits and borrowings	283	29,481	52	2,597	3,435	164,284	-	39,335	210	1,182	7,651	115,024
Payable to staff retirement fund	-	-	-	-	-	214,308	-	-	-	-	-	1,122,023
Dividend Payable	2,400,570	65,232	-	-	-	6,823	-	-	-	-	-	-
Unearned Income	-	-	-	2,227	-	1,786	-	-	-	1,485	-	-
Other Payable	-	-	-	-	6,329	-	-	3,900	-	-	22,353	-
Contingencies and Commitments												
Letter of guarantee	-	-	-	6,110	-	-	-	-	-	11,053	-	4,360
Forward foreign exchange contracts purchase	-	-	-	-	-	-	-	-	-	1,777,719	-	-
Forward foreign exchange contracts sale	-	-	-	-	-	-	-	-	-	1,758,178	-	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

	For the nine months ended September 30, 2021 (Un-audited)					For the nine months ended September 30, 2020 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)												
Profit and loss account												
Income												
Mark-up / return / interest earned	-	-	10,062	2,271	27,034	383,358	-	-	12,112	70,171	33,092	987,893
Commission / charges recovered	22	232	1,673	1,016	19,933	17,825	-	54	2,325	722	17,126	16,590
Dividend income	-	-	-	434,550	28,481	421,912	-	-	-	379,039	18,472	148,074
Net gain on sale of securities	-	78	-	-	-	-	-	-	-	-	-	-
Other income	-	-	7,397	1,485	-	16,077	-	-	7,166	1,728	-	13,823
Reversal of Provision	-	-	-	-	-	142,388	-	-	-	-	152,755	-
Switch revenue	-	-	-	-	-	176,757	-	-	-	-	-	158,770
Management fee	-	-	-	10,101	-	-	-	-	-	2,017	-	-
Expense												
Mark-up / return / interest paid	269	257,972	251	7,143	43,874	817,700	-	136,411	511	9,356	334,172	285,761
Remuneration paid	-	-	722,012	-	-	-	-	-	457,285	-	-	-
Post employment benefits	-	-	19,848	-	-	-	-	-	17,228	-	-	-
Non-executive directors' fee and allowances	-	49,950	-	-	-	-	-	66,399	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	295,507	-	-	-	-	-	273,500
Charge for defined benefit plans	-	-	-	-	-	236,932	-	-	-	-	-	253,413
Other expenses	-	-	-	-	-	66,500	-	-	-	14,922	-	28,437
Clearing Charges	-	-	-	-	-	109,475	-	-	-	-	-	95,256
Seminar and Membership fees	-	-	-	-	-	17,022	-	-	-	-	-	3,361
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	-	44,100	-	-	-	-	-	5,566
Custody Charges	-	-	-	-	-	-	-	-	-	-	-	2,860
Insurance premium paid	-	-	-	-	505,181	-	-	-	-	-	519,737	-
Insurance claims settled	-	-	-	-	358,713	-	-	-	-	-	282,421	-

36.1 As disclosed in note 9.8, with reference to the orderly winding up of UBL (Switzerland) AG, during the period ended September 30, 2021, UBL – UAE branch has acquired certain exposures relating to bills discounting from UBL (Switzerland) AG. These transactions have not resulted in any kind of exposure between UBL – UAE and UBL (Switzerland) AG and are hence not presented in the above disclosure.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	127,975,279	126,860,060
Eligible Additional Tier 1 (ADT 1) Capital	9,831,107	9,934,770
Total Eligible Tier 1 Capital	137,806,386	136,794,830
Eligible Tier 2 Capital	45,004,433	45,102,462
Total Eligible Capital (Tier 1 + Tier 2)	182,810,819	181,897,292
Risk Weighted Assets (RWAs):		
Credit Risk	573,203,041	532,509,650
Market Risk	67,767,922	54,441,838
Operational Risk	157,614,605	157,614,605
Total	798,585,568	744,566,093
Common Equity Tier 1 Capital Adequacy Ratio	16.03%	17.04%
Tier 1 Capital Adequacy Ratio	17.26%	18.37%
Total Capital Adequacy Ratio	22.89%	24.43%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended September 30, 2021 stood at Rs.12,241.797 million (December 31, 2020: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 2.5% and High Loss Absorbency Requirement of 1.0% of the risk weighted exposures of the Bank.

In order to dampen the effects of COVID-19, the State Bank of Pakistan under BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at September 30, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 22.9% whereas CET 1 and Tier 1 ratios stood at 16.0% and 17.3% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL has been designated as a D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.0%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2021. As per SBP's designation of D-SIBs for the year 2021, the HLA capital charge is required to be maintained by UBL is 1.0% and will remain effective till next D-SIB designation is announced by the State Bank of Pakistan.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	137,806,386	136,794,830
Total Exposures	3,299,970,301	2,456,802,603
Leverage Ratio	4.18%	5.57%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,079,157,667	1,035,616,032
Total Net Cash Outflow	311,505,296	324,975,005
Liquidity Coverage Ratio	346.43%	318.68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,881,531,095	1,714,566,321
Total Required Stable Funding	818,405,558	770,865,635
Net Stable Funding Ratio	229.90%	222.42%

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

38. ISLAMIC BANKING BUSINESS

The Bank operates 114 (December 31, 2020: 100) Islamic Banking branches and 201 (December 31, 2020: 187) Islamic Banking windows.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Cash and balances with treasury banks		8,559,805	9,784,450
Balances with other banks		3,494,957	2,277,264
Due from financial institutions	38.1	4,526,901	19,959,132
Investments	38.2	69,541,134	62,729,601
Islamic financing and related assets	38.3	39,922,174	20,538,157
Fixed assets		1,042,045	984,416
Intangible assets		2,772	4,638
Due from Head Office		14,083,662	7,997,409
Other assets		965,266	716,619
		142,138,716	124,991,686
LIABILITIES			
Bills payable		1,388,564	2,487,519
Due to financial institutions		4,577,122	3,632,752
Deposits and other accounts	38.4	127,293,843	111,478,161
Due to Head Office		-	-
Other liabilities		2,269,179	2,324,027
		135,528,708	119,922,459
NET ASSETS		<u>6,610,008</u>	<u>5,069,227</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Surplus / (deficit) on revaluation of assets		130,856	(86,052)
Accumulated profit	38.8	4,298,152	2,974,279
		<u>6,610,008</u>	<u>5,069,227</u>
CONTINGENCIES AND COMMITMENTS	38.5		

		(Un-audited) January - September 2021	January - September 2020
----- (Rupees in '000) -----			
PROFIT AND LOSS ACCOUNT			
Profit / return earned	38.6	6,596,468	6,608,690
Profit / return expensed	38.7	(3,328,980)	(3,557,290)
Net profit / return		3,267,488	3,051,400
Other income			
Fee and Commission Income		213,100	111,090
Foreign Exchange Income		30,608	1,571
Loss on securities		(736)	(5,197)
Other Income		20,440	11,300
Total Other Income		263,412	118,764
Total Income		3,530,900	3,170,164
Operating expenses		(1,308,141)	(1,309,717)
Profit before provisions		2,222,759	1,860,447
Provisions and write-offs - net		52,475	7,951
Profit before taxation		2,170,284	1,852,496
Taxation		(846,411)	(722,473)
Profit after taxation		<u>1,323,873</u>	<u>1,130,023</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

38.1 Due from Financial Institutions

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Musharakah	-	-	-	6,000,000	-	6,000,000
Mudarabah	-	-	-	4,500,000	-	4,500,000
Bai Muajjal: with State Bank of Pakistan with other Financial Institution	-	-	-	6,433,114	-	6,433,114
	4,526,901	-	4,526,901	3,026,018	-	3,026,018
	4,526,901	-	4,526,901	19,959,132	-	19,959,132

38.2 Investments by segments

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
(Rupees in '000)								
Federal Government Securities								
- Ijarah Sukuks	23,995,744	-	130,856	24,126,600	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Mudarabah Pool	1,091,039	-	-	1,091,039	466,435	-	-	466,435
- Bai muajjal with Govt. of Pakistan	31,901,314	-	-	31,901,314	29,569,648	-	-	29,569,648
	56,988,097	-	130,856	57,118,953	50,028,535	-	(86,052)	49,942,483
Non Government Debt Securities								
- Listed	678,571	-	-	678,571	450,000	-	-	450,000
- Unlisted	11,743,610	-	-	11,743,610	12,337,118	-	-	12,337,118
	12,422,181	-	-	12,422,181	12,787,118	-	-	12,787,118
Total Investments	69,410,278	-	130,856	69,541,134	62,815,653	-	(86,052)	62,729,601

38.2.1 Bai Muajjal with Government of Pakistan

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(1,129,686)	(3,461,352)
Bai Muajjal Investment - net	<u>31,901,314</u>	<u>29,569,648</u>

38.3 Islamic financing and related assets

Ijarah	415,913	440,754
Murabahah	224,863	272,766
Musharakah	12,792,475	8,392,690
Diminishing Musharakah	16,797,729	6,754,380
Istisna	55,414	39,584
Islamic Export Refinance scheme - Musharakah	4,139,544	2,989,544
Advances against Islamic assets		
Advances against Ijarah	7,530	77,190
Advances for Diminishing Musharakah	2,516,305	410,595
Advances for Murabahah	77,292	33,427
Advances against Mera Pakistan Mera Ghar	789,459	459
Advances against Islamic Temporary Economic Refinance Scheme	463,846	-
Advances for Istisna Islamic Export Refinance Scheme	542,915	456,623
Advances for Istisna	662,652	148,586
Inventory related to Islamic financing - Istisna	94,501	296,918
Profit and other receivables against financings	510,479	336,219
Gross Islamic financing and related assets	40,090,917	20,649,735
Less: Provision against Islamic financings		
- Specific	(122,044)	(90,927)
- General	(46,699)	(20,651)
Islamic financing and related assets - net of provision	<u>39,922,174</u>	<u>20,538,157</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

38.9 Disclosures for profit and loss distribution and pool management

The Bank operates general and special pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Wakalah and Musharakah modes.

Under the General deposits pools, the Bank accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the Corporate Customers, other banks and State Bank of Pakistan for liquidity management and Islamic Export Refinance to the Bank's customers respectively under the Musharakah/ Mudarabah / Wakalah modes.

General Pool(s)

For General Pools, the Bank allocates PKR financing to Corporate, SMEs and Consumer Finance customers in diversified sectors and avenues of the economy / business and Investments in Sovereign Guarantee Sukuk, Corporate Sukuk, Bai Muajjal with Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis.

IERS Pool(s)

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to Corporate Customers and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

Treasury Pool(s)

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under Diminishing Musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah / Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding company.

Special Pool(s)

Separate pool(s) are created where the customers desire to invest in high yield assets. The rate of these pool(s) are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

Equity Pool(s)

All other assets including fixed assets, advance against financing and subsidized financing to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Holding company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

During the period, the Bank has given General Hiba to the depositors in General and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba is given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the period ended September 30, 2021 is Rs.2,363.234 million (45.09% of distributable profit of Mudarabah Pool). of this, an amount of Rs. 417.245 million (17.66% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 9.24% per annum and the rate of profit paid on average deposits was 5.81% per annum.

The risk characteristics of pools

The risk characteristics of each pool mainly depends on the assets and liability profile of the pool. As per the Bank 's policy, relatively low risk / secured financing transactions and assets are allocated to the pool. The Bank maintains General Pools, Special Pools, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

The Parameters used for allocation of profit, expenses and provisions to the Pool

- The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on ijarah assets, takaful premium, amortisation of premium on investment etc.
- No expense of general or administrative nature is charged to the pools.
- No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset.
- The profit of the pool is shared between equity and Rab-ul-Maal of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity.
- The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee.

The Bank managed following pools during the period.

For the nine months period ended September 30, 2021 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudarabah	Monthly	7.28%	46.19%	38,856	5.71%	53.39%	20,744
Special Pools	85	Mudarabah	Monthly	8.38%	32.93%	490,597	6.75%	38.16%	187,211
IERS Pools	18	Musharkah	Monthly	6.43%	82.94%	244,413	2.00%	0.00%	-
FCY Pools	12	Mudarabah	Monthly	1.94%	50.00%	1,544	1.06%	0.00%	-
General Pools	9	Mudarabah	Monthly	9.66%	50.00%	1,833,782	5.38%	11.41%	209,290

For the nine months period ended September 30, 2020 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudarabah	Monthly	5.67%	50.00%	6,119	3.12%	10.04%	615
Special Pools	90	Mudarabah	Monthly	11.41%	34.09%	629,089	8.79%	34.53%	217,204
IERS Pools	18	Musharkah	Monthly	5.64%	87.28%	255,701	2.00%	0.00%	-
General Pools	9	Mudarabah	Monthly	11.29%	50.00%	1,546,075	6.88%	21.89%	338,491

(Un-audited) (Audited)
September December
30, 2021 31, 2020
-----Rupees in '000-----

38.10 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	3,936,244	2,230,052
Agri business	13,115,384	8,745,482
Textile	1,840,980	1,991,142
Financial	4,034,957	13,335,120
Food industries	302,991	318,037
Plastic	276,760	299,263
Individuals	9,490,487	1,981,422
Production and Transmission of energy	19,278,063	13,496,129
Government of Pakistan Securities	61,645,854	59,401,615
Others	3,732,189	3,817,471
	<u>117,653,909</u>	<u>105,615,733</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 20, 2021 has declared an interim cash dividend in respect of quarter ended September 30, 2021 of Rs. 4.0 per share (September 30, 2020: Rs. nil per share). These unconsolidated condensed interim financial statements for the nine months ended September 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40. GENERAL

40.1 Comparatives

Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of better presentation.

40.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on October 20, 2021 by the Board of Directors of the Bank.



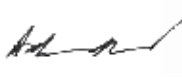
Aameer Karachiwalla
Chief Financial Officer



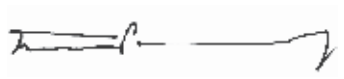
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman



UNITED BANK LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021
(Un-audited)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

Note (Un-audited) (Audited)
September 30, December 31,
2021 2020
----- (Rupees in '000) -----

ASSETS

Cash and balances with treasury banks	6	234,351,721	258,139,459
Balances with other banks	7	32,252,115	29,583,028
Lendings to financial institutions	8	38,147,981	22,212,442
Investments	9	1,586,730,959	1,167,803,512
Advances	10	678,835,600	611,851,676
Fixed assets	11	58,161,216	57,467,580
Intangible assets	12	2,122,151	2,034,551
Deferred tax assets	13	6,087,225	4,682,494
Other assets	15	43,672,068	48,101,456
		2,680,361,036	2,201,876,198

LIABILITIES

Bills payable	17	30,090,405	29,741,206
Borrowings	18	417,335,956	131,827,185
Deposits and other accounts	19	1,942,549,298	1,764,392,286
Liabilities against assets subject to finance lease	20	12,298	15,957
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	22	70,742,076	58,267,678
		2,470,730,033	1,994,244,312
		<u>209,631,003</u>	<u>207,631,886</u>

NET ASSETS

REPRESENTED BY:

Share capital		12,241,797	12,241,797
Reserves		76,517,303	71,020,586
Surplus on revaluation of assets	23	27,195,472	29,334,212
Unappropriated profit		85,604,483	87,527,909
Total equity attributable to the equity holders of the Bank		201,559,055	200,124,504
Non-controlling interest		8,071,948	7,507,382
		<u>209,631,003</u>	<u>207,631,886</u>

CONTINGENCIES AND COMMITMENTS

24

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.



