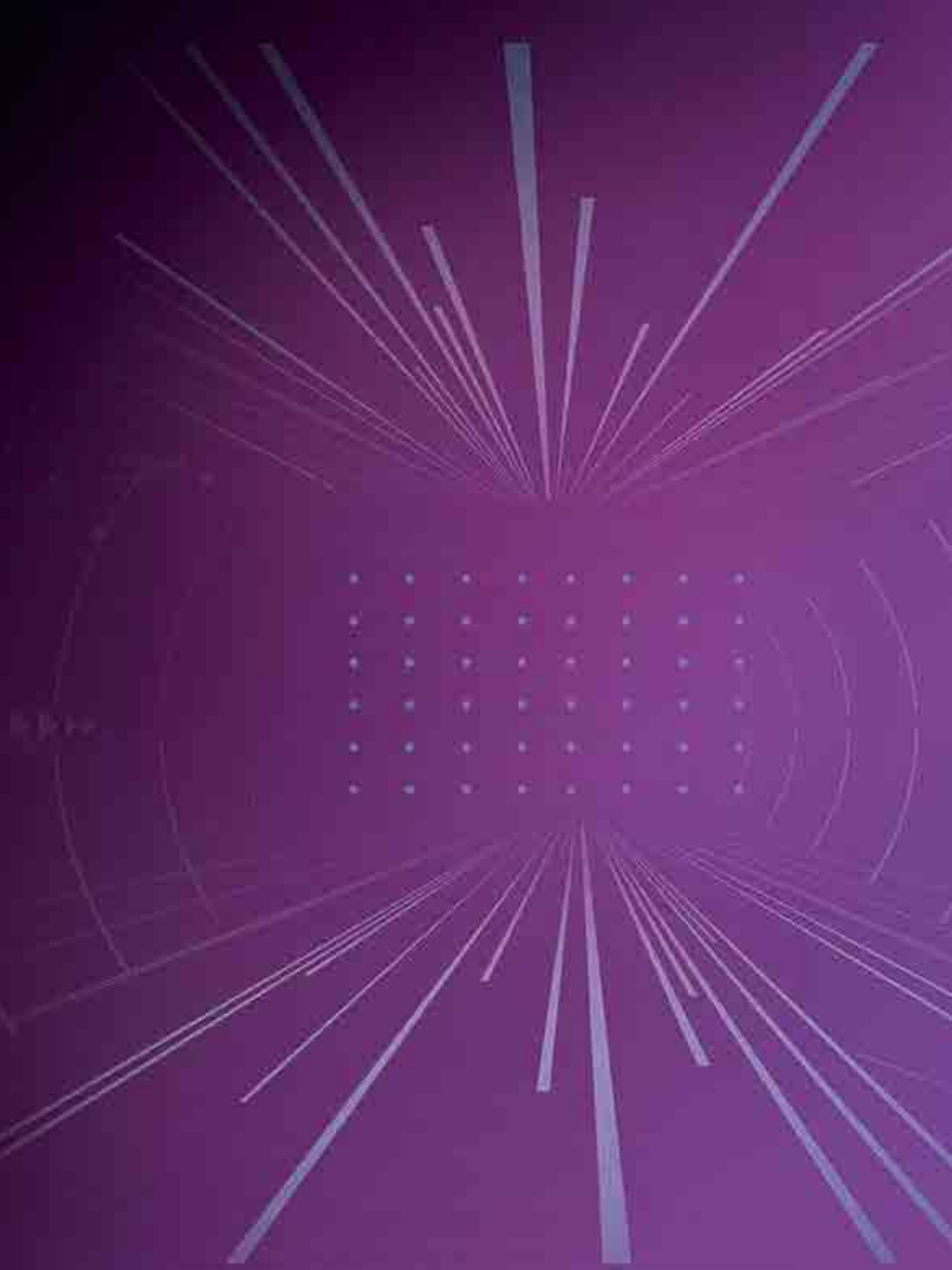


A woman with long, straight brown hair is wearing a white and black VR headset. She is looking upwards and to the right. The background is a gradient of purple and blue with large, overlapping circular shapes in shades of pink and blue.

Celebrating
Progressiveness
Annual Report 2021



Celebrating Progressiveness

We strongly believe that in order to progress we need to push ourselves further.

Our passion for progress is timelessly synonymous with our brand culture of being Pakistan's greatest digital banking platform as well as the most progressive and innovative bank in the country. We are committed to pushing our boundaries ever higher as our aspirations reach the skies for a better future for all our stakeholders.

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Vision to Lead Mission that Empowers Values that Form our Core

Vision

To be a world class bank dedicated to excellence, and to surpass the highest expectations of our customers and all other stakeholders.

Mission

- Be the undisputed leader in financial services for our customers
- Most innovative and fastest growing bank in targeted businesses
- Continue to diversify across chosen geographies
- Achieve operational excellence with the highest level of compliance
- Consistently create leaders through inspired human capital
- Contribute positively to the communities we operate in

Values

- Customer first
- Honesty of purpose
- Teamwork
- Excellence
- Meritocracy

Deciphering Customer Desires

Our greatest asset is our ability to analyse trends and patterns in order to decipher what our customers desire most. This tells us what our customers need to further their financial goals, while creating opportunities and continuously optimising customer satisfaction.





Company Information

Board of Directors

Sir Mohammed Anwar Pervez, OBE, H Pk
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, H Pk
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, SIPk
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, H Pk
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.
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



Chairman's Profile

Sir Mohammed Anwar Pervez, OBE H Pk

Sir Mohammed Anwar Pervez, OBE H Pk is the Chairman of the Board of Directors of United Bank Limited since December 2013, Chairman of Board Nomination Committee (BNC) and Member of Board Human Resource & Compensation Committee (HRCC). He is also the Chairman of Bestway Group & its subsidiaries, which include Batleys Limited, Well Pharmacy and Bestway Cement Limited.

Sir Anwar began his career in food business in 1963 when he opened a convenience store in London. He ventured into the wholesale business in 1976 and has been responsible for growing Bestway Group into the 9th largest family business in the UK.

Today, it is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the 2nd largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 33,600 globally.

Sir Anwar was awarded the Order of the British Empire (OBE) in 1992 and was conferred the title of Knight's Bachelor in 1999 by Her Majesty the Queen for his services to the food industry and various charitable causes in the UK. In 2000 he was awarded 'Hilal-e-Pakistan'.

In 2005, Sir Anwar Pervez was voted winner of the prestigious 'Grocer Cup for Outstanding Business Achievement' by the Institute of Grocery Distribution, UK.

In 2006 he received 'Sitara-e-Essar' by the President of Pakistan. The same year he was chosen as the 'Master Entrepreneur - UK' at the Ernst & Young Entrepreneur of the Year 2006 Awards.

In 2011, Sir Anwar was awarded with an honorary Doctor of Laws degree by FC College Lahore.

In 2012, in recognition of his philanthropic services to the Community, the University of Bradford conferred on Sir Anwar Pervez an honorary Doctor of Laws degree.

He is the Chairman of Bestway Foundation UK and Patron-in-Chief of Bestway Foundation Pakistan.

Board of Directors

Lord Zameer Mohammed Choudrey, CBE, SI Pk, FCA

Director

Lord Zameer Mohammed Choudrey CBE, SI Pk has been a Member of the Board of Directors of United Bank Limited since October 2002. He is a Member of the Board Risk and Compliance Committee (BRCC), Board IT Committee (BITC) and Board Nomination Committee (BNC). He is also a Director of UBL Insurers Limited.

He is the Chief Executive of Bestway Group, which is the 9th largest family owned business in UK with annual turnover of £4.2 billion. The Group is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the 2nd largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 33,600 globally.

Lord Choudrey is a Chartered Accountant by profession. He joined Bestway Group as a Financial Controller in 1984. In 1990, he was promoted as the Group Finance Director. In 1995, he was given additional responsibilities of business diversification both in UK and Pakistan and was promoted as Chief Executive of Bestway Cement Limited. He was appointed as the Group CEO in 2004.

He is a fellow of the Institute of Chartered Accounts of England & Wales. He is the Chairman of Conservative Friends of Pakistan.

Lord Choudrey is a trustee of Bestway Foundation UK and Chairman of Bestway Foundation Pakistan. He is also a trustee of Crimestoppers.

In 2011 he was part of the International Leadership Team of HRH Prince of Wales Pakistan Recovery Fund.

In April 2013; he was invited to join The British Asian Trust's UK Advisory Council and in January 2018 he was appointed its Chair.

In November 2014, he was awarded an honorary degree by University of Kent in recognition of his philanthropic services to the community.

In December 2015, he was appointed Commander of the Order of the British Empire (CBE) by Her Majesty the Queen for his services to the UK wholesale industry and various charitable causes in the UK and abroad.

In March 2018, the President of Pakistan awarded the Sitara-e-Imtiaz (Star of Excellence) to him in recognition of his contributions to advancing Pakistan through his services and the wide array of philanthropic work.

In June 2019, he joined the Commonwealth Enterprise & Investment Council's Advisory Council.

In September 2019, he was appointed to the House of Lords, UK. This appointment is in recognition of his considerable contributions to Britain's domestic and foreign trade as a leading businessman and entrepreneur, his wide array of philanthropic work both in the UK and abroad, and his role as Chairman of the Conservative Friends of Pakistan.



Haider Zameer Choudrey, ACA

Director

Mr. Haider Zameer Choudrey has been a Director of United Bank Limited since March 2014. He is a Member of the Board Audit Committee (BAC) and Board IT Committee (BITC)

He is the Group Chief Financial Officer of Bestway Group with financial and strategic responsibility for all business units.

He joined the Bestway Group in 2012 and was elevated to the Board in 2018. Prior to his elevation to the Board, Haider held a number of roles within Bestway including Financial Controller and Head of Group Finance.

Haider is a member of the Board of Directors of Well Pharmacy in UK and of Bestway Cement Limited in Pakistan. He was appointed a Trustee of the Bestway Foundation in June 2021.

After having distinguished himself at the world-renowned Eton College, Haider read Economics at Gonville & Caius College, University of Cambridge. He also received his Masters in Economics from University of Cambridge. He is a member of the Vice Chancellor's Circle at the University of Cambridge.

Haider is a member of the Institute of Chartered Accountants in England and Wales and previously trained with KPMG UK LLP.

Haider is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).



Board of Directors

Rizwan Pervez

Director

Mr. Rizwan Pervez has been a Member of the Board of Director of United Bank Limited since March 2014. He is a Member of the Board Audit Committee (BAC) and the Board Human Resource & Compensation Committee (HRCC). He is also Director of UBL Insurers Limited.

Rizwan graduated from the University of Pittsburgh, USA in 1990 with a BSc in Business Management.

He was trained with a leading UK firm of Chartered Accountants and qualified in August 1995. Rizwan is a member of the Institute of Chartered Accountants in England & Wales.

He joined Bestway as a Financial Accountant in 1995 and was elected to the Board of Directors in January 2000 as Group Business Development Director. He was responsible for developing the Group's fascia and delivered business. Rizwan was instrumental in creating the "Best-One" symbol group and Bestway Direct, the Group's delivered wholesale operation.

In 2006, Rizwan was appointed Operations Director where he led and managed the integration of Bestway and Batleys wholesale operations which created the UK's largest independent wholesale group. In 2012, Rizwan was appointed the Group Marketing & PR Director. In 2014, he was appointed as Wholesale Operations Director. In 2016, he was appointed as Customer Liaison Director.

In 2019, Rizwan was appointed as Managing Director of MAP Trading Limited.

Rizwan has served as Governor of John Kelly Schools in North West London playing a leading role in the school's attainment of 'academy' status and establishing the school as a centre of excellence under its new name of The Crest Academy.

Rizwan is a Trustee of Bestway Foundation UK.

Rizwan is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).



Arshad Ahmad Mir

Director

Mr. Arshad Ahmad Mir, appointed as a Member of the Board of Directors with effect from 26 October 2009, has over four decades of extensive corporate experience in financial services, oil industry, management consultancy, manufacturing and wholesale distribution businesses.

He has served with major corporate entities in areas of general management, corporate planning, project management, compliance and consultancy. Geographical coverage of his corporate roles and responsibilities encompass Pakistan, Middle East, Africa, UK & Europe.

Arshad is a member of the Institute of Chartered Accountants and Institute of Bankers UK. He has attended various management courses and conferences including the Advanced Management Programme of London Business School. He is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

He is a Chairman of the Board Risk & Compliance Committee (BRCC), Member of Board Human Resources & Compensation Committee (HRCC) and Member of Board Nomination Committee (BNC).





Board of Directors

Amar Zafar Khan

Director

Mr. Amar Zafar Khan is a Chartered Accountant turned International banker with over 30 years' multi-functional international experience at Price Waterhouse, UK and Citibank NA. His core contribution has been in turnarounds and developing new products and businesses in commercial banking, investment banking, domestic and cross-border corporate finance and securities trading.

As an international staff member of Citibank, he served in Europe, the Middle East and Africa. In Europe he built a new aircraft and ship leasing business to a position of market leadership. Another notable commercial success was the pioneering First Securities Discount House, an IFC investment in Nigeria, which he set up and grew to market leadership in trading Fixed Income Securities and Asset Management. He later returned to Nigeria as Executive Director to oversee restructuring of retail banking, investment banking and international operations of United Bank for Africa, after it was privatised.

He returned to Pakistan after 23 years. Initially as advisor and later as Chairman and CEO of United Bank Limited (UBL) a nationalised institution, he restructured, commercialised and privatised the Bank. He continued with the new owners as CEO before retiring to Malaysia in order to pursue academic interests, social causes and mentoring new businesses.

He pursues efforts to influence a shift in Pakistan's emphasis towards horticulture exports and up scaling of industry away from unsustainable import substitution to exports.

Amar is Certified Director from the Pakistan Institute of Corporate Governance (PICG). He has served on the Boards of various NGOs engaged in Healthcare, Population Control and Education. Aside from UBL, he serves on the Boards of two other listed companies as a non executive independent director.

Amar holds an M.B.A. (Major in Marketing) from Cranfield School of Management, Bedford, UK. In 1981 he was admitted as a Fellow of the Institute of Chartered Accountants in England & Wales.

Shazia Syed

Director

Ms. Shazia Syed has been a Member of the Board of Directors of United Bank Limited since November 10, 2020. She is the Chairperson of Board Audit Committee (BAC) and member of Board Risk & Compliance Committee (BRCC).

Ms. Shazia Syed is Executive Vice President at Unilever Plc., the Anglo-Dutch giant of the Fast Moving Consumer Goods sector. She is responsible for Unilever's North Africa cluster, based out of Cairo, which includes 12 emerging countries including Egypt and Morocco.

Prior to becoming Executive Vice President North Africa, she was the global head of tea business and was on the board of Pukka Tea and Pepsi Lipton. She had been on the Board of Unilever Pakistan Limited as Chairperson & CEO as well as on the Board of Unilever Pakistan Foods Limited as CEO. She has a career spanning across 30 years in the FMCG sector and has worked in leadership roles in South East Asia, South Asia and Europe.

She was the erstwhile President of the Overseas Investor's Chamber of Commerce & Industry and has also served as a Director for the Pakistan Business Council. In addition, Shazia also contributed her time on the Advisory Council at the British Asian Trust, Advisory Board of Change-Pakistan and as a Trustee at the Duke of Edinburgh's Award Foundation.

Shazia is an active advocate for Diversity & Inclusion at workplace, with a vision to enable and facilitate working women from all backgrounds across all sectors.

She is Certified Director from the Pakistan Institute of Corporate Governance (PICG).



Board of Directors

Tariq Rashid

Director

Mr. Tariq Rashid has more than 25 years' experience in Management & Information Technology at senior levels. He spearheaded the setup of the IT infrastructure of mobile operator Mobilink (now Jazz) since inception. He led the IT organisation of Mobilink through different phases of the Telecom industry's life cycle i.e. infancy, growth and consolidation and served as VP & Chief Strategy Officer for more than 5 years. He also served as a Director of Information Technology at the HQ of a Telecommunication company in Egypt. He successfully led few large business/technology transformation initiatives during his career.

He served as a Director on the Board of Mobilink Microfinance Bank and headed the Risk Committee. He served as Director on the Board of Mobile Number Portability Database (Guarantee) Limited. He also served as President on the Board of International School of Islamabad (ISO) for more than 4 years.

He is a Chairman of the Board IT Committee (BITC) and Board Human Resource & Compensation Committee (HRCC) of UBL.

He holds an engineering degree from the University of Engineering & Technology, Lahore and post graduate certificate in Computers from National Academy of Higher Education. He attended different management programs abroad and locally from institutes like IMD, INSEAD, MIT and LUMS.

He is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).



Shazad G. Dada

President and CEO

Mr. Shazad G. Dada is the President and CEO of UBL. He is a prominent banking and capital markets professional with over 30 years of distinguished experience with renowned financial institutions in the United States and Pakistan.

Before joining UBL, Shazad was the CEO of Standard Chartered Bank (Pakistan) Ltd and a member of its Africa and Middle East regional Management Team. He also served as the CEO and Managing Director of Barclays Pakistan and Head of Regional Transaction Services Steering Committee for Asia, India, UAE and Pakistan.

Shazad started his career at Deutsche Bank Securities Inc. in New York, where he worked for over 15 years in various capacities, last as the Managing Director of the Mergers, Acquisitions and Corporate Advisory Group. He moved back to Pakistan in 2005 as the Managing Director and Chief Country Officer of Deutsche Bank AG Pakistan.

He is the Chairman of the Board for UBL (Switzerland) AG, Director on the Board of UBL UK, Council Member at the Institute of Bankers Pakistan, nominated representative at the Pakistan Business Council and a member of the Board of British Business Centre Pakistan.

Shazad has held various non-executive positions in the past including President of Overseas Chamber of Commerce and Industry (OICCI), Chairman of Pakistan Mercantile Exchange, Chairman Pakistan Banks Association, Independent Director of the Pakistan Stock Exchange (PSX), member of the Board of Directors of Sui Southern Gas Company Limited and member Board of Governors of British Overseas School.

Shazad is a graduate with honours from University of Pennsylvania with Bachelors of Science and Bachelors of Arts degrees and holds an MBA from the Wharton Business School.

He is a Member of the Board Risk and Compliance Committee (BRCC) and Board IT Committee (BITC) of UBL. He is Certified director from the Pakistan Institute of Corporate Governance (PICG).

Shazad has been associated with various reputed charitable, educational and healthcare organizations. He is the Chairman of the Board of Trustees of Developments in Literacy and Director on the Board of the Karachi Education Initiative. Shazad is a strong advocate for diversity and inclusion and in 2019, he was recognised as one of the top 10 HERoes Women Role Model.



Sustaining Communities

UBL has always strived to consolidate itself as a conscientious and respected corporate citizen. Through our progressive and inclusive sustainability agenda, based on the precepts of ESG (Environment, Social & Governance), we contribute positively to our immediate communities. We are invested in nurturing what is unique to us and championing change that plugs us directly into the future.





Chairman's Review Report to the Members

As Chairman of the Board of one of the largest financial institutions of the country, I am pleased to announce that in 2021 United Bank Limited (UBL) has delivered the highest profit levels in its history. I would also like to thank our ever expanding customer base, who continue to place their trust in UBL. As we progress in our journey towards building an even larger organization, I would like to appreciate the management as well as our valuable staff who maintain the highest level of professionalism and dedication.

The Bank's domestic operations remain the core of the UBL franchise. We will continue to invest in our network, our people and our technology infrastructure, to widen our digital product suite and further improve service standards. The Bank has stabilized its international businesses, as we look to exit non-core areas and build a profitable and sustainable business model for the longer term. The International branches posted a healthy contribution to the Bank's bottom line in 2021 and we believe that the business will continue to be a strong diversification benefit to the UBL franchise. We maintain a strong relationship with the Pakistani diaspora all over the world who continue to regard UBL as their bank of choice, as we maintained our market leadership position in the home remittances space.

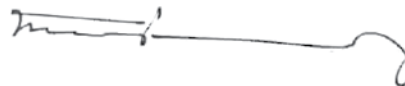
The Bank continues to work closely with the regulators and is actively participating in all major nation building initiatives to strengthen the economy and expand the scope of financial services across the country. We are an active participant in housing schemes, providing access to loans to the country's youth, as well as playing a major role in mobilizing foreign currency under the very successful Roshan Digital initiative of the Government of Pakistan.

I am pleased to inform you that the Bank has adhered to the highest standards of corporate governance in line with regulatory guidelines and international best practices. The Board has constituted various sub-committees with a comprehensive oversight framework for governance across risk management, audit, information technology and other key functions necessary for achieving the Bank's strategic objectives. I would like to mention that the Board and its sub-committees have carried out their responsibilities with the highest levels of competence, professionalism, proficiency and in accordance with their respective terms of reference.

A fair mechanism is being followed for evaluating performance of individual directors, including the Chairman and the President, the overall Board and its committees. Performance is also reviewed by an external independent source every three years.

UBL continues to invest in its technological capabilities as part of our Digital and Payments strategy. The Bank continues to be recognized by the industry as it was awarded the "Best Mobile App" and "Best Emerging Technology" awards at the Pakistan Digital Awards 2021.

In the end, I would like to thank all our customers for their continued trust and support to UBL. I would also like to take this opportunity to express my gratitude to all fellow Board members for their invaluable contribution. I would like to thank all the regulatory authorities for their continued guidance and support.



Sir Mohammed Anwar Pervez, OBE, HPk
February 23, 2022

Directors' Report to the Members 2021

On behalf of the Board of Directors, we are pleased to present the 63rd Annual Report of United Bank Limited (UBL or the Bank) for the year ended December 31, 2021.

Performance Overview

On a standalone basis, UBL recorded a Profit Before Tax (PBT) of Rs. 52.1 billion for the year 2021, posting a strong growth of 52% over 2020.

Gross revenues were recorded at Rs. 95.1 billion for 2021, growing by 3% over 2020. The Bank recorded net markup income of Rs. 71.8 billion for 2021 (2020: Rs. 75.0 billion) as interest rates remained relatively lower during most part of the year. Non-markup income was recorded at Rs. 23.4 billion for 2021, higher by 37% year on year, with timely realization of capital gains, primarily on the international bonds portfolio and strong growth across major fee based revenues.

The Bank's operating expenses were recorded at Rs. 42.7 billion for 2021, well contained with an increase of 7% over last year. The cost to income ratio was recorded at 44.9% in 2021 compared to 43.5% in 2020.

The Bank recorded a net provision reversal of Rs. 955 million in 2021 as against a net provision charge of Rs. 16.8 billion in 2020, owing to strong recovery efforts across domestic and international and enhanced risk monitoring of the asset book.

Financial Results

UBL posted an unconsolidated profit after tax (PAT) of Rs. 30.9 billion for 2021, a growth of 48% over 2020. The unconsolidated earnings per share (EPS) were recorded at Rs. 25.23 as against Rs. 17.07 last year. On a consolidated basis, PAT stood at Rs. 30.6 billion (2020: Rs. 20.8 billion). The consolidated EPS was measured at Rs. 24.84 for 2021 (2020: Rs. 17.10).

Net Markup Income

UBL's net markup income for the year 2021 stood at Rs. 71.8 billion, down 4% year on year. The bank's mark-up earning asset base averaged Rs. 2.0 trillion in 2021, with an increase of 20% over last year. Bank level net interest margins (NIM)s were measured at 3.8% for 2021 (2020: 4.8%). Interest rates remained lower in 2021 as the benchmark policy rate averaged 7.3% in 2021 versus 8.6% in 2020, which restricted the overall interest earnings profile of the banking sector.

The average deposits base for the domestic bank reached the Rs. 1.5 trillion mark in 2021, growing by a strong 19% year on year. This was mainly on the back of a strong growth in CASA deposits which averaged Rs. 1.3 trillion in 2021, increasing by 20% year on year, with highest ever portfolio growth of Rs. 215 billion this year. The average CASA to total deposits ratio improved from 85% in 2020 to 86% in 2021.

The Branch Banking Group continues to be the main driver of the Bank's earnings with sales and distribution efforts centered around deepening the core deposits base. The Bank continues to expand its customer base as it added 564,000 NTB current accounts in 2021 (2020: 571,000 NTB current accounts). These new acquisitions enabled strong growth of 18% in current deposits year on year, with average volume of Rs. 635 billion in 2021. The domestic average savings portfolio was measured at Rs. 661 billion, with a very robust growth 22% year on year. This strong growth in low cost deposits enabled the domestic bank to reduce its cost of deposits from 4.5% in 2020 to 3.6% in 2021.

Within UBL International, the key focus during the year was to

improve and diversify the funding base. UBL International's average deposits were measured at USD 1.3 billion for 2021, declining by 10% year on year, while the cost of deposits reduced sharply by 50 bps, from 1.6% in 2020 to 1.1% in 2021.

Bank level performing advances averaged Rs. 553 billion, declining by 3% year on year (2020: Rs. 569 billion). The domestic portfolio of performing advances averaged Rs. 445 billion, largely in line with the levels maintained last year. Credit quality remains a primary determinant for new asset acquisitions and more efficient capital allocation. The Bank continued its momentum within the Islamic Banking space as the loan book averaged Rs. 37 billion in 2021, growing by 75% year on year. Consumer loans averaged Rs. 19 billion, up by 11% year on year, with the portfolio predominantly concentrated in the secured autos segment. UBL International's performing loans portfolio averaged USD 658 million, in line with last year, as the Bank remained highly cautious and prudent across the GCC markets.

The Bank's investments averaged Rs. 1.4 trillion in 2021, with a 34% growth year on year. The domestic government securities portfolio averaged Rs. 1.2 trillion, with an increase of 38% over last year, earning a healthy yield of 8.0% in 2021. UBL International's earning investments comprised largely sovereign government debt and averaged USD 719 million in 2021, an increase of 2% over last year, earning the Bank healthy returns of 5.6% in 2021 (2020: 6.0%).

Non-Markup Income

The Bank earned non-markup income of Rs. 23.4 billion in 2021, with an increase of 37%. Non markup income made a significant contribution of 25% to total revenues coming from non-markup based sources in 2021 (2020: 19%).

Fees and commissions were recorded at Rs. 13.1 billion in 2021, up 18%. Fees and commissions constituted 56% of the total non-markup income in 2021 (2020: 65%). This performance is mainly driven by the domestic franchise, which rebounded strongly with 24% growth.

Income from branch banking operations was recorded at Rs. 1.8 billion with an increase of 7%. The Bank continues to be the leader in the home remittances business with a dominant market share of over 20%, with revenues of Rs. 1.7 billion growing by 6%. Income from card related fees was recorded at Rs. 2.5 billion for 2021, up 59% year on year as the debit cards portfolio increased to nearly 2.7 million, with new debit card acquisitions of 703,000 during the year. The Bank also continued its strong momentum in the bancassurance space, as premium volumes of Rs. 3.7 billion were underwritten in 2021, which were up 41%. Resultantly, bancassurance commission income was up 32%, recorded at Rs. 1.5 billion for 2021. Commission income from consumer finance was recorded at Rs. 1.1 billion for 2021 and in line with robust auto sales was up 25%. The Bank earned investment banking fees of Rs. 480 million in 2021 as against Rs. 330 million in 2020, originating from debt arrangement and advisory mandates. Commission income from trade and guarantee business was recorded at Rs. 1.2 billion in 2021 (2020: Rs. 1.3 billion), which continues to be a key focus area. Commissions from cash management operations were recorded at Rs. 980 million in 2021, growing by 16%, with throughput volumes witnessing a significant increase driven by employee banking mandates, well supported by the Bank's digital corporate portal.

Foreign exchange income was recorded at Rs. 4.0 billion in 2021, growing by 8% with active trading and better customer

Directors' Report to the Members 2021

flows. Dividend income of Rs. 2.0 billion was earned in 2021 as against Rs. 1.3 billion in 2020, with strong payouts from energy and fertilizer holdings and better subsidiary payouts. Aggressive trading to seize market opportunities primarily within equities and foreign debt securities markets resulted in capital gains of Rs. 3.8 billion in 2021 as against Rs. 411 million earned in 2020.

Provisions, Loan Losses and Non-Performing Loans

The Bank recorded a net provision reversal of Rs. 955 million in 2021 as against a net provisioning charge of Rs. 16.8 billion in 2020.

Bank level non-performing loans (NPL)s increased from Rs. 83.6 billion as at Dec'20 to Rs. 86.0 billion at Dec'21. Overall asset quality improved from 13.7% at Dec'20 to 11.8% at Dec'21, while specific coverage was enhanced from 85.8% at Dec'20 to 86.9% at Dec'21.

UBL Domestic

Domestic NPLs declined from Rs. 28.7 billion at Dec'20 to Rs. 27.1 billion at Dec'21. A net provision reversal of Rs. 2.0 billion was recorded within UBL Domestic, as against a net provision charge of Rs. 1.9 billion taken last year. Asset quality improved from 6.3% at Dec'20 to 5.0% at Dec'21, while specific coverage was enhanced from 85.7% at Dec'20 to 87.9% at Dec'21.

UBL International

UBL International has gradually stabilized after a significant period of de-risking. NPLs have declined from USD 343 million at Dec'20 to USD 334 million at Dec'21. In order to further strengthen reserves against non-performing accounts, a net provision charge of USD 6.2 million was recorded in the current year as against a net provision charge of USD 91.8 million in 2020. This has resulted in specific coverage improving from 85.9% at Dec'20 to 86.4% at Dec'21, while specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral stood at 94.8% at Dec'21. (Dec'20: 95.5%, refer note 9.4.3 to the financial statements).

Cost Management

UBL remains focused on creating operational efficiencies across the branch network and with support functions' enhanced synergies and greater use of technologies to digitize the Bank's functions and processes. Administrative expenses were recorded at Rs. 42.7 billion for 2021, increasing by 7%. Employee compensation was recorded at Rs. 16.4 billion, increasing by 6%, mainly as a result of building capacity across the franchise. Property expenses were recorded at Rs. 7.0 billion, with an increase of 9% over 2020. IT related expenses were recorded at Rs. 4.4 billion for 2021, an increase of 7% over last year, as the Bank continued to invest in platforms under its technology strategy. Other operating expenses stood at Rs. 14.9 billion, increasing by 7% year on year mainly due to higher sales commissions as well as banking and other services charges in line with the strong growth in business volumes in 2021.

Balance Sheet Management

UBL's balance sheet size stood at Rs. 2.6 trillion as at Dec'21, growing by 28% over Dec'20. Bank level period end deposits stood at Rs. 1.75 trillion at Dec'21, growing by 7% over Dec'20. The domestic deposits base stood scaled the Rs. 1.5 trillion level at Dec'21, growing by 7% over Dec'20. The Bank recorded an average market share of 8.3% of the total banking sector deposits in 2021 as against 8.1% maintained in 2020. Domestic current deposits closed Dec'21 at Rs. 720 billion, growing by a

strong 17% over Dec'20, while the saving portfolio stood at Rs. 620 billion, increasing by 4% over Dec'20. This enabled the Bank to improve its CASA to total deposits ratio from 85.2% at Dec'20 to 88.2% at Dec'21. Domestic term deposits portfolio stood at Rs. 179 billion, declining by 15% over Dec'20. The Bank continued its strong momentum in the Islamic banking space as the deposit levels for the business stood at Rs. 140 billion at Dec'21, growing by 25% over Dec'20. UBL International's deposits base stood at USD 1.3 billion at Dec'21, with a slight decline of 5% since Dec'20.

Bank level net advances closed at Rs. 646 billion at Dec'21, growing by a strong 22% over Dec'20. Domestic performing advances stood at Rs. 517 billion, increasing by 20% year on year. The Bank's lending strategy continues to be based on maintaining an optimal asset quality level and improving relationship yields. The Corporate loan book stood at Rs. 421 billion, with a strong growth of 17% over last year. The Bank is aggressively expanding its Islamic business as performing advances stood at Rs. 44 billion, increasing by more than two-folds over the Dec'20 levels of Rs. 21 billion. The Consumer portfolio recorded an increase of 7% year on year while the SME book also had a strong year, recording a growth of 11% over Dec'20. Gross advances to deposits ratio was measured at 41.6% at Dec'21, improving significantly from 37.1% recorded at Dec'20. UBL International's net advances stood at USD 715 million at Dec'21, growing by a strong 18% over the previous year with book building mainly within the trade based financing and FI lending space.

UBL also continues to play an active role in all Government and SBP initiatives aimed at improving the economic fortunes of the country. The Roshan Digital initiative continues to see healthy flows into the country. UBL has been one of the main participants in this endeavor, having opened approx. 64,000 accounts and with inflows close to USD 378 million routed through the Bank. The bank also continues to play a strong role in the housing initiative with more than Rs. 2.0 billion disbursed to successful applicants. Furthermore, in order to financially empower the young population under the Kamyab Jawan program, the bank crossed the Rs. 1.0 billion mark, to provide financing for entrepreneurial as well as agri based projects.

The Bank's investment portfolio closed at near Rs. 1.5 trillion as at Dec'21 (Dec'20: Rs. 1.1 trillion). Within the domestic bank, funding is primarily deployed in government treasuries. During the year, the fixed income Pakistan Investment Bond (PIB) book increased by Rs. 91 billion, as the overall portfolio stood at Rs. 328 billion. The Floating PIB book stood at Rs. 413 billion at Dec'21, growing by Rs. 73 billion over Dec'20, while treasury bills stood at Rs. 532 billion at Dec'21. The investment book remains well diversified across the shorter and longer tenor investment horizons, positioned to take full advantage of a rising yield curve. Islamic Investments, comprising mainly of government and corporate debt instruments, stood at Rs. 87 billion, with a strong growth of 39% year on year. The Bank's listed shares holdings stood at Rs. 10.0 billion at Dec'21 (Dec'20: Rs. 10.4 billion), capital gains were realized on scrips where profitable opportunities emerged during the year.

Within UBL International, liquidity is primarily deployed across sovereign debt instruments, with the overall net portfolio standing at USD 643 million at Dec'21 (Dec'20: USD 771 million). During the year, the Bank proactively booked substantial capital gains as well as ensuring reinvestments at strong yields to support interest accruals.

Capital Ratios

The Bank seeks to maintain strong levels of capitalization to build resilience and maintain adequate buffers over regulatory requirements. UBL had earlier been designated a Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan (SBP). This designation initially required the Bank to hold an additional 1.5% Higher Loss Absorbency (HLA) capital 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.

In the latest assessment carried out by the SBP in October 2021, UBL is no longer a D-SIB. However, the Bank shall continue to meet the higher HLA capital surcharge, in the form of Additional Common Equity Tier 1 (CET-1) capital of 1.00% on a standalone and consolidated basis till June 30, 2022.

The SBP has also provided regulatory relief for 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 December 31, 2021.

The Bank's overall CAR stood at 21.5% at Dec'21 (Dec'20: 24.4%), maintaining a buffer of 9.0% over the minimum regulatory requirement of 12.5%. The CET-1 ratio stood at 15.1% at Dec'21 (Dec'20: 17.0%). Total Tier 1 Capital ratio was measured at 16.3% at Dec'21 (Dec'20: 18.4%).

The Board of Directors of UBL declared a final dividend of 60% (Rs. 6.0 per share) in their meeting in Islamabad held on February 23, 2022, along with the results for the year ended December 31, 2021.

Economy Review

The country's economy gathered significant momentum in the latter half of 2021 with strong pick up in overall domestic demand. However, global increase in the price levels for food, energy and other key commodities, with a weaker PKR has caused significant rise in domestic inflation. This poses the strongest challenge to an otherwise nascent recovery with economic activity now returning to pre COVID levels.

High level of imports exerted significant pressures on the external front as the country recorded a current account deficit (CAD) of USD 9.1 billion for the H1 FY'22 as against a surplus of USD 1.2 billion for the corresponding period of last year. The country's balance of trade recorded a deficit of USD 28.8 billion for 7M FY'22, a significant increase of 92%. The country's imports stood at USD 46.5 billion for 7M FY'22 as against USD 29.3 billion last year, recording an increase of 59%. The country's exports have been picking up in recent months, recorded at USD 17.7 billion for 7M FY'22, growing by 24%, mainly on the back of high value added textiles, as well as food and other manufactured goods. The contribution of home remittances continues to be significant as inflows of USD 18.0 billion were recorded for 7M FY'22, an increase of 9% over the corresponding period of last year. Looking ahead, the balance of payment position is expected to gain some stability with inflows from the IMF, other multilateral organizations, and Sukuk issuance of USD 1.0 billion.

On the inflation front, CPI was measured at 13.0% for Jan'22 (Dec'21: 12.3%, Dec'20: 8.0%), one of the highest levels in recent history. Average inflation for 7M FY'22 was measured at 10.3% versus 8.2% in the previous period. In order to counter the effects of inflationary pressures as well as ensuring that the recent growth remains sustainable, the SBP increased the policy rate to 9.75% in its Monetary Policy Statement on December 14, 2021, a cumulative increase of 275 bps since Sep'21. However, in view of the anticipated impact of

monetary and fiscal policy measures with respect to the current account, better GDP growth and improvement in the medium term inflation outlook, SBP in its recent Monetary Policy Statement on January 24, 2022 has maintained a status quo at 9.75%.

The country's FX markets remained volatile for much of the year, as the exchange rate closed at Rs. 176.5 / USD at Dec'21, depreciating by 10.4% since Dec'20, given the market determined exchange rate regime. However, the currency has recovered since the year end and is currently near the Rs. 174.5 mark, as pressures on the external front are expected to ease in the medium term. The KSE- 100 index, after touching a high of 48,726 points in June 2021, remained largely range bound this year, closing at 44,596 point as at Dec'21.

Banking sector deposits stood at Rs. 21.0 trillion at Dec'21, a strong growth of 17% over Dec'20. Sector advances were recorded at Rs. 10.1 trillion at Dec'21, growing by a significant 19% over Dec'20. Non-performing loans for the banking industry stood at Rs. 877 billion at Sep'21, increasing by 6% over Dec'20, while asset quality levels improved from 9.2% at Dec'20 to 8.8% at Sep'21.

UBL International

The economic environment within the GCC has started to pick up momentum as the pandemic gradually recedes along with a significant rise in oil prices. The recovery is also aided by mass vaccinations programs rolled out across the GCC as well as easing of travel and other restrictive measures.

International lending also remained in a consolidation phase during early half of 2021 owing to ongoing COVID-19 pandemic which had exacerbated the issues being faced by the region i.e. low oil prices and elongated receivables cycle. The economic growth in the GCC which had suffered in 2020 affecting businesses and ultimately the banking sector showed signs of improvement in 2021. With mass vaccination drives across GCC, stabilizing oil prices, lifting of Qatar embargo as well as the Dubai Expo 2020. Based on the same, selective lending to reputable clients against well collateralized structures being pursued cautiously.

Within International, UBL's strategy is to continue to build a profitable, sustainable business model, driven by a stable base of low cost deposits. On the asset side, the Bank is looking to expand its book selectively, with rigorous oversight to minimize the risk of NPL formation. Excess liquidity is primarily deployed in stable, sovereign debt securities with an aim to maintain healthy net interest margins.

After significant de-risking and stabilization of operations over the last few years, UBL International recorded a PBT of USD 38.7 million for the year 2021 as against a loss before tax of USD 62.6 million in 2020. Gross revenues for the International business were recorded at USD 78 million, growing by 20% over last year. Net markup income was recorded at USD 49 million in 2021, growing by 3% over last year. Non markup income of USD 29 million was earned in 2021 as against USD 17 million earned last year, primarily due to realization of capital gains on foreign debt securities. Operating expenses for the International business were well controlled, recording a decline of 8% year on year, after a restructuring to a leaner and more efficient operating model in early 2021. As a result of strong oversight and an aggressive focus on recoveries, net provisioning expense was reduced from USD 92 million in 2020 to USD 6 million in 2021.

The deposits base averaged USD 1.3 billion in 2021, declining by 10% year on year, while the cost of deposits improved from 1.6% in 2020 to 1.1% in 2021. The average performing loan book was largely maintained at USD 658 million in 2021. The investment book averaged USD 718 million in 2021 earning the Bank a healthy yield of 5.6%.

Directors' Report to the Members 2021

Subsidiaries Performance Overview

Highlights of the financial performance of our subsidiaries in 2021 is as follows:-

United National Bank Limited (UBL UK) is a 55% owned subsidiary of UBL. In 2021, UBL UK posted a PBT of £ 2.1 million (2020: net loss before tax of £ 1.9 million). The Bank's net markup income grew by 40% year on year. Non markup income witnessed an 87% decline over last year. Fee income was down 28% year on year, largely due to the pandemic led slowdown. Administrative expenses increased by 10% year on year. UBL UK recorded £ 2.1 million provision reversals as against a net provision charge of £ 2.3 million in 2020. The Bank's net investments portfolio declined by 38%, while net advances grew by 36%. On the funding side, the overall deposits base expanded by 11% over Dec'20.

UBL Switzerland AG is a wholly owned subsidiary of UBL. The shareholders of the UBL resolved to voluntarily wind up UBL Switzerland AG 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.

Due to closure of business operations, UBL Switzerland recorded a loss before tax of CHF 438 k in 2021 as against a PBT of CHF 1.1 million in 2020. Net markup income stood lower by 56% over the previous year, while non mark-up income declined by 25%. Income from fees and commissions declined by 25% year on year. The balance sheet size reduced by 72% over Dec'20.

UBL Fund Managers Limited, Pakistan (UBLFM) is a 98.9% owned subsidiary of UBL. UBLFM recorded a PBT of Rs. 564 million in 2021, a strong growth of 32% year on year. The funds under management of UBLFM stood at Rs. 116 billion at the close of 2021 (2020: Rs. 90 billion).

UBL Bank (Tanzania) Limited (UBTL) was established in 2012 and is a wholly owned subsidiary of UBL. UBTL entered into an asset and liabilities purchase agreement with EXIM Bank Tanzania Limited (EXIM) on 22 May 2019. EXIM took over control of UBTL's assets and liabilities on November 1, 2019. UBTL has ceased its banking operations and is in the process of winding up and voluntary liquidation (refer to note 8.12 to the financial statements).

United Executors and Trustees Company Limited, Pakistan (UET) was incorporated in Pakistan in 1965 as an unlisted public limited Company and was a wholly owned subsidiary of the Bank. UET has been voluntarily wound up on December 28, 2021 (refer to note 8.11 to the financial statements).

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 shall continue to play a prominent role in the economic recovery of the country as we constantly strive to ensure availability of banking services across all channels. The domestic business remains the cornerstone of the UBL franchise, led by the Branch Banking Group, which aims to expand its ever growing customer base through leveraging one of the largest branch networks in the country. UBL remains one of the leaders in the digital banking space and we will continue to invest in and develop innovative and technologically superior solutions. Strengthening compliance and control standards in line with international best practices is an ongoing initiative where we remain fully committed as an organization. After undergoing a period of consolidation, our International business stands ready to make strong contribution to the bottom line and serves as a unique diversification avenue to the Domestic Bank. We are fully committed to set the benchmark for the Environment, Social and Governance (ESG) standards in Pakistan which are the key to building a stronger franchise that has a wider and more positive impact on the markets where we operate.

Corporate Governance

Directors' statement

The Board of Directors is committed to ensuring that the requirements of corporate governance set by the Securities and Exchange Commission of Pakistan are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements, prepared by the management of the Bank, present fairly the state of affairs of the Bank, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements without any departure therefrom.
- The system of internal control in the Bank is sound in design and is effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Performance highlights for the last six years are attached to these unconsolidated financial statements.
- Profit amounting to Rs. 3.1 billion has been transferred to Statutory Reserve for the year 2021.
- The Board of Directors consists of eight (8) male and one (1) female member. The detailed composition of the Board is given in paragraphs 1 and 2 of the Statement of Compliance with the Code of Corporate Governance.
- A fair mechanism is being followed by BOD for the performance evaluation of individual directors, including the Chairman & President, overall Board and its committees. Performance evaluation is conducted annually whereas the same is undertaken by an external independent approved evaluator at least once in every three years.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Non-Executive Directors, including Independent Directors, are eligible for fees and logistic related expenses for attending meetings of the Board and its Committees, as approved by the Shareholders.

- The Board has constituted the following five Committees with defined Terms of Reference (ToRs):

Board Audit Committee (BAC):

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

Board Risk and 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 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 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

A brief description of the core functions under the ToRs of each sub-committee are as follows:-

Board Audit Committee (BAC):-

The primary activity of the board audit committee is to provide oversight of the financial reporting process, the audit process as well as the system of internal controls and compliance with laws and regulations. The committee reviews the results of audits with the Bank's management as well as the external auditors. The committee also reviews the scope and extent of internal audit, audit plan, reporting framework and procedures and ensures that the internal audit function has adequate resources and is appropriately placed within the Bank. The committee also provides oversight and review of the internal control over financial reporting (ICFR) system for effective implementation and its upgrade.

Board Risk and Compliance Committee (BRCC):-

The committee is responsible for setting the overall risk management framework and ensuring the evolution and effectiveness of all risk management policies in line with the changing economic climate for risk mitigation. The committee ensures compliance with various risk management policies, monitoring of operational risk, Basel, treasury and market risk, credit risk and credit policy functions. Furthermore, the committee also monitors the effectiveness of the risk management function to ensure compliance with regulatory risk requirements including effective safeguards against financial crimes.

Board Human Resource & Compensation Committee (HRCC):-

The committee is responsible for recommending to the Board the overall remuneration mechanism and policy across the Bank and ensuring that the policies are aligned with regulatory requirements. The purview of the committee includes the review

of the overall compensation and benefit structure, including Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), headcount levels, as well as recommending human resource management policies to the Board. The committee is also responsible for recommending to the Board a policy framework for determining remuneration of directors, executive and non-executive directors, and members of senior management in accordance with relevant prevailing regulatory guidelines.

Board IT Committee (BITC):-

The Committee is responsible for providing an effective governance framework to ensure that the Bank's technology function enables the achievement of corporate strategies and objectives. The Committee communicates to the Board the progress of the technology activities and digital initiatives being undertaken across the Bank. Furthermore, the Committee is also responsible for ensuring that risk management strategies are designed and implemented to effectively respond to wide-scale disruptions, as well as managing Information Technology (IT) and Cyber Security Risks.

Board Nomination Committee (BNC):-

The primary responsibility for the Committee is to review the nomination of directors, including their profile, academic background, skills, knowledge and experience. The Committee is responsible for reviewing the overall structure, size and composition of the Board and its committees and to make recommendations to the Board in this regard. The Committee also makes recommendations for filling casual vacancies on the board and board sub-committees and monitor the annual board evaluation process as per regulatory requirements.

Directors Appointment and Nomination

The directors of the Bank are elected by the shareholders while casual vacancies are filled by the directors in accordance with the articles of association and the applicable laws and regulations. Furthermore, every new director has to pass through the assessment criteria of 'Fit and Proper Test' as set and advised by the State Bank of Pakistan.

While appointing a director, it is ensured that the Board is well structured comprising of members who have diversified experience, suitable knowledge, appropriate skill set, expertise and competency related to the Bank's operations, creating an effective decision-making body. It is also ensured that the Board contains appropriate mix of non-executive, independent and female members that meet all the requirements of the applicable laws and regulations regarding diversity, size of the board and have no material conflicts of interest.

Active role of Independent Directors is ensured to enhance the overall effectiveness of the Board. While selecting and appointing independent directors, the applicable provisions of the laws, rules and regulations are meticulously complied with. Independent Directors are selected to demonstrate the transparency and fairness in their role and also to provide an objective and independent judgment in the best interest of the Bank.

The profiles of each director, including their qualification, expertise, past work experience along with their status as well as their membership on board(s) / Shariah Board(s) of other companies is included in the directors' profile in the Annual Report.

Board Performance Evaluation

To comply with the requirement of SBP's BPRD Circular No. 11 dated August 22, 2016, and the Corporate Governance Regulatory Framework a formal process of evaluation of performance of the Board as a whole and its committees has been framed and implemented according to the prevailing regulatory instructions.

Directors' Report to the Members 2021

Compensation of Directors

In light of the guidelines issued by SBP in the BPRD Circular No. 03 dated August 17, 2019, the Board approved the Directors' Remuneration Policy in its meeting held on February 19, 2020. Under this policy, non-executive directors, including the Chairman will be eligible to receive an amount of Rs. 750,000 per Board meeting and Rs. 750,000 for attending a committee meeting of the Board. In addition to the meeting fees, the Chairman will be entitled to a remuneration up to 20% of the Board meeting fee for holding the office of the Chairman. The policy also covers traveling, logistics and accommodation expenses as well as daily allowance entitlements. This policy has been approved by the shareholders of the Bank in the AGM held on March 25, 2020.

The details of compensation of directors in 2021 are disclosed in Note 39 to the unconsolidated financial statements.

Meetings of Board Committees

The number of Board Committees' meetings held during the year and the number of meetings attended by the directors is shown below:

	BAC	BRCC	HRCC	BITC	BNC
Number of meetings held	5	4	4	4	1
Number of meetings attended:					
Sir Mohammed Anwar Pervez, OBE, HPk	-	-	4	-	1
Lord Zameer M. Choudrey, CBE, SI Pk	-	4	-	4	1
Mr. Haider Zameer Choudrey	5	-	-	4	-
Mr. Rizwan Pervez	5	-	4	-	-
Mr. Arshad Ahmad Mir	-	4	4	-	1
Mr. Amar Zafar Khan	-	-	-	-	-
Mr. Tariq Rashid	-	-	4	4	-
Ms. Shazia Syed	5	4	-	-	-
Mr. Shazad G. Dada	-	4	-	4	-

The Bank operates five funded retirement schemes which are the Provident Fund, Gratuity Fund, Pension Fund, Benevolent Fund and General Provident Fund.

The values of the investments of these funds, based on their latest audited financial statements as at December 31, 2020 are as follows:

	Rupees in '000
Employees' Provident Fund	4,561,652
Employees' Gratuity Fund	909,272
Staff Pension Fund	10,259,855
Staff General Provident Fund	815,256
Officers / Non-Officers' Benevolent Fund	302,702

Meetings of the Board

During the year under review, the Board of Directors met five (5) times. The number of meetings attended by each Director during the year is shown below:

Name of the Director	Designation	Meetings Attended
Sir Mohammed Anwar Pervez, OBE, HPk	Chairman	5
Lord Zameer M. Choudrey, CBE, SI Pk	Director	5
Mr. Haider Zameer Choudrey	Director	5
Mr. Rizwan Pervez	Director	5
Mr. Arshad Ahmad Mir	Director	5
Mr. Amar Zafar Khan	Director	5
Mr. Tariq Rashid	Director	5
Ms. Shazia Syed	Director	5
Mr. Shazad G. Dada	President & CEO	5

Pattern of Shareholding

The pattern of shareholding as at December 31, 2021 is given below:

Shareholders	No. of Shares	% of Ordinary Shares
Bestway Group (BG)	752,569,602	61.48%
General Public & Others	367,080,599	29.99%
Banks, DFIs & NBFIs	27,391,798	2.24%
Insurance Companies	35,523,909	2.90%
Modarabas & Mutual Funds	40,642,954	3.32%
International GDRs (non-voting shares)	969,111	0.07%
Privatization Commission of Pakistan	1,714	0.00%
TOTAL OUTSTANDING SHARES	1,224,179,687	100.00%

The aggregate shares held by the following are:

	No. of Shares
a) Associated Companies, undertakings & related parties	
- Bestway International Holdings Limited *	631,728,895
- Bestway Cement Limited	93,649,744
b) Modarabas & Mutual Funds **	40,642,954
c) Directors & CEO ***	
- Sir Mohammed Anwar Pervez, OBE, HPk	12,765,368
- Lord Zameer M. Choudrey, CBE, SI PK	2,403,870
- Mr. Haider Zameer Choudrey	2,000,000
- Mr. Rizwan Pervez	129,500
- Mr. Arshad Ahmad Mir	2,500
- Mr. Amar Zafar Khan	2,500
- Mr. Tariq Rashid	2,500
- Ms. Shazia Syed	2,500
d) Executives	666,782
e) Public sector companies and corporations	118,628
f) Banks, DFIs, NBFIs, Insurance Companies	62,915,707

* The Bank is a subsidiary of Bestway International Holdings Limited which is incorporated in the Guernsey

** Name wise detail of Modarabas & Mutual Funds is annexed with Categories of Shareholders

*** There were no shares held by the spouses or minor children of the Directors and CEO of the Bank

Shareholders holding 5% or more voting rights	No. of Shares	%
Bestway International Holdings Limited	631,728,895	51.60
Bestway Cement Limited	93,649,744	7.65

Trades in the shares of UBL carried out by Directors, Executives and their spouses and minor children are annexed along with the Pattern of Shareholding.

Shariah Board

The details relating to Shariah board and its members as required to be disclosed in the Director's Report are covered in the 'Report of Shariah Board' as part of the Annual Report.

Remuneration Framework

In compliance with regulatory guidelines, UBL has put in a place a comprehensive remuneration policy to ensure that the Bank's remuneration practices attract, retain and reward the best talent, are in compliance with regulatory guidelines and are aligned with the Bank's overall strategic objectives. One of the key features of the remuneration framework is to promote effective risk management in line with the Bank's risk appetite and within the thresholds set by the Bank.

UBL's Board of Directors has the overall responsibility for reviewing, approving and monitoring the implementation of the remuneration framework, based on recommendations of Board Human Resource and Compensation Committee (HRCC).

The Bank offers a remuneration structure comprising of both fixed and variable elements. Some of the key features of the remuneration structure are as follows: -

Fixed remuneration: This comprises of the base salary, including any annual increments, and role-based fixed allowances, if applicable. Fixed remuneration does not vary with performance and is payable in cash.

Variable performance based remuneration: These are determined based on the Bank's overall performance, profitability of the respective business unit and the employee's individual performance. Such remuneration takes the form of annual or periodic bonuses and sales incentives.

Other Benefits: These are awarded on the basis of individual employment contracts and local market practices. These may include staff loans, expense allowances / reimbursements, life insurance, medical care and relocation allowances amongst others.

Sign-on / Joining Bonus: This is considered as part of variable pay and is granted only in exceptional cases in accordance with human resources policies and is payable within twelve months from joining the Bank.

Severance pay: These are part of an employee's variable pay and includes any payment made to employees at the time of their retirement, separation or termination of contract over and above their normal retirement, separation or termination benefits.

Material Risk Takers (MRTs) and Material Risk Controllers (MRCs)

The criteria for an employee to be designated as an MRT / MRC has been developed in accordance with regulatory guidelines and best practices. MRTs and MRCs are identified as functions and designations having appropriate level of authority and control within the Bank. MRCs have appropriate level of authority and control and are duly governed by approved organograms having clearly defined independent reporting lines.

MRTs and MRCs include employees and designations entailing; President and CEO, members of management teams reporting directly to the President and CEO, members of critical management committees, heads of critical functions responsible for managing businesses, risks and controls, country heads of overseas branches. MRTs and MRCs also include employees taking decisions, which may affect the Bank's exposure to credit risk, market risk, operational risk and liquidity risk based on appropriate materiality levels.

MRT and MRC performance is measured using risk-adjusted balanced scorecards, ensuring correlation and alignment of risks and rewards, incorporating various financial and non-financial, qualitative as well as 'risk-adjusting' factors. Each category within the scorecard includes multiple factors and KPIs which is assessed based on appropriate benchmarks and targets. Ratings are assigned to MRTs and MRCs based on this risk-adjusted performance assessment. These scorecards are reviewed every year, with interim reviews carried out in case of any significant changes in underlying circumstances.

Remuneration of MRTs and MRCs

The compensation structures for MRTs and MRCs is determined and proposed by the Human Resources department which ensures an appropriate balance between fixed and variable pay, considering the employees position, roles and responsibilities, as well as performance against financial and non-financial objectives and KPIs. The compensation for MRTs and MRCs includes fixed and variable elements similar in structure to the Banks' remuneration policy for all employees.

Fixed remuneration comprises of base salary, increments and role-based fixed allowances if applicable. The Human Resources department drives an appropriate benchmark using

external market data, in order to ensure the appropriateness of the fixed remuneration to attract and retain employees.

Variable remuneration is performance based, similar to the Bank's other employees.

The employee score can be adjusted downwards for elements of underachievement in financial performance, undue risk exposure, customer related issues, audit / internal controls and compliance ineffectiveness.

Deferral Mechanism

A certain portion of the MRTs and MRCs variable compensation will be withheld for a defined period whereas remaining portion of the variable compensation shall be paid up-front. This is aimed at aligning the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. The deferral percentage ranges between 25% to 40%, while the deferral period for all MRTs and MRCs will be three years, and will be paid on vesting, proportionally through yearly installments, during the deferred period.

Risk Management Framework

UBL's Risk and Credit Policy Group has the following verticals:

- Corporate, Commercial, SME and Financial Institutions Risk
- International Risk
- Consumer Credit
- Enterprise Risk
 - Market and Treasury Risk, and Basel
 - Operational Risk
 - Vendor Management
- Information Security
- Credit Policy and Research

The Bank's risk governance is exercised the following committees:

1. Operational & Risk Management Committee
2. Portfolio Review Committee
3. Information Security Steering Committee
4. NPL Review Committee International

Operational and Risk Management Committee is chaired by the President and CEO and comprises of Heads of Risk, Businesses, Finance, Treasury and Operations. Other stakeholders are invited to attend as deemed necessary. The ORMC is responsible for reviewing and undertaking strategic business decisions with a collective view on credit risk and credit maintenance, market risk and capital efficiencies and operational risk.

The Portfolio Review Committee reviews the overall portfolio of problem credits (Watch-listed and NPL credits) with a focus to formulate action plans and remedial strategies. The PRC Review Committee is chaired by the President and CEO, Chief Risk Officer, Heads of Credit Risk of business segments, Head of Business segments, Chief Financial Officer, Credit Administration and the Special Asset Management Group. Other stakeholders are invited to attend as deemed necessary.

The Information Security Steering Committee is chaired by the President and CEO and comprises Heads of all Groups. The Committee is responsible for reviewing and undertaking strategic information and cyber security related reviews.

The NPL Review Committee International is chaired by the President and CEO and comprises of Risk and Business leadership for the International Group. The Committee reviews and monitors the NPL and the watch-list portfolio of GCC and focuses on formulation of action plan for recovery.

The consumer credit portfolio has continued to sustain its steady growth under a well-managed risk environment. The controlled level of portfolio delinquencies is owed to robust portfolio management for NPLs including but not limited to stress tests. Periodic review of policies along with automation in

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risk management procedures ensured a well aligned risk and reward profile of the portfolio.

In line with the SBP Risk Governance Framework for Overseas Operations, the risk management function for International division is being managed from Head Office. During the year, several initiatives such as de-risking of high RWA assets, focus on cost efficiencies, proactive portfolio management, mapping of policies with domestic structure as well as gap analysis of local regulatory guidelines continued were undertaken.

The role of Market Risk includes defining and implementing a market risk management framework to systematically identify, assess, monitor and report market related risks. The key objective is to facilitates business growth within a controlled and transparent overall risk management framework.

The objective of the Bank's liquidity risk management framework is to ensure that the Bank is able to fulfill its payment obligations at all times and manages its liquidity risk within the defined tolerance level. The framework entails a comprehensive liquidity risk policy and well defined procedures along with an effective contingency funding plan.

The Bank at all times has maintained its Capital Adequacy Ratio (CAR) well above the regulatory thresholds under the prescribed Basel-III regulations, inclusive of all applicable buffers. The Internal Capital Adequacy Assessment Process (ICAAP) Framework is well defined and is reviewed on an annual basis.

The Operational Risk Management Framework is designed to ensure that an adequate control environment exists across its businesses and functions to maintain an acceptable level of residual risk. The framework is governed by comprehensive policies and procedures in line with the applicable regulatory guidelines. The Bank has implemented a robust operational risk management system to further strengthen the framework.

UBL has a dedicated Information Security Division, functioning within Risk and Credit Policy Group who manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

Offensive security unit in the information security division manages penetration testing by simulating the real world hacking scenarios. The unit is responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications/network Penetration testing The unit also supports other domains of information security including security monitoring and threat hunting. Moreover, in order to overcome social engineering frauds, extensive awareness campaigns are periodically launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation, and targeted awareness sessions for executive leaderships. These initiatives are focused on elevating the level of awareness for both internal as well as external customers to better equip them in order to counter security challenges under the Governance, Risk & Compliance unit.

The Bank manages the overall security compliance efforts, risk management as well as development and implementation of

information security policies, procedures, guidelines and standards under this domain.

Moving ahead, Bank's main focus is the continuous Improvement of UBL's Security Posture and Effectively Prevent, Monitor and Rapidly Respond to Emerging Threats and Vulnerabilities.

Sustainability at UBL in 2021

UBL's sustainability agenda is based on supporting causes that influence and enable communities in a positive manner. In 2021, UBL donated to various projects across the education and healthcare sectors, being the Bank's core areas for sustainability efforts. The various projects involved scholarships to deserving students, infrastructural support for construction of schools and hospitals and funds to assist patients in receiving subsidized or free-of-cost, quality healthcare. The Bank encouraged employee engagement in some of the projects and the UBL team actively volunteered and played their part as symbols of hope for their communities across Pakistan.

Statement of Internal Controls

The Board is pleased to endorse the statement made by the management relating to Internal Controls over Financial Reporting (ICFR) and also the overall internal controls. The Statement on Internal Controls is included in the Annual Report.

Auditors

The present auditor, M/S. A. F. Ferguson & Co., Chartered Accountants retire after the expiration of their term which included an extension under a special approval received from the SBP.

The Board of Directors and the Board Audit Committee recommend the appointment of M/S EY Ford Rhodes as the external auditors for the financial year 2022 at a fee of Rs. 10.6 million, while out of pocket expenses and taxes would be paid on actuals.

Conclusion

In the end, we would like to extend our sincere thanks and appreciation to UBL's shareholders and customers for their continued trust and support. We greatly appreciate the tireless efforts of our staff who continue to ensure uninterrupted service to our customers. 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



Arshad Ahmad Mir
Director

Islamabad,
February 23, 2022

ارکان کوڈ انٹریکسٹرز کی رپورٹ

اختتامیہ (Conclusion)

آخر میں، ہم مسلسل اعتماد اور تعاون پر یو بی ایل کے شیئرز ہولڈرز اور کسٹمرز سے پُر خلوص اظہار تشکر کرنا چاہیں گے۔ ہم اپنے فرض شناس ملازمین کی کوششوں کو قدر کی نگاہ سے دیکھتے ہیں جو پورے ملک میں بلا تفریق خدمات کو یقینی بناتے ہیں۔ ہم مسلسل رہنمائی اور معاونت پر حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن اور دیگر ریگولیٹری اداروں کا بھی تہہ دل سے شکریہ ادا کرنا چاہتے ہیں۔

برائے وائز طرف بورڈ



شہزاد جی دادا

پریزیڈنٹ اور سی ای او



ارشد احمد میر

ڈائریکٹر

اسلام آباد،

2022 فروری

آگے بڑھتے ہوئے، بینک کی توجہ کا بنیادی مرکز یو بی ایل کی سیکورٹی پوزیشن میں مسلسل بہتری اور ابھرتے ہوئے خطرات اور کمزوریوں کو مؤثر طریقے سے روکنا، مانیٹر کرنا اور تیزی سے جواب دینا ہے۔

2021 میں یو بی ایل میں پائیداری (Sustainability at UBL)

یو بی ایل کا پائیداری کا ایجنڈا ایسے فلاحی مقاصد کی معاونت پر مبنی ہے جو کیونٹیز کو مثبت انداز میں متاثر اور فعال کرتے ہیں۔ 2021 میں، یو بی ایل نے تعلیم اور صحت کی دیکھ بھال کے مختلف منصوبوں کے لیے عطیہ کیا جو پائیداری کی کوششوں کے لیے بینک کے بنیادی شعبے ہیں۔ مختلف منصوبوں میں مستحق طلباء کو وظائف، سکولوں اور ہسپتالوں کی تعمیر کے لیے انفراسٹرکچر سے متعلق معاونت اور معیاری صحت کی رعایتی یا مفت، دیکھ بھال حاصل کرنے میں مریضوں کی مدد کے لیے فنڈز کی فراہمی شامل تھی۔ بینک نے کچھ منصوبوں میں ملازمین کی شمولیت کی حوصلہ افزائی کی اور یو بی ایل ٹیم نے فعال انداز میں رضا کارانہ طور پر کام کیا اور پاکستان بھر میں اپنی کمیونٹیز کے لیے امید کی علامت کے طور پر اپنا کردار ادا کیا۔

اسٹیٹمنٹ برائے اندرونی انضباط (Statement of Internal Controls)

بورڈ کو اندرونی انضباط برائے فائیننشیل رپورٹنگ (ICFR) اور مجموعی اندرونی انضباط سے متعلق انتظامیہ کے بیان کی توثیق کرتے ہوئے خوشی ہو رہی ہے۔ اسٹیٹمنٹ برائے اندرونی انضباط سالانہ رپورٹ میں شامل کی گئی ہے۔

آڈیٹرز (Auditors)

موجودہ آڈیٹرز، میسرز AF Ferguson & Co، چارٹرڈ اکاؤنٹنٹس اپنی مدت ختم ہونے کے بعد، جس میں اسٹیٹ بینک سے موصول ہونے والی خصوصی منظوری کے تحت توسیع بھی شامل ہے، ریٹائر ہو رہے ہیں۔ بورڈ آف ڈائریکٹرز اور بورڈ آڈٹ کمیٹی نے میسرز EY Ford Rhodes کو 10.6 ملین روپے فیس پر مالی سال 2022 کے لیے بطور بیرونی آڈیٹرز مقرر کرنے کی سفارش کی ہے۔ جبکہ مصارف کار اور ٹیکس برطابق اصل ادا کیے جائیں گے۔



نگرانی کرتی ہے اور وصولی کے لیے ایکشن پلان کی تشکیل پر توجہ مرکوز کرتی ہے۔

کنزرویٹو کرڈٹ پورٹ فولیو نے بخوبی سنبھالے گئے خطرے کے ماحول میں اپنی مسلسل نمو برقرار رکھی ہے۔ پورٹ فولیو میں نادر ہندسیوں کی کنٹرول شدہ سطح بشمول دیگر اسٹریٹجی میں منضبط پورٹ فولیو منجمنٹ کی مرہون منت ہے۔ رسک منجمنٹ کے طریقہ کار میں آٹومیشن کے ساتھ ساتھ پالیسیوں کا وقتاً فوقتاً جائزہ لینے سے پورٹ فولیو کے خطرے اور انعام کے پروفائل سے اچھی طرح سے ہم آہنگی کو یقینی بنایا گیا۔

اور سیز آپریشنز کے لیے اسٹیٹ بینک کے رسک گورننس فریم ورک کے مطابق، انٹرنیشنل ڈویژن کے لیے رسک منجمنٹ فنکشن کا انتظام ہیڈ آفس سے کیا جا رہا ہے۔ سال کے دوران، کئی بلند IRWA اثاثوں کو کم کرنے، لاگت کی استعداد پر توجہ، فعال پورٹ فولیو منجمنٹ، ڈومیسٹک اسٹریٹجی کے ساتھ پالیسیوں کی نقشہ سازی کے ساتھ ساتھ مقامی ریگولیٹری کے فرق کا تجزیہ جیسے اقدامات کے لیے ہدایات جاری کی گئی ہیں۔