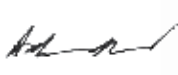
Aameer Karachiwalla
Chief Financial Officer



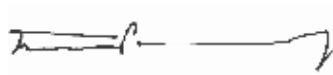
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	July - September 2021	July - September 2020	January - September 2021	January - September 2020
----- (Rupees in '000) -----					
Mark-up / return / interest earned	26	42,521,814	35,490,384	112,325,882	123,933,330
Mark-up / return / interest expensed	27	23,133,831	15,834,511	56,603,602	64,208,325
Net mark-up / interest income		<u>19,387,983</u>	<u>19,655,873</u>	<u>55,722,280</u>	<u>59,725,005</u>
Non mark-up / interest income					
Fee and commission income	28	3,412,822	3,097,741	10,533,885	9,250,333
Dividend income		523,398	112,680	958,470	508,512
Foreign exchange income		1,380,152	1,230,465	2,640,885	3,051,817
Income / (loss) from derivatives		34,359	(148,696)	43,117	(162,204)
Gain on securities - net	29	407,885	123,249	2,991,492	981,510
Other income	30	62,950	103,952	249,557	592,901
Total non mark-up / interest income		<u>5,821,566</u>	<u>4,519,391</u>	<u>17,417,406</u>	<u>14,222,869</u>
Total income		<u>25,209,549</u>	<u>24,175,264</u>	<u>73,139,686</u>	<u>73,947,874</u>
Non mark-up / interest expenses					
Operating expenses	31	11,869,533	10,816,783	33,662,561	31,763,352
Workers' Welfare Fund		260,462	203,365	782,314	706,298
Other charges	32	46,416	7,995	85,910	160,328
Total non mark-up / interest expenses		<u>12,176,411</u>	<u>11,028,143</u>	<u>34,530,785</u>	<u>32,629,978</u>
Share of profit of associates		<u>22,575</u>	<u>130,795</u>	<u>247,361</u>	<u>174,924</u>
Profit before provisions		<u>13,055,713</u>	<u>13,277,916</u>	<u>38,856,262</u>	<u>41,492,820</u>
(Reversals) / provisions and write-offs - net	33	<u>(707,890)</u>	<u>5,500,626</u>	<u>(865,823)</u>	<u>15,453,220</u>
Profit before taxation from continuing operations		<u>13,763,603</u>	<u>7,777,290</u>	<u>39,722,085</u>	<u>26,039,600</u>
Taxation	34	<u>5,763,626</u>	<u>3,120,302</u>	<u>16,783,206</u>	<u>10,646,054</u>
Profit after taxation from continuing operations		<u>7,999,977</u>	<u>4,656,988</u>	<u>22,938,879</u>	<u>15,393,546</u>
Discontinued operations					
Loss from discontinued operations - net of tax	14	<u>(1,176,660)</u>	<u>(760)</u>	<u>(1,070,186)</u>	<u>(11,031)</u>
Profit after taxation		<u>6,823,317</u>	<u>4,656,228</u>	<u>21,868,693</u>	<u>15,382,515</u>
Attributable to:					
Equity holders of the Bank					
from continuing operations		7,932,902	4,721,538	22,814,086	15,677,919
from discontinued operations		<u>(1,176,660)</u>	<u>(760)</u>	<u>(1,070,186)</u>	<u>(11,031)</u>
		<u>6,756,242</u>	<u>4,720,778</u>	<u>21,743,900</u>	<u>15,666,888</u>
Non-controlling interest		<u>67,075</u>	<u>(64,550)</u>	<u>124,793</u>	<u>(284,373)</u>
		<u>6,823,317</u>	<u>4,656,228</u>	<u>21,868,693</u>	<u>15,382,515</u>
----- (Rupees) -----					
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank					
Basic and diluted		<u>6.48</u>	<u>3.86</u>	<u>18.64</u>	<u>12.81</u>
Earnings per share for profit attributable to the ordinary equity holders of the Bank					
Basic and diluted	35	<u>5.52</u>	<u>3.86</u>	<u>17.76</u>	<u>12.80</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.



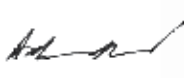
Aameer Karachiwalla
Chief Financial Officer



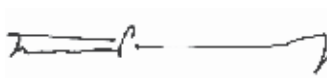
Shazad G. Dada
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Shazia Syed
Director



Arshad Ahmad Mir
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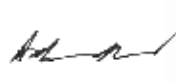
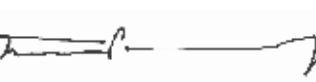
Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	July - September 2021	July - September 2020	January - September 2021	January - September 2020
----- (Rupees in '000) -----				
Profit after tax for the period attributable to:				
Equity holders of the Bank				
from continuing operations	7,932,902	4,721,538	22,814,086	15,677,919
from discontinued operations	(1,176,660)	(760)	(1,070,186)	(11,031)
	<u>6,756,242</u>	<u>4,720,778</u>	<u>21,743,900</u>	<u>15,666,888</u>
Non-controlling interest	67,075	(64,550)	124,793	(284,373)
	<u>6,823,317</u>	<u>4,656,228</u>	<u>21,868,693</u>	<u>15,382,515</u>
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branches and subsidiaries				
Equity holders of the Bank	4,226,874	(176,124)	3,212,742	3,375,682
Non-controlling interest	446,324	51,296	544,947	258,895
	<u>4,673,198</u>	<u>(124,828)</u>	<u>3,757,689</u>	<u>3,634,577</u>
Movement in deficit on revaluation of investments - net of tax				
Equity holders of the Bank	(1,918,045)	(934,700)	(2,122,043)	898,304
Non-controlling interest	(61,635)	105,335	(117,236)	39,466
	<u>(1,979,680)</u>	<u>(829,365)</u>	<u>(2,239,279)</u>	<u>937,770</u>
	<u>2,693,518</u>	<u>(954,193)</u>	<u>1,518,410</u>	<u>4,572,347</u>
Items that will not be reclassified to profit and loss account in subsequent periods				
Remeasurement loss of defined benefit obligations - net of tax	-	-	-	(1,355,438)
Movement in surplus on revaluation of fixed assets - net of tax				
Equity holders of the Bank	103,725	106,612	21,313	36,578
Non-controlling interest	83,399	86,687	15,170	28,056
	<u>187,124</u>	<u>193,299</u>	<u>36,483</u>	<u>64,634</u>
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	2,308	(2)	2,527	(922)
	<u>189,432</u>	<u>193,297</u>	<u>39,010</u>	<u>(1,291,726)</u>
Total comprehensive income for the period	<u>9,706,267</u>	<u>3,895,332</u>	<u>23,426,113</u>	<u>18,663,136</u>
Attributable to:				
Equity holders of the Bank				
from continuing operations	10,347,764	3,717,324	23,928,625	18,632,123
from discontinued operations	(1,176,660)	(760)	(1,070,186)	(11,031)
	<u>9,171,104</u>	<u>3,716,564</u>	<u>22,858,439</u>	<u>18,621,092</u>
Non-controlling interest	535,163	178,768	567,674	42,044
	<u>9,706,267</u>	<u>3,895,332</u>	<u>23,426,113</u>	<u>18,663,136</u>

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

				
Aameer Karachiwalla Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Arshad Ahmad Mir Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Attributable to equity holders of the Bank								Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus / (Deficit) on revaluation of			Unappropriated profit			Sub total
					Investments	Fixed Assets	Non Banking Assets				
(Rupees in '000)											
Balance as at December 31, 2019 (Audited)	12,241,797	3,000	33,288,783	33,384,629	189,482	27,184,005	31,071	77,335,249	183,658,016	7,213,855	190,871,871
Total comprehensive income for the nine months ended September 30, 2020											
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	15,666,888	15,666,888	(284,373)	15,382,515
Other comprehensive income - net of tax	-	-	-	3,375,682	898,304	36,578	(922)	(1,355,438)	2,954,204	326,417	3,280,621
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	3,375,682	898,304	36,578	(922)	14,311,450	18,621,092	42,044	18,663,136
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,204)	(1,204)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(110,838)	(19,995)	130,833	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(39,206)	-	38,572	(634)	634	-
Transfer to statutory reserve	-	-	1,627,438	-	-	-	-	(1,627,438)	-	-	-
Transactions with owners for the nine months ended September 30, 2020											
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs. 2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Balance as at September 30, 2020 (Un-audited)	12,241,797	3,000	34,916,221	36,760,311	1,087,786	27,070,539	10,154	82,231,498	194,321,306	7,255,329	201,576,635
Total comprehensive income for the three months ended December 31, 2020											
Profit after taxation for the three months ended December 31, 2020	-	-	-	-	-	-	-	5,271,030	5,271,030	134,989	5,406,019
Other comprehensive income - net of tax	-	-	-	(1,142,103)	1,222,890	(28,661)	1	479,407	531,534	118,754	650,288
Total comprehensive income for the three months ended December 31, 2020	-	-	-	(1,142,103)	1,222,890	(28,661)	1	5,750,437	5,802,564	253,743	6,056,307
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(5,508)	(9,242)	14,750	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(13,747)	-	14,381	634	(634)	-
Transfer to statutory reserve	-	-	483,157	-	-	-	-	(483,157)	-	-	-
Transactions with owners for the three months ended December 31, 2020											
Balance as at December 31, 2020 (Audited)	12,241,797	3,000	35,399,378	35,618,208	2,310,676	27,022,623	913	87,527,909	200,124,504	7,507,382	207,631,886
Total comprehensive income for the nine months ended September 30, 2021											
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	-	-	21,743,900	21,743,900	124,793	21,868,693
Other comprehensive income - net of tax	-	-	-	3,212,742	(2,122,043)	21,313	2,527	-	1,114,539	442,881	1,557,420
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	3,212,742	(2,122,043)	21,313	2,527	21,743,900	22,858,439	567,674	23,426,113
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,851)	(3,851)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(2,641)	-	2,641	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(37,896)	-	37,153	(743)	743	-
Transfer to statutory reserve	-	-	2,283,975	-	-	-	-	(2,283,975)	-	-	-
Transactions with owners for the nine months ended September 30, 2021											
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	-	(11,629,707)	(11,629,707)	-	(11,629,707)
Interim cash dividend - March 31, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - June 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Balance as at September 30, 2021 (Un-audited)	12,241,797	3,000	37,683,353	38,830,950	188,633	27,003,399	3,440	85,604,483	201,559,055	8,071,948	209,631,003

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.




Aameer Karachiwalla
Chief Financial Officer



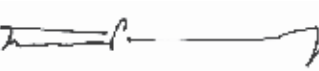
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director





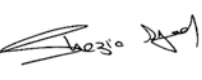
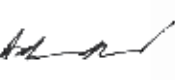
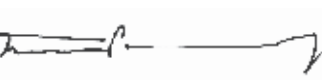
Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operations	38,667,861	26,027,604
Less: Dividend income	(958,470)	(508,512)
Share of profit of associates	(247,361)	(174,924)
	37,462,030	25,344,168
Adjustments:		
Depreciation on fixed assets	2,197,957	2,150,475
Depreciation on Islamic financing against leased assets (Ijarah)	128,364	178,680
Depreciation on right-of-use assets	1,417,961	1,403,204
Amortisation	651,683	641,662
Workers' Welfare Fund	782,314	706,298
Provision for retirement benefits	835,518	856,527
Provision for compensated absences	126,749	137,017
Provision against loans and advances - net	629,593	13,931,845
(Reversal) / provision for diminution in value of investments - net	(1,249,114)	947,873
(Reversal) / provision against off balance sheet items	(347,861)	200,965
Interest expense on lease liability against right-of-use assets	716,947	774,591
Gain on sale of fixed assets - net	(29,481)	(60,078)
Gain on sale of ijarah assets - net	(3,928)	(730)
Gain on sale of non-banking asset	-	(226,277)
Bad debts written off directly	73,432	91,301
Unrealised loss on revaluation of investments classified as held for trading	88,130	7,833
Other provisions / write-offs	248,720	281,236
	6,266,984	22,022,422
	43,729,014	47,366,590
(Increase) / decrease in operating assets		
Lendings to financial institutions	(15,935,539)	9,267,462
Held for trading securities	(139,847,310)	50,375,284
Advances	(67,838,330)	67,730,637
Other assets (excluding advance taxation)	(1,580,336)	16,166,693
	(225,201,515)	143,540,076
Increase in operating liabilities		
Bills payable	349,199	7,182,996
Borrowings	285,508,771	(34,813,869)
Deposits and other accounts	178,157,012	131,153,445
Other liabilities (excluding current taxation)	9,762,627	(9,864,447)
	473,777,609	93,658,125
	292,305,108	284,564,791
Payments on account of staff retirement benefits	(2,040,913)	(1,354,878)
Income taxes paid	(10,680,904)	(1,473,729)
Net cash flow generated from operating activities	279,583,291	281,736,184
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(178,860,900)	(350,451,459)
Net investments in held to maturity securities	(102,013,399)	41,988,532
Net investments in associates	(572,062)	6,785
Dividend income received	1,064,122	625,498
Investment in fixed assets and intangible assets	(3,568,046)	(3,196,940)
Sale proceeds from disposal of fixed assets	198,248	230,037
Sale proceeds from disposal of ijarah assets	26,945	66,848
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	3,212,742	3,375,682
- Non-controlling interest	544,947	258,895
Net cash flow used in investing activities	(279,967,403)	(307,096,122)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease obligations	3,659	(239)
Payment of lease liability against right-of-use assets	(1,856,584)	(774,891)
Dividends paid to:		
- Equity holders of the Bank	(18,877,763)	(8,136,614)
- Non-controlling interest	(3,851)	(1,204)
Net cash flow used in financing activities	(20,734,539)	(8,912,948)
Decrease in cash and cash equivalents during the period	(21,118,651)	(34,272,886)
Cash and cash equivalents at the beginning of the period	287,722,487	286,329,378
Cash and cash equivalents at the end of the period	266,603,836	252,056,492

The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements.

				
Aameer Karachiwalla Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Arshad Ahmad Mir Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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 (UBL FM) - 98.87% holding
- Al Ameen Financial Services (Private) Limited (AFSL) - 98.87% effective holding

The Group is engaged in commercial banking, asset management, investment advisory and investments business. United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,344 (December 31, 2020: 1,356) branches inside Pakistan including 114 (December 31, 2020: 100) Islamic Banking branches and 2 (December 31, 2020: 2) branches in Export Processing Zones. The Bank also operates 11 (December 31, 2020: 14) branches outside Pakistan.

The Bank was a subsidiary of Bestway (Holdings) Limited which is a wholly owned subsidiary of Bestway Group Limited incorporated in United Kingdom.

During the period, an internal reorganization exercise was undertaken by the Bestway Group by virtue of which Bestway (Holdings) Limited has transferred its entire shareholding of 51.6 percent in the Bank to a new Company "Bestway International Holdings Limited" (BIHL) on March 19, 2021. BIHL is a wholly owned subsidiary of the newly incorporated Bestway Group Limited (BGL). Both BIHL and BGL have been incorporated in Guernsey.

The aforementioned transfer of shareholding did not have any effect on the ultimate beneficial ownership of the Bank.

The Bank's ordinary shares are listed on Pakistan Stock Exchange. 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 1.13% shares held by past and present employees of UBL FM in the net asset value of UBL FM.

The shareholders of the Bank, in their annual general meeting held on March 27, 2020, resolved to wind up "United Executors and Trustees Company Limited", a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of "United Executors and Trustees Company Limited" to appoint liquidators and voluntarily wind up the company. The liquidators will conclude the process of voluntary winding-up as per the requirements of applicable laws and regulations.

The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 6, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 5 dated March 22, 2019.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

Key financial figures of the Islamic Banking branches are disclosed in note 40 to these consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

3. STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of:

- Interim Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

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. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. 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 SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 effective from the periods starting from 30 June 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019, 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, 2020.

3.5 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are either considered to not be relevant or do not have any significant impact on these unconsolidated financial statements.

3.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018. Accordingly, the requirements of this standard are incorporated in the Group's consolidated financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Meanwhile, the banks are required to submit IFRS 9 compatible pro forma financial statements for year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

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, 2020.

4.2 The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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 / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes are carried at their present values.

5.2 Critical accounting estimates and judgements

The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting 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 recognised 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, 2020.