مارکیٹ رسک کے کردار میں مارکیٹ سے متعلق خطرات کی منظم طریقے سے شناخت، تشخیص، نگرانی اور رپورٹ کرنے کے لیے مارکیٹ رسک منجمنٹ فریم ورک کی وضاحت اور نافذ شامل ہے۔ کلیدی مقصد ایک کنٹرول شدہ اور شفاف مجموعی رسک منجمنٹ فریم ورک کے اندر کاروبار کو ترقی میں سہولت فراہم کرنا ہے۔

بینک کے لیکویڈیٹی رسک منجمنٹ فریم ورک کا مقصد اس بات کو یقینی بنانا ہے کہ بینک ہر وقت اپنی ادائیگی کی ذمہ داریوں کو پورا کرنے کے قابل ہو اور مقررہ حد کے اندر اپنے لیکویڈیٹی رسک کا انتظام کر سکے۔ فریم ورک میں ایک جامع لیکویڈیٹی رسک پالیسی اور ایک موثر ہنگامی فنڈنگ پلان کے ساتھ اچھی طرح سے طے شدہ طریقہ کار شامل ہے۔

بینک نے ہر وقت اپنے کپیوٹل ایڈیکسی ریشیو (CAR) کو تمام قابل اطلاق بفرز سمیت، مقررہ Basel-III ضابطوں کے تحت ریگولیٹری حد سے بہت بہتر سطح پر برقرار رکھا ہے۔ انٹرنیشنل ایڈیکسی اسٹیمٹ پر دوسری (ICAAP) فریم ورک کی اچھی طرح وضاحت کی گئی ہے اور اس کا سالانہ بنیادوں پر جائزہ لیا جاتا ہے۔

آپریٹنگ رسک منجمنٹ فریم ورک اس بات کو یقینی بنانے کے لیے ڈیزائن کیا گیا ہے کہ اس کے کاروباروں اور انعامات میں ایک مناسب کنٹرول ماحول موجود ہے تاکہ ذیلی خطرے کی قابل قبول سطح کو برقرار رکھا جاسکے۔ فریم ورک قابل اطلاق ریگولیٹری رہنما خطوط کے مطابق جامع پالیسیوں اور طریقہ کار کے زیر انتظام ہے۔ بینک نے فریم ورک کو مزید مضبوط بنانے کے لیے ایک مضبوط آپریٹنگ رسک منجمنٹ سسٹم نافذ کیا ہے۔

یو بی ایل کے پاس ایک وقف انفارمیشن سکیورٹی ڈویژن ہے، جو رسک اور کرڈٹ پالیسی گروپ کے اندر کام کرتا ہے، اندرونی اور بیرونی خطرات کو روکنے، ان کا پتہ لگانے اور ان کا جواب دے کر ٹیکنالوجی اور معلوماتی اثاثوں کی حفاظت کے لیے انفارمیشن سکیورٹی کے خطرات کا انتظام کرتا ہے۔

انفارمیشن سکیورٹی ڈویژن میں جارحانہ سکیورٹی یونٹ حقیقی دنیا میں ہیکنگ کے مظہر ناموں کی نشاندہی کرتے ہوئے دل اندازی کے امکانات کے جائزے کا انتظام کرتا ہے۔ یہ یونٹ بنیادی طور پر اپنی کیشور/نیٹ ورک ہینڈلنگ ٹیم کے ڈومین میں، کنٹرول ڈیزائن اور کنٹرولز کی توثیق کے ذریعے انفارمیشن/سائبر سکیورٹی منجمنٹ سسٹم کو قائم کرنے، نافذ کرنے، برقرار رکھنے اور اسے مسلسل بہتر بنانے کے لیے ذمہ دار ہے۔ یہ یونٹ انفارمیشن سکیورٹی کے دیگر شعبوں کی بھی معاونت کرتا ہے جس میں سکیورٹی مانیٹرنگ اور خطرے کا سراغ لگانا شامل ہے۔ مزید برآں، سوشل انجینئرنگ کے فراڈ پر قابو پانے کے لیے، وقتاً فوقتاً وسیع آگاہی مہم چلائی جاتی ہے تاکہ مختلف طریقہ کار جیسے کوشل میڈیا، ویب سائٹ، ای میل مشورے، SMS، ویب مینار، فیشنگ (phishing)، نقلی مشقیں، نئے شامل کنندگان کی ہم آہنگی، اور ایگزیکٹو قیادت کے لیے نارگنڈ آگاہی سیشن کے ذریعے معلومات کی حفاظت سے متعلقہ معاملات جیسے کہ فیشنگ، شناخت کی چوری، آن لائن دین میں دھوکا دہی وغیرہ کے بارے میں مخصوص تربیت اور رہنمائی فراہم کی جائے۔ یہ اقدامات گورننس، رسک اور کمپلائنس یونٹ کے تحت سکیورٹی چیلنجوں کا مقابلہ کرنے کے لیے اندرونی اور بیرونی صارفین کے لیے بیداری کی سطح کو بلند کرنے پر مرکوز ہیں۔

بینک اس ڈومین کے تحت سکیورٹی کی تعمیل کی مجموعی کوششوں، رسک منجمنٹ کے ساتھ ساتھ انفارمیشن سکیورٹی پالیسیوں، طریقہ کار، ہدایات اور معیارات کی ترقی اور نافذ کا انتظام کرتا ہے۔

مقررہ معاوضہ بنیادی تنخواہ، انکم ٹینس اور کردار پر مبنی مقررہ الاؤنسز پر مشتمل ہوتا ہے، اگر قابل اطلاق ہوں۔ ہیومن ریورس ڈیپارٹمنٹ ملازمین کو راغب کرنے اور برقرار رکھنے کے لیے بیرونی مارکیٹ ڈیٹا کا استعمال کرتے ہوئے ایک مناسب بیچ مارک استعمال کرتا ہے، تاکہ مقررہ معاوضے کا مناسب ہونا یقینی بنایا جاسکے۔

قابل تبدیلی معاوضہ کارکردگی کی بنیاد پر ہوتا ہے، جیسا کہ بینک کے دیگر ملازمین کو ملتا ہے۔ مالیاتی کارکردگی میں ناکامی کا میاہی، بلاوجہ خطرے کی زد میں آنا، کسٹمر سے متعلق مسائل، غیر موثر آڈٹ/انٹرنل کنٹرولز اور کمپلائنس کے عناصر کے لیے ملازم کا اسکور میں کمی کی جاسکتی ہے۔

التوا کا طریقہ کار (Deferral Mechanism)

MRTs اور MRCs کے قابل تبدیلی معاوضے کا ایک مخصوص حصہ ایک متعین مدت کے لیے روک دیا جائے گا جبکہ متغیر معاوضے کا بقیہ حصہ پیشگی ادا کیا جائے گا۔ اس کا مقصد ملازمین اور اسٹیک ہولڈرز کے مفادات کو ہم آہنگ کرنا اور اس پر زور دینا ہے کہ معاوضہ مناسب طریقے سے طویل مدتی پائیدار کارکردگی سے منسلک ہے۔ التوا کا تناسب 25 فیصد سے 40 فیصد کے درمیان ہے، جب کہ تمام MRTs اور MRCs کے لیے التوا کی مدت تین سال ہوگی، اور التوا کی مدت کے دوران، استحقاق کے مطابق سالانہ قسطوں کے ذریعے، تناسب سے ادا کی جائے گی۔

رسک منجمنٹ فریم ورک (Risk Management Framework)

یو بی ایل رسک اینڈ کرڈٹ پالیسی گروپ درج ذیل شعبوں کا حامل ہے:

- کارپوریٹ، کمرشل، SME اور فنانشل انسٹیٹیوشنز رسک
- انٹرنیشنل رسک
- کنزرویٹو کرڈٹ
- انٹر پرائزر رسک
- مارکیٹ اینڈ ٹریڈی رسک اور Basel
- آپریٹنگ رسک
- وینڈر منجمنٹ
- انفارمیشن سکیورٹی
- کرڈٹ پالیسی اور ریسرچ

بینک کی رسک گورننس درج ذیل کمیٹیوں کے ذریعے بروئے کار لائی جاتی ہے:

- 1- آپریٹنگ اینڈ رسک منجمنٹ کمیٹی
- 2- پورٹ فولیو ریویو کمیٹی
- 3- انفارمیشن سکیورٹی اینڈ انٹرنیٹنگ کمیٹی
- 4- NPL ریویو کمیٹی انٹرنیشنل

آپریٹنگ اینڈ رسک منجمنٹ کمیٹی سربراہی پریزیڈنٹ اور ای او کرتے ہیں اور یہ رسک، بزنس، ٹریڈی اور آپریٹنگ کے سربراہوں پر مشتمل ہوتی ہے۔ اگر ضروری سمجھا جائے تو دیگر اسٹیک ہولڈرز کو شرکت کی دعوت دی جاتی ہے۔ ORMC کرڈٹ رسک اور کرڈٹ منجمنٹس، مارکیٹ رسک نیز کپیوٹل ایڈیکسی سیز اور آپریٹنگ رسک کے مجموعی جائزے کے ساتھ انہم کاروباری فیصلوں کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

پورٹ فولیو ریویو کمیٹی ایکشن پلان اور تدارک کی حکمت عملی بنانے پر توجہ مرکوز کرتے ہوئے مسائل سے درپیش قرضہ جات (واچ لسٹ اور غیر فعال قرضہ جات) کے مجموعی پورٹ فولیو کا جائزہ لیتی ہے۔ PRC کی جائزہ کمیٹی کی سربراہی پریزیڈنٹ اور ای او، چیف رسک آفیسر، کاروباری شعبوں کے کرڈٹ رسک کے سربراہ، کاروباری شعبوں کے سربراہ، چیف فنانشل آفیسر، کرڈٹ ایڈمنسٹریشن اور انٹرنیشنل لمیٹڈ منجمنٹ گروپ کرتے ہیں۔ اگر ضروری سمجھا جائے تو دیگر اسٹیک ہولڈرز کو شرکت کی دعوت دی جاتی ہے۔

انفارمیشن سکیورٹی اینڈ انٹرنیٹنگ کمیٹی کی سربراہی پریزیڈنٹ اور ای او کرتے ہیں اور اس میں تمام گروپس کے سربراہان شامل ہوتے ہیں۔ یہ کمیٹی اہم معلومات اور سائبر سکیورٹی کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

این پی ایل ریویو کمیٹی انٹرنیشنل کی صدارت صدر اور ای او کرتے ہیں اور انٹرنیشنل گروپ کی رسک اور کاروباری قیادت پر مشتمل ہے۔ کمیٹی این پی ایل اور GCC کے واچ لسٹ پورٹ فولیو کا جائزہ لیتی اور

ارکان کوڈ انٹریکٹرز کی رپورٹ

درج ذیل کی تحویل میں موجود مجموعی شیئرز:

ورک کی کچھ اہم خصوصیات درج ذیل ہیں:-

مقررہ معاوضہ: یہ بنیادی تنخواہ پر مشتمل ہے، بشمول کوئی سالانہ اضافہ، اور بنیادی مقررہ الاؤنسز، اگر قابل اطلاق ہوں۔ مقررہ معاوضے میں کارکردگی کے ساتھ فرق نہیں آتا ہے اور یہ نقد رقم میں قابل ادائیگی ہے۔

کارکردگی پر مبنی قابل تبدیلی معاوضہ: ان کا تعین بینک کی مجموعی کارکردگی، متعلقہ کاروباری یونٹ کے منافع اور ملازم کی انفرادی کارکردگی کی بنیاد پر کیا جاتا ہے۔ اس طرح کا معاوضہ سالانہ یا میعاداً بونس اور سیلز مراعات کی شکل اختیار کرتا ہے۔

دیگر فوائد: یہ ملازمت کے انفرادی معاہدوں اور مقامی مارکیٹ کے طریقوں کی بنیاد پر دیے جاتے ہیں۔ ان میں دیگر کے علاوہ عطل کے قرضے، اخراجات کے الاؤنسز/ری امبرسمنٹس، لائف انشورنس، طبی دیکھ بھال اور نقل مکانی کے الاؤنسز شامل ہیں۔

سائن آن/جو انٹنگ بونس: اسے قابل تبدیلی تنخواہ کا حصہ سمجھا جاتا ہے اور ریٹرن ریسورس کی پالیسیوں کے مطابق صرف غیر معمولی معاملات میں دیا جاتا ہے اور بینک میں شمولیت کے بارہ ماہ کے اندر قابل ادائیگی ہے۔

علیحدگی ادائیگی: یہ ملازم کی قابل تبدیلی تنخواہ کا حصہ ہیں اور اس میں ملازمین کو ان کی عام ریٹائرمنٹ، علیحدگی یا برطرفی کے فوائد ریٹائرمنٹ، علیحدگی یا معاہدہ ختم کرنے کے وقت عام ریٹائرمنٹ، علیحدگی یا برطرفی کی مراعات کی مدد میں کی گئی کوئی بھی ادائیگی شامل ہے۔

مشیر مل رسک ٹیکرز (MRTs) اور مشیر مل رسک کنٹرولرز (MRCs)

ضابطے کے رہنما اصولوں اور بہترین اعمال کے مطابق ملازمین کو تفویض شدہ MRT / MRC کے معیار کو ترمیم دیا گیا ہے۔ MRT اور MRC کو بطور عمل اور عمدہ ایک پہچان کے ساتھ موزوں سطح اختیار اور انضباط ہوتی ہے اور MRCs کو ادارے کی تنظیمی ساخت کے اندر ہی اختیار کیا جاتا ہے اور ان کی طے شدہ موزوں آزادی اور ریٹائرمنٹ لائسنز ہوتی ہیں۔

MRT / MRC میں ملازمین اور ان کے عہدے بھی شامل ہیں جیسے صدر اوسری ای او، ممبر منجمنٹ ٹیم جو براہ راست صدر اوسری ای او کو رپورٹ کرتے ہیں، اہم کمپنیوں کے نمبران، کاروباری انتظام، رسک اینڈ کنٹرولز کرنے والے اہم امور کے سربراہ، بیرون ملک شاخوں کے کٹری ہیڈز۔ MRT / MRC میں وہ ملازمین بھی شامل ہیں جو اہم فیصلے میں شامل ہوتے ہیں جو بینک کی جانب سے کریڈٹ ریسک، مارکیٹ ریسک، آپریشنل ریسک اور لیکویڈیٹی ریسک کے معاملات کی انجام دہی کرتے ہیں اور بینک پر اثر انداز ہوتے ہیں۔

MRT / MRC میں risk-adjusted ریسک سکوئرڈ، باہمی تعلق کو یقینی بناتے ہوئے اور ریسک اور ریوارڈز میں توازن کو استعمال کرتے ہوئے کارکردگی کی پیمائش کی جاتی ہے۔ اس کے علاوہ مختلف مالیاتی اور غیر مالیاتی، مقداری کے ساتھ ساتھ خطراتی ردوبدل کے عوام کو بھی مد نظر رکھا جاتا ہے۔ ہر دورچہ بندی کے اندر سکوئرڈ بشمول کثیر جہتی عوامل اور KPIs ہوتے ہیں جن کا موزوں شیڈ مارکس اور اہداف کی بنیاد پر جائزہ لیا جاتا ہے۔ خطرات کے ردوبدل کی بنیاد پر کارکردگی کا جائزہ لے کر MRT / MRC میں ریٹنگ دی جاتی ہے۔ ان سکوئرڈز کا ہر سال جائزہ لیا جاتا ہے اور گریڈز نظر حالات میں کوئی اہم تبدیلی رونما ہو تو اس صورت میں عبوری جائزہ بھی لیا جاتا ہے۔

MRTs اور MRCs کا معاوضہ

MRTs اور MRCs کے لیے معاوضے کے ڈھانچے کا تعین اور تجویز ریٹرن ریسورس ڈیپارٹمنٹ کرتا ہے جو ملازم کی پوزیشن، کردار اور ذمہ داریوں کے ساتھ ساتھ مالیاتی اور غیر مالیاتی مقاصد اور KPIs کے مقابل کارکردگی کو مد نظر رکھتے ہوئے مقررہ اور قابل تبدیلی تنخواہ کے درمیان ایک مناسب توازن کو یقینی بناتا ہے۔ MRTs اور MRCs کے معاوضے میں تمام ملازمین کے لیے بینکوں کی معاوضے کی پالیسی کے ڈھانچے سے ملنے جتنے مقررہ اور قابل تبدیلی عناصر شامل ہیں۔

شیئرز کی تعداد	
(a)	مشملک کمپنیاں، معاہدہ جات اور متعلقہ پارٹیاں
631,728,895	بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ*
93,649,744	بیٹ وے سینٹ لمیٹڈ
(b)	مضاربہ اور میوچل فنڈز**
40,642,954	ڈائریکٹرز اور چیف ایگزیکٹو آفیسر***
(c)	سر محمد انور پرویز، OBE، ہلال پاکستان
12,765,368	لارڈ نصیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)
2,403,870	جناب حیدر نصیر چوہدری
2,000,000	جناب رضوان پرویز
129,500	جناب ارشد احمد میر
2,500	جناب عامر ظفر خان
2,500	جناب طارق رشید
2,500	محترمہ شازیہ سید
(d)	ایگزیکٹوز
666,782	پبلک سیکٹر کمپنیاں اور کارپوریشنز
118,628	یونٹس، DFIs، NBFIs اور انشورنس کمپنیاں
(e)	
62,915,707	

* بینک بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ کا ذیلی ادارہ ہے جو Guernsey میں قائم شدہ ہے۔

** مضاربہ اور میوچل فنڈز بالفاظ نام تفصیلات شیئرز ہولڈرز کی کیٹیگریز کے ساتھ مشملک ہیں۔

*** بینک کے ڈائریکٹرز اور CEO کے/کی شریک حیات اور نو عمر بچوں کی تحویل میں کوئی شیئرز نہیں ہیں۔

فیصد	شیئرز کی تعداد	5 فیصد یا زائد وونٹنگ کے حقوق رکھنے والے شیئرز ہولڈرز
51.60%	631,728,895	بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ
7.65%	93,649,744	بیٹ وے سینٹ لمیٹڈ

ڈائریکٹرز، ایگزیکٹوز، اور ان کے/کی شریک حیات اور نو عمر بچوں کی طرف سے کیا گیا یو بی ایل کے شیئرز کا لین دین دین بہترین آف شیئرز ہولڈنگ کے ہمراہ مشملک ہے۔

شریعی بورڈ (Shariah Board)

شریعی بورڈ اور اس کے ممبران سے متعلق تفصیلات جیسا کہ ڈائریکٹرز کی رپورٹ میں ظاہر کرنا ضروری ہے، سالانہ رپورٹ کے حصے کے طور پر شریعی بورڈ کی رپورٹ میں شامل ہیں۔

معاوضے کا فریم ورک (Remuneration Framework)

ریگولیری ہدایات کی تعمیل میں، یو بی ایل نے معاوضے کی ایک جامع پالیسی ترمیم دی ہے تاکہ یہ یقینی بنایا جا سکے کہ بینک کا معاوضے کا طریقہ کار بہترین پریکٹس کو راغب کرنے، برقرار رکھنے اور انعام دینے کے لیے، ریگولیری ہدایات کے مطابق ہے اور بینک کے مجموعی اسٹریٹیجک مقاصد کے ساتھ مشملک ہے۔ معاوضے کا فریم ورک کی ایک اہم خصوصیت بینک کی Risk appetite کے مطابق اور بینک کی طرف سے مقرر کردہ حد کے اندر موزوں رسک منجمنٹ کو فروغ دینا ہے۔

بورڈ ریٹرن ریسورس اینڈ گورننس کمیٹی (HRCC) کی سفارشات کی بنیاد پر معاوضے کا فریم ورک کے نفاذ کا جائزہ لینے، منظوری دینے اور اس کی نگرانی یو بی ایل کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے۔ بینک مقررہ اور قابل تبدیلی دونوں عناصر پر مشتمل معاوضے کا فریم ورک پیش کرتا ہے۔ معاوضے کا فریم

BNC	BITC	HRCC	BRCC	BAC	
-	-	4	-	5	جناب رضوان پرویز
1	-	4	4	-	جناب ارشد احمد میر
-	-	-	-	-	جناب عامر ظفر خان
-	4	4	-	-	جناب طارق رشید
-	-	-	4	5	محترمہ شازبہ سید
-	4	-	4	-	جناب شہزاد جی دادا

بینک پانچ فنڈ ڈیپارٹمنٹس اکٹھے چلاتا ہے جو پروویڈنٹ فنڈ، گریجویٹ فنڈ، پنشن فنڈ، میڈیونٹ فنڈ اور جنرل پروویڈنٹ فنڈ ہیں۔ ان فنڈز میں سرمایہ کاری کی مالیت بمطابق 31 دسمبر 2021، تازہ ترین آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر درج ذیل ہیں:

Rupees in '000	
4,561,652	ایمپلائیز پروویڈنٹ فنڈ
909,272	ایمپلائیز گریجویٹ فنڈ
10,259,855	اسٹاف پنشن فنڈ
815,256	اسٹاف جنرل پروویڈنٹ فنڈ
302,702	آفیسرز/نان آفیسرز میڈیونٹ فنڈ

بورڈ کے اجلاس (Meeting of Boards)

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ سال کے دوران ہر ڈائریکٹرز کی اجلاسوں میں حاضری کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	اجلاسوں میں شرکت
سر محمد انور پرویز، OBE، ہلال پاکستان	چیئرمین	5
لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)	ڈائریکٹر	5
جناب حمید ضمیر چوہدری	ڈائریکٹر	5
جناب رضوان پرویز	ڈائریکٹر	5
جناب ارشد احمد میر	ڈائریکٹر	5
جناب عامر ظفر خان	ڈائریکٹر	5
جناب طارق رشید	ڈائریکٹر	5
محترمہ شازبہ سید	ڈائریکٹر	5
جناب شہزاد جی دادا	پریزیڈنٹ اور چیف ایگزیکٹو	5

شیئر ہولڈنگ پیٹرن (Pattern of Shareholding)

31 دسمبر 2021 کے مطابق شیئر ہولڈنگ پیٹرن ذیل میں دیا گیا ہے:

شیئر ہولڈرز	شیئرز کی تعداد	آڈرڈ شیئرز کا فیصد
بیٹ وے گروپ (BG)	752,569,602	61.48%
عوام الناس اور دیگر	367,080,599	29.99%
بینکس، NBFIs اور DFIs	27,391,798	2.24%
انشورنس کمپنیاں	35,523,909	2.90%
مضاربہ اور میوچل فنڈز	40,642,954	3.32%
انٹرنیشنل GDRs (نان وڈنگ شیئرز)	969,111	0.07%
پرائیویٹ ٹرانزیشن کمیشن آف پاکستان	1,714	0.00%
مجموعی آڈٹ اسٹینڈنگ شیئرز	1,224,179,687	100.00%

ڈائریکٹرز کی تقرری اور نامزدگی (Directors appointment and nomination)

بینک کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کے ذریعے کیا جاتا ہے جبکہ اتفاقی آسامیاں ڈائریکٹرز ایسوسی ایشن کے آرٹیکلز اور قابل اطلاق قوانین و ضوابط کے مطابق پر کرتے ہیں۔ مزید برآں، ہر نئے ڈائریکٹر کو اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ فنڈ اینڈ پرائیویٹس کے تشخیصی معیار سے گزرنا ہوا۔

ڈائریکٹرز کی تقرری کرتے وقت، اس بات کو یقینی بنایا جاتا ہے کہ بورڈ ایسے ممبران پر مشتمل ہو جو بینک کے آپریشنز، ایک موثر فیصلہ ساز مجلس بنانے کے لیے متنوع تجربہ، مناسب علم، مناسب مہارتیں، تجربہ اور قابلیت رکھتے ہوں۔ اس بات کو بھی یقینی بنایا جاتا ہے کہ بورڈ میں نان ایگزیکٹو، آزاد اور خواتین ممبران کا ایک ایسا مناسب امتزاج موجود ہے جو بورڈ کے تنوع، سائز سے متعلق قابل اطلاق قوانین اور ضوابط کے تمام تقاضوں کو پورا کرتا ہے اور ان میں مادی مفادات کا کوئی تضاد نہیں ہے۔

بورڈ کی مجموعی اہمیت کو بڑھانے کے لیے آزاد ڈائریکٹرز کے فعال کردار کو یقینی بنایا جاتا ہے۔ آزاد ڈائریکٹرز کا انتخاب اور تقرری کرتے وقت، قوانین، قواعد و ضوابط کے قابل اطلاق شقوق کی احتیاط سے تعمیل کی جاتی ہے۔ آزاد ڈائریکٹرز کا انتخاب اپنے کردار میں شفافیت اور انصاف کے مظاہرے اور بینک کے بہترین مفاد میں ایک بامقصد اور آزاد فیصلہ فراہم کرنے کے لیے کیا جاتا ہے۔

سالانہ رپورٹ میں ہر ڈائریکٹر کے پروفائل میں ان کی اہلیت، مہارت، ماضی کے کام کا تجربہ اور ان کی حیثیت کے ساتھ ساتھ دیگر کمپنیوں کے بورڈ/شریک بورڈ (بورڈز) میں ان کی رکنیت شامل کی جاتی ہے۔

بورڈ کی کارکردگی کا جائزہ (Board Performance Evaluation)

اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 11 مورخہ 22 اگست 2016 اور کارپوریٹ گورننس ریگولیٹری فریم ورک کے تقاضے کی تعمیل کرنے کے لیے مجموعی طور پر بورڈ اور اس کی کمیٹیاں مروجہ ریگولیٹری ہدایات کے مطابق بنائی گئی ہیں اور ان پر عمل درآمد کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ (Compensations of Directors)

BPRD سرکلر نمبر 03 مورخہ 17 اگست 2019 میں اسٹیٹ بینک کی طرف سے جاری کردہ ہدایات کی روشنی میں، بورڈ میں 19 فروری 2020 کو ہونے والے اپنے اجلاس میں ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دی۔ اس پالیسی کے تحت، نان ایگزیکٹو ڈائریکٹرز بشمول چیئرمین 750,000 روپے فی بورڈ میٹنگ اور بورڈ کی کمیٹی کے اجلاس میں شرکت کے لیے 750,000 روپے وصول کرنے کے اہل ہوں گے۔ میٹنگ فیس کے علاوہ، چیئرمین کا معاوضہ رکھنے کے باعث چیئرمین بورڈ میٹنگ فیس کے 20 فیصد تک کے معاوضے کے ہتھیار ہوں گے۔ اس پالیسی کے مطابق سفر، لاجسٹکس اور رہائش کے اخراجات کے ساتھ ساتھ یومیہ اڈانس بھی ادا کیے جائیں گے۔ اس پالیسی کی منظوری بینک کے شیئر ہولڈرز نے 25 مارچ 2020 کو ہونے والے سالانہ اجلاس عام میں دی ہے۔

2021 میں ڈائریکٹرز کے معاوضے کی تفصیلات غیر متعمد مالیاتی گوشواروں کے نوٹ 39 میں ظاہر کی گئی ہیں۔

بورڈ کمیٹیوں کے اجلاس (Meetings of the Board Committees)

سال کے دوران بورڈ کمیٹیوں کے منعقدہ اجلاس کی تعداد اور ڈائریکٹرز کی طرف سے ان میں حاضری کی تعداد درج ذیل ہے:

BNC	BITC	HRCC	BRCC	BAC	
1	4	4	4	5	منعقدہ اجلاس کی تعداد
					اجلاس میں حاضری کی تعداد:
1	-	4	-	-	سر محمد انور پرویز، OBE، ہلال پاکستان
1	4	-	4	-	لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)
-	4	-	-	5	جناب حمید ضمیر چوہدری

ارکان کوڈ انٹریکٹرز کی رپورٹ

بورڈ نوٹیشن کمیٹی (BNC):

سر محمد انور پرویز، OBE، ہلال پاکستان	چیئرمین
لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)	ممبر
جناب ارشد احمد میر	ممبر
جناب عقیل احمد ناصر	سیکرٹری

ہر سب کمیٹی کی ToRs کے تحت اہم ذمہ داریوں کی مختصر تفصیل حسب ذیل ہے:

بورڈ آڈٹ کمیٹی (BAC):-- بورڈ آڈٹ کمیٹی کی بنیادی سرگرمی مالیاتی رپورٹنگ کے عمل، آڈٹ کے عمل کے ساتھ ساتھ اندرونی کنٹرول کے نظام اور قوانین و ضوابط کی تعمیل کی نگرانی فراہم کرنا ہے۔ کمیٹی بینک کی انتظامیہ کے ساتھ ساتھ بیرونی آڈیٹرز کے ساتھ آڈٹ کے نتائج کا جائزہ لیتی ہے۔ کمیٹی اندرونی آڈٹ، آڈٹ پلان، رپورٹنگ کے فریم ورک اور طریقہ کار کے دائرہ کار اور وسعت کا بھی جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اندرونی آڈٹ کے فنکشن کے پاس مناسب وسائل ہیں اور اسے مناسب طریقے سے بینک کے اندر رکھا گیا ہے۔ کمیٹی مؤثر نفاذ اور اس کی اپ گریڈیشن کے لیے مالیاتی رپورٹنگ (ICFR) نظام پر اندرونی کنٹرول کی نگرانی اور جائزہ بھی فراہم کرتی ہے۔

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC):-- کمیٹی خطرے میں کمی کے لیے بدلتے ہوئے معاشی ماحول کے مطابق رسک مینجمنٹ کے مجموعی فریم ورک کو ترتیب دینے اور تمام رسک مینجمنٹ پالیسیوں کے ارتقا اور تاثیر کو یقینی بنانے کی ذمہ دار ہے۔ کمیٹی مختلف رسک مینجمنٹ پالیسیوں، آپریشنل رسک کی نگرانی، ہنریٹری اور مارکیٹ رسک، کریڈٹ رسک اور کریڈٹ پالیسی کے افعال کی تعمیل کو یقینی بناتی ہے۔ مزید برآں، کمیٹی ریگولیٹری رسک کے تقاضوں بشمول مالی جرائم کے خلاف موثر تحفظات کی تعمیل کو یقینی بنانے کے لیے رسک مینجمنٹ فنکشن کی تاثیر پر بھی نظر رکھتی ہے۔

بورڈ ہیومن ریورس اینڈ کمپنیشن کمیٹی (HRCC):-- کمیٹی پورے بینک میں معاوضے کے مجموعی طریقہ کار اور پالیسی کی بورڈ کو سفارش کرنے اور اس بات کو یقینی بنانے کی ذمہ دار ہے کہ پالیسیاں ریگولیٹری تقاضوں سے ہم آہنگ ہوں۔ کمیٹی کے دائرہ کار میں مجموعی طور پر معاوضے اور فوائد کے ڈھانچے کا جائزہ شامل ہے، بشمول مادی رسک ٹریڈز (MRTs) اور میٹریل رسک کنٹرولرز (MRCS)، ہیڈ کاؤنٹ لیز کے ساتھ ساتھ بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کی سفارش کرنا۔ کمیٹی بورڈ متعلقہ مروجہ ریگولیٹری رہنما خطوط کے مطابق ڈائریکٹرز، ایگزیکٹو اور نائ ان ایگزیکٹو ڈائریکٹرز، اور سینیئر مینجمنٹ کے ممبران کے معاوضے کا تعین کرنے کے لیے ایک پالیسی فریم ورک کے لیے بورڈ کو سفارش کرنے کی بھی ذمہ دار ہے۔

بورڈ آئی ٹی کمیٹی (BITC):-- کمیٹی ایک موثر گورننس فریم ورک فراہم کرنے کی ذمہ دار ہے تاکہ یقینی بنایا جاسکے کہ بینک کا ٹیکنالوجی فنکشن اسے کارپوریٹ حکمت عملی اور مقاصد کے حصول کے قابل بناتا ہے۔ کمیٹی بورڈ کو ٹیکنالوجی کی سرگرمیوں اور بینک بھر میں شروع کیے جانے والے ڈیجیٹل اقدامات کی پیشرفت سے آگاہ کرتی ہے۔ مزید برآں، کمیٹی اس بات کو یقینی بنانے کے لیے بھی ذمہ دار ہے کہ وسیع پیمانے پر کاؤنوں کا مؤثر طریقے سے جواب دینے، تیز انفارمیشن ٹیکنالوجی (IT) اور سائبر سیکیورٹی کے خطرات سے عہدہ برآ ہونے کے لیے رسک مینجمنٹ کی حکمت عملیوں کو ڈیزائن اور لاگو کیا گیا ہے۔

بورڈ نوٹیشن کمیٹی (BNC):-- کمیٹی کی بنیادی ذمہ داری ڈائریکٹرز کی نامزدگی، بشمول ان کے پروفائل، تعلیمی پس منظر، مہارت، علم اور تجربے کا جائزہ لینا ہے۔ کمیٹی بورڈ اور اس کی کمیٹیوں کے مجموعی ڈھانچے، سائز اور ساخت کا جائزہ لینے اور اس سلسلے میں بورڈ کو سفارشات دینے کی ذمہ دار ہے۔ کمیٹی بورڈ اور بورڈ کی ذیلی کمیٹیوں میں اتفاق آسامیاں پر کرنے کے لیے سفارشات بھی پیش کرتی ہے اور ریگولیٹری تقاضوں کے مطابق بورڈ کی سالانہ تشخیص کے عمل کی نگرانی کرتی ہے۔

- بینک کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سالوں کی کارکردگی کی جھلکیاں ان غیر متحتم مالیاتی گوشواروں کے ساتھ منسلک ہے۔
- سال 2021 کے لیے 3.1 ارب روپے اہلیت کا منافع statutory ریزرو میں منتقل کیا جا چکا ہے۔
- ڈائریکٹرز کے ٹریڈنگ پروگرام کی تفصیلات کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کی اسٹیٹمنٹ میں دی گئی ہیں۔
- بورڈ آف ڈائریکٹرز آٹھ (8) مرد اور ایک (1) خاتون رکن پر مشتمل ہے۔ بورڈ کی تفصیلی ساخت کارپوریٹ گورننس کے ضابطے کے ساتھ اسٹیٹمنٹ آف کمپلائنس کے پیرا گراف 1 اور 2 میں دی گئی ہے۔
- انفرادی ڈائریکٹرز، بشمول چیئرمین اور صدر، مجموعی بورڈ اور اس کی کمیٹیوں کی کارکردگی کے جائزے کے لیے بورڈ آف ڈائریکٹرز کی طرف سے ایک منصفانہ طریقہ کار پر عمل کیا جا رہا ہے۔
- کارکردگی کا جائزہ ہر تین سال میں کم از کم ایک بار لیا جاتا ہے جس کے لیے بیرونی آزاد منظور شدہ تشخیص کار کی خدمات حاصل کی جاتی ہیں۔
- ڈائریکٹرز کے تربیتی پروگراموں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے ساتھ کمپلائنس کے بیان میں دی گئی ہیں۔
- نان ایگزیکٹو ڈائریکٹرز، بشمول آڈیٹرز ڈائریکٹرز، فیس بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے نقل و حمل سے متعلق اخراجات کے اہل ہیں، جو کہ شیئر ہولڈرز کی طرف سے منظور شدہ ہیں۔
- بورڈ نے متعین شرائط (ToRs) کے ساتھ درج ذیل پانچ کمیٹیاں تشکیل دی ہیں:

بورڈ آڈٹ کمیٹی (BAC):

محترمہ شازیہ سید	چیئرمین
جناب حیدر ضمیر چوہدری	ممبر
جناب رضوان پرویز	ممبر
جناب عقیل احمد ناصر	سیکرٹری

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC):

جناب ارشد احمد میر	چیئرمین
لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)	ممبر
محترمہ شازیہ سید	ممبر
جناب شہزاد جی دادا	ممبر
جناب عمران سرور	سیکرٹری

بورڈ ہیومن ریورس اینڈ کمپنیشن کمیٹی (HRCC):

جناب طارق رشید	چیئرمین
سر محمد انور پرویز، OBE، ہلال پاکستان	ممبر
جناب ارشد احمد میر	ممبر
جناب رضوان پرویز	ممبر
جناب عبد الجبار نجمیو	سیکرٹری

بورڈ آئی ٹی کمیٹی (BITC):

جناب طارق رشید	چیئرمین
لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)	ممبر
جناب حیدر ضمیر چوہدری	ممبر
جناب شہزاد جی دادا	ممبر
جناب محمد فیصل انور	سیکرٹری

مارجن کو برقرار رکھتا ہے۔

یو بی ایل بینک (سٹریٹجی) لمیٹڈ (UBTL) 2012 میں قائم کیا گیا تھا اور UBL کا مکمل ملکیتی ذیلی ادارہ ہے۔ UBTL نے 22 مئی 2019 کو EXIM بینک سٹریٹجی لمیٹڈ کے ساتھ اثاثہ اور واجبات کی خریداری کا معاہدہ کیا۔ EXIM نے 1 نومبر 2019 کو UBTL کے اثاثوں اور واجبات کا کنٹرول سنبھال لیا، UBTL نے اپنا بینکنگ آپریشن بند کر دیا ہے اور رضا کارانہ طور پر لیکویڈیشن کے ذریعے کاروبار سنبھالنے کے عمل سے گزر رہا ہے (مالیاتی گوشوارے میں حوالہ نمبر نوٹ 8.12)

یو بی اینڈ ایگزیکٹو فریز ایڈسٹریٹجی لمیٹڈ، پاکستان (UET) کو پاکستان میں ایک آن لسٹڈ پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا اور بینک کا مکمل ملکیتی ماتحت ادارہ تھا۔ یو بی اے 28 دسمبر 2021 کو رضا کارانہ طور پر ختم کر دیا گیا ہے (حوالہ مالیاتی گوشوارے نمبر نوٹ 8.11)۔

کریڈٹ ریٹنگ (Credit Rating)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 30 جون 2021 کو یو بی اینڈ بینک لمیٹڈ (UBL) کی 'AAA/A-1+' (ٹرپل اے/اے ون پلس)

ایٹھی ریٹنگ کی دوبارہ توثیق کی ہے۔ مزید برآں یو بی ایل کی ایڈیشنل ٹائمر-1 TFC (ADT-1) کی بھی بطور 'AA+' دوبارہ توثیق کی جا چکی ہے۔ تفویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

اعزازات اور اعتراف (Awards and Recognitions)

یو بی ایل کو پاکستان ڈیجیٹل ایوارڈز 2021 کی باوقار تقریب میں "میٹ موبائل ایپ" اور "میٹ ایمرجنگ ٹیکنالوجی" ایوارڈز سے نوازا گیا۔ اس ایوارڈ کے ذریعے ملک بھر سے میٹ ڈیجیٹل پرفیشنلز اور کمپنی کی بے مثال جدت طرازی اور تحقیقی صلاحیت کا اعتراف کیا جاتا ہے۔

مستقبل کی توقعات (Future Outlook)

یو بی ایل ملک کی معاشی بحالی میں نمایاں کردار ادا کرتا رہے گا جیسا کہ ہم تمام چینلز پر بینکنگ خدمات کی دستیابی کو یقینی بنانے کی مسلسل کوشش کر رہے ہیں۔ برانچ بینکنگ گروپ کی قیادت میں، مقامی کاروبار بدستور یو بی اینڈ بینک لمیٹڈ فریجنگ سٹون ہے، جس کا مقصد ملک کے سب سے بڑے برانچ نیٹ ورکس میں سے ایک کا فائدہ اٹھاتے ہوئے ہمیشہ بڑھتے ہوئے کسٹمر بیس کی توسیع کرنا ہے۔ یو بی ایل بدستور ڈیجیٹل بینکنگ کے شعبے میں قائدین میں سے ایک ہے اور ہم اس میں سرمایہ کاری جاری رکھیں گے اور جدید اور تکنیکی لحاظ سے اعلیٰ سولوشن تیار کرتے رہیں گے۔ انٹرنیشنل میٹ پریکٹس کے مطابق کمپلائنس اور کنٹرول اسٹینڈرڈز کو مضبوط بنانا ایک جاری عمل ہے جہاں ہم بطور ایک ادارہ پوری طرح پرعزم ہیں۔ استحکام کی موجودہ مدت سے گزرنے کے بعد، ہمارا انٹرنیشنل کاروبار کی نیٹ آمدنی میں بہتر حصہ ڈالنے کے لیے تیار ہے اور مقامی بینک کے لیے ایک منفرد تنوع کے راستے کے طور پر کام کرتا ہے۔ ہم پاکستان میں ماحولیات، سوشل اور گورننس (ESG) اسٹینڈرڈز کے نتیجے میں مارک قائم کرنے کے لیے پوری طرح پرعزم ہیں جو اسے ایک مضبوط فریجنگ سٹون بنانے کے لیے کلیدی حیثیت رکھتے جس کا شعبہ بینکاری پر زیادہ وسیع اور مثبت اثر ہوتا ہے۔

کارپوریٹ گورننس (Corporate Governance)

ڈائریکٹرز کی اسٹیٹمنٹ (Directors' Statement)

بورڈ آف ڈائریکٹرز یہ یقینی بنانے کا عہد کرتے ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے طے کردہ کارپوریٹ گورننس کے تقاضوں کی پوری طرح تکمیل کی جاتی ہے، بینک نے کارپوریٹ گورننس پریکٹس کو مددگی سے اختیار کیا ہے اور ڈائریکٹرز بخوشی یہ اطلاع دیتے ہیں کہ:

- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
- بینک کی طرف سے اکاؤنٹس کے درست کھاتے سمیٹیں رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مستقلاً مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط انداز سے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانس رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کسی بھی تبدیلی کے بغیر پیروی کی گئی ہے۔
- بینک میں اندرونی انضباط کا نظام درست طرز پر ڈیزائن کیا گیا ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔

گزشتہ چند سالوں کے دوران خطرات میں نمایاں کمی اور آپریشنز کے استحکام کے بعد، یو بی ایل انٹرنیشنل نے سال 2020 میں 62.6 ملین امریکی ڈالر خسارے کے مقابلے میں سال 2021 کے لیے 38.7 ملین امریکی ڈالر کا قبل از ٹیکس منافع ریکارڈ کیا۔ بین الاقوامی کاروبار کے لیے مجموعی آمدنی 78 ملین امریکی ڈالر ریکارڈ کی گئی اور گزشتہ سال کے مقابلے میں 20 فیصد اضافہ ہوا۔ 2021 میں مارک اپ کی مدد میں خالص آمدنی 49 ملین امریکی ڈالر ریکارڈ کی گئی، جو پچھلے سال کے مقابلے میں 3 فیصد زیادہ ہے۔ 2021 میں بنیادی طور پر سیکورٹیز پر کیپٹل گین کی وصولی کی وجہ سے 29 ملین امریکی ڈالر آمدنی حاصل کی گئی جب کہ پچھلے سال 17 ملین امریکی ڈالر آمدنی ہوئی تھی۔ انٹرنیشنل بزنس کے آپریشنز اخراجات کو اچھی طرح سے کنٹرول کیا گیا، 2021 کے اوائل میں ایک زیادہ باکفایت اور زیادہ موثر آپریشنز ماڈل کی تنظیم ہونے کے بعد، سال بہ سال بنیاد پر 8 فیصد کی ریکارڈ کی گئی۔ سخت گرانے اور وصولیوں پر جارحانہ توجہ سے نیٹ پروڈیٹنگ کو 2020 میں 92 ملین امریکی ڈالر سے کم کر کے 2021 میں 6 ملین امریکی ڈالر کر دیا گیا۔

2021 میں ڈپازٹس کی بنیاد اوسطاً 1.3 ارب امریکی ڈالر تھی، جس میں سال بہ سال بنیاد پر 10 فیصد کی ہوئی، جب کہ ڈپازٹس کی لاگت 2020 میں 1.6 فیصد کے مقابلے میں 2021 میں 1.1 فیصد تک بہتر ہو گئی۔ اوسط قرضہ جات بڑی حد تک 658 ملین امریکی ڈالر پر برقرار رہے۔ انویسٹمنٹ بک کی اوسط 2021 میں 718 ملین امریکی ڈالر رہی جس سے بینک 5.6 فیصد کی شرح آمدن حاصل ہوئی۔

ذیلی اداروں کی کارکردگی کا جائزہ

(Subsidiaries Performance Overview)

2021 میں ہمارے ذیلی اداروں کی مالی کارکردگی کی جھلکیاں حسب ذیل ہیں:-

یو بی اینڈ انٹرنیشنل بینک لمیٹڈ (UBLUK) یو بی ایل کا 55 فیصدی ملکیتی ذیلی ادارہ ہے۔ 2021 میں، UBLUK نے 2.1 ملین پاؤنڈ کا قبل از ٹیکس منافع پوسٹ کیا (2020: 1.9 ملین پاؤنڈ کا قبل از ٹیکس نیٹ خسارہ)۔ بینک کی نیٹ مارک اپ آمدنی میں سال بہ سال بنیاد پر 40 فیصد اضافہ ہوا۔

نان مارک اپ آمدنی میں گزشتہ سال کے مقابلے میں 87 فیصد کی دیکھی گئی۔ فیس کی مدد میں آمدنی میں سال بہ سال بنیاد پر 28 فیصد کی توقع ہوئی، جس کی بڑی وجہ عالمی وبا کی وجہ سے سست روی تھی۔ انتظامی اخراجات میں سال بہ سال بنیاد پر 10 فیصد اضافہ ہوا۔ UBL UK نے 2020 میں 2.3 ملین پاؤنڈ کے نیٹ پروڈیٹس چارج کے مقابلے میں 2.1 ملین پاؤنڈ کے پروڈیٹس ریزولور سلاؤڈ کیے۔ بینک کے نیٹ انویسٹمنٹ کے پورٹ فولیو میں 38 فیصد کی کمی ہوئی، جبکہ نیٹ ایڈوانسز میں 36 فیصد اضافہ ہوا۔ فنڈنگ کی طرف، مجموعی طور پر ڈپازٹس کی بنیاد دسمبر 2020 کے مقابلے میں 11 فیصد بڑھ گئی۔

UBL سوئٹزر لینڈ AG یو بی ایل کا مکمل ملکیتی ذیلی ادارہ ہے۔ یو بی ایل کے شیئر ہولڈرز نے 6 اگست 2021 کو ہونے والے شیئر ہولڈرز کے غیر معمولی اجلاس عام (EOGM) میں رضا کارانہ طور پر UBL سوئٹزر لینڈ AG کاروبار سنبھالنے کی قرارداد پیش کی۔ یہ فیصلہ بینک کی غیر بنیادی مارکیٹوں سے خروج کی حکمت عملی کے مطابق ہے۔ جو پاکستان اور سوئٹزر لینڈ دونوں کے متعلقہ قانونی اور ریگولیٹری تقاضوں کی تکمیل سے مشروط ہے۔

کاروباری سرگرمیاں بند ہونے کی وجہ سے، UBL سوئٹزر لینڈ نے 2020 میں 1.1 ملین سوئٹزر فرانک کے قبل از ٹیکس منافع کے مقابلے میں 438 ہزار سوئٹزر فرانک کا قبل از ٹیکس خسارہ ریکارڈ کیا۔ گزشتہ سال کے مقابلے میں نیٹ مارک اپ آمدنی میں 56 فیصد کی کمی ہوئی، جبکہ نان مارک اپ آمدنی میں 25 فیصد کی کمی واقع ہوئی۔ فیس اور کمیشن سے آمدنی میں سال بہ سال بنیاد پر 25 فیصد کمی آئی۔ بیلیٹس شیٹ کا حجم دسمبر 2020 کے مقابلے میں 72 فیصد کم ہوا۔

UBL فنڈ نیچرز لمیٹڈ، پاکستان (UBLFM) یو بی ایل کا 98.9 فیصدی ملکیتی ذیلی ادارہ ہے۔ UBLFM نے 2021 میں 564 ملین روپے کا قبل از ٹیکس منافع ریکارڈ کیا جس میں سال بہ سال کی بنیاد پر 32 فیصد کی مضبوط نمو ہوئی۔ UBLFM کے زیر انتظام فنڈز 2021 کے اختتام پر 116 ارب روپے (90:2020 ارب روپے) رہے۔

ارکان کوڈ انٹریکسٹرز کی رپورٹ

ہیں۔ ہوم ریمنٹس کا تعاون بدستور نمایاں ہے جیسا کہ 2022 کے 7 ماہ کے لیے 18.0 ارب امریکی ڈالر کی آمد ریکارڈ کی گئی، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 9 فیصد زیادہ ہے۔ آئندہ سالوں میں، توقع ہے کہ IMF، دیگر کثیر جہتی تنظیموں اور 1.0 ارب امریکی ڈالر کے صکوک کے اجراء سے ادائیگی کے توازن میں کچھ استحکام آئے گا۔

افراط زر کے حماز پر، جنوری 2022 کے لیے CPI کی پیمائش 13 فیصد تھی (دسمبر 2021: 12.3 فیصد، دسمبر 2020: 8.0 فیصد) جو حالیہ تاریخ کی بلند ترین سطحوں میں سے ایک ہے۔ مالی سال 2022 کے 7 ماہ کے لیے اوسط افراط زر کی پیمائش گزشتہ سال اسی مدت میں 8.2 فیصد کے مقابلے میں 10.3 فیصد کی گئی۔ افراط زر کے دباؤ کے اثرات کا مقابلہ کرنے کے ساتھ ساتھ حالیہ نمونہ پائیدار رکھنے کو یقینی بنانے کے لیے، اسٹیٹ بینک نے 14 دسمبر 2021 کو مائیکرو پالیسی کے بیان میں پالیسی ریٹ کو 9.75 فیصد تک بڑھا دیا۔ اس طرح ستمبر 2021 کے بعد سے 275 بنیادی پوائنٹس کا مجموعی اضافہ ہو چکا ہے۔ تاہم، کرنٹ اکاؤنٹ کے حوالے سے مائیکرو اور مالیاتی پالیسی اقدامات کے متوقع اثرات کے پیش نظر، بہتر GDP نمو اور درمیانی مدت کے افراط زر کے امکانات میں بہتری کے پیش نظر، اسٹیٹ بینک نے 24 جنوری 2022 کو اپنے حالیہ مائیکرو پالیسی بیان میں، 9.75 فیصد پر جمود برقرار رکھا۔

ملک کی زرمبادلہ کی مارکیٹیں سال کے بیشتر حصے میں اتار چڑھاؤ کا شکار رہیں، جیسا کہ دسمبر 2021 کے مطابق شرح مبادلہ 176.5 روپے فی امریکی ڈالر پر بند ہوئی۔ مارکیٹ کے ذریعے طے شدہ شرح مبادلہ کے نظام کے پیش نظر، یہ دسمبر 2020 سے اب تک 10.4 فیصد کی کمی ہے۔ تاہم، کرنسی سال کے آخر سے بحال ہوئی ہے اور فی الحال 174.5 روپے فی امریکی ڈالر کے قریب ہے، جیسا کہ بیرونی حماز پر درمیانی مدت میں دباؤ کم ہونے کی امید ہے۔ KSE 100 انڈیکس، جون 2021 میں 48,726 پوائنٹس کی اونچائی کو چھونے کے بعد، اس سال بڑی حد تک اسی حد میں رہا، اور دسمبر 2021 کا اختتام 44,596 پوائنٹس پر کیا۔

دسمبر 2021 کے مطابق بینکنگ سیکٹر کے ڈپازٹس 21.0 ٹریلین روپے پر رہے جو دسمبر 2020 کے مقابلے میں 17 فیصد کم مضبوط نمونہ ہے۔ دسمبر 2021 کے مطابق سیکلر ایڈوانسز 10.1 ٹریلین روپے ریکارڈ کیے گئے جس میں دسمبر 2020 کے مقابلے میں 19 فیصد کا نمایاں اضافہ ہے۔ ستمبر 2021 کے مطابق بینکنگ انڈسٹری کے غیر فعال قرضوں کی مالیت 877 ارب روپے ہے جس میں دسمبر 2020 کے مقابلے میں 6 فیصد اضافہ ہوا، جب کہ اثاثوں کے معیاری سطح دسمبر 2020 کے مقابلے میں 9.2 فیصد سے بہتر ہو کر ستمبر 2021 کے مقابلے میں 8.8 فیصد ہو گئی۔

یو بی ایل انٹرنیشنل (UBL)

تیل کی قیمتوں میں نمایاں اضافے کے ساتھ ساتھ عالمی وبا آہستہ آہستہ ختم ہونے کے بعد ہی سی سی کے اندر معاشی ماحول نے رفتار پکڑنا شروع کر دی ہے۔

پورے خلیج تعاون کونسل میں چلائے گئے ڈیکلمینٹیشن پروگرام اور ساتھ ہی سفری اور دیگر پابندیوں میں نرمی سے بھی بحالی میں بھی بڑے پیمانے پر مدد ملی ہے۔

2021 کے ابتدائی نصف کے دوران بھی بین الاقوامی قرضے استحکامی مرحلے میں رہے جس کی وجہ جاری کوڈ-19 عالمی وبا ہے جس نے خطے کو درپیش مسائل کو بڑھا دیا ہے یعنی تیل کی قیمتوں اور طویل قابل وصولی دورانیہ۔ خلیج تعاون کونسل میں اقتصادی ترقی نے، جسے 2020 میں نقصان پہنچا تھا جس سے کاروبار اور بینکنگ سیکٹرز متاثر ہوئے تھے، خلیج تعاون کونسل میں بڑے پیمانے پر ڈیکلمینٹیشن کی مہم، تیل کی قیمتوں میں استحکام، قطر اور ساتھ ساتھ دہلی ایکسپو 2020 پر سے پابندیاں اٹھنے کے ساتھ 2021 میں بہتری کے آثار دکھائے۔ عمدہ خدماتی ڈھانچے کے مقابلے میں معروف کلائنٹس کو ای منتخب قرض دینے کی حکمت عملی کی احتیاط سے پیروی کی جا رہی ہے۔

انٹرنیشنل کے اندر، یو بی ایل کی حکمت عملی ایک منافع بخش، پائیدار کاروباری ماڈل کی تشکیل جاری رکھتا ہے، جو کہ لاگت کے ڈپازٹس کی مستحکم بنیاد کے ذریعے کارفرما ہو۔ بینک اثاثہ جات میں مثبت طور پر اضافے کے ساتھ ساتھ غیر فعال قرضے کی تشکیل کے خطرے کو کم کرنے کے لیے سخت نگرانی کرے گا۔ اضافی لیکویڈٹی بنیادی طور پر مستحکم، خود مختار قرضوں کی سیکویو ریڈ میں لگائی جاتی ہے جس کا مقصد منافع کے صحت مند

یو بی ایل انٹرنیشنل میں لیکویڈٹی بنیادی طور پر خود کار قرضہ جاتی انسٹرومنٹس میں تفویض کی گئی ہے جہاں دسمبر 2021 کے مطابق مجموعی خالص پورٹ فولیو 643 ملین امریکی ڈالر پر موجود ہے (دسمبر 2020: 771 ملین امریکی ڈالر)۔ سال کے دوران بینک نے فعال انداز میں نمایاں مالیاتی نوآئینی بنائے جب کہ ساتھ ساتھ بہترین منافع کے حصول کے لیے دوبارہ سرمایہ کاری بھی یقینی بنائی۔

مالیاتی تناسب (Capital Ratios)

بینک ریگولیٹری تقاضوں پر مناسب حفاظتی بفر (Buffer) برقرار رکھنے کے لیے مضبوط مالیاتی پوزیشن برقرار رکھنا چاہتا ہے۔ قبل ازیں اسٹیٹ بینک کی جانب سے یو بی ایل کو ڈیویڈنڈ نظام کا ایک اہم بینک (D-SIB) نامزد کیا گیا ہے۔ اس نامزدگی کے ابتدائی تقاضے کے تحت بینک کو 2019 میں غیر منجمد اور منجمد دونوں بنیادوں پر اضافی 1.5 فیصد کم سے کم سرمایہ جاتی تناسب (CAR) کی حد 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 کی کمی کے لیے 1.0 فیصد کر دیا ہے۔

اکتوبر 2021 میں اسٹیٹ بینک کے تازہ ترین جائزے میں، UBL اب D-SIB نہیں رہا۔ تاہم، بینک 30 جون 2022 تک غیر منجمد اور منجمد بنیادوں پر اضافی کاسن ایکویٹی ٹائز 1 (CET-1) کے 1 فیصد کی شکل میں HLA کپٹل سرچارج کو پورا کرتا رہے گا۔

اسٹیٹ بینک نے کوڈ-19 کے اثرات کو کم کرنے اور بینکاری کے شعبے میں اپنے صارفین کو قرضوں کی سہولیات کی توسیع میں مدد فراہم کرنے کے لیے بھی ریگولیٹری ریلیف فراہم کیا ہے۔ اس مقصد کے لیے، اسٹیٹ بینک نے کپٹل کنزرویشن بفر (CCB) کو مزید ہدایات کے اجراء تک اپنی موجودہ سطح 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے۔ مذکورہ بالا اقدام کے نتیجے میں بطلان 31 دسمبر 2021، یو بی ایل سے 12.5 فیصد کم از کم CAR درکار ہوگا (بشمول 1.0 فیصد HLA سرچارج)۔

بمطابق دسمبر 2021، مجموعی CAR 21.5 فیصد پر موجود ہے جو 12.5 فیصد کم از کم ریگولیٹری تقاضے سے 9 فیصد زیادہ ہے (دسمبر 2020: 24.4 فیصد)۔ دسمبر 2021 کے مطابق CET-1 کی شرح 15.1 فیصد ہے (دسمبر 2020: 17.0 فیصد)۔ دسمبر 2021 میں کل غیر 1 سرمایہ جاتی تناسب 16.3 فیصد رہا (دسمبر 2020 میں 18.4 فیصد)۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 23 فروری 2022 کو اسلام آباد میں ہونے والے اپنے اجلاس میں 31 دسمبر 2021 کو ختم ہونے والے سال کے نتائج کے ساتھ 60 فیصد (ٹی شیئر 6.0 روپے) کے حتی ڈیویڈنڈ کا اعلان کیا ہے۔

اقتصادی جائزہ (Economy Review)

ملک کی معیشت نے 2021 کے نصف آخر میں مجموعی ملکی طلب میں زبردست اضافے کے ساتھ نمایاں بہتری حاصل کی۔ تاہم، روپے کی قدر میں کمی کے ساتھ خوراک، توانائی اور دیگر اہم اجناس کی قیمتوں کی سطح میں عالمی اضافے نے ملکی افراط زر میں نمایاں اضافہ کیا ہے۔ یہ معاشی سرگرمی کی بحالی کے لیے سب سے بڑا چیلنج ہے جو اب کوڈ سے پہلے کی سطح پر واپس آ رہی ہے۔

درآمدات کی ایک اعلیٰ سطح نے بیرونی حماز پر اہم دباؤ ڈالا کیونکہ ملک نے مالی سال 2022 کی پہلی ششماہی کے لیے 9.1 ارب امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) ریکارڈ کیا جب کہ پچھلے سال کی اسی مدت کے لیے یہ 1.2 ارب امریکی ڈالر سرپلس تھا۔ ملک کے تجارتی توازن میں مالی سال 2022 کے 7 ماہ کے لیے 28.8 ارب امریکی ڈالر کا خسارہ ریکارڈ کیا گیا، جس میں 92 فیصد کا نمایاں اضافہ ہے۔ ملک کی درآمدات مالی سال 2022 کے 7 ماہ کے لیے 46.5 ارب امریکی ڈالر رہیں جو کہ گزشتہ سال 29.3 ارب امریکی ڈالر تھیں، یعنی اس میں 59 فیصد کا اضافہ ریکارڈ کیا گیا۔ حالیہ مہینوں میں ملک کی درآمدات میں اضافہ ہو رہا ہے، جو کہ 2022 کے 7 ماہ کے لیے 17.7 ارب امریکی ڈالر ریکارڈ کی گئی ہیں، اس طرح ان میں 24 فیصد اضافہ ہوا ہے، جس کا بنیادی محرک اعلیٰ ویلیو ایڈڈ ٹیکسٹائل، نیز خوراک اور دیگر تیار کردہ اشیا

بیلنس شیٹ کا نظم و نسق (Balance Sheet Management)

دسمبر 2021 کے مطابق یو بی ایل کی بیلنس شیٹ 2.6 ٹریلین روپے رہی جس میں دسمبر 2020 کے مقابلے میں 28 فیصد اضافہ ہوا ہے۔ بینک کی سطح پر ڈپازٹس میں برطانیق دسمبر 2021، 1.75 ٹریلین روپے رہا جس میں دسمبر 2020 کے مقابلے میں 7 فیصد اضافہ ہوا ہے۔ 2020 میں برقرار رکھے گئے 8.1 فیصد شیئر کے مقابلے میں 2021 میں مجموعی بینکنگ سیکٹر ڈپازٹس میں بینک کا اوسط مارکیٹ شیئر 8.3 فیصد رہا۔ ڈومیسٹک کرنٹ ڈپازٹس برطانیق دسمبر 2021، 720.0 ارب روپے رہے جس میں دسمبر 2020 کے مقابلے میں 17 فیصد کا زبردست اضافہ ہوا ہے جب کہ سیونگ پورٹ فولیو 620 ارب روپے رہا جس میں دسمبر 2020 کے مقابلے میں 4 فیصد اضافہ ہوا ہے۔ اس نے بینک کو اپنے CASA ڈپازٹس کے مجموعی تناسب کو دسمبر 2020 میں 85.2 فیصد سے دسمبر 2021 میں 88.2 فیصد کرنے کے قابل بنایا۔ ڈومیسٹک ٹرم ڈپازٹس پورٹ فولیو 179 ارب روپے رہا جس میں دسمبر 2020 کے مقابلے میں 15 فیصد کمی ہوئی ہے۔ بینک نے اسلامی بینکنگ کے شعبے میں اپنی مضبوط پیش رفت کو جاری رکھا کیونکہ کاروبار کے لیے ڈپازٹ کی سطح برطانیق دسمبر 2021، 140 ارب روپے رہی جس میں دسمبر 2020 کے مقابلے میں 25 فیصد اضافہ ہوا۔ یو بی ایل انٹرنیشنل کے ڈپازٹس برطانیق دسمبر 2021، 1.3 ارب امریکی ڈالر تھے، جس میں دسمبر 2020 کے مقابلے میں 5 فیصد کمی معمولی کی ہوئی۔

بینک کی سطح پر نیٹ ایڈوانسز برطانیق دسمبر 2021، 646 ارب روپے رہے جس میں دسمبر 2020 کے مقابلے میں 22 فیصد کا زبردست اضافہ ہوا۔

ڈومیسٹک پرفارمنگ ایڈوانسز 517 ارب روپے رہے جس میں سال بہ سال بنیاد پر 20 فیصد اضافہ ہوا۔ بینک کی قرض دینے کی حکمت عملی اثاثہ کے معیار کی بہترین سطح برقرار رکھنے پر مبنی ہے۔ کارپوریٹ لون بک 421 ارب روپے رہی جس میں گزشتہ سال کے مقابلے میں 17 فیصد کمی مضبوط ہوئی۔ بینک جارحانہ طور پر اپنے اسلامی کاروبار کو بڑھا رہا ہے جیسا کہ پرفارمنگ ایڈوانسز 44 ارب روپے رہے جو دسمبر 2020 کی سطح کے 21 ارب روپے سے دو گنا سے زیادہ ہیں۔ کنزیومر پورٹ فولیو میں سال بہ سال بنیاد پر 7 فیصد کا اضافہ ریکارڈ کیا گیا جبکہ ایس ایم ای (SME) بک بھی مضبوط رہی اور دسمبر 2020 کے مقابلے میں 11 فیصد اضافہ ریکارڈ کیا گیا۔ مجموعی ایڈوانسز اور ڈپازٹس کا باہمی تناسب برطانیق دسمبر 2021، 41.6 فیصد ریکارڈ کیا گیا جو دسمبر 2020 کے 37.1 فیصد کے مقابلے میں نمایاں بہتری ہے۔ یو بی ایل انٹرنیشنل کے نیٹ ایڈوانسز برطانیق دسمبر 2021، 715 ملین امریکی ڈالر رہے جس میں گزشتہ سال کے مقابلے میں 18 فیصد کا زبردست اضافہ ہے اور بک بلڈنگ بنیادی طور پر تجارت پر مبنی فنانسنگ FI کے شعبے میں قرض کی فراہمی پر مرکوز رہی۔

یو بی ایل نے ملک کی معاشی تقدیر میں بہتری کے مقاصد کے لیے حکومتی اور اسٹیٹ بینک کے اقدامات میں فعال کردار ادا کرنے کا سلسلہ جاری رکھا۔ روشن ڈیجیٹل کے اقدام سے ملک میں زرمبادلہ کے صحت مند ترسیل کا سلسلہ جاری ہے۔ یو بی ایل اس مقصد کے مرکزی شراکین سے ایک ہے اور تقریباً 164,000 ڈالرز کھول چکا ہے اور بینک کے ذریعے تقریباً 378 ملین روپے کا زرمبادلہ ملک میں آچکا ہے۔ بینک رہائشی اقدام میں بھی پورے کردار ادا کر رہا ہے اور کامیاب درخواست دہندگان کو 2.0 ارب روپے کی رقم فراہم کر چکا ہے۔ مزید برآں کامیاب جوان پروگرام کے تحت نوجوان آبادی کو مالی طور پر خود مختار بنانے کے لیے بینک نئے کاروباری اور زراعت پر مبنی منصوبوں کے لیے 1.0 ارب روپے قرض کا ہدف عبور کر چکا ہے۔

بینک کا سرمایہ کاری پورٹ فولیو برطانیق دسمبر 2021 تقریباً 1.5 ٹریلین روپے رہا (دسمبر 2020: 1.1 ٹریلین روپے)۔ ڈومیسٹک بینک کی فنڈنگ بنیادی طور پر سرکاری تسمکات میں لگائی جاتی ہے۔ سال کے دوران لکھنؤ، پاکستان انویسٹمنٹ بانڈ (PIB) بک میں مجموعی طور پر 91 ارب روپے کا اضافہ ہوا، مجموعی پورٹ فولیو 328 ارب روپے پر مشتمل ہے۔ دسمبر 2021 کے مطابق فلوئنگ ٹی آئی بی بک 413 ارب روپے پر مشتمل تھی جس میں دسمبر 2020 کے مقابلے میں 73 ارب روپے اضافہ ہوا جبکہ برطانیق دسمبر 2021 ٹریڈری بلز 532 ارب روپے رہے۔ انویسٹمنٹ بک چھوٹے اور طویل مدتی سرمایہ کاری پورٹ فولیو اچھی طرح سے متنوع ہے اور بڑھتے ہوئے Yield Curve کا پورا فائدہ اٹھانے کے لیے تیار ہے۔ اسلامی سرمایہ کاری، جو بنیادی طور پر حکومتی اور کاروباری قرض کے تسمکات پر مشتمل ہے، 87 ارب روپے رہی جس میں سال بہ سال بنیاد پر 39 فیصد کا بھرپور اضافہ ہوا ہے۔ بینک کی لکھنؤ ہولڈنگ دسمبر 2021 کے مطابق 10.0 ارب روپے رہی (دسمبر 2020: 10.4 ارب روپے)، جب کہ سال کے دوران جہاں منافع بخش مواقع ابھرے، اسکرپس پر مالیاتی منافع جات حاصل کیے گئے۔