6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
In hand		
Local currency	22,305,796	20,776,101
Foreign currencies	7,202,447	12,160,057
	29,508,243	32,936,158
With State Bank of Pakistan in		
Local currency current accounts	54,431,990	75,604,954
Foreign currency current accounts	5,010,121	4,420,727
Foreign currency deposit account	8,680,291	7,767,517
	68,122,402	87,793,198
With other central banks in		
Foreign currency current accounts	38,964,191	36,040,406
Foreign currency deposit accounts	7,378,859	6,869,307
	46,343,050	42,909,713
With National Bank of Pakistan in local currency current accounts	87,753,089	92,628,531
Prize Bonds	2,624,937	1,871,859
	<u>234,351,721</u>	<u>258,139,459</u>

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	97	-
In deposit accounts	3,011,672	2,015,383
	3,011,769	2,015,383
Outside Pakistan		
In current accounts	20,052,563	19,102,946
In deposit accounts	9,187,783	8,464,699
	29,240,346	27,567,645
	<u>32,252,115</u>	<u>29,583,028</u>

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lending	503,339	10,624,519
Repurchase agreement lendings (Reverse Repo)	29,402,285	-
Bai Muajjal receivable		
- with State Bank of Pakistan	-	6,433,114
- with other financial institutions	4,526,901	3,026,018
Other lendings to financial institutions	3,715,456	2,128,791
	<u>38,147,981</u>	<u>22,212,442</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

9. INVESTMENTS

9.1 Investments by type	Note	(Un-audited)				(Audited)			
		September 30, 2021				December 31, 2020			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)									
Held for trading securities									
		142,768,418	-	(88,130)	142,680,288	3,009,238	-	228	3,009,466
		12,805	-	(89)	12,716	-	-	-	-
		142,781,223	-	(88,219)	142,693,004	3,009,238	-	228	3,009,466
Available for sale securities									
		554,662,276	-	(204,359)	554,457,917	341,885,979	-	238,363	342,124,342
		43,217,973	-	(275,006)	42,942,967	76,334,054	-	333,950	76,668,004
		365,407,246	-	(331,371)	365,075,875	340,678,646	-	(2,569,332)	338,109,314
		23,409,119	(250,302)	25,261	23,184,078	25,519,619	(105,010)	1,226,132	26,640,741
		25,733,772	(633)	133,088	25,866,227	24,873,538	(8,713)	(48,193)	24,816,632
		1,091,038	-	-	1,091,038	466,435	-	-	466,435
		1,198,571	-	-	1,198,571	1,220,000	-	-	1,220,000
		14,664,427	(4,868,148)	1,565,569	11,361,848	13,345,156	(5,479,476)	2,517,580	10,383,260
		-	-	-	-	36,667	-	-	36,667
		789,960	(52,977)	5	736,988	808,294	(134,392)	36	673,938
		458,590	-	30,017	488,607	458,590	-	(16,676)	441,914
		258,169	-	(24,496)	233,673	250,000	-	(21,482)	228,518
		782,335	(161,996)	-	620,339	662,335	(162,033)	-	500,302
		58,295,925	(493,002)	(950,964)	56,851,959	81,369,066	(1,401,942)	1,742,758	81,709,882
		3,831,646	(14,864)	7,817	3,824,599	7,256,300	(24,002)	271,352	7,503,650
		1,093,801,047	(5,841,922)	(24,439)	1,087,934,686	915,164,679	(7,315,568)	3,674,488	911,523,599
Held to maturity securities									
		2,497,863	-	-	2,497,863	2,696,727	-	-	2,696,727
		200,760,288	-	-	200,760,288	160,738,122	-	-	160,738,122
		47,636,355	-	-	47,636,355	-	-	-	-
		10,104,552	(137,787)	-	9,966,765	10,706,182	(45,483)	-	10,660,699
		878,875	(1,045)	-	877,830	1,296,245	(3,374)	-	1,292,871
	40.2.1	31,901,314	-	-	31,901,314	29,569,648	-	-	29,569,648
		8,187,028	(69,951)	-	8,117,077	4,516,483	(69,951)	-	4,446,532
		11,654,543	(50,934)	-	11,603,609	12,022,820	(57,846)	-	11,964,974
		437	(437)	-	-	437	(437)	-	-
		2,266	(2,266)	-	-	2,266	(2,266)	-	-
		1,658,970	(22,580)	-	1,636,390	-	-	-	-
		32,759,135	(810,004)	-	31,949,131	25,058,739	(646,731)	-	24,412,008
		2,101,435	(14,536)	-	2,086,899	1,261,784	(23,219)	-	1,238,565
		371	-	-	371	347	-	-	347
		350,143,432	(1,109,540)	-	349,033,892	247,869,800	(849,307)	-	247,020,493
Associates									
		-	-	-	-	1,837,605	-	-	1,837,605
		1,827,042	-	-	1,827,042	-	-	-	-
		357,199	-	-	357,199	225,640	-	-	225,640
		167,716	-	-	167,716	-	-	-	-
		167,160	-	-	167,160	-	-	-	-
		100,287	-	-	100,287	101,850	-	-	101,850
		58,756	-	-	58,756	107,282	-	-	107,282
		194	-	-	194	-	-	-	-
		25,265	-	-	25,265	21,374	-	-	21,374
		130,965	-	-	130,965	-	-	-	-
		130,177	-	-	130,177	-	-	-	-
		115,171	-	-	115,171	92,471	-	-	92,471
		513,354	-	-	513,354	499,948	-	-	499,948
	9.2	3,476,091	-	-	3,476,091	3,363,784	-	-	3,363,784
		7,069,377	-	-	7,069,377	6,249,954	-	-	6,249,954
Total Investments									
		1,593,795,079	(6,951,462)	(112,658)	1,586,730,959	1,172,293,671	(8,164,875)	3,674,716	1,167,803,512

9.2 This represents the Bank's subscription towards the paid-up capital of Khushhali Bank Limited. Pursuant to section 10 of the Khushhali Bank Ordinance, 2000 strategic investors including the Bank cannot sell or transfer their investment before a period of five years that has expired on October 10, 2005. Thereafter, such sale / transfer would be subject to the prior approval of the SBP. However these shares are still appearing as frozen as no approval has been obtained by the Bank to unfreeze these shares.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
9.3 Investments given as collateral - at market value		----- (Rupees in '000) -----	
Market Treasury Bills		114,232,800	59,846,168
Pakistan Investment Bonds - Fixed		1,924,362	-
Pakistan Investment Bonds - Floaters		206,349,500	-
		322,506,662	59,846,168
9.4 Provision for diminution in value of investments			
9.4.1 Opening balance		8,164,875	7,429,256
Exchange adjustments		117,085	58,788
(Reversals) / charge			
Charge for the period / year		513,292	1,389,189
Reversals for the period / year		(1,762,406)	(562,394)
		(1,249,114)	826,795
Amount written off		(81,384)	(149,964)
Closing balance	9.6	6,951,462	8,164,875

9.4.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	September 30, 2021		December 31, 2020	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	285,584	285,584	292,496	292,496
Overseas				
Not past due but impaired	1,023,542	246,853	2,004,405	510,210
Total	1,309,126	532,437	2,296,901	802,706

9.5 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs. 348,590.135 million (December 31, 2020: Rs. 252,280.321 million).

9.6 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,497.901 million (December 31, 2020: Rs. 1,748.301 million).

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		587,275,435	549,179,452	87,008,210	82,324,861	674,283,645	631,504,313
Islamic financings and related assets		39,869,442	20,542,257	221,450	107,478	40,090,892	20,649,735
Bills discounted and purchased		44,701,907	36,223,975	2,587,177	2,824,527	47,289,084	39,048,502
Advances - gross		671,846,784	605,945,684	89,816,837	85,256,866	761,663,621	691,202,550
Provision against advances	10.3						
- Specific		-	-	(75,715,628)	(72,036,997)	(75,715,628)	(72,036,997)
- General		(7,112,393)	(7,313,877)	-	-	(7,112,393)	(7,313,877)
		(7,112,393)	(7,313,877)	(75,715,628)	(72,036,997)	(82,828,021)	(79,350,874)
Advances - net of provision		664,734,391	598,631,807	14,101,209	13,219,869	678,835,600	611,851,676

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

10.1	Particulars of advances - gross	(Un-audited)	(Audited)
		September 30, 2021	December 31, 2020
----- (Rupees in '000) -----			
10.1.1	In local currency	468,310,633	453,024,198
	In foreign currencies	293,352,988	238,178,352
		<u>761,663,621</u>	<u>691,202,550</u>

10.2 Advances include Rs. 89,816.837 million (December 31, 2020: Rs. 85,256.866 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited)		(Audited)	
	September 30, 2021		December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned*	234,826	1,700	189,538	497
Substandard	2,581,021	641,970	2,690,171	662,589
Doubtful	654,440	374,824	1,599,695	798,209
Loss	23,976,849	22,883,675	24,259,582	23,164,558
	<u>27,447,136</u>	<u>23,902,169</u>	<u>28,738,986</u>	<u>24,625,853</u>
Overseas				
Not past due but impaired**	3,246,315	1,020,855	5,820,717	2,681,378
Overdue by:				
Upto 90 days	2,147,354	1,274,119	1,064,806	135,443
91 to 180 days	2,901,765	2,630,584	784,383	718,039
181 to 365 days	5,629,688	1,410,639	10,824,869	8,539,542
> 365 days	48,444,579	45,477,262	38,023,105	35,336,742
	<u>62,369,701</u>	<u>51,813,459</u>	<u>56,517,880</u>	<u>47,411,144</u>
Total	<u>89,816,837</u>	<u>75,715,628</u>	<u>85,256,866</u>	<u>72,036,997</u>

* The Other Assets Especially Mentioned category pertains to agricultural finance and advances to small enterprises.

** Not past due but impaired category mainly represents restructured exposure.

10.3 Particulars of provision against advances

Note	(Un-audited)			(Audited)		
	September 30, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	72,036,997	7,313,877	79,350,874	63,887,915	3,618,520	67,506,435
Exchange adjustments	3,347,896	424,826	3,772,722	937,162	160,201	1,097,363
Charge / (reversals)						
Charge for the period / year	3,981,249	215,326	4,196,575	14,338,496	3,623,212	17,961,708
Reversals for the period / year	(2,367,934)	(841,636)	(3,209,570)	(1,734,374)	(88,056)	(1,822,430)
33	1,613,315	(626,310)	987,005	12,604,122	3,535,156	16,139,278
Amounts written off	(1,196,386)	-	(1,196,386)	(5,282,212)	-	(5,282,212)
Amounts charged off - agriculture financing	(86,194)	-	(86,194)	(80,974)	-	(80,974)
Transfers out - net	-	-	-	(29,016)	-	(29,016)
Closing balance	<u>75,715,628</u>	<u>7,112,393</u>	<u>82,914,215</u>	<u>72,036,997</u>	<u>7,313,877</u>	<u>79,350,874</u>

10.3.1 General provision represents provision amounting to Rs. 378.561 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,733.832 million (December 31, 2020: Rs. 6,993.922 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress	488,206	232,545
Intangible assets	1,633,945	1,802,006
	<u>2,122,151</u>	<u>2,034,551</u>

	(Un-audited)	
	January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
12.1 Additions to intangible assets		

The following additions have been made to intangible assets during the period:

Capital work-in-progress - net additions	253,825	(76,895)
Directly purchased intangibles	458,483	677,096

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	6,087,225	4,682,494

13.1 Movement in temporary differences during the period

	September 30, 2021 (Un-audited)			
	At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At September 30, 2021
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Post-retirement employee benefits	1,386,150	4,674	-	1,390,824
- Provision against advances, off-balance sheet etc.	6,390,263	(721,831)	-	5,668,432
- Workers' Welfare Fund	1,833,191	302,194	-	2,135,385
	9,609,604	(414,963)	-	9,194,641
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,286,111)	22,600	(174,027)	(1,437,538)
- Surplus on revaluation of investments	(1,697,416)	-	1,706,947	9,531
- Share of profit from Associates	(1,083,460)	(40,588)	-	(1,124,048)
- Accelerated tax depreciation	(286,178)	207,214	-	(78,964)
- Others	(573,945)	-	97,548	(476,397)
	(4,927,110)	189,226	1,630,468	(3,107,416)
	<u>4,682,494</u>	<u>(225,737)</u>	<u>1,630,468</u>	<u>6,087,225</u>
	December 31, 2020 (Audited)			
	At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Post-retirement employee benefits	837,426	30,335	518,389	1,386,150
- Provision against advances, off-balance sheet etc.	3,291,876	3,098,387	-	6,390,263
- Workers' Welfare Fund	1,495,858	337,333	-	1,833,191
	5,625,160	3,466,055	518,389	9,609,604
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,339,305)	32,790	20,404	(1,286,111)
- Surplus on revaluation of investments	(375,338)	-	(1,322,078)	(1,697,416)
- Share of profit from Associates	(922,114)	(161,346)	-	(1,083,460)
- Accelerated tax depreciation	(744,233)	458,055	-	(286,178)
- Others	(520,617)	289	(53,617)	(573,945)
	(3,901,607)	329,788	(1,355,291)	(4,927,110)
	<u>1,723,553</u>	<u>3,795,843</u>	<u>(836,902)</u>	<u>4,682,494</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

14. DISCONTINUED OPERATIONS

UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities held as at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited (Exim), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is in process of winding up and voluntary liquidation.

The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 6, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
14.1 Assets and liabilities under discontinued operations		
Assets		
Cash and balances with treasury banks	7,629,662	-
Balances with other banks	2,653,165	219,488
Lendings to financial institutions	3,715,456	-
Investments	776,699	-
Advances	5,306	-
Fixed assets	-	-
Other assets	56,603	-
	<u>14,836,891</u>	<u>219,488</u>
Liabilities		
Deposits and other accounts	7,956,642	-
Other liabilities	14.1.1 <u>1,236,096</u>	<u>11,575</u>
	<u>9,192,738</u>	<u>11,575</u>

14.1.1 This includes provision amounting to Rs. 1,190.596 million in respect of management's best estimates for costs of winding down the operations of UBL Switzerland A.G.

	(Un-audited) January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
14.2 Discontinued operations		
Mark-up / return / interest earned	161,872	-
Mark-up / return / interest expensed	152,905	-
Net mark-up / interest income	8,967	-
Non mark-up / interest income		
Fee, commission and brokerage income	468,055	-
Foreign exchange income	1,017	-
Income from derivatives	315,971	-
Other income	-	126
Total non mark-up / interest income	<u>785,043</u>	<u>126</u>
Total income	<u>794,010</u>	<u>126</u>
Non mark-up / interest expenses		
Operating expenses	1,627,641	12,122
Total non mark-up / interest expenses	<u>1,627,641</u>	<u>12,122</u>
Provisions and write-offs - net	220,593	-
Loss before taxation	<u>(1,054,224)</u>	<u>(11,996)</u>
Taxation	15,962	(965)
Loss after taxation	<u>(1,070,186)</u>	<u>(11,031)</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
15. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		19,748,902	21,075,329
Income / mark-up accrued in foreign currencies - net of provision	15.1	2,637,756	2,211,759
Advance taxation - net of provision for taxation	15.2	116,012	5,992,577
Receivable from staff retirement fund		68,546	24,160
Receivable from other banks against telegraphic transfers and demand drafts		32,337	110,689
Receivable in respect of derivative transactions		18,033	-
Unrealised gain on forward foreign exchange contracts		5,555,414	3,347,603
Rebate receivable - net		838,472	631,410
Unrealised gain on derivative financial instruments		31,778	-
Suspense accounts		-	240,002
Stationery and stamps on hand		196,936	169,311
Non-banking assets acquired in satisfaction of claims		237,899	274,451
Advances, deposits, advance rent and other prepayments		1,982,513	1,475,598
Acceptances		9,494,230	10,505,651
Dividend receivable		112,322	217,974
Commission receivable - Branchless Banking		649,745	658,524
Receivable against fraud & forgery and looted notes		614,610	586,929
Insurance receivable		387,367	-
Others		2,159,705	2,010,832
		<u>44,882,577</u>	<u>49,532,799</u>
Provision held against other assets	15.3	<u>(1,216,149)</u>	<u>(1,392,976)</u>
Other assets - net of provision		43,666,428	48,139,823
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		5,640	(38,367)
Other assets - total		<u><u>43,672,068</u></u>	<u><u>48,101,456</u></u>

15.1 This includes unrealised mark-up held in suspense amounting to Rs. 17,019.537 million (December 31, 2020: Rs. 13,639.898 million) kept against non-performing overseas advances / investment as per the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

15.2 The Income Tax returns of the Bank have been filed up to the tax year 2020 (accounting year ended December 31, 2019) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2020, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs. 13,752 million (December 31, 2020: Rs.11,610 million). 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.

The tax returns for Azad Jammu Kashmir (AJK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2020 (accounting year 2019) 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 AJK Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently, various addbacks and demands were raised creating a total demand of Rs. 2,467 million (December 31, 2020: Rs. 1,274 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 return for Yemen branch has been filed upto the year ended December 31, 2019 and and for the UAE and Qatar branches upto the year ended December 31, 2020, under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

The Bank has received corrective tax assessment of Qatari Riyal (QAR) 0.642 million (Rs: 30.086 million) from the General Tax Authority (GTA) in respect of tax year 2015. Management has filed an appeal against the said penalty and is confident that the matters will be decided in favor of the Bank and the possibility of any outcome against it are remote.

The tax returns of USAG has been filed upto the accounting year ended December 31, 2020 and for UBL UK, UBL FM and UET upto the accounting year ended December 31, 2019, 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 USAG till accounting year ended December 31, 2020, for UBL UK till the accounting year ended December 31, 2019 and for UBTL till October 31, 2019. There are no material tax contingencies in any of the subsidiaries.

Tax Contingencies - Khushali Bank Limited (KBL) - Associate

For the period from January 2015 to December 2016, KBL received two orders from Additional Commissioner Inland Revenue dated November 22, 2017, and December 6, 2017, for chargeability of super tax on total income instead of business income of KBL as defined under section 18 (2) of the Income Tax Ordinance, 2001. KBL preferred an appeal against the alleged demand of Rs. 200.58 million which is pending adjudication before the Appellate Tribunal Inland Revenue.

Moreover, there are certain other contingencies in respect of non-payment / short payment of Federal Excise Duty (FED), sales tax and withholding tax which are being contested by KBL at various appellate forums. The management believes that the outcome of the cases will be ultimately decided in the favour of KBL and hence, no provision has been recognised in respect of these contingencies in the consolidated financial statements.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
15.3 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	54,108	84,272
Fraud & forgery and looted notes	606,437	626,435
Others	555,604	682,269
	<u>1,216,149</u>	<u>1,392,976</u>
15.3.1 Movement of provision held against other assets		
Opening balance	1,392,976	1,271,877
Exchange adjustments	(6,618)	655
(Reversals) / charge		
Charge for the period / year	29,333	249,664
Reversals for the period / year	(126,364)	(94,809)
	33	154,855
Transfer (out) / in - net	(42,957)	3,245
Amounts written off	(30,221)	(37,656)
Closing balance	<u>1,216,149</u>	<u>1,392,976</u>

16. CONTINGENT ASSETS

There were no contingent assets as at the statement of financial position date.

17. BILLS PAYABLE

In Pakistan	29,365,821	28,820,012
Outside Pakistan	724,584	921,194
	<u>30,090,405</u>	<u>29,741,206</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Un-audited) (Audited)
September 30, 2021 December 31, 2020
----- (Rupees in '000) -----

18. BORROWINGS

Details of borrowings

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	33,882,227	30,724,174
Long term financing facility	20,763,282	22,243,644
Refinance scheme for payment of wages and salaries	3,906,020	5,587,037
Renewable energy scheme	273,378	146,985
Temporary economic refinance scheme	7,021,725	307,540
Other borrowings	1,346,976	863,235
	67,193,608	59,872,615
Repurchase agreement borrowings	332,624,330	59,835,819
	<u>399,817,938</u>	<u>119,708,434</u>

Unsecured

Call borrowings	17,406,892	2,397,485
Overdrawn nostro accounts	111,126	379,564
Money market deals	-	9,341,702
	17,518,018	12,118,751
	<u>417,335,956</u>	<u>131,827,185</u>

19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Fixed deposits	149,734,518	227,344,483	377,079,001	171,340,589	214,773,170	386,113,759
Saving deposits	628,854,931	53,427,515	682,282,446	509,563,742	53,146,711	562,710,453
Sundry deposits	15,246,862	1,499,400	16,746,262	5,022,037	2,173,583	7,195,620
Margin deposits	4,052,282	2,293,029	6,345,311	3,833,926	3,194,969	7,028,895
Current accounts - remunerative	2,197,007	5,342,970	7,539,977	1,387,144	6,911,630	8,298,774
Current accounts - non-remunerative	635,836,381	141,320,155	777,156,536	549,038,483	134,295,247	683,333,730
	1,435,921,981	431,227,552	1,867,149,533	1,240,185,921	414,495,310	1,654,681,231
Financial Institutions						
Current deposits	19,226,448	3,040,717	22,267,165	20,978,533	4,646,484	25,625,017
Saving deposits	23,748,552	5,580,248	29,328,800	56,409,524	2,373,413	58,782,937
Term deposits	23,803,800	-	23,803,800	25,207,956	95,145	25,303,101
	66,778,800	8,620,965	75,399,765	102,596,013	7,115,042	109,711,055
	<u>1,502,700,781</u>	<u>439,848,517</u>	<u>1,942,549,298</u>	<u>1,342,781,934</u>	<u>421,610,352</u>	<u>1,764,392,286</u>

19.1 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,061,701.173 million (December 31, 2020: Rs. 991,687.959 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	----- (Rupees in '000) -----					
Not later than one year	5,841	321	5,780	5,562	452	5,110
Later than one year and not later than five years	6,577	59	6,518	11,132	285	10,847
	<u>12,418</u>	<u>380</u>	<u>12,298</u>	<u>16,694</u>	<u>737</u>	<u>15,957</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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21. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the ADT 1 issue are as follows:

Issue Size	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by VIS Credit Rating Company Limited
Security	Unsecured
Mark-up rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Mark-up payment frequency	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis
Call option	The Bank may, at its sole discretion, call the TFCs, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	Mark-up on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss absorbency clause	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
22. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		18,039,306	11,630,286
Mark-up / return / interest payable in foreign currencies		773,246	1,327,591
Accrued expenses		4,629,394	4,332,657
Branch adjustment account		968,868	105,228
Deferred income		1,021,878	882,954
Unearned commission and income on bills discounted		234,015	453,296
Provision against off-balance sheet obligations	22.1	778,639	1,076,530
Unrealised loss on forward foreign exchange contracts		3,220,406	3,376,994
Payable to staff retirement fund		231,636	1,142,926
Deferred liabilities		3,846,427	3,969,397
Trading liabilities		4,037,631	-
Workers' Welfare Fund payable		5,334,712	4,752,294
Liabilities against IBFT, ATM and other settlements - net		249,873	1,199,242
Insurance payable against consumer assets		184,762	615,405
Dividend payable		2,902,960	357,578
Acceptances		9,494,230	10,505,651
Suspense accounts		180,497	-
Lease Liability under IFRS 16		8,281,544	7,950,494
Levies and taxes payable		3,548,039	2,671,007
Others		2,784,013	1,918,148
		<u>70,742,076</u>	<u>58,267,678</u>

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
22.1 Provision against off-balance sheet obligations			
Opening balance		1,076,530	632,785
Exchange adjustments		49,970	11,996
Charge for the period / year		5,700	431,749
Reversals for the period / year		(353,561)	-
		(347,861)	431,749
		<u>778,639</u>	<u>1,076,530</u>
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus arising on revaluation of assets - net of tax			
Fixed assets	23.1	27,003,399	27,022,623
Available for sale securities	23.2	172,894	2,282,110
Non-banking assets acquired in satisfaction of claims		3,440	913
Surplus arising on revaluation of assets of associates		15,739	28,566
		<u>27,195,472</u>	<u>29,334,212</u>
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		29,975,515	30,165,526
Revaluation against fixed assets during the period		(8,185)	(250,405)
Realised on disposal during the period / year		(4,330)	(162,824)
Exchange adjustments		219,385	310,216
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(37,896)	(53,821)
Related deferred tax liability on incremental depreciation charged during the period / year		(23,172)	(33,177)
		145,802	(190,011)
		<u>30,121,317</u>	<u>29,975,515</u>
Less: Related deferred tax liability			
Revaluation as on January 1		1,285,528	1,319,440
Surplus realised on disposal of fixed assets during the period / year		(1,689)	(46,478)
Surplus / (deficit) on revaluation against fixed assets during the period / year		137,633	(4,506)
Exchange adjustments		37,084	50,249
Incremental depreciation charged on related assets		(23,172)	(33,177)
		149,856	(33,912)
		<u>1,435,384</u>	<u>1,285,528</u>
		28,685,933	28,689,987
Share of non-controlling interest		(1,682,534)	(1,667,364)
Group's share		<u>27,003,399</u>	<u>27,022,623</u>
23.2 Surplus on revaluation of available for sale securities			
Market Treasury Bills		(204,359)	238,363
Pakistan Investment Bonds - fixed		(275,006)	333,950
Pakistan Investment Bonds - floaters		(331,371)	(2,569,332)
Ordinary shares and mutual fund		1,541,078	2,496,134
REIT Investment		30,017	(16,676)
Term Finance Certificates, Sukuks, other bonds etc.		133,088	(48,193)
Foreign bonds		(917,886)	3,240,242
		(24,439)	3,674,488
Related deferred tax liability		9,531	(1,697,416)
		(14,908)	1,977,072
Share of non-controlling interest		187,802	305,038
Group's share		<u>172,894</u>	<u>2,282,110</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
24. CONTINGENCIES AND COMMITMENTS		----- (Rupees in '000) -----	
- Guarantees	24.1	150,577,079	147,961,658
- Commitments	24.2	1,105,245,728	970,991,372
- Other contingent liabilities	24.3	15,730,388	15,554,510
		<u>1,271,553,195</u>	<u>1,134,507,540</u>
24.1 Guarantees			
Financial guarantees		47,512,129	43,053,322
Performance guarantees		103,042,010	104,908,336
Other guarantees		22,940	-
		<u>150,577,079</u>	<u>147,961,658</u>
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		233,728,953	160,344,833
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	717,732,780	683,065,647
- forward Government securities transactions	24.2.3	26,445,000	-
- derivatives - FX options	24.2.4	3,315,300	-
- forward lending	24.2.5	120,424,179	124,510,935
- operating leases	24.2.6	220,176	126,093
Commitments for acquisition of:			
- operating fixed assets	24.2.7	2,378,792	2,876,499
- intangible assets	24.2.7	902,016	-
Others		98,532	67,365
		<u>1,105,245,728</u>	<u>970,991,372</u>
24.2.1 Commitments to extend 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.			
24.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		384,513,866	366,797,666
Sale		333,218,914	316,267,981
		<u>384,513,866</u>	<u>366,797,666</u>
		<u>333,218,914</u>	<u>316,267,981</u>
24.2.3 Commitments in respect of forward Government securities transactions			
Forward purchase of Government securities		8,045,000	-
Forward sale of Government securities		18,400,000	-
		<u>8,045,000</u>	<u>-</u>
		<u>18,400,000</u>	<u>-</u>
24.2.4 Commitments in respect of derivatives			
FX options - purchased		1,657,650	-
FX options - sold		1,657,650	-
		<u>1,657,650</u>	<u>-</u>
		<u>1,657,650</u>	<u>-</u>
24.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	70,421,391	66,651,116
Others		50,002,788	57,859,819
		<u>120,424,179</u>	<u>124,510,935</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

24.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
24.2.6 Commitments in respect of operating leases			
Not later than one year		159,730	58,443
Later than one year and not later than five years		35,120	37,620
Later than five years		25,326	30,030
		<u>220,176</u>	<u>126,093</u>
24.2.7 Commitments in respect of capital expenditure		<u>3,280,808</u>	<u>2,876,499</u>
24.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	24.3.1	<u>11,641,085</u>	<u>11,465,207</u>

24.3.1 These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security).

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 financial statements.

24.3.2 During 2016, penalties amounting to Rs. 4.089 billion were levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.

24.3.3 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, 2015 in the High Court of Sindh. A favorable outcome of this petition is expected.

24.4 For contingencies relating to taxation, refer note 15.2.

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

Counterparties	September 30, 2021 (Un-audited)							
	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
----- (Rupees in 000) -----								
Total								
Hedging	1,657,650	-	8,045,000	10,572	18,400,000	21,206	28,102,650	31,778
Market making	1,657,650	-	-	-	-	-	1,657,650	-
	<u>3,315,300</u>	<u>-</u>	<u>8,045,000</u>	<u>10,572</u>	<u>18,400,000</u>	<u>21,206</u>	<u>29,760,300</u>	<u>31,778</u>
Counterparties	December 31, 2020 (Audited)							
	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
----- (Rupees in 000) -----								
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited)	
		January - September 2021	January - September 2020
		----- (Rupees in '000) -----	
26. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		31,390,891	44,866,726
Investments		79,375,622	76,680,585
Lendings to financial institutions		1,157,566	1,955,594
Balances with banks		401,803	430,425
		<u>112,325,882</u>	<u>123,933,330</u>
27. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		42,765,005	49,125,069
Borrowings		10,072,478	10,667,069
Subordinated debt		667,666	878,674
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,381,506	2,762,922
Lease liability against right-of-use assets		716,947	774,591
		<u>56,603,602</u>	<u>64,208,325</u>
28. FEE AND COMMISSION INCOME			
Branch banking customer fee		1,253,704	1,292,045
Consumer finance related fee		916,521	707,379
Card related fees (debit and credit cards)		1,786,892	1,530,322
Investment banking fee		456,124	138,808
Financial Institution rebate / commission		258,034	337,131
Corporate service charges / facility fee		375,409	212,841
Commission on trade		534,693	470,986
Commission on guarantees		434,630	543,236
Commission on cash management		710,891	593,410
Commission on remittances including home remittances - net		1,663,814	1,772,805
Commission on bancassurance		1,179,826	756,267
Commission on Benazir Income Support Program		-	38,145
Management fee		604,194	520,338
Rent on lockers		143,817	140,997
Others		215,336	195,623
		<u>10,533,885</u>	<u>9,250,333</u>
29. GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	3,079,711	989,343
Unrealised - held for trading		(88,219)	(7,833)
		<u>2,991,492</u>	<u>981,510</u>
29.1 Realised gain / (loss) on:			
Federal Government securities		1,075,489	130,590
Shares		492,257	33,510
Foreign securities		1,511,981	828,058
Other securities		(16)	(2,815)
		<u>3,079,711</u>	<u>989,343</u>
30. OTHER INCOME			
Charges recovered		179,065	166,075
Rent on properties		54,428	38,767
Gain on sale of operating fixed assets - net		29,481	60,078
Gain on sale of Ijarah assets		3,928	730
Gain on sale of non banking assets - net		-	226,277
(Loss) / gain on trading liabilities - net		(17,345)	100,974
		<u>249,557</u>	<u>592,901</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	(Un-audited)	
	January - September 2021	January - September 2020
	----- (Rupees in '000) -----	
31. OPERATING EXPENSES		
Total compensation expense	13,676,510	13,143,105
Property expense		
Rent and taxes	919,056	1,039,897
Insurance	174,515	152,533
Utilities cost	1,157,789	1,091,692
Security	755,258	764,958
Repair and maintenance	155,402	121,274
Depreciation	625,749	622,030
Depreciation - Right-of-use assets	1,417,961	1,403,204
Others	43,157	37,240
	5,248,887	5,232,828
Information technology expenses		
Software maintenance	1,207,750	1,065,869
Hardware maintenance	497,462	408,361
Depreciation	642,033	625,914
Amortisation	651,683	641,662
Network charges	567,961	564,638
	3,566,889	3,306,444
Other operating expenses		
Directors' fees and allowances	81,681	66,399
Fees and allowances to Shariah Board	7,422	7,036
Legal and professional charges	549,205	508,204
Outsourced service costs	311,272	1,067,238
Commission paid to branchless banking agents	989,473	264,082
Commission paid to Sales force	1,023,998	769,576
Travelling and conveyance	70,690	70,849
Clearing charges	156,481	176,197
Depreciation others	930,175	902,531
Depreciation on Islamic financing against leased assets	128,364	178,680
Training and development	16,454	60,217
Postage and courier charges	269,041	213,466
Communication	344,683	374,774
Stationery and printing	575,283	503,012
Marketing, advertisement and publicity	553,250	318,142
Donations	109,986	287,700
Auditors' remuneration	92,688	85,298
Insurance	77,401	169,206
Deposit Protection Premium	1,190,026	1,025,667
Cash transportation and sorting charges	619,235	594,340
Entertainment	122,910	106,019
Vehicle expenses	74,775	66,380
Subscription	152,650	155,918
Office running expenses	117,704	127,180
Banking service charges	1,537,925	1,248,142
Repairs and maintenance	579,421	422,464
Cartage, freight and conveyance	34,929	30,989
Zakat paid by overseas branch	50,632	-
Brokerage expenses	17,211	20,399
Miscellaneous expenses	385,310	260,870
	11,170,275	10,080,975
	33,662,561	31,763,352
32. OTHER CHARGES		
Penalties imposed by the SBP	73,018	160,185
Other penalties	12,892	143
	85,910	160,328

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	(Un-audited)	
		January - September 2021	January - September 2020
		----- (Rupees in '000) -----	
33. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
Provision against loans and advances - net	10.3	987,005	14,329,796
(Reversals) / provision for diminution in value of investments - net	9.4	(1,469,707)	947,873
Bad debts written-off directly		73,432	91,301
(Reversals) / provision against other assets - net	15.3.1	(97,031)	(80,580)
(Reversals) / provision against off-balance sheet obligations	22.1	(347,861)	200,965
Recovery of written-off / charged-off bad debts		(357,412)	(397,951)
Other provisions / write-offs		345,751	361,816
		<u>(865,823)</u>	<u>15,453,220</u>
34. TAXATION			
Current		16,747,554	14,179,710
Prior years		(190,085)	(4,846)
Deferred		225,737	(3,528,810)
		<u>16,783,206</u>	<u>10,646,054</u>
35. EARNINGS PER SHARE			
Profit after tax attributable to equity shareholders of the Bank		<u>21,743,900</u>	<u>15,666,888</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>17.76</u>	<u>12.80</u>

35.1 There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2021 and 2020.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

36.1 The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

36.2 Certain categories of fixed assets (land and buildings) and non-banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in note 11 and note 15.

36.3 Valuation techniques used in determination of fair values within level 2 and level 3 are as follows.

Debt Securities

The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) and the fair value of other corporate and foreign Government securities is determined using the rates from Reuters / Bloomberg.

Derivatives

The fair valuation techniques include forward pricing and swap models using present value calculations.