(2020: 1.3 ارب روپے) جو بدستور توجہ کا مرکز ہے۔ 2021 میں کیش مینجمنٹ آپریشنز سے کمیشنز 980 ملین روپے ریکارڈ کیے گئے جس میں 16 فیصد اضافہ ہوا ہے جس نے بینک کے ڈیجیٹل کارپوریٹ پورٹل کی بہترین معاونت کے ساتھ ایمپلائئی بینکنگ معاہدوں کے بل کے حجم میں نمایاں اضافے کا مشاہدہ کیا۔

2021 میں زرمبادلہ سے آمدنی 4.0 ارب روپے ریکارڈ کی جس میں فعال خرید و فروخت اور بہتر کسٹرفلوئز کے ساتھ 8 فیصد اضافہ ہوا۔ انرجی اور فریٹ لائزر ہولڈنگز اور ذیلی اداروں سے زبردست ادائیگیوں کے ساتھ 2020 میں 1.3 ارب روپے کے مقابلے میں 2021 میں ڈیویڈنڈ سے 2.0 ارب روپے آمدنی ہوئی۔ بنیادی طور پر ایکویٹیز اور فارن ڈیویڈنڈ سکیورٹی مارکیٹس میں موجود مواقع سے فائدہ اٹھانے کے لیے جارحانہ ٹریڈنگ کا نتیجہ، 2020 میں کمائے گئے 411 ملین روپے کے مقابلے میں 3.8 ارب روپے کے مالی منافع جات کی صورت میں سامنے آیا۔

قرض پر ممکنہ نادمہنگی اور خسارے کے لیے مختص رقوم

(Provisions loan losses and non-performing loans)

بینک نے 2020 میں 16.8 ارب روپے کے قرض پر ممکنہ نادمہنگی اور خسارے کے لیے مختص اخراجات کے مقابلے میں 2021 میں 955 ملین روپے کے نیٹ پروویژن ریکورسل ریکارڈ کرائے۔

مجموعی غیر فعال قرضے (NPLs) برطانیق دسمبر 2020، 83.6 ارب روپے کے مقابلے میں برطانیق دسمبر 2021، 86.0 ارب روپے رہے۔ اثاثوں کا معیار برطانیق دسمبر 2020، 13.7 فیصد سے بہتر ہو کر دسمبر 2021 میں 11.8 فیصد رہا جب کہ مخصوص کوریج 85.8 فیصد سے بہتر ہو کر برطانیق دسمبر 2021، 86.9 فیصد رہی۔

یو بی ایل ڈومیسٹک (UBL Domestic)

ڈومیسٹک غیر فعال قرضے دسمبر 2020 میں 28.7 ارب روپے سے کم ہو کر دسمبر 2021 میں 27.1 ارب روپے ہو گئے۔ یو بی ایل ڈومیسٹک میں گزشتہ سال کیے گئے 1.9 ارب روپے کے نیٹ پروویژن چارج کے مقابلے میں 2.0 ارب روپے کی نیٹ پروویژن ریکورسل ریکارڈ کی۔ اثاثوں کا معیار دسمبر 2020 میں 6.3 فیصد کے مقابلے میں دسمبر 2021 میں 5 فیصد رہا جبکہ مخصوص کوریج برطانیق دسمبر 2020، 85.7 فیصد سے بڑھ کر برطانیق دسمبر 2021، 87.9 فیصد ہوئی۔

یو بی ایل انٹرنیشنل (UBL International)

یو بی ایل انٹرنیشنل خطرات میں کمی کے ایک اہم دور کے بعد بتدریج مستحکم ہوا ہے۔ غیر فعال قرضے دسمبر 2020 میں 343 ملین امریکی ڈالر سے کم ہو کر دسمبر 2021 میں 334 ملین امریکی ڈالر رہے۔ غیر فعال قرضہ جات کے مقابلے میں پروویژن کو مزید مستحکم کرنے کے لیے سال 2020 میں 91.8 ملین امریکی ڈالر کے نیٹ پروویژن چارج کے مقابلے میں موجودہ سال 6.2 ملین امریکی ڈالر کا نیٹ پروویژن چارج ریکارڈ کیا گیا۔ مخصوص کوریج دسمبر 2020 میں 85.9 فیصد سے بڑھ کر دسمبر 2021 میں 86.4 فیصد ہوئی، جبکہ مخصوص کوریج کے ساتھ گروئی کبھی ہوئی جائیدادوں اور فروخت کی قیمت (FSV) دسمبر 2021 میں 94.8 فیصد رہی۔ (دسمبر 2020: 95.5 فیصد، مالیاتی گوشوارے میں حوالہ نمبر نوٹ 9.4.3)

اخراجات کا نظم و نسق (Cost management)

یو بی ایل سپورٹ فنکشنز کی بہتر آہنگی اور بینک کے فنکشنز اور پروسیسز کو ڈیجیٹائز کرنے کے لیے ٹیکنالوجی کے زیادہ استعمال کے ساتھ بدستور پورے رائج نیٹ ورک میں کاروباری مستعدی پیدا کرنے پر توجہ مرکوز رکھے ہوئے ہے۔ 2021 کے لیے 42.7 ارب روپے کے انتظامی اخراجات روپے ریکارڈ کیے جس میں 7 فیصد اضافے کے ساتھ ملازمین کا معاوضہ 16.4 ارب روپے ریکارڈ کیا گیا اور بنیادی طور پر فری چارجز میں وسعت کے نتیجے میں 6 فیصد اضافہ ہوا۔ 2020 کے مقابلے میں 9 فیصد اضافے کے ساتھ عمارتی اخراجات 7.0 ارب روپے ریکارڈ کیے گئے۔ 2021 کے لیے آئی ٹی سے متعلق اخراجات 4.4 ارب روپے ریکارڈ کیے گئے۔ جو گزشتہ سال کے مقابلے میں 5 فیصد زیادہ رہے، جیسا کہ بینک نے ٹیکنالوجی کی حکمت عملی کے تحت اپنے پلیٹ فارمز میں سرمایہ کاری جاری رکھی۔ دیگر آپریشننگ اخراجات 14.9 ارب روپے پر رہے۔ جس میں 7 فیصد اضافہ بنیادی طور پر کاروباری حجم میں مضبوط نمو اور زیادہ بلز کمیشن کے ساتھ ساتھ بینکنگ اور دیگر خدمات پر منافع میں اضافے کے مطابق رہا۔

ارکان کوڈ انٹریکسٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے یونائیٹڈ بینک لینڈز کی 63 ویں سالانہ رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Review)

غیر منجمع بنیاد پر، یو بی ایل نے سال 2021 کے لیے 52.1 ارب روپے کا قبل از ٹیکس منافع (PBT) ریکارڈ کیا اور 2020 کے مقابلے میں 52 فیصد کی زبردست نمو کا اندراج کیا۔ 2021 کے لیے 95.1 ارب روپے کی مجموعی آمدنی ریکارڈ کی گئی، جس میں 2020 کے مقابلے میں 3 فیصد اضافہ ہوا۔ بینک نے 2021 کے لیے 171.8 ارب روپے کی مارک اپ آمدنی ریکارڈ کی (2020: 175.0 ارب روپے) جیسا کہ سال کے بیشتر حصوں میں شرح سود نسبتاً کم رہی۔ 2021 کے لیے 23.4 ارب روپے نان مارک اپ آمدنی روپے ریکارڈ کی گئی جس میں سال بہ سال بنیاد پر 37 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ بین الاقوامی بانڈز کے پورٹ فولیو پر سرمایہ جاتی منافع کی وصولی اور فیس پر مبنی ریونیو میں مضبوط نمو ہے۔

2021 کے لیے بینک کے آپریٹنگ اخراجات 42.7 ارب روپے ریکارڈ کیے گئے۔ جو پچھلے سال کے مقابلے میں 7 فیصد اضافے کے ساتھ اچھی طرح قابو میں رہے۔ لاگت کے مقابلے میں آمدنی کا تناسب 2020 میں 43.5 فیصد کے مقابلے میں 2021 میں 44.9 فیصد ریکارڈ کیا گیا۔

بینک نے ڈومیسٹک اور انٹرنیشنل سطح پر وصولی کی مضبوط کوششوں اور اثاثوں پر رسک کی بہتر نگرانی کے باعث 2020 میں 16.8 ارب روپے کے نیٹ پروویژن چارج کے مقابلے میں، 2021 میں 955 ملین روپے کا نیٹ پروویژن ریورسل ریکارڈ کیا۔

مالیاتی نتائج (Financial Results)

UBL نے 2021 کے لیے غیر منجمع بنیاد پر 30.9 ارب روپے کا بعد از ٹیکس منافع (PAT) حاصل کیا۔ جس میں 2020 کے مقابلے میں 48 فیصد اضافہ ہوا ہے۔ غیر منجمع فی شیئر آمدنی (EPS) گزشتہ سال میں 17.07 روپے کے مقابلے میں 25.23 روپے ریکارڈ کی گئی۔ منجمع بنیاد پر بعد از ٹیکس منافع 30.6 ارب روپے رہا (2020: 20.8 ارب روپے)۔ 2021 کے لیے منجمع فی شیئر آمدنی 24.84 روپے شمار کی گئی۔ (2020: 17.10 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

سال 2021 کے لیے بینک کی نیٹ مارک اپ آمدنی 171.8 ارب روپے رہی جو سال بہ سال بنیاد پر 4 فیصد کم ہے۔ 2021 میں بینک کے منافع بخش اثاثوں کی اوسط سطح 2.0 ٹریلین روپے ریکارڈ کی گئی جس میں گزشتہ سال کے مقابلے میں 20 فیصد اضافہ ہوا۔ بینک کی سطح پر نیٹ مارجنز (NIMs) سال 2021 کے لیے 3.8 فیصد شمار کیے گئے (2020: 4.8 فیصد)۔ 2021 میں شرح سود کم رہی جیسا کہ نیٹ مارک اپ پلیسی ریٹ 2020 میں 8.6 فیصد کے مقابلے میں 2021 میں اوسطاً 7.3 فیصد رہے جس نے بینکنگ سیکٹر میں مجموعی طور پر مارک اپ آمدنی کو محدود رکھا۔

2021 کے لیے ڈومیسٹک بینک کے اوسط ڈپازٹس 1.5 ٹریلین روپے کی سطح پر پہنچ گئے جس میں سال بہ سال بنیاد پر 19 فیصد زبردست اضافہ ہوا۔ بنیادی طور پر CASA ڈپازٹس میں مضبوط نمو کا نتیجہ ہے جن کی اوسط 2021 میں 1.3 ٹریلین روپے رہی جو سال بہ سال بنیاد پر 20 فیصد بڑھ گئے اور اس سال پورٹ فولیو میں 215 ارب روپے کے ساتھ تاریخ کا سب سے بڑا اضافہ ہوا۔ اوسط CASA کا مجموعی ڈپازٹ سے تناسب 2020 میں 85 فیصد سے بہتر ہو کر 2021 میں 86 فیصد ہو گیا۔

سبز اور ڈسٹری بیوٹن کی بنیادی ڈپازٹس کی بنیاد کو مضبوط کرنے پر مرکوز کوششوں کے ساتھ برانچ بینکنگ گروپ بینک کی آمدنی کا بنیادی محرک بنا ہوا ہے۔ بینک نے اپنے سسٹمز کو بڑھانے کا سلسلہ جاری رکھا ہے جیسا کہ اس نے 2021 میں 564,000 NTB کرنٹ اکاؤنٹس شامل کیے (2020: 571,000 NTB کرنٹ اکاؤنٹس)۔ اس نئے حصول نے کرنٹ ڈپازٹس میں سال بہ سال کی بنیاد پر 18 فیصد کی مضبوط نمو کو ممکن بنایا، جس کا اوسط حجم 2021 میں 635 ارب روپے ہے۔ اوسط ڈومیسٹک

سیونگ پورٹ فولیو سال بہ سال بنیاد پر 22 فیصد کی بہت مضبوط نمو کے ساتھ 661 ارب روپے رہا۔ کم لاگت کے ڈپازٹس میں مضبوط نمو نے ڈومیسٹک بینک کو اس قابل بنایا کہ وہ 2020 میں اپنے ڈپازٹس کی لاگت کو 4.5 فیصد سے کم کر کے 2021 میں 3.6 فیصد کر سکے۔

یو بی ایل انٹرنیشنل میں، سال کے دوران کلیدی توجہ فنڈنگ کی بنیاد کو بہتر اور متنوع بنانے پر مرکوز رہی۔ یو بی ایل انٹرنیشنل کے اوسط ڈپازٹس 2021 کے دوران 1.3 ارب امریکی ڈالر رہے، جس میں سال بہ سال بنیاد پر 10 فیصد کی توقع ہوئی، جب کہ ڈپازٹس کی لاگت میں تیزی سے 50 بنیادی پوائنٹس کی کمی ہوئی، جو کہ 2020 میں 1.6 فیصد سے 2021 میں 1.1 فیصد ہو گئی۔

بینک کی سطح پر پرفارمنگ ایڈوانسز اوسطاً 553 ارب روپے رہے، جو سال بہ سال بنیاد پر 3 فیصد کم رہے (2020: 569 ارب روپے)۔ پرفارمنگ ایڈوانسز کا ڈومیسٹک پورٹ فولیو اوسطاً 445 ارب روپے رہا، جو بڑی حد تک پچھلے سال کی سطح پر برقرار ہے۔ نئے اثاثوں کے حصول اور زیادہ موثر سرمایہ بخش کرنے کے لیے کریڈٹ کا معیار ایک بنیادی عامل ہے۔ بینک نے اسلامک بینکنگ کے شعبے میں اپنا اضافہ جاری رکھا جیسا کہ 2021 میں اوسط قرضہ جات 137 ارب روپے رہے جس میں سال بہ سال بنیاد پر 75 فیصد نمو ہوئی ہے۔ کمزور ملوں اوسطاً 19 ارب روپے رہے، جس میں سال بہ سال بنیاد پر 11 فیصد اضافہ ہوا، جہاں زیادہ تر پورٹ فولیو بنیادی طور پر محفوظ آٹو ریگمنٹ میں مرکوز ہے۔ یو بی ایل انٹرنیشنل کا پرفارمنگ لون پورٹ فولیو اوسطاً 658 ملین امریکی ڈالر رہا، جو گزشتہ سال کے مقابلے میں ہے، کیونکہ بینک خلیج تعاون کونسل کی مارکیٹوں میں انتہائی محتاط اور ہوشیار رہا۔

2021 میں بینک کی سرمایہ کاری اوسطاً 1.4 ٹریلین روپے رہی جس میں سال بہ سال بنیاد پر 34 فیصد نمو ہوئی۔ 2021 میں ڈومیسٹک گورنمنٹ سیکورٹیز پورٹ فولیو گزشتہ سال کے مقابلے میں 38 فیصد کے اضافے کے ساتھ اوسطاً 1.2 ٹریلین روپے رہا، اور اس سے 8.0 فیصد کی آمدنی حاصل ہوئی۔ یو بی ایل انٹرنیشنل کی منافع بخش سرمایہ کاری بڑی حد تک خود بخود حکومتی قرضوں پر مشتمل تھی اور جو 2021 میں اوسطاً 719 ملین امریکی ڈالر رہی، جو گزشتہ سال کے مقابلے میں 2 فیصد زیادہ ہے جس سے سال 2021 میں بینک 5.66 فیصد کی شرح آمدن حاصل ہوئی (2020: 6 فیصد)۔

نان مارک اپ آمدنی (Non-Marup Income)

بینک نے 2021 میں 37 فیصد اضافے کے ساتھ نان مارک اپ کی مد میں 23.4 ارب روپے ریکارڈ کیے۔ مجموعی آمدن میں نان مارک اپ آمدنی کا حصہ 25 فیصد رہا (2020: 19 فیصد)۔

2021 میں فیس اور کمیشنز سے آمدنی 13.1 ارب روپے ریکارڈ کی گئی جو سال بہ سال بنیاد پر 18 فیصد اضافہ ہے۔ 2021 میں نان مارک اپ آمدنی میں فیس اور کمیشنز کا حصہ 56 فیصد رہا (2020: 65 فیصد)۔ اس کارکردگی کا بنیادی محرک ڈومیسٹک فرینچائز ہے جس نے 24 فیصد نمو کے ساتھ زبردست کارکردگی دیکھائی۔

برانچ بینکنگ آپریشنز سے 7 فیصد اضافے کے ساتھ 11.8 ارب روپے آمدنی ریکارڈ کی گئی جس میں 7 فیصد اضافہ ہوا۔ بینک 20 فیصد سے زائد مارکیٹ شیئر اور 6 فیصد کی شرح سے اضافے کے ساتھ 1.7 ارب روپے کی آمدنی کے ساتھ بدستور ہوم بیٹمنیس کے کاروبار میں سرفہرست رہا۔ 2021 کے لیے کارڈ سے متعلق فیس سے آمدنی 2.5 ارب روپے ریکارڈ کی گئی جس میں سال بہ سال بنیاد پر 59 فیصد اضافہ ہوا ہے جیسا کہ کارڈ پورٹ فولیو سال کے دوران 703,000 نئے ڈیبٹ کارڈ کے حصول کے ساتھ تقریباً 2.7 ملین تک بڑھ گیا۔ بینک نے بینک شورٹس کے کاروبار میں اپنی رفتار برقرار رکھی جیسا کہ 2021 میں 3.7 ارب روپے کے پریمیم ریکارڈ کیا جو سال بہ سال بنیاد پر 41 فیصد زیادہ ہے۔ اس کے نتیجے میں بینک شورٹس کمیشن سے آمدنی میں 32 فیصد اضافہ ہوا جو 2021 کے لیے 1.5 ارب روپے ریکارڈ کیا گیا۔ 2021 کے لیے کمزور فنانس سے کمیشن کی مد میں آمدنی 1.1 ارب روپے ریکارڈ کی گئی اور جس میں آٹومیٹل کے زبردست اضافے کی مطابقت میں 25 فیصد اضافہ ہوا۔ بینک نے 2020 میں 330 ملین روپے کے مقابلے میں 2021 میں 480 ملین روپے انویسٹمنٹ بینکنگ فیس کمائی جو قرض کے انتظامات اور مشاورت کے معاہدوں سے حاصل ہوئی۔ 2021 میں ٹریڈ اور گارنٹی بزنس سے کمیشن کی مد میں آمدنی 1.2 ارب روپے ریکارڈ کی گئی

Sustainability at UBL - 2021

Incorporating ESG (Environment, Social & Governance) Practices

UBL has always strived to consolidate itself as a conscientious and respected corporate citizen. The bank recognizes its obligation to continuously improve its processes, systems, products and services to create value for the communities it operates in. Through a transparent and prudent Sustainability agenda, that integrates the basic principles of ESG, UBL aims to encourage a positive impact via projects aimed towards the betterment of the environment, consumers, employees, communities and all its stakeholders.

In 2021, UBL strived to further its sustainability efforts by venturing into areas that fostered the Bank's mission to contribute positively to the communities it operates in. Coming out of 2020, a year in which the Covid-19 pandemic upended businesses and economies alike, the Bank returned back to a new-normal in progressing its Sustainability agenda. Most projects reinforced the core areas of UBL's sustainability efforts, i.e. education and healthcare.

Education Related Projects Lead UBL's Sustainability Agenda

In 2021 UBL was very active in the areas of Environment, Social & Governance (ESG) through not only its Sustainability agenda but also through various other activities and initiatives.

The Bank donated to various institutions, an amount over PKR 130 million, during 2021. Of this, more than half the amount (almost 56%) was donated to education related projects. Details are as follows:

S #	Institution	City	Amount (In PKR Millions)
1	Namal Education Foundation	Mianwali	30.00
2	The Noorani Foundation	Faisalabad	20.00
3	Lahore University of Management Sciences	Lahore	10.00
4	Forman Christian College	Lahore	5.00
5	The Citizens Foundation	Karachi	3.40
6	Kashmir Education Foundation	Islamabad	2.52
7	Education Trust Nasra Schools	Karachi	1.78
8	Family Educational Services Foundation	Karachi	1.35
9	Jinnah Foundation	Karachi	1.00
	TOTAL EDUCATION		75.05



The donations to education-related projects included projects pertaining to construction at various institutions along with scholarships for children, young ladies and the hearing impaired among others. The projects were spread across Pakistan. While some of the institutions the Bank donated to in this sector had been Sustainability partners for years, there were many new institutions as well that the Bank partnered with in 2021.

Healthcare Remains an Integral Part

In the healthcare sector, UBL donated over 35% of its entire 2021 spend to various causes spread across the country. While



institutions which have partnered with UBL before were included, many new to Bank institutions were also included in 2021 under areas of provision for medical equipment, free healthcare and much more. The 2021 break-up of Sustainability projects under the healthcare ambit is detailed below:

S #	Institution	City	Amount (In PKR Millions)
1	Shaukat Khanum Memorial Cancer Trust	Karachi	35.00
2	Shalamar Hospital	Lahore	5.00
3	Sahara for Life Welfare Trust	Pakistan Wide	3.29
4	Patients Aid Foundation	Karachi	3.00
5	Patients Behbud Society for AKUH	Pakistan Wide	1.54
6	Marie Adelaide Leprosy Centre	KPK	0.85
7	National Institute of Child Health through OAKS	Karachi	0.50
	TOTAL HEALTHCARE		49.18

Community Welfare & Employee Engagement Goes Hand-in-Hand

In 2021, UBL embarked on a community welfare drive in the holy month of Ramzan. In collaboration with Saylani Welfare International Trust (SWIT), UBL distributed over 100,000 Sehr and Iftar/Dinner meals to people across 28 cities of Pakistan. The drive was conducted during Ramzan and covered the cities

of Karachi, Hyderabad, Larkana, Sukkur, Thatta, Umerkot, Multan, Faisalabad, Lahore, Islamabad, Chiniot, Rawalpindi, Lodhran, Tando M Khan, Khuzdar, Kotri, Peshawar, Mardan, Quetta, Swabi, Bagh, Muzaffarabad, Neelum Valley and Gilgit among others.

The deserving people across Pakistan who were provided with the meals during the month, expressed their appreciation towards both UBL and SWIT for this effort.

The UBL family, especially the branch banking staff, both Sales and Operations, participated wholeheartedly in this drive. At every venue, enthusiastic UBL staff from the respective cities turned up and volunteered to distribute the meals to all those who turned up. Their participation became all the more special due to the fact that it was the month of Ramzan under the restrictions imposed by the pandemic.

Champions of Diversity & Inclusion

UBL champions diversity and inclusion in every avenue be it in its workforce or for its customer base. The Bank continues to move ahead with the contributions of the rich mix of individuals that serve its customers across Pakistan, regardless of ethnicity, gender, religion and any disability. UBL has also introduced products to better serve its female customers by minimizing the hindrances they have traditionally faced in opening bank accounts, making its branches better equipped to cater to the differently abled and creating value for previously unserved segments by pushing forward government backed loan facilities across industries.

Supporting Causes Which Matter!

As part of its Sustainability agenda, UBL is committed to promote literature and literary achievements in Pakistan. The UBL Literary Awards (ULA) is an initiative through which the Bank supports Pakistani writers and literature by awarding the best of them on an annual basis. With each successive ceremony, the ULA has come to be recognized as a benchmark of literary excellence in Pakistan.

UBL has supported arts as a cause and has invested into promoting indigenous talent in the country. The bank has worked

in collaboration with organizations that promote art like 'I Am Karachi' holding art competitions at school level and sponsoring art exhibitions of local artists. As a promoter of the arts the bank looks forward to being very active in supporting arts in Pakistan.

As part of its support for healthcare related projects and causes, UBL also supports the awareness of breast cancer as one of its causes. For the entire month of October 2021, the Bank went on overdrive to inform and communicate about breast cancer awareness to not only its social media channels audiences but internally to its employees as well.



President and CEO Review 2021

Introduction

For the world, the impact of COVID has been disruptive, with the evolution of new business models driven by technological changes. However, on the other hand there are clear supply side shocks across major commodity markets which seem to be the more imminent challenge. These will continue to reflect themselves in higher inflation levels, monetary policy interventions, equity index volatility and above all an element of underlying uncertainty. This will require all Banks to hold a more strategic and long term view on each segment of the economy. For Pakistan, reverting back to pre-Covid levels of economic activity is critical, but the transition is likely to be gradual and requires proactive economic management.

2021 has witnessed a low interest rate regime for most part of the year as the SBP maintained an accommodative monetary policy. This was well supported with specific refinancing schemes for infrastructure projects, building exports and a well-directed effort to develop a housing and construction market. The impact of higher oil prices is resulting in pressure on the current account and resultantly has led to a sharp depreciation in the Pak Rupee this year. But the country has managed to raise foreign currency debt, resumed inflows from multilateral agencies and the IMF. This has stabilised the foreign currency reserves position and maintained import cover levels. Going forward we expect that there will be a downward impact on GDP growth as the economy readjusts to the monetary tightening which commenced in last quarter of 2021.

Over the years UBL has developed its business model on the core strength of its footprint. We are well penetrated across each geographical and business segment in Pakistan. UBL's performance is underlined by its strategy to continuously innovate and reinvent better technological solutions. We envisage a significant turnaround in the competitive landscape as Digital Banking is more fully embedded within financial services. We believe the direction from regulators, emerging market participants and expansion within the banking sector is opening up a new era of transformation.

UBL is Well Positioned Today as One of the Leading Brands in Pakistan

The position of the Bank within the home market is one of prominence, scale and strength. This has been achieved through significant organic growth over the years, business development with diversification and our inclination to take on the technological challenge.

We are currently the second largest private bank in Pakistan with assets of over Rs. 2.6 trillion (USD 15 billion). Apart from the Pakistan operations, UBL remains well diversified with a banking subsidiary in the UK and we also have one of the largest GCC presence by a Pakistani institution. We have one of the largest branchless banking businesses in Pakistan under the brand name of Omni, with over 34,000 agents spread across every town and city across the country. UBL also has a dedicated top tier asset management company UBL Funds, which has AUMs of over Rs. 115 billion as at Dec'21. Further we also have diversified ourselves with associate investments across the insurance and micro finance segments, with visible synergies to the overall UBL Group. With a customer base of over 10 million customers, deposits of over Rs. 1.75 trillion and net advances of Rs. 646 billion at Dec 31' 2021, UBL is at the forefront of banking and

financial services in Pakistan. We are proud of a highly dedicated and professional team which consists of over 13,500 staff members spread across 6 countries.

2021 has been a year of reinvestment within core business segments in order to build the momentum that will direct the organisation towards its true potential. We are already seeing the impact of the vision that was developed at the end of 2020, based on the following strategic objectives:

- Excellence & Performance – Being the Best in whatever we choose to pursue
- Operational Efficiency and Control – Seamless delivery that is “Simpler, Better, Faster”
- People & Culture – Investing in our teams to build a stronger organization

To deliver on these objectives we had set ourselves five priorities at the start of the year:

- a. Reposition, optimize and improve the branch network by improving service levels with operational efficiencies.
- b. Refocus on International, returning to profitability and reevaluate the business model.
- c. Prioritize non-financial income as a key component of our growth strategy, with a strong culture of cross sell.
- d. Technology enhancements – leverage and build digital capabilities to strengthen customer service.
- e. More Proactive Treasury - Capitalize on AFS opportunities, better balance sheet management and reduce concentration risk.

These remained in focus and continued to drive the organization in a single direction throughout the year.

We have delivered against each of these priorities in 2021 through a strong sense of collaboration and ownership across each business and support function.

UBL is well on track to realize its true potential as seen in the current year performance.

UBL Announces Historic Results in 2021

UBL reported PBT of Rs. 52.1 billion in 2021, this being the highest level of profits ever in the history of the Bank. This is also one of the highest growth in profits across the banking sector with an increase of 52% in the bottom line. Earnings per Share (EPS) was measured at Rs. 25.23 (2020: Rs. 17.07). UBL declared a final dividend of Rs. 6.0 per share this quarter, taking the total dividend for 2021 to Rs. 18.0 per Share with a strong payout ratio of 71%. We remain well capitalized with a CAR at 21.5% as at Dec'21 (Dec'20: 24.4%).

Balance sheet growth has been robust with the earning asset base at over Rs. 2.0 trillion in 2021, with an increase of 20% over last year. Average deposits for the domestic bank reached the Rs. 1.5 trillion mark in 2021, growing by a strong 19%. Led by the Corporate Banking Group (CBG), the domestic performing loan book grew by 20% over Dec'20, closing at Rs. 517 billion at Dec'21.

UBL's net mark-up income for the year 2021 stood at Rs. 71.8 billion, which was impacted by restricted margins given the lower rate regime. Non-Fund Income (NFI) recorded significant

growth of 37% over last year, reported at Rs. 23.4 billion, and contributed 25% of the overall gross revenues of the Bank. The year witnessed an increase in all major fee based segments along with timely realisation of capital gains.

Strengthening credit standards, with a step up in recovery efforts against NPLs within both domestic and international businesses has resulted in a net provision reversal of Rs. 955 million.

2021 has been the year of turn around as UBL International posted a PBT of USD 39 mln vs loss of USD 63 mln last year. The Bank is now operating a leaner business model with emphasis on maintaining better credit quality standards.

The Bank's operating expenses were recorded at Rs. 42.7 billion for 2021, well contained with an increase of 7% over last year. The cost to income ratio was recorded at 44.9% in 2021 compared to 43.5% in 2020.

2021 has seen the Bank achieve a RoE of 19% which is significantly better than the performance over last few years.

One of the Largest Branch Networks Serving an Ever Increasing Customer Base

UBL remains one of the largest and systemically important financial institutions in the country. The bank's network extends to 1,339 branches within Pakistan, with 1,442 ATMs. The branch network spreads across each province of Pakistan, down to the remotest geographies and is a pride and a strength. Our performance in 2021 was driven by an aggressive sales effort, well supported by our state of the art digital banking. UBL's targeted focus has been towards growing our core deposits rather than price-sensitive large ticket customers. This build up in core deposits, with deepening and retention is a result of a strong distribution team and loyal customer base.

Domestic deposits market share stood at 8.3% of banking sector deposits in 2021. The Bank added 564,000 new current account relationships, which led to a strong growth of 18% in average current deposits, with volumes reaching Rs. 635 billion in 2021. The buildup in low cost deposits resulted in a sharp reduction in cost of deposits, to 3.6% in 2021 from 4.5% in 2020. We maintained our strong partnership with leading insurance companies with a growth of 41% in Bancassurance premium volumes which stood at Rs. 3.7 billion in 2021. Income from card related fees was recorded at Rs. 2.5 billion for 2021, up by 59%, led by the debit cards portfolio which increased to nearly 2.7 million, with new acquisitions of 703,000 during the year.

Our initiatives across the network are meant to improve the performance across each region while providing adequate support and guidance from controlling offices. This includes creating a performance culture that is driven by empowerment and accountability. We enhanced the focus on our longer term and stable depositors aiming to improve our service proposition to this segment. During the year we embarked on a specific journey to improve the look and feel, staffing, technology and branding across our designated "225 Flagship Branches". Flagship Branches is a key initiative; however, we are also working on performance improvement across the entire network using a more comprehensive region wise strategy.

We continue to emphasize the importance of a better compliance and control environment while exercising better standards of fair treatment to all our customers.

As we strive to deliver improved services across all our channels, we continued to invest in our ATM network with replacement of 125 units with latest technology and better information security standards. We also augmented our service

proposition/ATM functionality to include a bill payments feature for other banks' credit cards, and added new billers on the channel such as FBR, Govt of Punjab, CDC, SECP, Ufone Super Card, and Zong.

UBL continued to deliver excellence through our unique value proposition, UBL Good Citizen, designed to facilitate and encourage tax inclusion. With a strong "new to bank" response, this product has grown to a portfolio size of Rs. 25 Billion in the last one year. In 2021, we also introduced "UBL Urooj Account" exclusively for women, with product features catering to the specific needs of the different sub-segments within the women population.

Rural and Agriculture – UBL Remains Active Supported by Large Remote Network

With over 20% of Pakistan's GDP accounted for by agriculture, UBL realizes its significance to the country's economy. The Bank offers a vast and diverse mix of agricultural based finance products. Whether it is production related financing for major and minor crops, development on land; purchase of machinery, livestock financing – we have an agricultural product available to serve our customers. UBL maintains a vast network of rural branches (above 600), with a significant number of omni shops to facilitate the masses. The overall portfolio stood at Rs. 7.3 billion with a growth of 23% vs Dec'20. During the year, UBL also partnered with Pakistan Poverty Alleviation Fund (PPAF) under growth for Rural Advancement and Sustainable Progress (GRASP) initiative.

Maintaining a Strong Presence in the Mid-Market and Individual Lending Space

Given the increasing focus on SME lending in Pakistan's financial services space, we believe in creating differentiation through a combination of customized financial solutions, digitization and a partner driven approach. In Dec'21 the portfolio stood at Rs 20.8 billion with growth of 19%. Our new asset acquisition focused on improving underwriting standards, thus overall infection ratio reduced to 0.8% vs 1.5% in 2020. In 2021, UBL also supported lending through SBP schemes to ensure continuity of businesses during the pandemic. Being one of the key financial intuitions of the country, UBL is actively participating in all initiatives of national interest. We are at the forefront of the Kamyab Jawan program, aimed at financial empowerment of the young population. The Bank has crossed the Rs. 1.0 billion mark in loan disbursements to various entrepreneurial as well as agri based projects under this initiative. UBL was selected by SBP to offer collateral-free lending to SMEs through a digital platform under SBP's SME Asaan Finance (SAAF) Scheme.