Fixed assets and non-banking assets acquired in satisfaction of claims

Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	For the nine months ended September 30, 2021 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	----- (Rupees in '000) -----							
Profit and Loss								
Net mark-up / return / profit	17,931,147	58,490,909	(31,372,333)	3,267,488	5,822,229	2,032,794	(449,954)	55,722,280
Inter segment (expense) / revenue - net	(14,395,626)	(52,412,399)	62,493,577	-	-	-	4,314,448	-
Non mark-up / return / interest income	2,358,406	3,345,356	6,715,250	263,412	3,915,317	571,026	496,000	17,664,767
Total income	5,893,927	9,423,866	37,836,494	3,530,900	9,737,546	2,603,820	4,360,494	73,387,047
Segment direct expenses	931,932	489,431	20,257,911	1,308,141	3,535,163	2,467,699	5,540,508	34,530,785
Inter segment expense allocation	339,433	60,543	4,527,465	-	406,223	-	(5,333,664)	-
Total expenses	1,271,365	549,974	24,785,376	1,308,141	3,941,386	2,467,699	206,844	34,530,785
(Reversals) / provisions and write-offs - net	(231,351)	(614,275)	(597,602)	52,475	955,867	(451,302)	20,365	(865,823)
Profit before tax from continuing operations	4,853,913	9,488,167	13,648,720	2,170,284	4,840,293	587,423	4,133,285	39,722,085
	----- (Rupees in '000) -----							
	----- (Rupees in '000) -----							
Profit and Loss								
Net mark-up / return / profit	30,305,811	55,188,384	(35,710,743)	3,051,400	5,855,812	1,512,895	(478,554)	59,725,005
Inter segment (expense) / revenue - net	(23,278,533)	(48,598,339)	67,233,911	-	-	-	4,642,961	-
Non mark-up / return / interest income	1,672,084	2,358,950	5,269,893	118,764	2,367,788	1,612,444	997,870	14,397,793
Total income / (loss)	8,699,362	8,948,995	36,793,061	3,170,164	8,223,600	3,125,339	5,162,277	74,122,798
Segment direct expenses	1,061,620	432,959	18,406,898	1,309,717	3,890,440	2,720,327	4,808,017	32,629,978
Inter segment expense allocation	398,886	52,677	3,501,396	-	385,562	-	(4,338,521)	-
Total expenses	1,460,506	485,636	21,908,294	1,309,717	4,276,002	2,720,327	469,496	32,629,978
Provisions and write-offs - net	1,433,437	99,966	107,436	7,951	13,222,096	566,506	15,728	15,453,220
Profit / (loss) before tax from continuing operations	5,805,419	8,363,393	14,777,331	1,852,496	(9,274,498)	(161,594)	4,677,053	26,039,600

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

As at September 30, 2021 (Un-audited)								
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total	
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	9,311	64,600,252	114,350,438	12,054,762	55,098,675	19,637,110	853,288	266,603,836
Investments	8,568,494	1,366,565,053	-	69,541,134	114,686,132	22,682,129	4,688,017	1,586,730,959
Net inter segment lending	-	-	1,292,674,363	14,083,662	-	-	78,063,563	1,384,821,588
Lendings to financial institutions	-	29,402,285	-	4,526,901	-	4,218,795	-	38,147,981
Advances - performing	362,290,185	16,589	45,494,535	39,818,242	102,627,671	108,714,530	5,772,639	664,734,391
Advances - non-performing	2,800,914	-	616,972	103,932	7,348,344	3,207,898	23,149	14,101,209
Others	13,818,543	17,121,995	17,400,131	2,010,083	12,562,615	6,627,588	40,501,705	110,042,660
Total assets	387,487,447	1,477,706,174	1,470,536,439	142,138,716	292,323,437	165,088,050	129,902,361	4,065,182,624
Borrowings	57,409,569	332,723,013	4,311,955	4,577,122	17,406,892	907,405	-	417,335,956
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	56,268,366	67,338	1,404,509,471	127,293,843	221,011,566	133,080,683	318,031	1,942,549,298
Net inter segment borrowing	253,470,360	1,130,501,720	-	-	849,508	-	-	1,384,821,588
Others	14,570,051	8,766,602	54,291,429	3,657,743	3,507,275	3,319,447	12,732,232	100,844,779
Total liabilities	381,718,346	1,472,058,673	1,463,112,855	135,528,708	242,775,241	137,307,535	23,050,263	3,855,551,621
Equity	5,769,101	5,647,501	7,423,584	6,610,008	49,548,196	27,780,515	106,852,098	209,631,003
Total equity and liabilities	387,487,447	1,477,706,174	1,470,536,439	142,138,716	292,323,437	165,088,050	129,902,361	4,065,182,624
Contingencies and Commitments	416,487,570	215,607,869	33,388,653	14,420,852	536,168,670	52,893,566	2,586,015	1,271,553,195
As at December 31, 2020 (Audited)								
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total	
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	5,833	81,844,130	121,154,769	12,061,714	47,378,919	24,477,950	799,172	287,722,487
Investments	4,803,162	932,393,450	-	62,729,601	123,251,328	40,068,180	4,557,791	1,167,803,512
Net inter segment lending	-	-	1,139,940,361	7,997,409	-	-	77,017,055	1,224,954,825
Lendings to financial institutions	-	-	-	19,959,132	-	2,253,310	-	22,212,442
Advances - performing	360,426,353	-	41,532,652	20,521,606	89,119,069	80,220,386	6,811,741	598,631,807
Advances - non-performing	3,287,884	-	802,173	16,551	7,754,943	1,351,794	6,524	13,219,869
Others	14,416,544	16,648,272	14,968,909	1,705,673	13,301,659	7,426,167	43,818,857	112,286,081
Total assets	382,939,776	1,030,885,852	1,318,398,864	124,991,686	280,805,918	155,797,787	133,011,140	3,426,831,023
Borrowings	51,240,762	58,593,525	4,600,487	3,632,752	9,321,566	4,438,093	-	131,827,185
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	50,351,838	132,797	1,257,558,195	111,478,161	220,015,338	124,607,281	248,676	1,764,392,286
Net inter segment borrowing	263,282,545	960,917,205	-	-	755,075	-	-	1,224,954,825
Others	13,412,717	3,328,909	47,513,400	4,811,546	6,305,922	1,728,707	10,923,640	88,024,841
Total liabilities	378,287,862	1,022,972,436	1,309,672,082	119,922,459	236,397,901	130,774,081	21,172,316	3,219,199,137
Equity	4,651,914	7,913,416	8,726,782	5,069,227	44,408,017	25,023,706	111,838,824	207,631,886
Total equity and liabilities	382,939,776	1,030,885,852	1,318,398,864	124,991,686	280,805,918	155,797,787	133,011,140	3,426,831,023
Contingencies and Commitments	354,762,782	278,633,736	13,182,354	377,425	398,498,687	86,347,176	2,705,380	1,134,507,540

38. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, employee benefit plans and its Directors and Key Management Personnel (including their associates).

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. 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 / year, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

38.1 RELATED PARTY TRANSACTIONS

	As at September 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Landings to financial institutions	-	-	-	-	2,409,325	-	-	-	-	-
Investments										
Opening balance	-	-	-	6,609,954	3,997,489	-	-	-	6,113,434	3,943,202
Investment made during the period / year	-	-	-	39,855,892	2,563,634	-	-	-	15,928,370	54,287
Investment redeemed / disposed off during the period / year	-	-	-	(39,182,848)	(396,375)	-	-	-	(15,868,601)	-
Equity method adjustments	-	-	-	146,379	-	-	-	-	436,751	-
Closing balance	-	-	-	7,429,377	6,164,748	-	-	-	6,609,954	3,997,489
Provision for diminution in value of investments	-	-	-	-	1,324,602	-	-	-	-	1,544,596
Provision written off	-	-	-	-	77,606	-	-	-	-	1,544,596
Advances										
Opening balance	-	10	299,395	-	9,365,687	-	4,624	287,618	2,155,149	12,715,998
Addition during the period / year	-	98	31,301	-	17,387,460	-	838	73,339	-	16,398,899
Repaid during the period / year	-	(40)	(30,034)	-	(26,746,680)	-	(5,452)	(75,431)	(152,755)	(19,749,210)
Transfers in / (out) - net	-	-	(6,884)	-	-	-	-	-	13,869	(2,002,394)
Closing balance	-	68	293,779	-	6,467	-	10	299,395	-	9,365,687
Other Assets										
Interest mark-up accrued	-	-	-	723	37,710	-	-	-	4,282	232,471
Receivable from staff retirement funds	-	-	-	-	28,605	-	-	-	-	24,160
Advances, deposits & prepayments	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	174,567	-	-	-	-	1,002	-
Remuneration receivable from management of funds	-	-	-	81,964	-	-	-	-	77,194	-
Sales load receivable	-	-	-	13,711	-	-	-	-	37,396	-
Formation cost receivable	-	-	-	7,000	-	-	-	-	6,000	-
Other receivable	-	-	-	-	-	-	-	-	1,750	30,164
Provision against other assets	-	-	-	-	-	-	-	-	-	30,164
Provision written off	-	-	-	-	30,164	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	488,300	-	-	-	-	1,538,000
Settled during the period / year	-	-	-	-	(488,300)	-	-	-	-	(1,538,000)
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	6,431,790	157,712	2,478,432	16,659,269	-	8,679,450	71,109	6,502,931	11,347,096
Received during the period / year	80,968	20,114,840	742,729	80,602,311	283,725,443	-	29,415,769	1,338,885	144,141,551	177,775,235
Withdrawn during the period / year	(60,778)	(22,458,121)	(752,831)	(81,351,250)	(278,931,606)	-	(31,659,519)	(1,192,342)	(148,166,050)	(172,469,603)
Transfers (out) / in - net	-	-	(19,864)	(353,657)	(1,943,207)	-	(3,910)	(59,940)	-	6,541
Closing balance	20,190	4,088,509	127,746	1,375,836	19,509,899	-	6,431,790	157,712	2,478,432	16,659,269
Other Liabilities										
Interest / mark-up payable on deposits and borrowings and borrowings	283	29,481	52	3,435	164,284	-	39,335	210	7,651	115,024
Payable to staff retirement fund	-	-	-	-	231,636	-	-	-	-	1,142,926
Dividend payable	2,400,570	65,232	-	-	-	-	-	-	-	-
Unearned income	-	-	-	-	-	-	-	-	-	-
Other payable	-	-	171,700	6,329	-	-	3,900	-	22,353	-
Contingencies and Commitments										
Forward foreign exchange contracts purchase	-	-	-	-	-	-	-	-	-	4,360
	For the nine months ended September 30, 2021 (Un-audited)					For the nine months ended September 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	-	11,908	27,034	383,358	-	-	14,002	33,092	988,946
Commission / charges recovered	22	232	1,673	19,933	17,825	-	54	2,325	17,126	16,590
Dividend income	-	-	-	129,493	421,912	-	-	-	77,795	148,074
Net gain on sale of securities	-	78	-	48,808	-	-	-	-	34,414	-
Other income	-	-	7,397	-	16,077	-	-	7,166	-	-
Reservol of provision	-	-	-	-	142,388	-	-	-	152,755	-
Switch revenue	-	-	-	-	176,757	-	-	-	-	158,770
Remuneration from management of fund	-	-	-	-	-	-	-	-	502,412	-
Sales load	-	-	-	-	-	-	-	-	38,958	-
Expenses										
Mark-up / return / interest paid	269	257,972	773	43,874	818,235	-	136,411	523	334,172	285,761
Remuneration paid	-	-	1,244,919	-	-	-	-	786,038	-	-
Post employment benefits	-	-	19,848	-	-	-	-	41,703	-	-
Non-executive directors' fee and allowances	-	49,950	17,089	-	-	-	66,399	-	-	-
Net charge for defined contribution plans	-	-	20,818	-	295,507	-	-	-	-	381,491
Net charge for defined benefit plans	-	-	-	-	236,932	-	-	-	-	267,713
Other expenses	-	-	26,034	-	66,500	-	-	-	-	28,437
Clearing charges	-	-	-	-	109,475	-	-	-	-	95,256
Seminar and membership fees	-	-	-	-	17,022	-	-	-	-	3,361
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	44,100	-	-	-	-	5,566
Custody charges	-	-	-	-	-	-	-	-	-	2,860
Insurance premium paid	-	-	1,498	505,181	-	-	-	-	519,737	-
Insurance claims settled	-	-	-	358,713	-	-	-	-	282,421	-

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	138,469,406	137,040,359
Eligible Additional Tier 1 (ADT 1) Capital	10,731,342	10,735,774
Total Eligible Tier 1 Capital	149,200,748	147,776,133
Eligible Tier 2 Capital	47,608,900	47,926,723
Total Eligible Capital (Tier 1 + Tier 2)	196,809,648	195,702,856
Risk Weighted Assets (RWAs):		
Credit Risk	714,289,814	642,342,717
Market Risk	89,375,892	73,650,146
Operational Risk	164,656,143	164,656,143
Total	968,321,849	880,649,006
Common Equity Tier 1 Capital Adequacy Ratio	14.30%	15.56%
Tier 1 Capital Adequacy Ratio	15.41%	16.78%
Total Capital Adequacy Ratio	20.32%	22.22%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs. 10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended September 30, 2021, stood at Rs.12,241.797 million (December 31, 2020: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus Capital Conservation Buffer (CCB) of 2.5%. and High Loss Absorbency Requirement of 1.0% of the risk weighted exposures of the Bank.

In order to dampen the effects of COVID-19, SBP via BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at September 30, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 20.32% whereas the CET 1 and Tier 1 ratios stand at 14.30% and 15.41% respectively.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	149,200,748	147,776,133
Total Exposures	3,481,027,636	2,639,232,164
Leverage Ratio	4.29%	5.60%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,079,157,667	1,035,616,032
Total Net Cash Outflow	311,505,296	324,975,005
Liquidity Coverage Ratio	346.43%	318.68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,881,531,095	1,714,566,321
Total Required Stable Funding	818,405,558	770,865,635
Net Stable Funding Ratio	229.90%	222.42%

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

40. ISLAMIC BANKING BUSINESS

The Bank operates 114 (December 31, 2020: 100) Islamic Banking branches and 201 (December 31, 2020: 187) Islamic Banking windows.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Cash and balances with treasury banks		8,559,805	9,784,450
Balances with other banks		3,494,957	2,277,264
Due from financial institutions	40.1	4,526,901	19,959,132
Investments	40.2	69,541,134	62,729,601
Islamic financing and related assets - net	40.3	39,922,174	20,538,157
Fixed assets		1,042,045	984,416
Intangible assets		2,772	4,638
Due from Head Office		14,083,662	7,997,409
Other assets		965,266	716,619
Total Assets		142,138,716	124,991,686
LIABILITIES			
Bills payable		1,388,564	2,487,519
Due to financial institutions		4,577,122	3,632,752
Deposits and other accounts	40.4	127,293,843	111,478,161
Due to Head Office		-	-
Other liabilities		2,269,179	2,324,027
		<u>135,528,708</u>	<u>119,922,459</u>
NET ASSETS		<u>6,610,008</u>	<u>5,069,227</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Surplus / (deficit) on revaluation of assets		130,856	(86,052)
Accumulated profit	40.8	4,298,152	2,974,279
		<u>6,610,008</u>	<u>5,069,227</u>
CONTINGENCIES AND COMMITMENTS			
	40.5		
PROFIT AND LOSS ACCOUNT			
			(Un-audited)
			January -
			September
			2021
			January -
			September
			2020
----- (Rupees in '000) -----			
Profit / return earned	40.6	6,596,468	6,608,690
Profit / return expensed	40.7	(3,328,980)	(3,557,290)
Net profit / return		<u>3,267,488</u>	<u>3,051,400</u>
Other income			
Fee and commission income		213,100	111,090
Foreign exchange income		30,608	1,571
Loss on securities - net		(736)	(5,197)
Other Income		20,440	11,300
Total other income		<u>263,412</u>	<u>118,764</u>
Total income		<u>3,530,900</u>	<u>3,170,164</u>
Other operating expenses		(1,308,141)	(1,309,717)
Profit before provisions		<u>2,222,759</u>	<u>1,860,447</u>
Provisions / (Reversals) and write-offs - net		52,475	7,951
Profit before taxation		<u>2,170,284</u>	<u>1,852,496</u>
Taxation		(846,411)	(722,473)
Profit after taxation		<u>1,323,873</u>	<u>1,130,023</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

40.1 Due from Financial Institutions

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah	-	-	-	6,000,000	-	6,000,000
Mudarahah	-	-	-	4,500,000	-	4,500,000
Bai Muajjal receivable from State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
from other Financial Institutions	4,526,901	-	4,526,901	3,026,018	-	3,026,018
	<u>4,526,901</u>	<u>-</u>	<u>4,526,901</u>	<u>19,959,132</u>	<u>-</u>	<u>19,959,132</u>

40.2 Investments by segments

Note	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost/ Amortised cost	Provision for diminution	Surplus	Carrying Value	Cost/ Amortised cost	Provision for diminution	Deficit	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
- Ijarah Sukuks	23,995,744	-	130,856	24,126,600	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Mudarahbah Pool	1,091,039	-	-	1,091,039	466,435	-	-	466,435
- Bai Muajjal with Govt. of Pakistan	31,901,314	-	-	31,901,314	29,569,648	-	-	29,569,648
	56,988,097	-	130,856	57,118,953	50,028,535	-	(86,052)	49,942,483
Non Government Debt Securities								
- Listed	678,571	-	-	678,571	450,000	-	-	450,000
- Unlisted	11,743,610	-	-	11,743,610	12,337,118	-	-	12,337,118
	12,422,181	-	-	12,422,181	12,787,118	-	-	12,787,118
Total Investments	<u>69,410,278</u>	<u>-</u>	<u>130,856</u>	<u>69,541,134</u>	<u>62,815,653</u>	<u>-</u>	<u>(86,052)</u>	<u>62,729,601</u>

40.2.1 Bai Muajjal with Government of Pakistan

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(1,129,686)	(3,461,352)
Bai Muajjal Investment - net	<u>31,901,314</u>	<u>29,569,648</u>

40.3 Islamic financing and related assets

Ijarah	415,913	440,754
Murabahah	224,863	272,766
Musharakah	12,792,475	8,392,690
Diminishing Musharakah	16,797,729	6,754,380
Istisna	55,414	39,584
Islamic Export Refinance scheme - Musharakah	4,139,544	2,989,544
Advances against Islamic assets		
Advances against Ijarah	7,530	77,190
Advances for Diminishing Musharakah	2,516,305	410,595
Advances for Murabahah	77,292	33,427
Advances against Mera Pakistan Mera Ghar	789,459	459
Advances against Islamic Temporary Economic Refinance Scheme	463,846	-
Advances for Istisna Islamic Export Refinance Scheme	542,915	456,623
Advances for Istisna	662,652	148,586
Inventory related to Islamic financing		
Istisna	94,501	296,918
Profit and other receivables against financings	510,479	336,219
Gross Islamic financing and related assets	40,090,917	20,649,735
Less: Provision against Islamic financing		
- Specific	(122,044)	(90,927)
- General	(46,699)	(20,651)
Islamic financing and related assets - net of provision	<u>(168,743)</u>	<u>(111,578)</u>
	<u>39,922,174</u>	<u>20,538,157</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

40.4 Deposits and other accounts

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
Customers		
Current deposits	57,168,398	40,360,080
Saving deposits	19,900,895	18,710,264
Term deposits	9,568,380	5,662,065
	<u>86,637,673</u>	<u>64,732,409</u>
Financial Institutions		
Current deposits	7,920,143	2,046,933
Saving deposits	12,321,027	22,697,263
Term deposits	20,415,000	22,001,556
	<u>40,656,170</u>	<u>46,745,752</u>
	<u>127,293,843</u>	<u>111,478,161</u>

40.4.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 58,119.037 million (December 31, 2020: Rs. 31,125.997 million).

40.5 Contingencies and commitments

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
- Guarantees	32,445	111,454
- Commitments	14,388,407	5,880,112
	<u>14,420,852</u>	<u>5,991,566</u>

40.6 Profit / Return earned on Financing, Investments and Placements

	(Un-audited)	
	January - September 2021	January - September 2020
----- (Rupees in '000) -----		
Profit earned on:		
Financing	1,750,968	1,464,201
Investments	4,429,831	4,024,240
Placements	252,241	895,883
Rental Income from Ijarah	163,428	224,366
	<u>6,596,468</u>	<u>6,608,690</u>

40.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	3,204,910	3,432,765
Due to Financial Institutions	51,452	37,484
Return expense on leases	72,618	87,041
	<u>3,328,980</u>	<u>3,557,290</u>

40.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
Opening balance	2,974,279	1,407,736
Profit for the period / year	2,170,284	2,514,739
Taxation	(846,411)	(948,196)
Closing balance	<u>4,298,152</u>	<u>2,974,279</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

40.9 Disclosures for profit and loss distribution and pool management

The Bank operates general and special pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Wakalah and Musharakah modes.

Under the General deposits pools, the Bank accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the Corporate Customers, other banks and State Bank of Pakistan for liquidity management and Islamic Export Refinance to the Bank's customers respectively under the Musharakah/ Mudarabah / Wakalah modes.

General Pool(s)

For General Pools, the Bank allocates PKR financing to Corporate, SMEs and Consumer Finance customers in diversified sectors and avenues of the economy / business and Investments in Sovereign Guarantee Sukuk, Corporate Sukuk, Bai Muajjal with Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis.

IERS Pool(s)

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to Corporate Customers and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

Treasury Pool(s)

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing Musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah / Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding company.

Special Pool(s)

Separate pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

Equity Pool(s)

All other assets including fixed assets, advance against financing and subsidized financing to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Holding company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

During the period, the Bank has given General Hiba to the depositors in General and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba is given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the period ended September 30, 2021 is Rs. 2,363.234 million (45.09% of distributable profit of Mudarabah Pool). of this, an amount of Rs. 417.245 million (17.66% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 9.24% per annum and the rate of profit paid on average deposits was 5.81% per annum.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

The risk characteristics of pools

The risk characteristics of each pool mainly depends on the assets and liability profile of the pool. As per the Bank 's policy, relatively low risk / secured financing transactions and assets are allocated to the pool. The Bank maintains General Pools, Special Pools, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

The Parameters used for allocation of profit, expenses and provisions to the Pool

- The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on Ijarah assets, takaful premium, amortisation of premium on investment etc.
- No expense of general or administrative nature is charged to the pools.
- No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset.
- The profit of the pool is shared between equity and Rab-ul-Maal of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity.
- The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee.

The Bank managed following pools during the period.

For the nine months ended September 30, 2021 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudarabah	Monthly	7.28%	46.19%	38,856	6%	53.39%	20,744
Special Pools	85	Mudarabah	Monthly	8.38%	32.93%	490,597	7%	38.16%	187,211
IERS Pools	18	Musharakah	Monthly	6.43%	82.94%	244,413	2.00%	0.00%	-
FCY Pools	12	Mudarabah	Monthly	1.94%	50.00%	1,544	1.06%	0.00%	-
General Pools	9	Mudarabah	Monthly	9.66%	50.00%	1,833,782	5.38%	11.41%	209,290

For the nine months ended September 30, 2020 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudarabah	Monthly	5.67%	50.00%	6,119	3.12%	10.04%	615
Special Pools	90	Mudarabah	Monthly	11.41%	34.09%	629,089	8.79%	34.53%	217,204
IERS Pools	18	Musharakah	Monthly	5.64%	87.28%	255,701	2.00%	0.00%	-
General Pools	9	Mudarabah	Monthly	11.29%	50.00%	1,546,075	6.88%	21.89%	338,491

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	-----Rupees in '000-----	
40.10 Deployment of Mudarabah based deposits by class of business		
Chemical and pharmaceuticals	3,936,244	2,230,052
Agri business	13,115,384	8,745,482
Textile	1,840,980	1,991,142
Financial	4,034,957	13,335,120
Food industries	302,991	318,037
Plastic	276,760	299,263
Individuals	9,490,487	1,981,422
Production and transmission of energy	19,278,063	13,496,129
Government of Pakistan securities	61,645,854	59,401,615
Others	3,732,189	3,817,471
	<u>117,653,909</u>	<u>105,615,733</u>

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 20, 2021, has declared an interim cash dividend in respect of the quarter ended September 30, 2021 of Rs. 4.0 per share (September 30, 2020: Rs. Nil per share). These consolidated condensed interim financial statements for the nine months ended September 30, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42. GENERAL

42.1 Comparatives

Comparative information has been reclassified, rearranged or additionally incorporated in these consolidated condensed interim financial statements for the purposes of better presentation.

42.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

43. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 20, 2021 by the Board of Directors of the Bank.



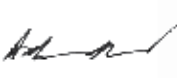
Aameer Karachiwalla
Chief Financial Officer



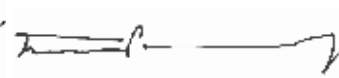
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

انٹیکس منافع ریکارڈ کیا، جبکہ گزشتہ سال کی اسی مدت میں 57.2 ملین امریکی ڈالر کا خسارہ تھا۔

کریڈٹ ریٹنگ (Credit Rating)

30 جون 2021 کو VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کی ایلپورا اور ریٹنگ +AAA/A-1 (ٹرپل اے، اے وان پلس) کی دوبارہ توثیق کی ہے۔ مزید برآں، یو بی ایل کے اضافی TFC (ADT-1) Tier-1 نے بھی 'AA+' کی دوبارہ توثیق کی ہے (ڈبل پلس اے) اس طرح ادارہ کو توثیق شدہ ریٹنگ منظم ہے۔

ایوارڈ اور اعترافات (Award and Recognition)

یو بی ایل کو پاکستان ڈیجیٹل ایوارڈ 2021 کی طرف سے "میٹ موبائل ایپ" اور "میٹ ایمرجنگ ٹیکنالوجی" ایوارڈز سے نوازا گیا تھا۔ یہ ایوارڈ ملک بھر کے بہترین ڈیجیٹل پرفیشنل اور کمپنیوں کی شاندار جدت اور تخلیق کو تسلیم کرتا ہے۔

مستقبل کا منظر نامہ (Future Outlook)


ملک، بہترین رج و باہ پر قابو پار رہا ہے اور اس کے ساتھ ساتھ یو بی ایل نے بھی منظم مالیاتی نتائج پیش کرنے کا سلسلہ جاری رکھا ہے۔


ملک کے سب سے بڑے مالیاتی اداروں میں سے ایک ہونے کے ناطے، یو بی ایل اپنے وسیع اور مختلف پروڈکٹ پیشکش کرنے اور ملک کے تمام حصوں میں وسیع پیمانے پر موجود ہونے کے ساتھ مالیاتی جائزہ کے طور پر اپنا کارآمد کردار جاری رکھے گا۔ یو بی ایل فریچائز کے مرکزی حصہ کے طور پر براچ بینکنگ جاری ہے، جہاں بینک اپنی خدمات کی بہتر فراہمی کا ذمہ دار ہوتا ہے، وسیع پروڈکٹ پیشکش کی جاتی ہے، اور مجوزہ دارین اور کمرشل مراکز میں بہتری لائی جارہی ہے۔ ڈیجیٹل بینکنگ کی آپس میں یو بی ایل ایک انڈسٹری لیڈر ہے کیونکہ ہم نے جدت اور ٹیکنالوجی پر مبنی بہترین سلوشنز دیے ہیں۔ انٹرنیشنل بہترین پریکٹس کے مطابق کمپنی اسٹینڈرڈ اور کنٹرول اسٹینڈرڈ کو منظم کرنا ایک اہم اسٹریٹجک ترجیح ہے اور اس سلسلہ میں بینک اپنے پراسسز اور کلچر میں مزید بہتری لانے میں مکمل طور پر پُر عزم رہتا ہے۔ گھبرانہ خطرات والے سالوں کے بعد، بین الاقوامی کاروبار میں بہتری آئی ہے، اس لیے ہمارا مقصد ہے کہ ہم اپنی بنیادی طاقت کو استعمال میں لاتے ہوئے ایک کاروباری ماڈل کی دوبارہ تشکیل کے سلسلہ میں سمندر پار تقیم پاکستانیوں کے لیے ایک ترجیحی شراکت دار بنیں۔

کلمات تشکر (Acknowledgements)

آخر میں، ہم اپنے تمام اسٹیک ہولڈرز کو ہماری مسلسل سرپرستی کرنے پر تہ دل سے شکر گزار ہیں۔ ہم اپنے اسٹاف کی شاندار روحیت کو سراہتے ہیں جنہوں نے ان مشکل حالات اور اوقات میں اپنے صارفین کو باقاعدگی سے خدمات کی فراہمی کو یقینی بنانا جاری رکھا ہوا ہے۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر مضابطہ کار اداروں کے بھی شکر گزار ہیں جو بینک کو رہنمائی اور تعاون فراہم کرتے ہیں۔

برائے واز طرف بورڈ


ارشاد امیر
ڈائریکٹر


شیرا جہد
صدر اور سی ای او
اسلام آباد

20 اکتوبر، 2021

ستمبر 2021 میں مجموعی CAR 22.9 فیصد رہی (دسمبر 2020 میں 24.4 فیصد) جو 12.5 فیصد کے کم از کم ریگولیٹری تقاضے سے 10.4 فیصد زائد ہے۔ کامن ایکویٹی ٹیئر 1 (CET-1) کا تناسب ستمبر 2021 میں 16.0 فیصد تھا (دسمبر 2020 میں 17.0 فیصد)۔ مجموعی ٹیئر 1 کا مالیاتی تناسب برطانیق ستمبر 2021 میں 17.3 فیصد تھا (دسمبر 2020 میں 18.4 فیصد)۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 20 اکتوبر 2021 کو اسلام آباد میں منعقد ہونے والے اپنے اجلاس میں 30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے نتائج کے ساتھ 4 روپے فی شیئر عبوری نقد منافع کا اعلان کیا ہے۔

معاشی جائزہ (Economy Review)

کوویڈ-19 سے جیسے ہی ملک ہائرنگا ہے تو معاشی سرگرمیاں سنبھلنے لگیں، وسیع پیمانے پر ویکسینیشن کے عمل سے ہم اب نئی مرض کو قابو کرنے کے قابل ہوئے ہیں، ہرگزرتے دن کے ساتھ فعال کیسز کی تعداد میں مسلسل کمی آ رہی ہے۔ ڈومیسٹک طلب کا ایک موزوں حد تک بڑھنا معاشی سرگرمی کے لیے ایک مضبوط رجحان ہے۔ تاہم، روزمرہ اشیاء کی قیمتوں کا بڑھنا اور درآمدی سطح متوقع سے زیادہ بڑھنے کے باعث ٹیلیس آف پیمنٹس کی پوزیشن پر منفی اثرات پڑ رہے ہیں۔

افراط زر کی بلند سطح نمایاں چیلنج کے طور پر برقرار ہے کیونکہ گزشتہ 18 ماہ کے دوران یہ سطح مسلسل 8 فی صد سے بالا رہی ہے، ستمبر 2021 کے دوران حالیہ سی پی آئی 9.0 فیصد ہے۔ اپنی طویل اکاؤنٹنٹ مانیٹری موقف کے تحت، اسٹیٹ بینک آف پاکستان نے 20 ستمبر 2021 کو منصفہ دانے مانیٹری پالیسی کمیٹی کے اجلاس میں پالیسی کی شرح میں 25bps کا اضافہ کیا ہے۔

مالی سال 2021 کے دوران معمولی خسارہ ریکارڈ کرنے کے بعد، مالی سال 2022 کے 2 ماہ کے دوران 2.3 ارب امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ ریکارڈ کیا گیا ہے، جو مالی سال 2021 کے پہلے 2 ماہ کے دوران 838 ملین امریکی ڈالر کا سرپلس تھا۔ مالی سال 2021 کے پہلے تین ماہ کے دوران 11.3 ارب امریکی ڈالر کے مقابلہ میں مالی سال 2022 کے 3 ماہ میں ملک کی درآمدات 18.6 ارب امریکی ڈالر رہی ہیں، اس میں سال پہ سال 65 فیصد کا اضافہ ہے، جبکہ مالی سال 2022 کے 3 ماہ کے دوران، سال پہ سال 27 فیصد نمو کے ساتھ ملک کی برآمدات 7.0 ارب امریکی ڈالر ریکارڈ کی گئی ہیں۔ بڑھتی ہوئی درآمدات کا دباؤ ملک کی غیر ملکی زرمبادلہ کی مارکیٹ میں نمایاں اتار چڑھاؤ کا سبب بنا ہے، کیونکہ دسمبر 2020 سے روپے کی قدر میں 7 فیصد کی تنزلی کے ساتھ 30 ستمبر 2021 کے دوران امریکی ڈالر کے مقابلہ میں پاکستانی روپیہ 170.66 روپے رہا ہے۔ تاہم، سال پہ سال 12.5 فیصد اضافہ کے ساتھ، ہوم ری ٹینس کا حجم مالی سال 2022 کے 3 ماہ کے دوران 8.0 ارب امریکی ڈالر رہا ہے جس سے ملک کو ایک مضبوط سرپلس برقرار رہی ہے۔ KSE-100 انڈیکس جون 2021 میں 48,700 کے بلند سطح چھوٹنے کے بعد، بنیادی طور پر علاقائی محرکات کے اثرات کے باعث اس سرمایہ میں بڑی حد تک محدود رہا ہے، ستمبر 2021 میں 44,900 پوائنٹس پر بند ہوا۔