Consumer - Focusing on a More Value Added Proposition for Our Customers

The cards business continues to invest in technological solutions to promote the means of E-commerce enablement. We are partnering with several online aggregators, service providers, as well several health related merchants.

Autos remained the main focus within consumer acquisitions with the overall portfolio at Rs. 20 billion with 28% growth from last year. On the asset quality side within consumer finance, UBL maintained the delinquencies well contained as recovery teams remained vigilant and maintained their focus and efforts across Pakistan. UBL is an active participant in all major economic uplift programs launched by the Government of Pakistan and the State Bank of Pakistan (SBP). The Bank also continues to play a strong role in the housing initiative with more than Rs. 2.0 billion disbursed to successful applicants.

Our Strategic Position as Pakistan's Leading Home Remittance Partner

UBL has been in the forefront in developing and growing home

President and CEO Review 2021

remittances as we maintain strong relationships with tie ups across all captive remittance corridors. Pakistan benefits from having a large expat workforce spread throughout the world which annually sends home remittances north of USD 30 billion. This source of foreign exchange is crucial for Pakistan which is otherwise impacted by large trade deficits. UBL is proud of the fact that it is the industry leader in this field, having a market share of approx. 21% in 2021, with over USD 6.3 billion in home remittance flows this year. Through its presence in the GCC, effective partnerships with international exchange houses and proactive marketing, UBL is encouraging and facilitating expats to send their remittances through formal documented channels.

We believe technological advancement is key to deliver a more seamless experience for both remitters and their beneficiaries. To promote home remittances and enhance the outreach of basic financial services to the unbanked or underserved segments of population, we launched 'UBL Tezraftaar Asaan Remittance Account' last year, a new liability product for prospective beneficiaries of home remittances. This product is offering the beneficiary convenience to make cash withdrawals through any ATM within Pakistan.

Islamic Banking – UBL Ameen Gains Critical Mass with Expansion in Network in 2021

The Pakistan market clearly indicates a huge untapped potential in Islamic Banking. This is evident by the strong growth in the sector over the last 10 years and the huge focus from regulators in further developing this segment. UBL is committed to exploiting this avenue of growth under the Brand name of “UBL Ameen” and is investing significant resources to expand its presence and product range. Islamic banking remains one of our key strategic segments with the expansion in footprint with 48 branch conversions during the year. The Islamic network now stands at 145 branches, well supported by 197 Islamic Banking Windows (IBWs). UBL Ameen's deposits base closed at Rs. 140 billion at Dec'21, growing by a strong 25% over Dec'20. Asset acquisition drive gained significant momentum in 2021, as the loan book more than doubled, from Rs. 21 billion at Dec'20 to Rs. 44 billion at Dec'21. The Bank views the Islamic segment as a huge growth opportunity and will continue to aggressively expand UBL Ameen's presence within this growing sector.

Loan Book Growth with Emphasis on Portfolio Quality, Trade Flows & NFI

In 2021, our objective was to maintain strong asset quality with diversification across the loan book while improving overall spreads.

Whereas 2020 was a year of de-risking, the relatively stable economic conditions in 2021 allowed CIBG to re-enter with a strategy of growing overall relationship yields and targeting a wider client segment. Bank level net advances closed at Rs. 646 billion at Dec'21, growing by a strong 22% over Dec'20. Led by the Corporate Banking Group (CBG), the domestic loan book grew by 20% year on year, closing at Rs. 517 billion at Dec'21. We continued to support the economic growth initiatives of SBP through active participation in Temporary Economic Relief Finance (TERF) disbursements and related programs. A clear emphasis on NFI growth saw CBG post a 40% increase in NFI on the back of robust growth in trade numbers, which increased from USD 3.5 billion in 2020 to USD 6.5 billion for 2021 as we maintained our strong position in oil/energy imports.

UBL's Investment Banking Group (IBG) focuses on transactions and sectors that have been at the forefront of economic development in the country. We have a well-established deal execution and distribution team with presence in the GCC as well. In 2021, the Group closed deals aggregating Rs. 165 billion with major transactions in the telco and oil and gas sector. IBG continues to solicit new mandates and enters 2022 with a healthy pipeline of advisory and arrangement projects. In 2021, the Bank recorded Investment Banking Fees of Rs. 459 million with growth of 63% over 2020.

Our Transactional Banking Group (TBG) focuses on solutions that support the acquisition of a larger market share, while addressing customer supply chain requirements. We continue to leverage our large branch network to support payments and collections. With the view to digitize payments, we focused on introducing our “Digital Corporate Portal” to corporate customers to facilitate a more seamless experience across their businesses. Transaction Banking Group (TBG) also delivered a strong throughput on collections and payments, we stood at Rs 3.7 trillion in 2021 and up by 25%.

Strong Shift Towards Digital Driving Transformation Roadmap

The transformation of UBL from a traditional brick-and-mortar bank to the path of a Digital Bank has not only been an exciting journey, but also a challenging pursuit. We pride ourselves in becoming a revolutionary bank that has excelled in providing innovative solutions to serve its customers through digital means. UBL's began its digital transformation journey in 2018 with UBL Digital Mobile App offering basic digital banking services and focusing on migrating our customers from traditional to digital channels. With the onset of Covid-19, offering customers simple and effective digital solutions for financial transactions has become a key differentiating factor in the banking industry.

In 2021, we began the 2nd phase of our digital transformation to provide a consistent experience across all customer touchpoints and platform-based solution. To this end, we introduced several technological developments which provides swift on-boarding with an immersive digital experience. Building



Mr. Shazad G. Dada, President & CEO UBL receiving the award of 'Best Digital Bank' from Dr. Reza Baqir, Governor State Bank of Pakistan.

and growing the digital segment does pose formidable challenges in terms of creating digital literacy which is necessary for financial inclusion across the wider market.

Our UBL Digital Mobile App continues to gain strength as a convenient mode to undertake banking transactions and serves as the key channel to deepen and build towards a full-fledged liability relationship. The upgraded version of App was released in 2021 and has gained immense popularity within our customer base due to its better than ever design and lifestyle features. Our registered subscribers surpassed the 2 million mark as of December 31, 2021 with digital payments over Rs 1.7 tln in 2021, up 55% YoY.

UBL has been consistently honoured with prestigious Bank awards by national and international awarding bodies that recognize our efforts and our leading position in Digital Banking. UBL was declared the most coveted 'Best Digital Bank' award by both Asiamoney and Pakistan Banking Awards (PBA) consecutively in 2020 and 2021. UBL won the award based on its fastest growth in digital transformation including growth in digital transactions, number of registered customers, mobile app ratings, seamless customer experience, innovative features and widespread presence on social media.

UBL was also presented an award from Prime Minister of Pakistan for being the leader in opening the highest number of Roshan Digital Accounts in Pakistan in 2021. We also set a record in being the top-ranked bank that succeeded in gaining a 40% market share of Roshan Digital Account in record-breaking 4 months. Roshan Digital Account is an initiative of Government of Pakistan to encourage foreign investments in order to drive economic development of the country. The top position in RDA accounts fills us with pride as we take a leadership position in materializing the economic ambitions of our country with circa 64k accounts and close to USD 500 million in remittances to date.

We are constantly innovating to provide customer-centric digital solutions to our customers, which have been duly recognized by major financial publications. These achievements only reinforce our determination to maintain our market leadership in Digital Banking in Pakistan and continue to achieve many more milestones in the years to come.

International Business Makes a Strong Contribution to Bottom Line

A more proactive de-risking strategy since the last 2 years is reflecting positive results for the International business. A number of measures were taken during the year to create operational efficiencies including cost rationalization across controlling offices, shifting certain technology services to Pakistan and closure of branches with lower customer footfall. Asset writing remained selective, serving clients with good credit history as well as more FI and trade based lending. Thus we now have a much more stable revenue stream, with timely repricing and restructurings across the book where necessary. The emphasis is on building a foundation of low cost and well diversified funding base. The overall average deposits stood at USD 1.30 billion, with cost of deposits reduced by 50 bps to 1.1% in 2021. The average performing portfolio stood at USD 658 million, in line with last year.

International maintained a high yielding sovereign government securities portfolio that contributes a significant portion to interest income. Market volatility in sovereign debt securities created opportunities which were seized on a timely basis resulting in capital gains of USD 16.9 million.

In order to further strengthen reserves against non-performing accounts, a net provision charge of USD 6.2 million was recorded in the current year as against a net provision charge of USD 91.8 million in 2020. This has resulted in specific coverage improving from 85.9% at Dec'20 to 86.4% at Dec'21.

In line with our strategy to exit non-core markets we are pursuing a complete exit and closure of our operations within Yemen. Further the wind down of Bank subsidiary in Switzerland is also under way subject to regulatory approvals and legal formalities.

Focusing on Our People to Create a Winning Team

We continue to invest in human capital as we consider a skilled and competent workforce as the single most competitive advantage. We aim to develop a leaner, more agile structure with increased empowerment at all levels. We have improved our organization structure to evolve the optimal front office to back office equation which can scale up our businesses without compromising on service quality levels. During the year the Bank introduced long service recognition awards which were well received across the organization. Rigorous objective setting, performance management and merit based reward processes have clearly driven business performance. A key priority has been to build our leadership bench strength by identifying high potential employees and providing them well-defined career paths as well as learning and development opportunities for eventual leadership roles.

Our Strategy to Deliver Consistent Earnings Next Year

UBL is well on its way to live the ambition to provide access to credit, digital payments and financial inclusion to every citizen of Pakistan. As we step into 2022, we shall aim to build on the momentum which is now well rooted across the organization. Going forward we aspire to create a franchise that is centred around delivering best in class service to our customers. We aim to further optimize our branch network and improve the performance of our rural and remote geographies. However, we will continue to invest in the physical infrastructure with more visibility across urban centres. We believe that creating a wider eco system by synergizing with large corporates can be a much more effective customer acquisition strategy for the future. We remain committed to building on our position within Digital Banking with a vision to become the leading payments bank in Pakistan. The UBL brand, its recognition and recall is one of our biggest strengths, we will further invest and revitalize its impact on our market positioning in coming years. We are fully committed to benchmarking ourselves and implementing Environment Social and Governance (ESG) standards across our core segments.

I must acknowledge that UBL today is the result of the resilience, dedication and commitment from each staff member of the bank. We hope to create a future organization that delivers well beyond its true potential, but is also the best bank for its people.

Acknowledgements

I would like to mention that for UBL, our customers are at the heart of our corporate philosophy and will continue to drive our ambitions and future aspirations. We thank you for being a part of this journey and look forward to bringing you better and more efficient solutions in the years to come.

I would like to thank all our stakeholders including our shareholders, the Board of Directors, State Bank of Pakistan, the SECP and other regulatory bodies who have firmly supported us during these unprecedented times. I would especially like to express my sincere gratitude to my colleagues who have under such challenging circumstances, continued to provide the highest level of service to our customers.



Shazad G. Dada
President & CEO
February 23, 2022

Management Team



From left to right (Sitting)

Shazad G. Dada

President & CEO

Aameer M. Karachiwalla

Chief Financial Officer

From left to right (Standing)

Aslam Sadruddin

Group Executive - Operations

Sharjeel Shahid

Group Executive - Digital Banking

Sajid Hussain

Group Executive - Compliance

Irfan Farooq Memon

Group Head - Audit &
Risk Review

Muhammad Faisal Anwar

Chief Information Officer



From left to right (Sitting)

Zia Ijaz

Group Executive - Branch Banking
& International

Abdul Jabbar Junejo

Group Executive - Human Resources

Aqeel Ahmed Nasir

Company Secretary & Chief Legal Counsel

From left to right (Standing)

Rizwan Malik

Global Head - Treasury & Capital Markets

Imran Sarwar

Group Executive - Risk & Credit Policy

Tanveer Farhan Mahmood

Head - Islamic Banking

Shahid Mahmood Khan

Group Head - Special
Assets Management

Farooq Ahmed Khan

Group Head - Corporate
& Investment Banking

Initiating Innovation

As Pakistan's leading digital banking service provider, we are at the forefront of the digitisation of banking in the country. Our success is a testament to our innate traits of being progressive and innovative consistently throughout our history. UBL has persistently dominated financial inclusion and economic development in Pakistan through technologically advanced offerings.





Growth at a Glance

Six Years Financial Summary					Standalone	
December 31	2021	2020	2019	2018	Rs. in million	
					2017	2016
Balance Sheet						
Assets						
Cash and balances with treasury and other banks	291,300	264,727	256,591	206,813	177,099	146,428
Lendings to financial institutions	51,701	19,959	20,183	33,942	10,868	25,711
Investments - gross	1,504,689	1,138,018	849,441	792,857	1,095,555	808,959
Advances - gross	728,286	609,307	702,951	776,272	670,056	559,093
Operating fixed assets	70,769	53,037	54,348	47,556	46,205	35,582
Other assets	61,665	52,715	85,497	98,976	79,617	67,812
Total assets - gross	2,708,409	2,137,763	1,969,011	1,956,417	2,079,400	1,643,585
Provisions against non-performing advances	(82,097)	(79,028)	(67,117)	(60,336)	(42,697)	(40,525)
Provisions against diminution in value of investments	(8,146)	(9,344)	(9,118)	(6,482)	(3,769)	(2,428)
Total assets - net of provisions	2,618,166	2,049,392	1,892,775	1,889,599	2,032,934	1,600,632
Liabilities & Equity						
Deposits & other accounts	1,750,944	1,640,212	1,467,063	1,366,060	1,272,788	1,167,124
Borrowings from financial institutions	563,285	128,987	154,484	268,124	512,650	201,550
Subordinated loans	10,000	10,000	10,000	9,000	-	-
Bills payable	26,793	29,734	22,927	27,249	29,848	24,520
Other liabilities	62,502	56,386	69,232	67,896	58,341	55,651
Total liabilities	2,413,523	1,865,319	1,723,706	1,738,329	1,873,627	1,448,845
Net assets	204,643	184,073	169,069	151,270	159,307	151,787
Share capital	12,242	12,242	12,242	12,242	12,242	12,242
Reserves	69,718	62,274	59,320	54,439	43,847	40,455
Unappropriated profit	84,626	81,916	71,670	68,002	70,912	64,246
Equity - Tier I	166,586	156,432	143,232	134,683	127,001	116,943
Surplus on revaluation of assets - net of deferred tax	38,056	27,641	25,837	16,587	32,306	34,844
Total equity	204,643	184,073	169,069	151,270	159,307	151,787
Total liabilities & equity	2,618,166	2,049,392	1,892,775	1,889,599	2,032,934	1,600,632
Profitability						
Markup / return / interest earned	147,974	152,003	153,676	113,198	107,206	98,219
Markup / return / interest expensed	(76,216)	(77,044)	(91,902)	(56,964)	(50,781)	(41,177)
Net markup / return / interest income	71,759	74,959	61,774	56,234	56,425	57,042
Fee, commission, brokerage and exchange income	17,056	14,782	18,219	17,396	14,496	14,020
Capital gains & dividend income	5,791	1,681	1,541	6,648	6,762	8,629
Other income	532	631	1,916	967	904	960
Total non interest income	23,379	17,094	21,676	25,011	22,162	23,609
Gross income	95,138	92,054	83,451	81,246	78,587	80,651
Administrative expenses and other charges	(43,832)	(40,751)	(40,860)	(43,222)	(36,109)	(32,809)
Profit before donations and provisions	51,306	51,303	42,590	38,024	42,478	47,842
Donations	(134)	(342)	(129)	(203)	(110)	(87)
Provisions	955	(16,768)	(8,220)	(12,854)	(2,450)	(1,740)
Profit before taxation	52,127	34,192	34,242	24,967	39,918	46,015
Taxation	(21,245)	(13,294)	(15,108)	(9,741)	(14,739)	(18,285)
Profit after taxation	30,882	20,899	19,134	15,226	25,179	27,730
Cash Flow Statement - Summary						
Cash flow from operating activities	353,077	372,652	134,204	(244,642)	253,459	130,777
Cash flow from investing activities	(304,588)	(355,068)	(74,098)	271,086	(208,158)	(96,241)
Cash flow from financing activities	(26,272)	(10,312)	(14,629)	(5,800)	(15,480)	(16,257)
Cash and cash equivalents at the beginning of the year	264,727	256,591	206,813	177,099	146,428	128,870
Effect of exchange rate changes on cash and cash equivalents	4,356	865	4,300	9,070	850	(721)
Cash and cash equivalents at the end of the year	291,300	264,727	256,591	206,813	177,099	146,428

December 31	2021	2020	2019	2018	2017	2016
Financial Ratios						
Return on equity (RoE)	19.1%	13.9%	13.8%	11.6%	20.6%	24.9%
Return on assets (RoA)	1.3%	1.1%	1.0%	0.8%	1.4%	1.8%
Profit before tax ratio	54.8%	37.1%	41.0%	30.7%	50.8%	57.1%
Gross spread ratio	48.5%	49.3%	40.2%	49.7%	52.6%	58.1%
Return on capital employed (RoCE)	18.0%	13.1%	12.9%	11.3%	20.6%	24.9%
Advances to deposits ratio (ADR) - gross	41.6%	37.1%	47.9%	56.8%	52.6%	47.9%
Income to expense ratio	2.17	2.26	2.04	1.88	2.18	2.46
Cost to revenue ratio	44.9%	43.5%	48.2%	47.8%	45.0%	39.6%
Growth in gross income	3.4%	10.3%	2.7%	3.4%	-2.6%	3.6%
Growth in net profit after tax	47.8%	9.2%	25.7%	-39.5%	-9.2%	7.8%
Total assets to shareholders' funds	12.8	11.1	11.2	12.5	12.8	10.5
Intermediation cost ratio	2.6%	2.6%	2.9%	3.3%	3.0%	3.0%
Asset quality (NPL ratio)	11.8%	13.7%	11.0%	8.8%	7.8%	8.0%
Net infection ratio	0.6%	0.9%	1.6%	1.1%	1.5%	0.8%
Weighted average cost of debt	4.8%	5.3%	6.5%	4.1%	4.2%	4.4%
Capital adequacy ratio (CAR)	21.5%	24.4%	18.9%	17.7%	15.4%	15.1%

Share Information

Cash dividend per share - Rs.	18.00	12.00	12.00	11.00	13.00	13.00
Dividend yield (based on cash dividend)	14.3%	7.3%	9.8%	5.9%	5.4%	8.4%
Dividend payout ratio (total payout)	71.4%	70.3%	76.8%	88.4%	63.2%	57.4%
Earning per share (EPS) - Rs.	25.23	17.07	15.63	12.44	20.57	22.65
Price earnings ratio	5.41	7.37	10.52	9.86	9.14	10.55
Market value per share - at the end of the year - Rs.	136.58	125.86	164.50	122.64	187.97	238.90
Market value per share - highest during the year - Rs.	143.89	181.96	173.53	219.70	283.00	243.72
Market value per share - lowest during the year - Rs.	114.28	89.44	119.67	121.85	162.01	137.31
Breakup value per share - without surplus on revaluation of assets - Rs.	136.08	127.79	117.00	110.02	103.74	95.53
Breakup value per share - with surplus on revaluation of assets - Rs.	167.17	150.36	138.11	123.57	130.13	123.99

Other Information

Non-performing advances (NPLs) - Rs in million	86,013	83,624	76,986	68,562	52,247	44,567
Import business - Rs in million	1,010,288	544,634	824,858	936,749	720,496	575,991
Export business - Rs in million	208,187	139,010	177,279	202,748	294,428	255,287
Number of employees	13,233	13,012	13,248	13,931	14,771	14,153
Number of branches - Domestic	1,341	1,356	1,362	1,364	1,361	1,341
Number of branches - International	8	14	14	15	18	18
Number of branches - Total	1,349	1,370	1,376	1,379	1,379	1,359

Growth at a Glance

Balance Sheet

December 31	2021	2020	2019	2018	2017	2016
Vertical Analysis						
Assets						
Cash and balances with treasury and other banks	11.1%	12.9%	13.6%	10.9%	8.7%	9.1%
Lendings to financial institutions	2.0%	1.0%	1.1%	1.8%	0.5%	1.6%
Investments - net	57.2%	55.1%	44.4%	41.6%	53.7%	50.4%
Advances - net	24.7%	25.9%	33.6%	37.9%	30.9%	32.4%
Operating fixed assets	2.7%	2.6%	2.9%	2.5%	2.3%	2.2%
Other assets	2.4%	2.6%	4.5%	5.2%	3.9%	4.2%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities & Equity						
Deposits & other accounts	66.9%	80.0%	77.5%	72.3%	62.6%	72.9%
Borrowings from financial institutions	21.5%	6.3%	8.2%	14.2%	25.2%	12.6%
Subordinated loans	0.4%	0.5%	0.5%	0.5%	0.0%	0.0%
Bills payable	1.0%	1.5%	1.2%	1.4%	1.5%	1.5%
Other liabilities	2.4%	2.8%	3.7%	3.6%	2.9%	3.5%
Total liabilities	92.2%	91.0%	91.1%	92.0%	92.2%	90.5%
Share capital	0.5%	0.6%	0.6%	0.6%	0.6%	0.8%
Reserves	2.7%	3.0%	3.1%	2.9%	2.2%	2.5%
Unappropriated profit	3.2%	4.0%	3.8%	3.6%	3.5%	4.0%
Equity - Tier I	6.4%	7.6%	7.6%	7.1%	6.2%	7.3%
Surplus on revaluation of assets - net of deferred tax	1.5%	1.3%	1.4%	0.9%	1.6%	2.2%
Total equity	7.8%	9.0%	8.9%	8.0%	7.8%	9.5%
Horizontal Analysis						
Assets						
Cash and balances with treasury and other banks	198.9%	180.8%	175.2%	141.2%	120.9%	100.0%
Lendings to financial institutions	201.1%	77.6%	78.5%	132.0%	42.3%	100.0%
Investments - net	185.6%	139.9%	104.2%	97.5%	135.4%	100.0%
Advances - net	124.6%	102.3%	122.6%	138.1%	121.0%	100.0%
Operating fixed assets	198.9%	149.1%	152.7%	133.7%	129.9%	100.0%
Other assets	90.9%	77.7%	126.1%	146.0%	117.4%	100.0%
Total assets	163.6%	128.0%	118.3%	118.1%	127.0%	100.0%
Liabilities & Equity						
Deposits & other accounts	150.0%	140.5%	125.7%	117.0%	109.1%	100.0%
Borrowings from financial institutions	279.5%	64.0%	76.6%	133.0%	254.4%	100.0%
Subordinated loans	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Bills payable	109.3%	121.3%	93.5%	111.1%	121.7%	100.0%
Other liabilities	112.3%	101.3%	124.4%	122.0%	104.8%	100.0%
Total liabilities	166.6%	128.7%	119.0%	120.0%	129.3%	100.0%
Share capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserves	172.3%	153.9%	146.6%	134.6%	108.4%	100.0%
Unappropriated profit	131.7%	127.5%	111.6%	105.8%	110.4%	100.0%
Equity - Tier I	142.5%	133.8%	122.5%	115.2%	108.6%	100.0%
Surplus on revaluation of assets - net of deferred tax	109.2%	79.3%	74.2%	47.6%	92.7%	100.0%
Total equity	134.8%	121.3%	111.4%	99.7%	105.0%	100.0%

Profit and Loss Account

December 31

Vertical Analysis

Interest / Return / Non Interest Income Earned

Markup / return / interest earned	86.4%	89.9%	87.6%	81.9%	82.9%	80.6%
Fee, commission, brokerage and exchange income	10.0%	8.7%	10.4%	12.6%	11.2%	11.5%
Capital gains & dividend income	3.4%	1.0%	0.9%	4.8%	5.2%	7.1%
Other income	0.3%	0.4%	1.1%	0.7%	0.7%	0.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Interest / Return / Non Interest Expense

Markup / return / interest expensed	44.5%	45.6%	52.4%	41.2%	39.3%	33.8%
Operating expenses	25.7%	24.3%	23.4%	31.4%	28.0%	27.0%
Provisions	-0.6%	9.9%	4.7%	9.3%	1.9%	1.4%
Taxation	12.4%	7.9%	8.6%	7.0%	11.4%	15.0%
Total expense - percentage of total income	82.0%	87.6%	89.1%	89.0%	80.5%	77.2%

Profit after taxation

Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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Horizontal Analysis

Interest / Return / Non Interest Income Earned

Markup / return / interest earned	150.7%	154.8%	156.5%	115.3%	109.1%	100.0%
Fee, commission, brokerage and exchange income	121.7%	105.4%	130.0%	124.1%	103.4%	100.0%
Capital gains & dividend income	67.1%	19.5%	17.9%	77.0%	78.4%	100.0%
Other income	55.4%	65.8%	199.6%	100.7%	94.2%	100.0%
Total	140.7%	138.8%	143.9%	113.4%	106.2%	100.0%

Interest / Return / Non Interest Expense

Markup / return / interest expensed	185.1%	187.1%	223.2%	138.3%	123.3%	100.0%
Operating expenses	133.7%	124.9%	124.6%	132.0%	110.1%	100.0%
Provisions	-54.9%	963.7%	472.4%	738.7%	140.8%	100.0%
Taxation	116.2%	72.7%	82.6%	53.3%	80.6%	100.0%
Total	149.3%	157.5%	166.0%	130.7%	110.7%	100.0%

Profit after taxation

	111.4%	75.4%	69.0%	54.9%	90.8%	100.0%
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Statement of Value Added

	2021		2020	
	Rs in million	%	Rs in million	%
Mark-up / return / interest earned - net of provisions	148,930	102.8%	135,235	106.4%
Fee, commission, brokerage and exchange income	17,056	11.8%	14,782	11.6%
Capital gains & dividend income	5,791	4.0%	1,681	1.3%
Other income	532	0.4%	631	0.5%
	172,309	118.9%	152,329	119.8%
Administrative expenses	27,395	18.9%	25,197	19.8%
Value added	144,914	100.0%	127,132	100.0%
Distributed as follows:				
To employees as remuneration	16,437	11.3%	15,554	12.2%
To government as income tax	21,245	14.7%	13,294	10.5%
To depositors as profit on investments	57,310	39.5%	60,642	47.7%
To institutions & individuals as profit on borrowings	18,905	13.0%	16,402	12.9%
To society as donations	134	0.1%	342	0.3%
To shareholders as dividends / bonus	26,320	18.2%	7,957	6.3%
Retained in business as reserves and retained profits	4,563	3.1%	12,941	10.2%
	144,914	100%	127,132	100%

UBL International Network

INTERNATIONAL BRANCHES

UAE

Deira Branch

Mohd. & Obaid Al Mullah Building,
Murshid Bazar, Al Kabeer Street - Dubai,
P.O. Box: 1000, Dubai - UAE.
Tel: 00971-4-6085350 & 00971-4-6085351
Swift Code: UNILAEAD
Branch Code: 0906

Bur Dubai Branch

Bank Street Building,
Khalid Bin Al Waleed Street,
P.O. Box: 1367, Dubai - UAE.
Tel: 00971-4-6085200 & 00971-4-6085201
Swift Code: UNILAEAD
Branch Code: 0907

Gold & Diamond Park Branch

Gold & Diamond Park,
Unit No. R-52,
Sheikh Zayed Road, Al Qouz Industrial Area,
P.O. Box: 3846, Dubai - UAE.
Tel: 00971-4-6085300 & 00971-4-6085301
Swift Code: UNILAEAD
Branch Code: 0919

Sharjah Branch

Al Majaz Building, King Faisal Street,
P.O. Box: 660, Sharjah - UAE.
Tel: 00971-6-5979121 & 00971-6-5979122
Swift Code: UNILAEAD
Branch Code: 0910

Muroor Branch

Aylan Abdullah al Muhairi Building,
Muroor Road,
P.O. Box: 3052, Abu Dhabi - UAE.
Tel: 00971-2-5996525
Swift Code: UNILAEAD
Branch Code: 1207

Musaffah Branch

Rashid Mohd. Abdullah Al Mazroui Building,
Block M14, Street 17, Musaffah Industrial Road,
P.O. Box: 237, Abu Dhabi - UAE.
Tel: 00971-2-5996400 & 00971-2-5996401
Swift Code: UNILAEAD
Branch Code: 0901

Bahrain

Manama Branch

Building 117, Road 385, Block 304,
Government Avenue, Manama,
P.O. Box: 546, Kingdom of Bahrain.
Tel: 00973-17503549
Email: manama_branch@ublinc.com
Swift Code: UNILBHM
Branch Code: 0905

Qatar

Corniche Branch

Sh. Jassim Bin Jaber Al-Thani Building,
Abdullah Bin Jassim Street,
P.O. Box: 242, Doha - Qatar.
Tel: 00974-44254425
Email: Mohammad_ali@ublinc.com
Swift Code: UNILQAQxxx
Branch Code: 0908

Representative Office

China

Servcorp, Suite No.29, Level 21, Fortune Financial Center
No. 5 Dong San Huang Zhong Rd, Chaoyang District
Beijing - China - PO Box: 100020
Tel: 0086 - 010 - 57750521
Fax: 0086 - 010 - 57750350

OBU-EPZ

EPZ Branch Karachi

Export Processing Zone, Landhi Industrial Area,
Mehran Highway, Landhi, Karachi.
Tel: 0092-21-35082301-3
Fax: 0092-21-35082305

EPZ Branch, Sambrial (Sialkot)

Plot No.: 261-A, Export Processing Zone,
Wazirabad Road, Sambrial,
District Sialkot.
Tel: 0092-52-6523388

Subsidiaries

Switzerland

UBL Switzerland AG
Feldeggstrasse 55, Postfach CH - 8034 Zurich - Switzerland.
Tel: 0041-43-4991920
Fax: 0041-43-4991933

United Kingdom

London

2 Brook Street,
London, W1S 1BQ.

Birmingham

391-393 Stratford Road,
Birmingham, B11 4JZ.

Manchester

Unit 4, Cheetham Hill Shopping Centre,
40 Bury Old Road,
Manchester, M8 5EL.

Complaint Management at UBL

Complaint Management Unit under umbrella of Service Quality is responsible for managing and resolving customer grievances efficiently at UBL. While resolving customer complaints we ensure following:

- UBL treats its customer fairly.
- UBL always informs customers regarding its complaint handling mechanism.
- Complaints are resolved within the shortest possible time.
- UBL complaint handling mechanism is visible and accessible for all its customers through Website, Helpline and Placards mentioning all touch points details.
- UBL's complaint handling is comprehensive and integrated to core business.
- Adequate monitoring and controls are in place to ensure the operational efficiency and effectiveness of complaint handling mechanism.
- Complaints are handled with impartiality and transparency.

After Covid-19, the year 2021 started with a full enthusiasm. Complaint Management resolved customer issues efficiently & effectively which is not only shows honesty of purpose to customers but also managing customer experience.

UBL had enhanced complaint handling system in 2021 to facilitate the customer proficiently, and also complaint lodgment procedures and awareness about complaints is being emphasized bank wide via training sessions. Further, UBL encourages its customers to approach the external dispute resolution forum i.e. Banking Mohtasib Pakistan, if they are not satisfied with the complaint resolution provided by the bank.

Complaint Management also synchronized with their core departments for reduction of customer grievances and observed the complaint volume down by facilitating customers. Complaints trend and closure analysis reports are also shared with the Board Members, Senior Management & Business owners. Based on these findings, remedial measures are taken.

UBL regards complaints as an important feedback for improvement. With management view on catering to the needs of customers, Fair Treatment & Customer Service Committee (FTCSC) has been exists to foresee customer issues and advise fixes that could result into wow experience for our customers. This committee comprises of senior executives and is chaired by the CEO.

Key highlights of year 2021 were as under:

- Complaint volume of 178,037 managed successfully.
- 89% complaints were resolved within the timelines provided to our customers.
- 99.7% resolutions were provided in 15 days' time.
- Average complaint resolution time stood at 6.0 days.

Report of Shariah Board for the Financial Year-2021

In the name of Allah, The Most Beneficent, The Most Merciful

Alhamdulillah, by the grace of Almighty Allah, UBL Ameen Pakistan has successfully completed 15 years of Islamic Banking operations. During the year, UBL Ameen witnessed an exponential growth in terms of business profitability and market penetration.

Scope:

The Board of Directors and Executive Management are solely responsible to ensure that the operations of the bank are conducted in a manner that comply with Shariah principles at all times. The scope of this report is to cover affairs of the Islamic Banking operations in Pakistan from Shariah perspective, as described under Shariah Governance Framework of State Bank of Pakistan.

Shariah Board hereby submits its report on the overall Shariah compliance environment of UBL Ameen and major developments that took place during the year.

Shariah Board Meetings and Reviews:

In line with Shariah Governance Framework of State Bank of Pakistan, Shariah Board shall meet at least on quarterly basis. Hence, **twenty-seven (27)** Shariah Board meetings were held till date, out of which **four (4)** meetings were conducted in 2021. Minutes of meetings were subsequently submitted to Islamic Banking Department of State Bank of Pakistan. In addition, various meetings were held to discuss the matters related to Product Development, Islamic Banking Training, Shariah Compliance and Shariah Audit.

To observe Shariah environment as required by SBP-IBD, Shariah Board visited and conducted internal Shariah control review of selected number of branches and visited few of UBL Ameen corporate clients during the year.

Shariah Compliance Department:

Shariah Compliance remained key player in all the activities, in order to achieve the optimum level of satisfaction. Shariah Compliance Department worked under the supervision of Shariah Board and contributed as an effective conduit between Management and Shariah Board. Shariah Compliance Department (SCD) of UBL Ameen constitutes of Head of Shariah Compliance & three supporting staff including Shariah Scholar.