ستمبر 2021 کے اختتام پر، بینکنگ انڈسٹری کے ڈپازٹس 19.8 ٹریلین روپے ریکارڈ کیے گئے، اور دسمبر 2020 سے اس میں 11 فیصد کا اضافہ ہوا۔ ستمبر 2021 میں مجموعی طور پر بینکنگ انڈسٹری ایڈوٹسز 9.3 ٹریلین روپے ریکارڈ کیے گئے تھے، اور دسمبر 20 سے اس میں 9 فیصد کا اضافہ ہوا ہے۔ 30 جون 2021 تک نان پرفارمنگ ایڈوٹسز برائے بینکنگ انڈسٹری 851 ارب روپے رہے ہیں اور دسمبر 2020 کے مقابلہ میں 3 فیصد زیادہ ہیں، کیونکہ اثاثہ جات کا معیار دسمبر 20 میں 9.2 فیصد سے بہتر ہو کر ستمبر 21 میں 8.9 فیصد ہو گیا۔

یو بی ایل انٹرنیشنل (UBL International)

خلیج تعاون کونسل کے خطے میں معاشی ماحول سے کاروباری سرگرمیوں میں تیزی آنا شروع ہو گئی ہے کیونکہ وہ نئی مرض بتدریج کم ہو رہا ہے اور اس کے ساتھ ساتھ تیل کی قیمتوں میں تیزی کے ساتھ اضافہ ہو رہا ہے، بین الاقوامی طور پر، یو بی ایل کم لاگت ذخائر کی مضبوط بنیاد کے ذریعے ایک پائیدار کاروباری ماڈل تشکیل دینے کا خواہاں ہے۔ اثاثہ جات میں، معیاری تعلقات کو قائم رکھنے، کسی بھی نئے غیر فعال قرضوں کی تشکیل کو سخت نگرانی میں رکھنا اور بڑھتی ہوئی قرضہ گیری (lending) محتاط اور محدود رہی۔ بینک مالیاتی مواقع کی بنیاد پر مزید تجارت کے ساتھ ساتھ اپنی ایف آئی قرضہ جات کی جبک کی توسیع کے لیے بھی سرگرم ہے۔ خود مختار ڈیٹ سکیورٹیز میں ابتدائی طور پر اضافی لیکویڈٹی رکھی گئی ہے جس کا مقصد صحت بخش نیٹ انڈرسٹ مارجن کو برقرار رکھنا ہے۔

سال 2021 کے 9 ماہ کے عرصے میں یو بی ایل انٹرنیشنل کے ڈپازٹس اوسطاً 1.3 ارب امریکی ڈالر رہے (سال 2020 کی اسی مدت: 1.4 ارب امریکی ڈالر)۔ ڈپازٹس کی لاگت سال 2020 کی 9 ماہ کی مدت میں 1.7 فیصد سے سال 2021 کی اسی مدت میں کم ہو کر 1.1 فیصد رہی۔ سال 2021 کے پہلے ماہ میں پرفارمنگ ایڈوٹسز اوسطاً 644 ملین امریکی ڈالر رہے ہیں، جو کہ سال 2020 کے مقابلہ میں 8 فیصد کم ہوئے ہیں۔ بنیادی طور پر (Sovereign Bonds) کی بدولت سرمایہ کاری کیلئے پورٹ فولیو کی اوسط 737 ملین امریکی ڈالر رہے (سال 2020 کے 9 ماہ میں: 693 ملین امریکی ڈالر)۔ جس پر سال 2021 کے دوران بینک 5.6 فیصد کی حوصلہ افزا شرح آمدن حاصل ہوئی ہے۔ یو بی ایل انٹرنیشنل نے 30 ستمبر 2021 کو ختم ہونے والے 9 ماہ میں 30 ملین امریکی ڈالر کا قبل

بیلنس شیٹ کا اہم وئسٹ (Balance Sheet Management)

یو بی ایل کی بیلنس شیٹ کا سائز دسمبر 2020 سے 23 فیصد اضافہ کے ساتھ ستمبر 2021 میں 2.5 ٹریلین روپے ریکارڈ کیا گیا ہے۔ دسمبر 2020 کے مقابلے میں بینک ڈیپازٹس کی سطح 10 فیصد اضافہ کے ساتھ 1.8 ٹریلین روپے رہی۔ بینک کے ڈومیسٹک ڈیپازٹس کی بنیاد 1.6 ٹریلین روپے رہی ہے، اس میں دسمبر 20 سے 12 فیصد اضافہ ہے۔ اس کی وجہ سے بینک اس قابل ہوا کہ سال 2021 کے 9 ماہ کے اختتام پر کل بینکنگ سیکٹرز ڈیپازٹس کا 8.4 فیصد اوسط مارکیٹ شیئر ریکارڈ کر سکے (سال 2020 کی اسی مدت میں 8.1 فیصد)۔ ڈومیسٹک کرنٹ ڈیپازٹس ستمبر 21 میں 713 ارب روپے پر بند ہوئے، دسمبر 2020 کے بعد اس میں 16 فیصد منہمک اضافہ ہے۔ جبکہ سیونگز کا پورٹ فولیو 681 ارب روپے رہا ہے، اس میں دسمبر 2020 سے 14 فیصد اضافہ ہے۔ اس کے نتیجے میں، بینک نے اپنی CASA سے کل ڈیپازٹ کی شرح میں بہتری لائی ہے، جو کہ دسمبر 2020 میں 85.2 فیصد تھی اور ستمبر 21 میں یہ شرح 87.7 فیصد ہو گئی۔ ستمبر 2021 میں یو بی ایل انٹرنیشنل کے ڈیپازٹس 1.3 ارب امریکی ڈالر ریکارڈ کیے گئے ہیں جس میں دسمبر 2020 سے 6 فیصد کی معمولی کمی دیکھی گئی ہے۔

بینک کی سطح کے نیٹ ایڈوائسز ستمبر 2021 میں 567 ارب روپے رہے، اس میں دسمبر 2020 سے 7 فیصد اضافہ ہے۔ بینک کی قرض گیری کی اسٹریٹیجی کا مقصد زیادہ سے زیادہ اثاثوں کے معیار کو یقینی بنانا ہے۔ جبکہ ریٹیلن شپ پر زیادہ سے زیادہ شرح آمدن (yield) حاصل کرنا ہے۔ ڈومیسٹک پروکارمنگ ایڈوائسز 454 ارب روپے ریکارڈ کیے گئے ہیں، اس میں دسمبر 2020 سے 6 فیصد اضافہ ہوا ہے۔ بینک اسٹاک بینکنگ میں اضافہ کا خواہاں ہے جیسا کہ پروکارمنگ ایڈوائسز 40 ارب روپے ریکارڈ ہوئے ہیں، جس میں دسمبر 2020 میں 21 ارب روپے سے دوگنا اضافہ ہوا ہے۔ خطرات سے بچنے کی ایک مستقل مدت کے بعد، ستمبر 21 میں یو بی ایل انٹرنیشنل کے نیٹ ایڈوائسز دسمبر 20 سے 6 فیصد اضافہ کے ساتھ 644 ملین امریکی ڈالر پر رہے، اس کے ساتھ، اٹا ڈیکٹے کے حوالے سے زیادہ احتیاطی طرز عمل اختیار کیا گیا ہے، تجارت پر مبنی ٹرانسنگ اور FI قرضہ میں زیادہ تر مہموری ہے۔

بینک کی سطح پر سرمایہ کاری ستمبر 2021 میں 1.6 ٹریلین روپے رہی ہے، اس میں دسمبر 2020 کے مقابلے میں 39 فیصد اضافہ ہوا ہے۔ ڈومیسٹک آپریٹرز میں فنڈنگ بنیادی طور پر نکلتی سیکورٹیز میں کی گئی، ایک مقررہ (کلسڈ) ریٹ پر 244 ارب روپے پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں انویسٹ کیے گئے ہیں، فلوئنگ ریٹ پر پی آئی بی میں 143 ارب روپے اور ریٹریبلز میں 697 ارب روپے انویسٹ کیے گئے ہیں۔ حالیہ شرح سود کے ماحول میں سرمایہ کاری کی اسٹریٹیجی کا مقصد مختصر اور طویل مدتی انٹرمیڈیٹس کے ایک مختلف اشکل مرکب کی جانب منہمک مارجن کو برقرار رکھنا ہے۔ یو بی ایل انٹرنیشنل میں بنیادی طور پر خود مختار بانڈز میں اضافی لیکویڈٹی انویسٹ کی گئی ہے، جس کا پورٹ فولیو 687 ملین امریکی ڈالر پر رہا ہے (دسمبر 2020: 740 ملین امریکی ڈالر)۔

بینک کا ہاؤسنگ اقدام کے سلسلہ میں حکومتی سرپرستی میں چلنے والے پروجیکٹ "میرا پاکستان میرا گھر" کے ساتھ تعاون جاری ہے اور 30 ستمبر 2021 تک 785 ملین روپے کہن رضہ جات کی منظوری دی ہے۔ اس پروڈکٹ کی منہمک طلب سے یو بی ایل کی حوصلہ افزائی ہوتی ہے اور پاکستان میں مارٹ گینج مارکیٹ میں اپنی خدمات کی مزید فراہمی بینک کا مقصد ہے۔ علاوہ ازیں، اسٹیٹ بینک آف پاکستان کا روشن ڈیجیٹل کاسٹ کا اقدام بہتر سے مزید بہتری کی جانب گامزن ہے۔ ریگولیٹرز کے تعاون اور رہنمائی کے ساتھ، بینک اپنی تازہ ترین پروڈکٹس روشن اپنی کار اور روشن اپنا گھر کے ساتھ ہی پروڈکٹس کو شامل کرنا اور جدت لانا جاری رکھے گا۔ 248,000 سے زائد کاؤنٹس کھولے گئے ہیں اور ایک سال میں 2.4 ارب امریکی ڈالر سے زائد کی وصولی ہوئی ہے، اور یہ ملک کے لیے ایک بہت بڑی کامیابی ہے۔ یو بی ایل کو اس امر پر فخر ہے کہ وہ اس اقدام میں شامل آن پ میں سے ایک بینک ہے جس نے کم و بیش 148,000 کاؤنٹس کھولے ہیں اور جس کی 260 ملین امریکی ڈالر کے قریب ترسیلات ہیں۔

مالیاتی تناسب (Capital Ratios)

بینک ایک مناسب مالیاتی بنیاد برقرار رکھنا چاہتا ہے جو مستقبل میں ترقیاتی اقدامات کے لیے منہمک بنیاد فراہم کرے اور ساتھ ساتھ ریگولیٹری تقاضوں پر مناسب حفاظتی بفر (buffers) برقرار رکھ سکے۔ اسٹیٹ بینک آف پاکستان کی جانب سے یو بی ایل کو ڈومیسٹک نظام کا ایک اہم بینک (D-SIB) نامزد کیا گیا ہے۔ اس نامزدگی کے ابتدائی تقاضے کے تحت بینک 2019 میں پینج اور فیورٹینج دونوں بنیادوں پر اضافی 1.5 فیصد کم سے کم سرمایہ جاتی تناسب (CAR) کی حاد اور (HLA) سرچارج برقرار رکھنے کی ضرورت تھی۔ تاہم، اسٹیٹ بینک کی جانب سے اپنے تازہ ترین D-SIB کے مطابق مقررہ HLA سرچارج میں مارچ 2020 سے 50 بنیادی پوائنٹس کمی کر کے اسے 1.0 فیصد کر دیا ہے۔

اسٹیٹ بینک آف پاکستان نے کووڈ-19 کے اثرات کو کم کرنے اور بینکاری کے شعبے میں اپنے صارفین کو قرضوں کی سہولیات کی توسیع میں مدد فراہم کرنے کے لئے بھی ریگولیٹری ریلیف فراہم کیا ہے۔ اس مقصد کے لئے، اسٹیٹ بینک نے کپٹیل سٹریٹن اپز (CCB) کو مزید دلالت کے اجراء تک اپنی موجودہ سطح 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے۔ لہذا برعکاس 30 ستمبر 2021، یو بی ایل سے 12.5 فیصد کم از کم CAR درکار ہوگا (شمول 1.0 فیصد HLA سرچارج)۔

سال 2021 کے پہلے 9 ماہ میں بینک کو غیر ملکی زرمبادلہ کی مدد میں 2.6 ارب روپے کی آمدن حاصل ہوئی ہے (سال 2020 کی اسی مدت میں 2.9 ارب روپے)۔ سال 2021 کے 9 ماہ کے اختتام پر 1.4 ارب روپے کی ڈیونڈ ٹیکس ریکارڈ کی گئی ہے، بینک کے ذیلی اداروں سے بہتر شرائط داری کے ساتھ ساتھ توانائی اور کھاد کے شعبہ جات میں سرمایہ کاری سے منظم ادائیگیوں کے ذریعے سال بہ سال 57 فیصد کی نمو ریکارڈ کی گئی۔ 2021 کے 9 ماہ کی مدت میں بینک نے 3.3 ارب روپے کے کپٹل گینز (Capital gains) حاصل کیے ہیں (سال 2020 کی اسی مدت میں 789 ملین روپے)۔ بنیادی طور پر غیر ملکی فروختی رہاؤز کے ساتھ فعال تجارت (ٹریڈنگ) کرتے ہوئے اور بروقت فروخت کرنے پر یقین ہوا ہے۔

قرضوں پر ممکنہ ناوہندگی اور خسارہ کے لیے مختص رقوم (Provisions and loan losses)

یو بی ایل نے 2021 کی 9 ماہ میں 415 ملین روپے کے پروویژن ریزرول ریکارڈ کیے، گزشتہ سال کی اسی مدت میں 14.9 ارب روپے کا پروویژن چارج ریکارڈ کیا گیا تھا۔

بینک کے غیر فعال قرضہ جات دسمبر 2020 میں 83.6 ارب کے مقابلہ میں ستمبر 2021 میں 86.3 ارب روپے ہو گئے۔ 30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے دوران پاکستانی روپے کی قدر میں کمی (انٹرنیشنل ڈی ویلیویشن) کی وجہ سے کم و بیش 3.9 ارب روپے سے بینک کے انٹرنیشنل غیر فعال قرضہ جات میں اضافہ ہوا ہے۔ بینک کی سطح پر اثاثہ جات کا معیار میں دسمبر 2020 میں 13.7 فیصد سے ستمبر 2021 میں 13.3 فیصد تک معمولی بہتری آئی ہے۔ جبکہ مخصوص کوریج میں بہتری ہوئی ہے جو کہ دسمبر 2020 میں 85.8 فیصد سے براہ کرم ستمبر 2021 میں 87.4 فیصد ہو گئی۔

یو بی ایل ڈومیسٹک (UBL Domestic)

ڈومیسٹک بینک کے مجموعی ایڈوانسز ستمبر 2021 میں 482 ارب روپے رہے (دسمبر 2020 میں 458 ارب روپے تھے)، جو کہ بینک گل پورٹ فولیو کا 75 فیصد سے زائد بنتے ہیں۔ ڈومیسٹک غیر فعال قرضہ جات دسمبر 2020 میں 28.7 ارب روپے تھے جو کہ ستمبر 2021 میں 27.4 ارب روپے رہے، اس میں کم و بیش 1.3 ارب روپے کی کمی ہوئی ہے۔

سال 2020 کے 9 ماہ کی مدت میں 1.7 ارب روپے کے نیٹ پروویژن چارجز کے مقابلہ میں سال 2021 کی 9 ماہ کے دوران ڈومیسٹک بینک نے نیٹ پروویژن ریزرول کی مدد میں 1.4 ارب روپے ریکارڈ کیے گئے ہیں۔ ڈومیسٹک بینک کے اثاثہ جات کا میٹر دسمبر 2020 میں 6.3 فیصد سے بہتر ہو کر ستمبر 2021 میں 5.7 فیصد ہو گیا، جبکہ مخصوص کوریج دسمبر 2020 میں 85.7 فیصد سے بہتر ہو کر ستمبر 2021 میں 87.1 فیصد رہی۔

یو بی ایل انٹرنیشنل (UBL International)

یو بی ایل انٹرنیشنل کے غیر فعال قرضہ جات ستمبر 2021 کے اختتام پر 345 ملین امریکی ڈالر رہے (دسمبر 2020 میں 343.3 ملین امریکی ڈالر)۔ سال 2021 کی 9 ماہ کی مدت میں 5.9 ملین امریکی ڈالرنیٹ پروویژن چارج ریکارڈ کیا گیا، جبکہ سال 2020 کی اسی مدت میں 81.5 امریکی ڈالرنیٹ پروویژن چارج ریکارڈ کیا گیا تھا جس کا بیشتر حصہ متحدہ عرب امارات پر مشتمل تھا۔ دسمبر 2020 میں مخصوص کوریج 85.9 فیصد سے بڑھا کر ستمبر 2021 میں 87.5 فیصد کر دی گئی۔ علاوہ ازیں ترقی شدہ جاں نیا اداروں کی فورسڈ سٹیل ویلیو (FSV) اور کیش کولیرل (Cash Collateral) کے ساتھ مخصوص کوریج ستمبر 2021 میں 96.8 فیصد پر ریکارڈ کی گئی (دسمبر 2020 میں 95.5 فیصد، مالیاتی گواہوں سے منجمد اسٹیٹمنٹس 10.3.2)۔

اخراجات کا نظم و نسق (Cost Management)

یو بی ایل اپنے اخراجات کی بنیاد کا موثر طور پر انتظام و انصرام کرنے، مدد فراہم کرنے اور بہتر کے درمیان کراس کنٹیکٹل باہمی تعامل کو زیادہ سے زیادہ کرنے کے لیے کوشاں ہے، جبکہ آئی ٹی اور اسی طرح پورے نیٹ ورک میں ہر سطح پر صلاحیتوں میں اضافہ کے سلسلہ میں سرمایہ کاری کے ذریعے سروسز کی فراہمی میں بہتری بھی کی جا رہی ہے۔ سال 2021 کی 9 ماہ کی مدت میں بینک کے انتظامی اخراجات 31.2 ارب روپے ریکارڈ کیے گئے ہیں، اس میں سال بہ سال 7 فیصد کا اضافہ ہے اور یہ افراط زر کی سطح سے کم ہے۔ سال 2021 کی 9 ماہ کی مدت میں ملازمین کا معاوضہ 12.4 روپے ریکارڈ کیا گیا اور اس میں سال 2020 کی اسی مدت کے مقابلہ میں 7 فیصد کا اضافہ ہے۔ سال 2021 کے 9 ماہ میں 5.1 ارب روپے عمارتی اخراجات میں ریکارڈ کیے گئے ہیں، جو کہ گزشتہ سال کے برابر ہیں۔ آئی ٹی سے منسلک اخراجات میں 6 فیصد کا اضافہ دیکھا گیا ہے کیونکہ اپنی مجموعی ڈیجیٹل سٹریٹیجی کا حصہ ہوتے ہوئے متنوع (Innovative) ٹیکنالوجیز میں بینک نے اپنی سرمایہ کاری جاری رکھی ہوئی ہے۔ سال 2021 کی 9 ماہ کی مدت میں دیگر اخراجات 10.5 ارب روپے رہے ہیں، اس میں سال بہ سال 12 فیصد کا اضافہ ہے، اس کی سب سے بڑی وجہ کاروباری حجم میں نمو کے ساتھ سٹریٹجی میں اضافہ ہے۔

ڈومینک براؤن بینکنگ گروپ یو این ایل فرمچائز کے مجموعی منافع میں اضافہ کے لیے کوششیں جاری رکھے ہوئے ہے۔ بینک گزشتہ سال کے متعلقہ عرصہ میں 402,000 کے مقابلے میں سال 2021 کی 9 ماہ کی مدت میں 413,000 نئے کرنٹ اکاؤنٹ ری لیشن شپس کے ساتھ تیزی سے اپنے سگمزد میں اضافہ کر رہا ہے۔ نئے اکاؤنٹس کے اضافہ کی وجہ سے، بینک نے سال 2021 کی 9 ماہ کی مدت میں 628 ارب روپے کے اوسط حجم کے ساتھ اوسط کرنٹ ڈپازٹس میں 20 فیصد کمی مدد و نموریکارڈ کی ہے۔ ڈومینک سوئنگز اکاؤنٹس کے پورٹ فولیو میں، سال پہ سال 22 فیصد اضافہ کے ساتھ، سال 2021 کی 9 ماہ کی مدت میں اوسط 651 ارب روپے ریکارڈ کیا گیا ہے۔ کم لاگت ڈپازٹس میں اس نمور کے ساتھ ساتھ پالیسی ریٹ میں تیزی سے کمی کے نتیجے میں، سال 2020 کی 9 ماہ کی مدت میں 4.8 فیصد کے مقابلے میں سال 2021 کی 9 ماہ کی مدت میں 3.5 فیصد تک ڈومینک ڈپازٹس کی لاگت میں کمی دیکھی گئی ہے۔ سال 2021 کی 9 ماہ کی مدت کے دوران اوسط 1.3 ارب امریکی ڈالر پنکی یو این ایل انٹرنیشنل ڈپازٹس رہے (سال 20 کی اسی مدت میں 1.5 ارب امریکی ڈالر)۔ بینک کی اسٹریٹیجی کے مطابق، منافع کے مارجن میں بہتری کے سلسلہ میں ڈپازٹس کی لاگت سال 2020 کی 9 ماہ کی مدت میں 1.7 فیصد کے مقابلے میں سال 2021 میں 1.1 فیصد تک کم کی گئی ہے۔

احاطہ جات کی مدت میں سال پہ سال 7 فیصد کمی کے ساتھ، سال 2021 کے 9 ماہ کے دوران بینک کی سطح پر فراہم ایڈوانسز اوسطاً 542 ارب روپے رہے۔ ڈومینک لون بک 80 فیصد سے زائد بینک پورٹ فولیو کو تشکیل دیتی ہے اور 2021 کے 9 ماہ کی مدت میں، سال پہ سال 7 فیصد کمی کے ساتھ یہ اوسط 438 ارب روپے رہی ہے۔ بینک وہائی مرض کے باعث اپنی لون بک بڑھانے میں محتاط رہا ہے۔ رواں سال کے 9 ماہ کی مدت کے دوران، سال پہ سال 11 فیصد اضافہ کے ساتھ گزیر ہومر بک اوسطاً 19 ارب روپے رہی ہے، اس کی سب سے بڑی وجہ مخلوق آلوئیکٹر کے مابین ایک صحت مندانہ موٹیم ہے۔ اسلامی بینکاری میں احاطہ کی حصول، یو این ایل کی ایک اہم ترجیح رہی ہے۔ سال 2021 کے 9 ماہ کے دوران، سال پہ سال 70 فیصد اضافہ کے ساتھ، اس شعبہ کی لون بک اوسطاً 34 ارب روپے رہی ہے۔ یو این ایل انٹرنیشنل فعال لون بک سال پہ سال 8 فیصد کمی کے ساتھ اوسطاً 644 ملین امریکی ڈالر رہی، کیونکہ ہماری توجہ، احتیاط کے ساتھ اور خطرات سے بچتے ہوئے انٹرنیشنل بزنسز کو دو بارہ وسعت دینے پر مرکوز رہی ہے۔

2021 کے پہلے 9 ماہ کے دوران بینک کی منافع بخش سرمایہ کاری کی اوسط 1.4 ارب ملین روپے ریکارڈ کی گئی جس میں گزشتہ سال 2020 کے اسی عرصہ کے مقابلے میں 36 فیصد کا نمایاں اضافہ ہوا۔ سال 2021 کے پہلے 9 ماہ، ڈومینک حکومتی سکیورٹیز پورٹ فولیو کی اوسط 1.2 ملین روپے رہی ہے، جس میں سال پہ سال 41 فیصد اضافہ ہوا ہے اور بینک کو اس پر 8 فیصد سے زائد شرح آمدن (yield) حاصل ہوئی ہے۔ یو این ایل انٹرنیشنل کی سرمایہ کاری سال 2021 کے پہلے 9 ماہ میں اوسطاً 737 ملین امریکی ڈالر رہی ہے، جس میں سال پہ سال 6 فیصد اضافہ ہوا ہے، اور بینک کو اس پر 5.6 فیصد کی مستحکم شرح آمدن حاصل ہوئی۔

نان مارک اپ آمدن (Non-Markup Income)

بینک کو سال 2020 کی 9 ماہ کی مدت کے دوران 13.0 ارب روپے کے مقابلے میں، سال 2021 کی اسی مدت کے دوران 17.3 ارب روپے کی نان مارک اپ آمدن حاصل ہوئی ہے، جو کہ 33 فیصد کی ایک مستحکم نمو ہے۔ سال 2021 کے 9 ماہ میں نان مارک اپ آمدن، بینک کے کل ریونیو (محصلاً) 24 فیصد حصہ رہی۔ (سال 2020 کے پہلے 9 ماہ میں 18 فیصد)

سال 2021 کے پہلے 9 ماہ میں، فیس اور کمیشن کی مدت میں بینک کو 9.7 ارب روپے کی آمدن ہوئی ہے اور اس میں سال پہ سال 22 فیصد اضافہ ہوا ہے۔ جو کہ کل نان مارک اپ آمدن 56 فیصد رہی ہے (سال 2020 میں 61 فیصد)۔ اس کارکردگی میں سب سے بڑا عنصر ڈومینک فرمچائز ہے، جس میں سال پہ سال 31 فیصد کی مستحکم نموریکارڈ کی گئی ہے۔

سال 2021 کے 9 ماہ کی مدت میں براؤن بینکنگ سے سگمزد فیس کی مدت میں 1.2 ارب روپے ریکارڈ کیے گئے، یہ گزشتہ سال کے مقابلے میں 2 فیصد زیادہ ہے۔ یو این ایل نے تقریباً 20 فیصد مارکیٹ شیئر کے ساتھ تریبلٹ زر پینی ائی ٹیکنالوجی قائم کرنے میں ترقی کی، جس کے نتیجے میں، 2021 میں تریبلٹ زر سے 1.2 ارب روپے کی کمیشن آمدن حاصل ہوئی اور اس میں سال پہ سال 3 فیصد اضافہ ہے۔ بینک نے سال 2021 کے اسی عرصہ میں 2.5 ارب روپے کی پریمیم حجم کے ساتھ بینک انشورنس میں بھی اپنا مستحکم منظم جاری رکھا ہوا ہے، جو کہ سال گزشتہ سال کے مقابلے میں 55 فیصد زائد ہے۔ اس کے نتیجے میں، بینک انشورنس کمیشن کی آمدن میں سال پہ سال 56 فیصد کی مستحکم نموریکارڈ کی گئی ہے اور یہ رواں سال کے 9 ماہ کے اختتام پر 1.2 ارب روپے رہی ہے۔ جیسے ہی کاروبار یو این ایل موٹیم میں نمایاں طور پر بہتری آتی، تو ایسے ہی، گزیر ہومر فنانس کی طرف سے فیس کی آمدن میں تیزی سے بہتری ہوئی اور اس مدت میں 816 ملین روپے ریکارڈ کیے گئے ہیں، جس میں سال پہ سال 29 فیصد اضافہ ہوا۔ ڈیٹ اور کریڈٹ کارڈ سے فیس کی آمدن میں رواں سال اسی مدت میں 1.8 ارب روپے ریکارڈ کیے گئے، سال 2020 کے 9 ماہ کے مقابلے میں 71 فیصد مستحکم اضافہ ہے۔ بینک کو ایڈوانسز بری سرورس کے لیے دی گئی میڈیشن کے ذریعے سال 2020 کی 9 ماہ میں 139 ملین روپے کے مقابلے میں سال 2021 میں 456 ملین روپے کی انسوٹمنٹ بینکنگ فیس کی مدت میں آمدن ہوئی ہے۔ سال 2021 کی 9 ماہ کی مدت میں کمیشن منجنت سے کمیشن کی آمدن 711 ملین روپے ریکارڈ کی گئی ہے جو کہ سال پہ سال 20 فیصد اضافہ ہے، جس کی بنیادی وجہ بینک کے ڈیجیٹل کارپوریٹ پورٹل اور کلائنٹ کی ایک وسیع بنیاد کے ساتھ تھروپٹ (throughput) میں نمایاں اضافہ ہے۔

یونائیٹڈ بینک لمیٹڈ ارکان کوڈائزیکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے لئے یونائیٹڈ بینک لمیٹڈ (یونائیٹڈ) کے مالیاتی گوشوارے پیش کرنا ہمارے لئے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Overview)

یونائیٹڈ نے غیر متوقع بنیاد پر 30 ستمبر 2021 کو ختم ہونے والی 9 ماہ کی مدت کے دوران 49 فیصد کی سال بہ سال مضبوط نمو کے ساتھ 39.3 ارب روپے کا منافع قبل از ٹیکس ریکارڈ کیا۔ بینک نے مضبوط نمو کو برقرار رکھتے ہوئے سال 2021 کی تیسری سہ ماہی کے دوران 13.5 ارب روپے کا منافع قبل از ٹیکس ریکارڈ کیا ہے، اور یہ سال 2021 کی دوسری سہ ماہی میں حاصل کیے گئے 13.7 ارب روپے کے قبل از ٹیکس منافع سے بہت حد تک مساوی ہے۔

یونائیٹڈ کو سال 2021 کے 9 ماہ میں 71.0 ارب روپے کے مجموعی ریونیوز حاصل ہوئے، مارجن میں کمی کے باوجود آمدن کی گزشتہ سال کی سطح برقرار رہی ہے۔ سال 2021 کے 9 ماہ میں نیٹ مارک اپ آمدنی 53.7 ارب روپے رہی (سال 2020 کی اسی مدت میں 58.2 ارب روپے تھی)۔ بینک نے 33 فیصد سال بہ سال نمو کے ساتھ سال 2021 کی 9 ماہ کی مدت میں 17.3 ارب روپے کی نان-مارک اپ آمدن ریکارڈ کی، اس کی سب سے بڑی وجہ غیر ملکی ڈیپازٹس پر منافع اور اس کے ساتھ فیس کی مدد سے کاروبار کی تیزی سے وسعت پر سرمایہ کا حصول ہے۔

بینک کے انتظامی اخراجات 31.2 ارب روپے ریکارڈ کیے گئے، جس میں 7 فیصد سال بہ سال اضافہ ہے۔ سال 2021 کے 9 ماہ کی مدت میں لاگت اور آمدنی کے تناسب کو 44 فیصد پر کنٹرول میں رکھا گیا (گزشتہ سال کی اسی مدت میں یہ 41 فیصد تھی)۔

ڈومیسٹک اور انٹرنیشنل بزنس میں رسک واپسی اور ریکوری کے سلسلے میں کمی کو پیشوں میں اضافہ کے ساتھ، بینک نے سال 2020 کی 9 ماہ کی مدت میں 14.9 ارب روپے کے نیٹ پروویژن چارج کے مقابلے میں سال 2021 کی 9 ماہ کی مدت میں 415 ملین روپے کا نیٹ پروویژن ریورسل ریکارڈ کیا ہے۔

مالیاتی اہم نکات (Financial Highlights)

یونائیٹڈ نے سال 2021 کی 9 ماہ کی مدت کے دوران 22.8 ارب روپے کا بعد از ٹیکس منافع ریکارڈ کیا ہے یہ گزشتہ سال کی اسی مدت میں 16.1 ارب روپے تھا جس میں سال بہ سال 42 فیصد کا اضافہ ہے۔ سال 2021 کے 9 ماہ کے دوران فی شیئر آمدنی (EPS) 18.59 روپے رہی (جبکہ گزشتہ سال 2020 کی اسی مدت میں 13.13 روپے)۔ یونائیٹڈ نے مجموعی بنیاد پر 21.9 ارب روپے کا منافع بعد از ٹیکس ریکارڈ کیا (جبکہ گزشتہ سال کے اسی عرصہ میں 15.4 ارب روپے تھا)۔ سال 2021 کی 9 ماہ کی مدت میں مجموعی بنیاد پر فی شیئر آمدنی 17.76 روپے رہی ہے (سال 2020 کے 9 ماہ میں 12.75 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے دوران، سال بہ سال 8 فیصد کی ساتھ یونائیٹڈ کی نیٹ مارک اپ آمدنی 53.7 ارب روپے ریکارڈ کی گئی۔ سال 2021 کے 9 ماہ میں 19 فیصد سال بہ سال اضافہ کے ساتھ بینک کی اوسط آمدنی بخش 11.9 ٹریلین روپے رہے۔ بینک کی سطح پر مجموعی خالص منافع (نیٹ انٹرسٹ مارجن) سال 2021 کی 9 ماہ کے دوران 3.8 فیصد ریکارڈ کیا گیا (سال 2020 کی اسی مدت میں 5.0 فیصد)۔ دہا کے دوران معیشت کو سہارا دینے کے سلسلے میں، اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ دسمبر 2019 کی سطح 13.25 فیصد سے کم کر کے جون 2020 میں 7.0 فیصد کر دیا تھا۔ سہ ماہی مدت کے رسک فری گورنٹ سکیورٹیز پر اوسط شرح سود سال 2021 کی 9 کی مدت میں گزشتہ سال کے 9.4 فیصد کے مقابلے میں 7.3 فیصد ریکارڈ کیا گیا ہے۔ جس نے بینکنگ سیکٹر کی مجموعی آمدن کو متاثر کیا ہے۔

سال 2021 کے 9 ماہ میں 21 فیصد کی بہترین سال بہ سال نمو کے ساتھ، ڈومیسٹک ڈیپازٹس اوسط 1.5 ٹریلین روپے رہے۔ جس کی بنیاد ہی CASA ڈیپازٹس میں سال بہ سال 219 ارب روپے کا اضافہ ہے یعنی 21 فیصد کا اضافہ ہے۔ سال 2021 کے 9 ماہ میں ڈومیسٹک CASA کا تناسب 85.5 فیصد ریکارڈ کیا گیا۔ (سال 2020 کی اسی مدت میں 85.4 فیصد)۔



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