During the year, internal Shariah control review was conducted for Islamic branches and Head Office functions on sample basis. Shariah Compliance review was conducted for total 72 Islamic Banking branches and Islamic Banking Windows. Shariah compliance review reports for Islamic Banking branches and Islamic Banking Windows were shared with District Management and Head of Islamic Banking for rectification and compliance. Shariah Compliance Department submitted its consolidated quarterly reports to Shariah Board for ratification. Reports consisted details of all Shariah reviews and opinions given by Resident Shariah Board Member (in accordance with Shariah guidelines already provided by the Shariah Board) and opinions given by Shariah Board through circulation. Later on, RSBM and Shariah Board rulings were ratified by Shariah Board in the subsequent Shariah Board meetings.

UBL Ameen Branch Network:

In terms of branch network, the year 2021 was an exceptional year in UBL Ameen's history where 48 Conventional Banking branches were converted into Islamic Banking branches. Conversion process

was effectively executed with end to end review from Shariah Board and subsequent approval from State Bank of Pakistan. Total number of Islamic Banking branches has now reached to 145. Also, with the addition of 17 new Islamic Banking Windows (IBWs) in 2021, IBWs are now being operated through 197 UBL branches countrywide.

Products & Services:

On Liability Side:

Following Liability products were launched during the year;

"UBL Ameen Islamic Digital Account", is Pakistan's first Islamic account which can be opened digitally i.e. without customer's interaction with the branch. The account is offered to resident Pakistanis. This product is first of its kind and is aimed to increase financial inclusion without hassle of visiting the bank branch.

"UBL Ameen Asaan Digital Account", is a digital version of Asaan account which has been launched to facilitate unbanked segment of resident Pakistanis.

"UBL Ameen Tezraftaar Asaan Digital Remittance Account", is a digital version of Asaan remittance account, which has been launched to facilitate resident Pakistanis who are beneficiaries of home remittances.

"UBL Ameen Freelancer Digital Account", is a digital version which is specially designed to facilitate freelancer segment, to provide the easiest and secure way to transact in bank account.

"UBL Ameen Foreign Currency Saving Account", is an account for potential customers who are looking to transact with Shariah compliant foreign currency saving account. The account operates under the Shariah compliant mode of Mudarabah.

On Consumer Side:

Following Consumer products were launched / renewed during the year;

"UBL Ameen Address", existing product program manual for UBL Ameen Address (Housing Finance product) was renewed and approved by Shariah Board. UBL Ameen Address is a Shariah Compliant solution for housing finance based on the concept of Diminishing Musharakah, which facilitates the customers for purchase of a house/apartment, renovation, construction & balance transfer facility.

"UBL Ameen Drive", existing product program manual of UBL Ameen Drive (Auto Finance product) was renewed and approved by Shariah Board.

"UBL Roshan Apni Car", is an Islamic auto finance product which is launched for Roshan Digital accountholders, for availing car financing facility for their family members' resident in Pakistan on competitive pricing and takaful rates.

On Asset Side:

Product Program Manuals for Murabaha and Treasury Products (Mudarabah, Wakalah, Musharakah and FX Transaction) along with transaction documents were revalidated and approved by Shariah Board. Shariah Board approval was also granted for marketing of Islamic Zarai Khushali Financing product through IBWs & Conventional banking staff.

Corporate Banking:

During the year, total **313** corporate banking transactions were executed. For review of Corporate & SME transactions, Shariah compliance process is categorized in two major stages:

- 1) **Pre Disbursement Stage** in which process flows and structures of the transactions are finalized in accordance with Shariah guidelines already provided by the Shariah Board. These process flows are duly reviewed and approved by Resident Shariah Board Member (RSBM) / Shariah Board and are ratified in the subsequent Shariah Board meetings.
- 2) **Post Disbursement Stage** in which transactional documents are reviewed on sample basis by Shariah Compliance Department, in accordance with Shariah guidelines already provided by the Shariah Board.

UBL Ameen Treasury:

UBL Ameen has a separate and an independent Treasury Department. During the year, 72 deals were executed under UBL Ameen treasury products namely, Musharakah, Mudarabah, Wakalah and GOP Ijarah Sukuk. Furthermore, total five deals were executed under SBP's approved product Bai Muajjal and four deals were executed with Government of Pakistan under GOP Ijarah Sukuk.

Further, to manage excess liquidity or in case of short of funds, arrangement on the basis of Qard was approved with a strategy that on best effort basis, funds would be deployed by UBL Ameen Treasury through any possible Islamic mode of finance.

Profit & Loss Distribution and Pool Management:

UBL Ameen has successfully implemented the automation of Profit & Loss distribution and Pool Management system.

During the year, profit and loss distribution mechanism, i.e. weightages were discussed with Shariah Compliance Department (SCD) and SCD verified distribution of profit and loss to the depositors. Further, SCD also reviewed post disbursement pool calculations, to assess the potential risks with respect to Shariah Non-Compliance. Internal Shariah Audit Unit (ISAU) conducted post disbursement pool audit on quarterly basis in line with the Profit & Loss distribution and Pool Management policy alongwith announced Profit Sharing Ratio (PSR) & weightings, and presented its reports to Shariah Board for review and opinion where required.

Training and Development:

During the year 2021, various Class Room and Online Islamic Banking training sessions were conducted for UBL and UBL Ameen staff on basic concepts of Islamic Banking and Islamic Banking Products & Services. These Islamic banking training sessions include **Islamic Banking Products & Services, Branch Conversion, Mera Pakistan Mera Ghar (MPMG) and Islamic Digital Account**. Trainings were conducted by Shariah Compliance Department, Shariah Board Members and executives from Product & Operations Department.

Further, to abreast the staff with expertise and skills, selected staff were trained through Centre of Excellence for Islamic Finance and National Institute of Banking & Finance (NIBAF), SBP.

In addition to this, customer awareness session was conducted by Shariah Board in Mingora District, Swat.

In line with the senior management decision to promote Islamic Banking training to all staff across the bank, UBL Ameen initiated **Knowledge for You – Islamic Banking Awareness program** on weekly basis where Online Islamic Banking training was conducted through Shariah Board and UBL Ameen Shariah Scholars.

In order to further reinforce training culture across the bank, Shariah Board approved Islamic Banking training presentations were made

available on Learning Management System through e-learning module.

In compliance to clause 2 vi and 2 vii of the Shariah Governance Framework, Shariah Board conducted Islamic Banking training / orientation session for Board of Directors (BoD) in Shariah Board meeting with BoD.

Internal Shariah Audit Unit (ISAU):

Internal Shariah Audit Unit performed all the tasks in line with Shariah Governance Framework and sought guidance and consultation from Shariah Board. Audit covered all business related functions including Islamic Banking Branches & Islamic Banking Windows, SME & Consumer Financing, and Profit & Loss distribution very extensively. Reports were discussed with the Shariah Board for opinion and subsequent submission to UBL Ameen Management, for necessary rectifications wherever required.

Charity Collections & Disbursements:

The opening balance of Charity fund as of 1st January 2021 was PKR 2.82 Million. During the year, charity of PKR 4.71 Million was received (including profit on charity account amounting PKR 0.17 Million) and charity of PKR 3.50 Million was disbursed to the charitable organizations after detailed screening and due diligence. The amount credited in charity account was due to late payments.

Shariah Opinion:

To form our opinion as expressed in this report, the Shariah Compliance Department of the Bank carried out reviews on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed reports from Internal Shariah Audit and External Shariah Audit. Based on above, we are of the view that:

- i. UBL Ameen has overall complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
- ii. UBL Ameen has overall complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. UBL Ameen has a satisfactory mechanism in place to ensure Shariah compliance in their overall operations.
- iv. UBL Ameen has a proper system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. UBL Ameen has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity & sensitization of the staff and the management in appreciating the importance of Shariah compliance in the products and processes of the bank is satisfactory.
- vii. Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations:

Shariah Board appreciates management decision to convert Conventional branches into Islamic Banking branches in Timergara & Mingora districts, offer Staff Transport & Housing Finance facilities for all the bank staff through Shariah compliant mode of Diminishing Musharakah, and to invest provident fund for Islamic Banking staff into Shariah compliant avenues. For further enhancement, Shariah Board recommends the following:

- i. The deployment of funds into Shariah compliant avenues has been considerably increased viz-a-viz increase in deposits, however, as observed and discussed during the Shariah Board review of key business areas, bank is advised to further improve Finance to Deposit ratio and ensure effective utilization of excess liquidity in Shariah Compliant avenues by UBL Ameen.

- ii. To comply with regulatory requirements for Islamic SME & Agri business viz-a-viz potential in the sector, bank is advised to increase focus and hire adequate resources accordingly.
- iii. Management decision to increase Islamic Banking footprint through conversion of Conventional branches into Islamic Banking branches in Timergara & Mingora districts is a very good step for the growth and success of Islamic Banking in Pakistan. In order to further capitalize on Islamic Banking opportunities and keeping in view the growing demand of Islamic Banking, management may also evaluate converting Conventional branches into Islamic Banking branches in other regions as well.
- iv. Shariah Board also appreciates management decision to include Islamic Banking training through Learning Management System an integral part of performance appraisals for Islamic Banking Staff, however, during the Shariah Board review of branches, few instances observed where staff posted in Islamic Banking branches are not appropriately trained for Islamic Banking products and services. As already advised, bank must ensure implementation of SBP IBD Circular No. 2 of 2018 and its amendment through IBD Circular Letter No. 1 of 2020; i.e. enhanced training and capacity building measures for Islamic Banking Institutions in letter and spirit.
- v. In order to comply with SBP IBD Circular No. 1 of 2021 with respect to management of Shariah Non-compliance Risks (SNCRs), bank is advised to hire additional resources in Shariah Compliance Department, in consultation with Shariah Board, to further improve efficiency of the unit.
- vi. Bank is further advised to ensure that all the Product Manuals and related agreements are duly approved by the Shariah Board, to comply with Shariah Governance Framework of State Bank of Pakistan.
- vii. Products and Services offered by other Islamic Banking Institutions should be compared with existing offerings and made available, keeping in view the business potential.

Conclusion:

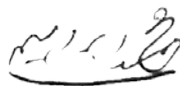
Shariah Board of UBL Ameen is satisfied with the overall performance and operations of UBL Ameen Pakistan – Islamic Banking Division of United Bank Limited and hope that the management will keep this momentum of profitability, Shariah Compliance and market penetration, and thus play pivotal role in sound and manifold growth of Islamic Banking countrywide.



Mufti Muhammad Awais Naeem
Resident Shariah Board Member



Mufti Imtiaz Alam
Shariah Board Member



Mufti Muhammad Ibrahim Essa
Chairman Shariah Board

Date of Report: 31st January 2022.

رسائی اور منافع کی رفتار کو برقرار رکھے گی اور ملک بھر میں اسلامک بینکنگ کے استحکام اور مزید فروغ میں مرکزی کردار ادا کرے گی۔

vii. شریعہ بورڈ کو مناسب وسائل فراہم کیے گئے جس کی بدولت وہ اپنی ذمہ داریاں احسن طریقے سے انجام دے پایا۔

سفارشات:

شریعیہ بورڈ تیس گروہ اور منگورہ کے اضلاع میں کنوشنل برانچز کو اسلامی برانچز میں تبدیل کرنے، مشارکہ کے ذریعے شریعیہ کمپلائنس موڈ کے مطابق بینک کے تمام عملے کے لئے ٹرانسپورٹ اور ہاؤسنگ فنانس کی سہولت فراہم کرنے اور اسلامی بینکنگ کے عملے کے لئے پرائیڈنٹ فنڈ کی شریعیہ کمپلائنس ایویونز میں سرمایہ کاری کرنے کے انتظامی فیصلوں کی حوصلہ افزائی کرتا ہے اور مزید بہتری کے لیے درج ذیل سفارشات پیش کرتا ہے:

محمد رفیع

مفتی محمد اویس نعیم
ریزیڈنٹ شریعیہ بورڈ ممبر

الیاس

مفتی امتیاز عالم
ممبر شریعیہ بورڈ

محمد ابراہیم

مفتی محمد ابراہیم عیسیٰ
چیئرمین شریعیہ بورڈ

رپورٹ کی تاریخ: 31 جنوری 2022ء

- i. بینک کی طرف سے فنڈز کے شریعیہ کمپلائنس شعبوں میں استعمال میں اضافہ دیکھا گیا ہے، تاہم جیسا کہ بزنس کے مختلف شعبوں کے جائزے کے دوران یہ بات محسوس کی گئی اور ذکر بھی کی گئی کہ بینک کو چاہیے کہ وہ فنانس اور ڈپازٹ کے باہمی تناسب میں مزید اضافہ کرے اور اس بات کو یقینی بنائے کہ زائد لیکویڈیٹی شریعیہ کمپلائنس شعبوں میں ہی استعمال کی جائے۔
- ii. اسلامک ایس ایم ای اور ایگری بزنس کے حوالے سے ریگولیٹرز کے ضوابط پر مکمل طور پر عمل کرنے اور مارکیٹ میں ان شعبوں میں کام کرنے کے مواقع کو دیکھتے ہوئے، بینک کو یہ مشورہ دیا جاتا ہے کہ مذکورہ شعبہ جات پر اپنی توجہ مرکوز رکھے اور اس میں کام کرنے کے لئے اسٹاف میں اضافہ کرے۔
- iii. تیس گروہ اور منگورہ کی اضلاع میں کنوشنل برانچوں کو اسلامک برانچوں میں تبدیل کرنے کا اقدام قابل تعریف اور پاکستان میں اسلامک بینکنگ کے فروغ کے لئے اہم اقدام ہے۔ اسلامک بینکنگ کے اس فروغ کو مزید بڑھانے اور اسلامک بینکنگ کے مواقع اور ترقی سے مستفید ہونے کے لئے بینک کو یہ مشورہ دیا جاتا ہے کہ وہ دیگر اضلاع میں بھی اس طرح کی کاوشوں پر غور و خوض کرے۔
- iv. شریعیہ بورڈ ٹیننٹ کی طرف سے اسلامک بینکنگ کے ای آرنگ ماڈیولز کو لونگ ٹیننٹ سسٹم کا مستقل حصہ بنانے کے فیصلے کو سراہتا ہے، البتہ شریعیہ بورڈ کے اسلامک بینکنگ برانچوں کے وزٹ کے دوران یہ بات مشاہدے میں آئی کہ اسلامک بینکنگ برانچوں اور اسلامک بینکنگ وینڈوز میں تعینات کردہ کچھ سٹاف کی اسلامک بینکنگ کی پروڈکٹ اور سروسز کے بارے میں آگاہی قابل اطمینان نہیں۔ جیسا کہ پہلے بھی کہا گیا کہ بینک، تمام اسلامی بینکنگ اور سپورٹ سٹاف کی اسلامک بینکنگ کی ٹریننگ کو یقینی بنائے۔
- v. ایسٹ بینک آف پاکستان کے شعبہ اسلامک بینکنگ ڈپارٹمنٹ کے سرگرمیوں کے سلسلے میں 1/2021 جو کہ شریعیہ نان کمپلائنس رسک ٹیننٹ سے متعلق ہے پر عملی اقدام کو یقینی بنانے کے لئے بینک کو یہ مشورہ دیا جاتا ہے کہ شریعیہ کمپلائنس ڈیپارٹمنٹ میں افرادی قوت کا اضافہ کیا جائے تاکہ ڈپارٹمنٹ کی کارکردگی کو مزید بہتر کیا جاسکے۔
- vi. بینک اس بات کو بھی یقینی بنائے کہ تمام پروڈکٹ پروگرام مینولز اور متعلقہ اگریمنٹس، تمام تر تبدیلیوں سمیت، ہمہ وقت شریعیہ بورڈ کے مصدقہ یا منظور شدہ ہوں اور وہی نافذ العمل ہوں، تاکہ سیٹ بینک آف پاکستان کی طرف جاری کردہ شریعیہ گورننس فریم ورک پر پوری طرح سے عمل ہو سکے۔
- vii. دوسرے اسلامی بینکوں اور مالیاتی اداروں کی جانب سے پیش کردہ سروسز اور پروڈکٹس کا بینک کی موجودہ پروڈکٹس اور سروسز سے موازنہ کیا جائے اور کاروباری امکانات کو سامنے رکھتے ہوئے ان کی فراہمی کو یقینی بنایا جائے۔

اختتامیہ:

یوبی ایل این کا شریعیہ بورڈ یوبی ایل کے اسلامک بینکنگ ڈویژن "یوبی ایل این۔ پاکستان" کی مجموعی کارکردگی اور آپریشنز سے مطمئن ہے اور امید کرتا ہے کہ انتظامیہ اسی طرح شریعیہ کمپلائنس، مارکیٹ میں

مینیوز اور ٹرانزیکشن ڈاکیومنٹس کا شریعہ بورڈ نے دوبارہ جائزہ لینے کے بعد منظوری بھی دی۔ اسلامک زرعی خوشحالی فنڈنگ پروڈکٹ کی اسلامک بینکنگ ونڈوز اور کنٹریول بینکنگ کے تربیت یافتہ اسٹاف کے ذریعے مارکیٹنگ کا شریعہ بورڈ نے جائزہ لینے کے بعد منظوری دی۔

کارپوریٹ اور ایس ایم ای (SME):

دوران سال مجموعی طور پر 313 کارپوریٹ اور ایس ایم ای ٹرانزیکشنز عمل میں لائی گئیں۔ کارپوریٹ اور ایس ایم ای ٹرانزیکشنز کی شریعہ کمپلائنس کا جائزہ مندرجہ ذیل دو بنیادی مراحل پر مشتمل ہوتا ہے:

- 1) معمول سے پہلے کا مرحلہ: یہ ٹرانزیکشن کے آغاز کا مرحلہ ہے۔ اس مرحلے میں شریعہ بورڈ کی پہلے سے فراہم کردہ گائیڈ لائنز کے مطابق ٹرانزیکشن کا ڈھانچہ اور پروسیس فلو (Process Flow) حتمی شکل اختیار کرتا ہے۔ اس مرحلے میں تمام متعلقہ عوامل کا باقاعدگی سے جائزہ لیا گیا اور ریویژنٹ شریعہ بورڈ ممبر سے منظوری لی گئی اور بعد ازاں اس کی شریعہ بورڈ کے اجلاس میں توثیق بھی کروائی گئی۔
- 2) معمول کے بعد کا مرحلہ: اس مرحلے میں شریعہ کمپلائنس ڈپارٹمنٹ کی طرف سے ٹرانزیکشنز کا نمونہ کی بنیاد پر شریعہ بورڈ کی پہلے سے منظور شدہ گائیڈ لائنز کے مطابق جائزہ لیا جاتا رہا۔

یو بی ایل این ٹریڈری:

یو بی ایل این کا الگ اور خود مختار ٹریڈری ڈپارٹمنٹ ہے۔ دوران سال این ٹریڈری پروڈکٹس کے تحت کل 72 ٹرانزیکشنز ہوئیں، جن میں مشارکہ، مضاربہ، وکالہ، اور حکومت پاکستان کے اجارہ سکوٹ شامل ہیں۔ اس کے علاوہ اسٹیٹ بینک آف پاکستان کی منظور شدہ پروڈکٹ "بیج مومجل" کے تحت 9 ٹرانزیکشنز ہوئیں جن میں سے 4 ٹرانزیکشنز حکومت پاکستان کے ساتھ کی گئیں۔ علاوہ ازیں، اضافی لیکویڈٹی یا فنڈز کی کمی کی صورت میں "قرض" کی بنیاد پر انتظامات کی منظوری دی گئی جو کہ اس بات کے ساتھ مشروط تھی کہ حتی الوسع فنڈز کو کارپوریٹ، ایس ایم ای اور اسلامی مالیاتی اداروں میں انوسٹ کیا جانا چاہیے۔

نفع و نقصان کی تقسیم اور پول مینجمنٹ:

یو بی ایل این نے نفع و نقصان کی تقسیم اور پول مینجمنٹ کے لئے "خود کار نظام" وضع کر دیا ہے۔ سال کے دوران نفع و نقصان کی تقسیم کا طریقہ کار یعنی پول کا حساب کتاب اور Weightages کو ماہانہ بنیادوں پر شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ زیر بحث لایا گیا اور شریعہ کمپلائنس ڈپارٹمنٹ سے اسکی تصدیق و توثیق بھی کروائی گئی۔ انٹرنل شریعہ آڈٹ یونٹ (ISAU) نے تقسیم کے بعد سامانی بنیادوں پر اس کا آڈٹ کیا اور جہاں ضرورت پیش آئی، شریعہ بورڈ کو رپورٹس پیش کر کے رائے بھی حاصل کی گئی۔

ٹریڈنگ اور ڈویلپمنٹ:

سال 2021ء کے دوران یو بی ایل این کی طرف سے یو بی ایل این اور یو بی ایل این اسٹاف کے لئے اسلامک بینکنگ کی ٹریڈنگ کے مختلف کلاس روم اور آن لائن (via Cisco Webex) سیشنز کا انعقاد کیا گیا، جن میں اسلامک بینکنگ، اسلامک بینکنگ کی پروڈکٹس، خدمات اور براؤنچ کنورژن، میرا پاکستان میرا گھر اور اسلامک ڈیجیٹل اکاؤنٹ کے بنیادی معاملات کی ٹریڈنگ دی گئی۔ ان ٹریڈنگ سیشنز کا انعقاد، شریعہ بورڈ ممبران، شریعہ کمپلائنس ڈپارٹمنٹ اور پروڈکٹس اینڈ پرفارمنس ڈپارٹمنٹ کے ایگزیکٹوز کی جانب سے کیا گیا۔ اس کے علاوہ قابلیت اور تجربات میں اضافے کے لئے منتخب اسٹاف کو "سینئر آف ایکی لینس فار اسلامک فنانس (CEIF)" اور اسٹیٹ بینک آف پاکستان کے ذیلی شعبے "اسٹی ٹیوٹ آف بینکنگ اینڈ فنانس (NIBAF)" کے ذریعے ٹریڈنگ دلوائی گئی۔ اس کے علاوہ شریعہ بورڈ کی طرف سے یتاگورہ، سوات میں کسٹمرز کی آگاہی کے لئے بھی سیشن کا انعقاد کیا گیا۔

سینئر مینجمنٹ کے ایما پر پورے بینک میں، اسٹاف کے لئے اسلامک بینکنگ ٹریڈنگ کو فروغ دینے کے لئے، یو بی ایل این نے ہفتہ وار "ناج فار یو (Knowledge for You)" اسلامک بینکنگ آگاہی پروگرام" کو جاری رکھا، جس میں یو بی ایل این کے شریعہ بورڈ اور شریعہ کارلرز مختلف موضوعات پر اسلامک بینکنگ کی آگاہی فراہم کرتے ہیں۔

اسی طرح بینک میں ٹریڈنگ کلچر کو فروغ دینے کے لئے، اسلامی بینکاری کے حوالے سے معلوماتی مواد کو شریعہ بورڈ نے منظور کیا اور اسے لننگ مینجمنٹ سسٹم پر ای لننگ موڈ یول کے ذریعے دستیاب کیا گیا۔

شریعی گورننس فریم ورک کی شیق vi2 اور vii 2 پر عمل کرتے ہوئے شریعہ بورڈ نے بورڈ آف ڈائریکٹرز کے ساتھ شریعہ بورڈ مینٹنگ میں بورڈ آف ڈائریکٹرز کے لئے اسلامک بینکنگ کی اوریٹیشن پیش کی۔

انٹرنل شریعہ آڈٹ یونٹ (ISAU):

انٹرنل شریعہ آڈٹ یونٹ اپنے تفویض شدہ تمام امور، شریعہ گورننس فریم ورک کے مطابق انجام دیتا رہا اور شریعہ بورڈ سے مشورے اور راہنمائی حاصل کرتا رہا۔ آڈٹ میں تمام کاروباری امور جیسے؛ اسلامک بینک برانچوں، اسلامک بینکنگ ونڈوز، ایس ایم ای، صارفین اور کارپوریٹ برنسز اور نفع و نقصان کی تقسیم کے معاملات کا احاطہ کیا گیا۔ آڈٹ رپورٹس شریعہ بورڈ سے رائے لینے کے بعد ضروری اصلاحات کے لئے یو بی ایل این کی مینجمنٹ کے پاس جمع کروائی جاتی رہیں۔

چیریٹی کی وصولی اور تقسیم:

یکم جنوری 2021 کو وصول شدہ چیریٹی کی کل مقدار 2.82 ملین روپے تھی۔ دوران سال 4.71 ملین روپے کی چیریٹی وصول ہوئی (جس میں 0.17 ملین روپے کا چیریٹی فنڈ سے حاصل ہونے والا پرافٹ بھی شامل ہے) اور کئی چھان بین اور مکمل احتیاط کے بعد خیراتی اداروں میں 3.50 ملین روپے کی چیریٹی تقسیم کی گئی۔ اس سال کوئی چیریٹی ٹرانزیکشن میں نفاذ کی وجہ سے نہیں ہوئی، بلکہ چیریٹی اکاؤنٹ میں جمع ہونے والی تمام رقم، ادائیگیوں میں تاخیر کی وجہ سے جمع ہوئی۔

شریعیہ بورڈ کی رائے:

اپنی رائے قائم کرنے کے لیے جیسا اس رپورٹ میں بیان کیا گیا کہ شریعہ کمپلائنس ڈپارٹمنٹ نے ہر قسم کی کاروباری سرگرمی، متعلقہ دستاویزات اور ان کے لائحہ عمل کا جائزہ لیا اور اس کی رپورٹ شریعہ بورڈ کو پیش کی اور مزید یہ کہ ہم نے انٹرنل شریعہ آڈٹ اور اسٹیٹ بینک آف پاکستان کی معائنہ ٹیموں کی رپورٹوں کا بھی جائزہ لیا لہذا درج بالا حقائق کی روشنی میں ہماری رائے یہ ہے کہ:

- i. یو بی ایل این نے مجموعی طور پر شریعہ بورڈ کی طرف سے جاری کردہ فتاویٰ، قوانین اور گائیڈ لائنز کی روشنی میں شریعت کے اصولوں اور قواعد کی پاسداری کی ہے۔
- ii. یو بی ایل این نے مجموعی طور پر اسٹیٹ بینک آف پاکستان کی طرف سے شریعہ کمپلائنس کے سلسلے میں جاری کردہ اصولی ہدایات، قواعد و ضوابط اور دستور عمل کی پاسداری کی ہے۔
- iii. یو بی ایل این کے پاس مجموعی طور پر اپنی کاروباری سرگرمیوں میں شریعہ کمپلائنس کو یقینی بنانے کے لیے قابل اطمینان نظام موجود ہے۔
- iv. یو بی ایل این میں ایک ایسا مناسب نظام موجود ہے جو اس بات کو یقینی بناتا ہے کہ شریعت کی رو سے ممنوعہ ذرائع یا طریقوں سے حاصل شدہ آمدنی چیریٹی اکاؤنٹ میں جانے اور اسے مناسب انداز میں استعمال کیا جائے۔
- v. یو بی ایل این نے نفع و نقصان کی تقسیم اور پول کے انتظام و انصرام (Pool Management) میں اسٹیٹ بینک آف پاکستان کی ہدایات کی پاسداری کی ہے۔
- vi. پروڈکٹس اور بینک کی کاروباری سرگرمیوں میں شریعہ کمپلائنس کے بارے میں عملے اور انتظامیہ کی آگاہی، اہلیت اور حساسیت کی سطح قابل اطمینان ہے۔

شریعی بورڈ رپورٹ

برائے مالی سال 2021ء

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله، اللہ تعالیٰ کے فضل و کرم سے یو بی ایل امین نے اسلامی بینکنگ کے 15 سال کامیابی کے ساتھ مکمل کر لیے ہیں۔ اس سال یو بی ایل امین کے کاروباری منافع اور مارکیٹ کی وسعت میں غیر معمولی اضافہ ہوا ہے۔

یو بی ایل امین برانچ نیٹ ورک:

برانچ نیٹ ورک کے لحاظ سے یہ سال یو بی ایل امین کی اسلامک بینکنگ کی تاریخ کا ایک غیر معمولی سال رہا، جس میں 48 کنوشنل برانچوں کو اسلامک برانچوں میں تبدیل کر دیا گیا، تبدیلی کا عمل مکمل ہونے سے پہلے شریعہ بورڈ کی تمام ہدایات اور اسٹیٹ بینک آف پاکستان کی تمام ریگولیشنز پر عمل کو یقینی بنایا گیا۔ اب اسلامک بینکنگ کی برانچوں کی تعداد 145 ہو گئی ہے۔ اس کے ساتھ ساتھ سال 2021ء میں 17 نئی اسلامک بینکنگ ونڈوز کے اضافے کے ساتھ، اب ملک بھر میں اسلامک بینکنگ ونڈوز کی خدمات یو بی ایل کی 197 برانچوں میں فراہم کی جا رہی ہیں۔

پروڈکٹس اور خدمات:

Liability کے حوالے سے:

"یو بی ایل امین اسلامک ڈیجیٹل اکاؤنٹ" یہ اکاؤنٹ پاکستان کا پہلا اسلامک اکاؤنٹ ہے جسے برانچ کاؤنٹ کے بغیر، ڈیجیٹل طریقے سے کھولا جاسکتا ہے، یہ اکاؤنٹ بیرون ملک پاکستانیوں کے لئے مختص ہے۔ یہ پروڈکٹ پہلی بار متعارف کروائی گئی ہے جس کا مقصد برانچ وزٹ کے بغیر کسٹمرز کی مالیاتی شمولیت میں اضافہ کرنا ہے۔

"یو بی ایل امین آسان ڈیجیٹل اکاؤنٹ" یہ اکاؤنٹ آسان اکاؤنٹ کا ڈیجیٹل ورژن ہے، جو کہ ایسے تمام طبقات خاص طور پر بینکاری سے منقطع یا ایسے افراد جنہیں بینکنگ کی سہولیات تک مکمل رسائی نہ ہو کے لئے بینکنگ کی سہولیات تک رسائی دینے کے لئے شروع کیا گیا ہے۔

"یو بی ایل امین میزرفار آسان ڈیجیٹل ریمنینٹس اکاؤنٹ" یہ اکاؤنٹ آسان ریمنینٹس اکاؤنٹ کا ڈیجیٹل ورژن ہے، یہ اکاؤنٹ بیرون ملک مقیم پاکستانی شہریوں کی سہولت کے لئے شروع کیا گیا ہے۔ جو کہ ریمنینٹس کی سہولت سے مستفید ہو سکتے ہیں۔

"یو بی ایل امین فری لانس ڈیجیٹل اکاؤنٹ" یہ اکاؤنٹ خاص طور پر فری لانسنگ کرنے والے طبقات کے لئے ڈیزائن کیا گیا ہے تاکہ انہیں ڈیجیٹل طریقے سے آسان اور محفوظ ترین ٹرانزیشن کی سہولت فراہم کی جاسکے۔

"یو بی ایل امین فارن کرنسی سیونگ اکاؤنٹ" یہ اکاؤنٹ ان کسٹمرز کے لئے ہے جو شرعی طریقے سے فارن کرنسی میں بینکنگ کرنا چاہتے ہیں۔ یہ اکاؤنٹ مضاربہ کے شرعی اصولوں کے مطابق کام کرتا ہے۔

کنزرویمر کے حوالے سے:

"یو بی ایل امین ایڈریس" یو بی ایل امین ایڈریس، ہاؤسنگ فنانسنگ کے موجودہ پروڈکٹ پروگرام مینول کی تجدید کی گئی اور شریعہ بورڈ نے اس کی منظوری بھی دی۔ یہ پروڈکٹ ہاؤسنگ فنانسنگ کا شرعی حل ہے جس میں شرکت متناقصہ کی بنیاد پر کسٹمرز کو گھر/پارٹنمنٹ کی خریداری، تزئین و آرائش، تعمیر اور بیٹنس ٹرانسفر کی سہولت دی جاتی ہے۔

"یو بی ایل امین ڈرائیو" آٹو فنانسنگ کے موجودہ پروڈکٹ مینول کا دوبارہ جائزہ لیا گیا اور شریعہ بورڈ نے اس کی منظوری بھی دی۔

"یو بی ایل امین روشن اپنی کار" یہ ایک اسلامک آٹو فنانسنگ کی پروڈکٹ ہے جو یو بی ایل امین روشن ڈیجیٹل اکاؤنٹ ہولڈرز کے لئے متعارف کروائی گئی ہے، تاکہ بیرون ملک مقیم پاکستانی اپنی فیملی کے لئے مناسب ریٹیل ریٹ اور مناسب کافل کسٹری بیوشن ریٹ پر کار فنانسنگ کی سہولت حاصل کر سکیں۔

ASSET کے حوالے سے:

مراستہ اور ریڈیٹیو پروڈکٹس (انٹرنیشنل مضاربہ، مشارکہ، وکالہ اور بیع موجد) کے پروڈکٹ پروگرام

دائرہ کار:

بورڈ آف ڈائریکٹرز اور انتظامیہ مکمل طور پر اس بات کو یقینی بنانے کی ذمہ دار ہے کہ ہر وقت بینک کے تمام امور شرعی اصولوں کے مطابق سرانجام پائیں۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک میں بیان کردہ تفصیلات کے مطابق پاکستان میں اسلامک بینکنگ کے معاملات کا شرعی جائزہ پیش کرنا ہے۔

شریعی بورڈ اس رپورٹ میں یو بی ایل امین پاکستان کے مجموعی شریعہ کمپلائنس کے ماحول اور دوران سال ہونے والی اہم سرگرمیوں کے بارے میں اپنی رپورٹ پیش کرتا ہے۔

شریعی بورڈ کے اجلاس:

اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق شریعہ بورڈ کا سہ ماہی بنیادوں پر کم از کم ایک اجلاس منعقد ہونا لازمی ہے۔ چنانچہ شریعہ بورڈ کے اب تک کل 27 اجلاس منعقد ہو چکے ہیں، جن میں سے 14 اجلاس 2021ء میں ہوئے بعد ازاں ہر اجلاس کی روئداد اسٹیٹ بینک آف پاکستان کے اسلامک ڈیپارٹمنٹ میں جمع کروادی گئی۔ اس کے علاوہ پروڈکٹ ڈویلپمنٹ، اسلامک بینکنگ کی ٹریڈنگ، شریعہ کمپلائنس اور شریعہ آڈٹ کے مختلف پہلوؤں پر تبادلہ خیال کے لئے کئی اجلاس منعقد ہوئے۔

اسٹیٹ بینک آف پاکستان کے تقاضوں کے مطابق، شرعی ماحول کا جائزہ لینے کے لئے، شریعہ بورڈ نے دوران سال یو بی ایل امین (پاکستان) کی منتخب برانچوں اور ہیڈ آفس کے مختلف شعبوں کا دورہ کیا اور شریعہ کسٹروڈز کا جائزہ لیا۔ اس کے ساتھ ساتھ چند کاروباری کسٹمرز سے ملاقات بھی کی۔

شریعی کمپلائنس ڈیپارٹمنٹ:

شرعی اعتبار سے قابل اطمینان درجہ حاصل کرنے کے لئے بینک کی تمام سرگرمیوں میں شریعت کی پاسداری توجہ کا کلیدی مرکز رہی۔ شریعہ کمپلائنس ڈیپارٹمنٹ، شریعہ بورڈ کی زیر نگرانی کام کرتے ہوئے انتظامیہ اور شریعہ بورڈ کے درمیان ایک مؤثر رابطہ کار ادا کرتا رہا۔ یو بی ایل امین (پاکستان) کا شریعہ کمپلائنس ڈیپارٹمنٹ ایک ڈیپارٹمنٹ کے سربراہ اور تین معاون ارکان پر مشتمل ہے جن میں ایک شریعہ سیکرٹری ہیں۔

دوران سال اسلامک بینکنگ برانچوں اور ہیڈ آفس کے دیگر امور میں شرعی امور کی پاسداری کا جائزہ لیا گیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے اسلامک بینکنگ برانچوں اور ونڈوز میں شریعہ کمپلائنس کے جائزے کے لئے 72 دورے کیے۔ اصلاح اور تعمیل کی غرض سے اسلامک بینکنگ برانچوں اور ونڈوز کے ہر دورے کی رپورٹ، ڈسٹرک مینیجر اور اسلامک بینکنگ کے سربراہ کو جمع کروائی گئی۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنی جامع رپورٹس ہر سہ ماہی کے بعد آنے والے اجلاس میں شریعہ بورڈ کو توثیق کے لئے پیش کیں۔ مذکورہ رپورٹس تمام شرعی جائزوں کی تفصیلات اور شریعہ بورڈ کی پہلے سے جاری کردہ ہدایات کی روشنی میں ریویژنڈ شریعہ بورڈ میمری رائے اور شریعہ بورڈ کی سرکولیشن کے ذریعے دی گئی ہدایات پر مشتمل تھیں جنہیں شریعہ بورڈ کی توثیق کے لئے پیش کیا گیا اور شریعہ بورڈ نے سماعت کے بعد ان کی توثیق کر دی۔

Independent Auditor's Review Report to the Members of United Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of United Bank Limited (the Bank) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2021.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.



A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 7, 2022
UDIN: CR202110068Es89Ycn0B

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2021

The Bank has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 9 as per the following:
 - a) Male: 8
 - b) Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Ms. Shazia Syed (Female Director) Mr. Amar Zafar Khan Mr. Tariq Rashid
Non-Executive Directors	Sir Mohammed Anwar Pervez, OBE, HPk Lord Zameer M. Choudrey, CBE, SI Pk Mr. Rizwan Pervez Mr. Haider Zameer Choudrey Mr. Arshad Ahmad Mir
Executive Director	Mr. Shazad G. Dada, President & CEO

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:
(Name of Director) – Nil.
(Name of Executive & Designation):

Name of Executive	Designation
Amin Muhammad Virani	FC Management Reporting, Financial & Group Reporting
Muhammad Faisal Anwar	Chief Information Officer

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;

a. BOARD AUDIT COMMITTEE (BAC):

Ms. Shazia Syed	Chairperson
Mr. Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member

b. 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

c. 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

d. 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

e. BOARD NOMINATION COMMITTEE (BNC):

Sir Mohammed Anwar Pervez, OBE, HPk	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Arshad Ahmad Mir	Member

13. The Terms of Reference (TORs) of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a. Board Audit Committee	Five meetings with at-least one in each Quarter.
b. Board Human Resource & Compensation Committee	Four quarterly meetings.
c. Board Risk & Compliance Committee	Four quarterly meetings.
d. Board IT Committee	Four quarterly meetings.
e. Board Nomination Committee	One meeting.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):



Sir Mohammed Anwar Pervez, OBE, Hpk
Chairman
Karachi

Annual Statement on Internal Controls 2021

The Internal Control System comprises of various inter-related components including the Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

It is the responsibility of the Bank's management to establish an Internal Control System to maintain an adequate and effective Internal Control Environment. An Internal Control System is a set of processes designed to identify and mitigate the risk of failure and achieve overall business objectives of the Bank.

Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations.

Management ensures an efficient and effective Internal Control System by carrying out risk assessment, identifying controls, reviewing pertinent policies/procedures and establishing relevant control procedures and monitoring systems.

Evaluation

The Bank's Internal Control System has been designed to provide reasonable assurance to the shareholders and Board of Directors; however, these systems may not entirely eliminate the risk of misreporting and failure of certain controls under a changing environment.

Evaluation of the Bank's Internal Control System comprises of different levels of monitoring activities i.e. Line Management, Compliance Group, Internal Control over Financial Reporting (ICFR) Unit and Audit & Risk Review Group. Line Management's role has been enhanced to include onsite reviews of processes in branches to identify gaps in execution with special emphasis on the implementation of regulatory instructions in addition to day to day monitoring of control breaches for prompt corrective actions. In order to improve the oversight on compliance with Regulatory requirements and KYC CDD/EDD quality, Regional Compliance Business Managers have been placed in each Branch Banking region. Further, keeping in view the changing risk environment and Bank's increased focus on controls and compliance matters, an Internal Control Division is operating within Operations Group for monitoring branch related operations.

Compliance Group ensured regulatory compliance across the Bank on an on-going basis. Audit & Risk Review Group continued to perform audit and review activities to evaluate the implementation of controls and ensure the existence of a healthy control environment throughout the Bank. During the year, Audit & Risk Review Group has performed various offsite reviews; particularly, keeping in view of changing situation of COVID-19 and consulting engagements considering the emerging threats and assessing the management responsiveness to provide insights on overall governance, evolving risks and embedded controls for enhancing the overall control environment.

All significant and material findings of the internal & external auditors and regulators were addressed on a priority basis by the management and their status was reported periodically to the Board Audit Committee and Risk & Compliance Committee, who ensured that management has taken appropriate corrective actions and has put in place a system to minimize repetition to ensure strengthening of the control environment.

The Bank endeavors to follow the State Bank of Pakistan's guidelines on Internal Controls. The Bank is continuously making efforts to ensure that an effective and efficient Internal Control System remains active and implemented through consistent & continuous monitoring that would help in further improving the overall control environment. As part of this exercise, the Bank has documented a comprehensive ICFR Governance Framework which has been approved by the Board of Directors. The Banks' External Auditors are engaged annually to provide a Long Form Report on ICFR as per the requirement of SBP. During the year, the Bank conducted testing of financial reporting controls for ensuring the effectiveness of ICFR throughout the year. None of the deficiencies identified are expected to have a material impact on financial reporting. The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR, in the Directors' Report.

Based upon the results achieved from reviews and audits conducted by Line Management, Compliance Group, Internal Control Division, ICFR Unit and Audit & Risk Review Group during the year, management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored, though room for improvement always exists.



Irfan Memon
Group Head – Audit &
Risk Review



Aslam Sadruddin
Group Executive - Operations



Sajid Hussain
Group Executive - Compliance



Aameer Karachiwalla
Chief Financial Officer



Shazad G. Dada
President & CEO

Delivering Diversity

Delivering on diversity is hardwired into our DNA and is one of the keys to our success. This acceptance transcends age, gender, disability, religion or ethnic origin as we believe in providing equal opportunities to all. Our commitment to diversity is the basis of how we perform business today and in the future.





Financial Statements 2021



INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 102 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances (Refer notes 4.4 and 9.4 to the unconsolidated financial statements)</p> <p>The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes.</p> <p>The Bank has recognized a net provision against advances amounting to Rs. 1,239.990 million in the unconsolidated profit and loss account in the current year. As at December 31, 2021, the Bank holds a provision of Rs. 82,097.118 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments, tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a customer's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the amount of provision as per the requirements of PRs.</p> <p>We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Shahbaz Akbar.



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 7, 2022
UDIN: AR2021100680ov8EV3IL

Unconsolidated Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	267,937,282	250,838,052
Balances with other banks	6	23,363,057	13,888,765
Lendings to financial institutions	7	51,701,076	19,959,132
Investments	8	1,496,542,453	1,128,674,494
Advances	9	646,188,457	530,279,496
Fixed assets	10	68,537,653	51,207,703
Intangible assets	11	2,231,265	1,829,211
Deferred tax assets	12	7,204,275	6,399,267
Other assets	13	54,460,389	46,315,560
		<u>2,618,165,907</u>	<u>2,049,391,680</u>
LIABILITIES			
Bills payable	15	26,792,970	29,733,813
Borrowings	16	563,284,750	128,987,415
Deposits and other accounts	17	1,750,943,765	1,640,211,901
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	10,000,000	10,000,000
Deferred tax liabilities	12	-	-
Other liabilities	19	62,501,875	56,385,644
		<u>2,413,523,360</u>	<u>1,865,318,773</u>
NET ASSETS		<u>204,642,547</u>	<u>184,072,907</u>
REPRESENTED BY:			
Share capital	20	12,241,797	12,241,797
Reserves		69,718,467	62,274,068
Surplus on revaluation of assets	21	38,056,329	27,640,579
Unappropriated profit		84,625,954	81,916,463
		<u>204,642,547</u>	<u>184,072,907</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated 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 Profit and Loss Account

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Mark-up / return / interest earned	24	147,974,155	152,003,210
Mark-up / return / interest expensed	25	76,215,631	77,044,038
Net mark-up / interest income		<u>71,758,524</u>	<u>74,959,172</u>
Non mark-up / interest income			
Fee and commission income	26	13,063,973	11,097,472
Dividend income		2,033,934	1,269,537
Foreign exchange income		3,991,545	3,684,585
Gain / (loss) from derivatives		21,549	(13,076)
Gain on securities - net	27	3,757,530	411,440
Other income	28	510,517	644,381
Total non mark-up / interest income		<u>23,379,048</u>	<u>17,094,339</u>
Total income		<u>95,137,572</u>	<u>92,053,511</u>
Non mark-up / interest expenses			
Operating expenses	29	42,745,343	40,060,602
Workers' Welfare Fund	30	1,021,926	864,956
Other charges	31	198,557	167,335
Total non mark-up / interest expenses		<u>43,965,826</u>	<u>41,092,893</u>
Profit before provisions		<u>51,171,746</u>	<u>50,960,618</u>
(Reversals) / provisions and write-offs - net	32	(955,407)	16,768,148
Profit before taxation		<u>52,127,153</u>	<u>34,192,470</u>
Taxation	33	21,245,030	13,293,687
Profit after taxation		<u>30,882,123</u>	<u>20,898,783</u>
----- (Rupees) -----			
Earnings per share - basic and diluted	34	<u>25.23</u>	<u>17.07</u>

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated 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 Statement of Comprehensive Income

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
Profit after taxation for the year	30,882,123	20,898,783
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	4,356,186	864,578
Movement in (deficit) / surplus on revaluation of investments - net of tax	(4,695,932)	2,001,430
	(339,746)	2,866,008
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	1,184,032	(803,081)
Movement in surplus on revaluation of fixed assets - net of tax	15,153,819	403
Movement in surplus on revaluation of non-banking assets - net of tax	9,276	(921)
	16,347,127	(803,599)
Total comprehensive income for the year	<u>46,889,504</u>	<u>22,961,192</u>

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated financial statements.



Aameer Karachiwalla
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Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 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 January 01, 2020	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 year ended December 31, 2020								
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	20,898,783	20,898,783
Other comprehensive income - net of tax	-	864,578	-	2,001,430	403	(921)	(803,081)	2,062,409
Total comprehensive income for the year ended December 31, 2020	-	864,578	-	2,001,430	403	(921)	20,095,702	22,961,192
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(116,346)	(29,237)	145,583	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(51,893)	-	51,893	-
Transfer to statutory reserve	-	-	2,089,878	-	-	-	(2,089,878)	-
Transactions with owners, recorded directly in equity								
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)
	-	-	-	-	-	-	(7,957,168)	(7,957,168)
Balance as at December 31, 2020	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 year ended December 31, 2021								
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	30,882,123	30,882,123
Other comprehensive income - net of tax	-	4,356,186	-	(4,695,932)	15,153,819	9,276	1,184,032	16,007,381
Total comprehensive income for the year ended December 31, 2021	-	4,356,186	-	(4,695,932)	15,153,819	9,276	32,066,155	46,889,504
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(3,115)	-	3,115	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(48,298)	-	48,298	-
Transfer to statutory reserve	-	-	3,088,213	-	-	-	(3,088,213)	-
Transactions with owners, recorded directly in equity								
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)
Interim cash dividend - September 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
	-	-	-	-	-	-	(26,319,864)	(26,319,864)
Balance as at December 31, 2021	12,241,797	31,364,651	38,353,816	(2,041,000)	40,087,140	10,189	84,625,954	204,642,547

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated 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 Cash Flow Statement

For the year ended December 31, 2021

Note	2021	2020
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	52,127,153	34,192,470
Less: Dividend income	(2,033,934)	(1,269,537)
	50,093,219	32,922,933
Adjustments:		
Depreciation on fixed assets	2,849,015	2,832,975
Depreciation on right-of-use assets	1,928,943	1,655,038
Amortisation	801,197	793,562
Workers' Welfare Fund - charge	1,021,926	864,956
Provision for retirement benefits	579,028	932,684
Provision for compensated absences	39,083	70,902
Provision against loans and advances - net	1,239,990	16,203,144
(Reversal) / provision against off balance sheet items	(344,250)	431,749
(Reversal) / provision for diminution in value of investments - net	(1,271,498)	341,551
Interest expense on lease liability against right-of-use assets	964,050	924,718
Gain on sale of operating fixed assets - net	(32,655)	(74,202)
Gain on wind-up of subsidiary	(103,993)	-
Bad debts written-off directly	42,643	77,094
Unrealised gain on revaluation of investments classified as held for trading	(16,282)	(228)
(Reversal) / provision against other assets	(168,605)	154,855
Other provisions / write-offs	376,339	54,243
	7,904,931	25,263,041
	57,998,150	58,185,974
(Increase) / decrease in operating assets		
Lendings to financial institutions	(31,741,944)	223,986
Held for trading securities	(71,843,041)	68,126,135
Advances	(117,191,594)	89,274,483
Other assets (excluding advance taxation)	(8,285,671)	21,789,754
	(229,062,250)	179,414,358
Increase / (decrease) in operating liabilities		
Bills payable	(2,940,843)	6,807,217
Borrowings	434,297,335	(25,496,585)
Deposits and other accounts	110,731,864	173,148,440
Other liabilities	3,032,430	(14,113,034)
	545,120,786	140,346,038
	374,056,686	377,946,370
Payments on account of staff retirement benefits	(1,824,003)	(1,789,757)
Workers' Welfare Fund paid	(200,000)	-
Income taxes paid	(18,955,328)	(3,504,366)
Net cash flow generated from operating activities	353,077,355	372,652,247
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(180,081,666)	(396,288,885)
Net investments in held to maturity securities	(122,167,182)	42,750,618
Net investments in associates	(216,640)	-
Investment in fixed assets and intangible assets	(4,574,813)	(2,897,781)
Dividend income received	2,251,908	1,103,189
Proceeds realised on wind-up of subsidiary	134,093	-
Sale proceeds from disposal of fixed assets	66,467	264,578
Effect of translation of net investment in foreign branches	4,356,186	864,578
Net cash flow used in investing activities	(300,231,647)	(354,203,703)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,649,400)	(2,174,025)
Dividends paid	(23,622,786)	(8,138,474)
Net cash flow used in financing activities	(26,272,186)	(10,312,499)
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	26,573,522	8,136,045
	264,726,817	256,590,772
Cash and cash equivalents at the end of the year	35 291,300,339	264,726,817

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated 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 Financial Statements

For the year ended December 31, 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 1,341 (2020: 1,356) branches inside Pakistan including 145 (2020: 100) Islamic Banking branches and 2 (2020: 2) branches in Export Processing Zones. The Bank also operates 8 (2020: 14) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL) which is incorporated in the Guernsey.

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

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

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 02, dated January 25, 2018.

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 profit in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

Key financial figures of the Islamic Banking branches are disclosed in annexure II to these unconsolidated financial statements.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 and 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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

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, 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 financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 - Consolidated Financial Statements 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.

These unconsolidated financial statements represent the separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiaries are presented separately.

2.2 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current year

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 and accordingly have not been detailed in these unconsolidated financial statements.

2.3 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 financial statements for the jurisdictions where IFRS 9 has been adopted.

As per SBP's BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks in Pakistan effective January 01, 2022. The aforementioned circular letter required banks to submit IFRS 9 compatible pro forma financial statements for the year ended December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, it was stated that final instructions will be issued subsequently based on the results of parallel reporting of banks.

The Banks in Pakistan through the Pakistan Banks Association (PBA) have submitted their comments on instructions issued for parallel reporting and requested that those are addressed in the final instructions to be issued. The matters raised include retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements pertaining to IFRS 9 related areas on overseas branches, impact on Capital Adequacy Ratio (CAR), guidance on Significant Increase in Credit Risk (SICR) criteria, future tax impacts of any reversals, recording of Expected Credit Loss (ECL) on Government securities denominated in local currency, including further clarifications required in certain areas.

Due to the fact that final instructions have not yet been issued and there are a large number of reservations on the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as at December 31, 2021.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 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.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain fixed assets and non-banking assets acquired in satisfaction of claims, which have been stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Certain derivative financial instruments have been stated at fair value.
- Net obligations in respect of defined benefit schemes are carried at their present values.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

3.2 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with 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.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification and valuation of investments (notes 4.3 and 8).
- ii) provision against non-performing advances (notes 4.4 and 9.4).
- iii) income taxes (notes 4.10 and 33).
- iv) defined benefit plans (notes 4.12 and 37).
- v) fair value of derivatives (note 4.17.2).
- vi) valuation and depreciation of fixed assets (notes 4.5 and 10).
- vii) valuation and amortisation of intangible assets (note 4.7 and 11).
- viii) valuation of right-of-use assets and their related lease liability (notes 4.6 and 10).
- ix) impairment (note 4.9).
- x) valuation of non-banking assets acquired in satisfaction of claims (note 4.8).

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement consist of cash and balances with treasury banks and balances with other banks.

4.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of purchase under resale agreements (reverse repos), sale under repurchase agreements (repos) and other short term money market lendings to financial institutions at contracted rates for a specified period of time. Further, other long term lendings to financial institutions are classified in advances. These are recorded as under:

4.2.1 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the purchase price and the resale price is amortised over the period of the agreement and recorded as income.

Securities held as collateral are not recognised in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

4.2.2 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counterparty liability is included in borrowings from financial institutions. The differential between the sale price and the repurchase price is amortised over the period of the agreement and recorded as an expense.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.2.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.3 Investments

Investments of the Bank, other than investments in subsidiaries and associates, are classified into following categories:

Held for trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

Held to maturity

These are securities with fixed or determinable payments and fixed maturities, in respect of which the Bank has the positive intent and ability to hold to maturity.

Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the held for trading or held to maturity categories.

4.3.1 Initial measurement

All "regular way" purchases and sales of investments are recognised on the trade date, i.e. the date that the Bank commits to purchase or sell the investment. Regular way purchases or sales of investments require delivery within the time frame generally established by regulation or convention in the market place.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

4.3.2 Subsequent measurement

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position as part of the equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.3.3 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are valued at cost less accumulated impairment losses, if any.

Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account.

4.4 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Provision against advances by the Bank's branches in Pakistan is determined on the basis of the Prudential Regulations and other directives issued by the SBP. Provision against advances by the Bank's overseas branches are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

Advances are written off when there is no realistic prospect of recovery. The amount so written-off is a book entry and does not necessarily prejudice the Bank's right of recovery against the customer.

4.4.1 Finance lease receivables

Leases, where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances.

4.4.2 Islamic financings and related assets

Receivables under Murabaha financing represent cost price plus an agreed profit on deferred sale arrangement. Profit could be recognised on a straight line basis over the period of the instalments.

Ijarah financing represents arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration (rentals). Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are depreciated over the term of the lease. Ijarah income is recognised on an accrual basis.

Diminishing Musharakah is a partnership agreement between the Bank and its customer for long term financing of assets. The receivable is recorded to the extent of Bank's share in the purchase of asset. Income is recognised on accrual basis.

Istisna is a sale contract where the Bank places an order to the manufacturer / builders to produce certain assets and the sale is completed upon the delivery of the assets to the ultimate buyer.

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on particular operations of the business.

4.5 Fixed assets

Property and equipment, other than land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. The cost and the accumulated depreciation of property and equipment of overseas branches include exchange differences arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected useful lives at the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the asset is available for use. No depreciation is charged in the month of disposal.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains and losses on sale of fixed assets are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Major renewals and improvements that increase the useful life of an asset are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

4.6 Lease liability and Right-of-use asset

The bank enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Bank has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of overseas branches include exchange differences arising on currency translation at the year-end rates of exchange. Amortisation is calculated so as to write off the amortizable amount of the assets over their expected useful lives at the rates specified in note 11.1 to these unconsolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Amortisation on additions is charged from the month the asset is available for use and no amortisation is charged in the month of disposal.

Gains and losses on sale of intangible assets are included in the profit and loss account.

4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account. A decrease arising on revaluation of non-banking asset is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

All direct costs of acquiring title to asset are charged to the profit and loss account. Gains and losses on sale of non-banking assets are included in the profit and loss account, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to unappropriated profit.

4.9 Impairment

Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

Impairment of debt investments

Provisions for diminution in the value of debt securities are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provision against debt investments by the Bank's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate.

Impairment of investments in subsidiaries and associates

The Bank considers that a decline in the recoverable value of the investment in a subsidiary or an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, up to the cost of the investment in the subsidiary or the associate, is credited to the profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.10 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Bank for local as well as overseas operations. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred

Deferred tax is recognised using the balance sheet method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Bank also recognizes deferred tax asset / liability on the deficit / surplus on revaluation of fixed assets / non-banking assets acquired in satisfaction of claims and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12, Income Taxes.

4.11 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision for off balance sheet obligations is recognised when intimated and reasonable certainty exists that the Bank will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.12 Staff retirement and other benefits

The Bank operates the following defined benefit plans for its employees:

- a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates:
 - an approved contributory provident fund (defined contribution plan); and
 - an approved gratuity scheme (defined benefit plan).
- b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates:
 - an approved non-contributory provident fund in lieu of the contributory provident fund; and
 - an approved funded pension scheme, introduced in 1975 (defined benefit plan).

In 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (b) above to move to option (a). This conversion option ceased on December 31, 2003.

The Bank also operates benevolent fund for all its eligible employees (defined benefit plan).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Annual contributions towards defined benefit plans are made on the basis of actuarial advice using the Projected Unit Credit Method.

For the defined contribution scheme, the Bank pays contributions to the fund on a periodic basis. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4.12.1 Other benefits

a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its eligible employees on the basis of actuarial advice under the Projected Unit Credit Method.

b) Post-retirement medical benefits (defined benefit scheme)

The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made on the basis of actuarial advice under the Projected Unit Credit Method.

4.12.2 Remeasurement of defined benefit obligations

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Remeasurement gains and losses pertaining to long term compensated absences are recognised in the profit and loss account immediately.

4.13 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.14 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

4.15 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

4.15.1 Advances and investments

Mark-up / return / interest on performing advances and investments is recognised on a time proportionate basis over the term of the advances and investments that takes into account the effective yield of the asset. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity of the debt securities.

Interest or mark-up recoverable on non-performing advances and investments is recognised on a receipt basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.15.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

4.15.3 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

4.15.4 Fee, brokerage and commission income

Fee, brokerage and commission income is recognised on an accrual basis.

4.16 Foreign currencies

4.16.1 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.16.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued in rupees at the forward foreign exchange rates applicable to their respective maturities.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

4.16.3 Overseas operations

The assets and liabilities of overseas operations are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of overseas operations are translated at the average rates of exchange for the year.

4.16.4 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in foreign branches which are taken to capital reserves (Exchange Translation Reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

4.16.5 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.17 Financial instruments

4.17.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.17.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments during the year is taken to the profit and loss account.

4.17.3 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

4.18.1 Business segments

(a) Corporate / Commercial Banking

Includes project, trade & working capital finance, import & export, factoring, leasing, lending, deposits and guarantees. It also includes services provided in connection with mergers and acquisitions and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

(b) Treasury

Includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings & borrowings and derivatives for hedging & market making.

(c) Branch Banking

Includes deposits, lendings and banking services to private individuals and small businesses including credit cards and branchless banking.

(d) Islamic Banking

This represents islamic banking branches and islamic banking windows in the conventional branches of the Bank.

(e) International Branch Operations

This represents Bank's operations in overseas locations including one branch each in export processing zones in Karachi and Sialkot.

(f) Others

Others includes functions which cannot be classified in any of the above segments.

4.18.2 Geographical segments

The Bank operates in following geographical regions:

- Pakistan
- Middle East
- Export Processing Zones in Karachi and Sialkot.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.19 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the year in which these are approved, except appropriations required by law which are recorded in the period to which they pertain.

4.20 Earnings per share (EPS)

The Bank presents basic and diluted earnings per share. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

4.21 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as on balance sheet financial assets and financial liabilities.

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		27,262,667	20,776,101
Foreign currencies		6,987,106	12,098,863
		34,249,773	32,874,964
With State Bank of Pakistan in			
Local currency current accounts	5.1	75,005,750	75,604,954
Foreign currency current accounts	5.2	5,312,400	4,420,727
Foreign currency deposit accounts	5.3	8,818,135	7,767,517
		89,136,285	87,793,198
With other central banks in			
Foreign currency current accounts	5.4	31,754,341	28,800,193
Foreign currency deposit accounts	5.5	8,148,977	6,869,307
		39,903,318	35,669,500
With National Bank of Pakistan in local currency current accounts		104,153,210	92,628,531
National Prize Bonds		494,696	1,871,859
		<u>267,937,282</u>	<u>250,838,052</u>

5.1 This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2021, it carries mark-up at the rate of 0.00% (2020: 0.00%) per annum.

5.4 These represent current accounts maintained with other central banks of the countries in which the Bank operates, to meet the minimum cash reserves and capital requirements pertaining to the overseas branches of the Bank.

5.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 0.75% to 1.50% (2020: 0.75% to 2.00%) per annum.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	6.1	6,350,000	2,000,000
Outside Pakistan			
In current accounts		8,075,999	7,354,534
In deposit accounts	6.2	8,937,058	4,534,231
		17,013,057	11,888,765
		<u>23,363,057</u>	<u>13,888,765</u>

6.1 This carries mark-up at the rate of 11% (2020: 7.15%) per annum and is due to mature in January 2022.

6.2 These carry mark-up at rates ranging from 0.02% to 1.35% (2020: 0.05% to 1.50%) per annum.

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	7.2	100,000	10,500,000
Repurchase agreement lendings (reverse repo)	7.3 & 7.5	49,726,776	-
Placements with State Bank of Pakistan	7.4	1,874,300	-
Bai Muajjal receivable with			
State Bank of Pakistan		-	6,433,114
Other financial institutions		-	3,026,018
		<u>51,701,076</u>	<u>19,959,132</u>

7.1 Particulars of lendings to financial institutions

In local currency	<u>51,701,076</u>	<u>19,959,132</u>
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7.2 These represent unsecured lendings carrying mark-up at the rate of 9.50% (2020: 7.15% to 7.30%) per annum and is due to mature in February 2022.

7.3 These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 9.75% to 10.70% per annum, and are due to mature in January 2022.

7.4 These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of six months to one year and carry no mark-up.

7.5 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	16,771,723	12,358,229	29,129,952	-	-	-
Pakistan Investment Bonds - fixed	7,027,709	13,569,115	20,596,824	-	-	-
Total	<u>23,799,432</u>	<u>25,927,344</u>	<u>49,726,776</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

8. INVESTMENTS

8.1 Investments by type

Note	2021				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									
Federal Government Securities									
8.8	- Market Treasury Bills	69,718,806	-	9,101	69,727,907	3,009,238	-	228	3,009,466
	- Pakistan Investment Bonds - fixed	4,883,004	-	7,053	4,890,057	-	-	-	-
	- Pakistan Investment Bonds - floaters	250,697	-	128	250,825	-	-	-	-
		74,852,507	-	16,282	74,868,789	3,009,238	-	228	3,009,466
Available for sale securities									
Federal Government securities									
8.8	- Market Treasury Bills	462,307,400	-	(295,082)	462,012,318	341,885,979	-	238,363	342,124,342
	- Pakistan Investment Bonds - fixed	106,428,744	-	(956,951)	105,471,793	76,334,054	-	333,950	76,668,004
	- Pakistan Investment Bonds - floaters	365,357,391	-	(1,612,561)	363,744,830	340,678,646	-	(2,569,332)	338,109,314
	- Government of Pakistan Sukuks	43,996,036	-	(265,635)	43,730,401	23,232,221	(8,713)	(50,261)	23,173,247
	- Islamic Naya Pakistan Certificates	924,941	-	-	924,941	466,435	-	-	466,435
8.4	- Government of Pakistan Eurobonds	22,789,875	(285,929)	49,770	22,553,716	24,216,628	(105,010)	1,126,146	25,237,764
Ordinary shares									
8.6.2	- Listed companies	13,269,396	(4,623,052)	1,019,365	9,665,709	13,345,156	(5,479,476)	2,517,580	10,383,260
	- Unlisted companies	790,083	(60,440)	41	729,684	808,294	(134,392)	36	673,938
Non-Government debt securities									
8.6.5	- Corporate Sukuks	1,452,143	-	-	1,452,143	1,220,000	-	-	1,220,000
	- Term Finance Certificates	782,335	(161,996)	-	620,339	662,335	(162,033)	-	500,302
Foreign securities									
8.6.5	- Foreign bonds - sovereign	41,692,161	(383,468)	(1,325,534)	39,983,159	53,560,498	(909,881)	2,494,807	55,145,424
	- Foreign bonds - others	1,187,962	(1,103)	8,036	1,194,895	4,494,088	(24,002)	299,217	4,769,303
Preference shares									
	- Mutual Fund units	258,179	-	(15,711)	242,468	250,000	-	(21,482)	228,518
	- Real Estate Investment Trust units	458,590	-	48,360	506,950	458,590	-	(16,676)	441,914
		1,061,695,236	(5,515,988)	(3,345,902)	1,052,833,346	881,649,591	(6,823,507)	4,352,348	879,178,432
Held to maturity securities									
Federal Government securities									
8.8	- Pakistan Investment Bonds - fixed	216,576,752	-	-	216,576,752	160,738,122	-	-	160,738,122
	- Pakistan Investment Bonds - floaters	47,666,897	-	-	47,666,897	-	-	-	-
	- Government of Pakistan Sukuks	10,002,935	-	-	10,002,935	824,745	(3,374)	-	821,371
	- Government of Pakistan Eurobonds	10,381,683	(141,574)	-	10,240,109	9,383,208	(45,483)	-	9,337,725
8.5	- Bai Muajjal with Government of Pakistan	21,214,989	-	-	21,214,989	29,569,648	-	-	29,569,648
Non-Government debt securities									
8.7.3	- Corporate Sukuks	10,580,384	(50,934)	-	10,529,450	12,022,819	(57,845)	-	11,964,974
	- Term Finance Certificates	8,079,835	(69,951)	-	8,009,884	4,516,483	(69,951)	-	4,446,532
	- Debentures	2,267	(2,267)	-	-	2,267	(2,267)	-	-
	- Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
	- Corporate Bond	1,715,945	(23,356)	-	1,692,589	-	-	-	-
Foreign securities									
8.7.3	- Market Treasury Bills	2,682,985	-	-	2,682,985	2,696,727	-	-	2,696,727
	- Foreign bonds - sovereign	33,578,466	(641,202)	-	32,937,264	21,361,427	(628,582)	-	20,732,845
	- Foreign bonds - others	2,171,411	(11,610)	-	2,159,801	1,261,784	(23,219)	-	1,238,565
	- CDC SAARC Fund	383	-	-	383	347	-	-	347
	364,655,369	(941,331)	-	363,714,038	242,378,014	(831,158)	-	241,546,856	
Associates									
8.10	- 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									
8.13	- 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	589,837	-	-	589,837
	- UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
8.11	- United Executors and Trustees Company Limited	-	-	-	-	30,100	-	-	30,100
	3,545,060	-	-	3,545,060	3,575,160	-	-	3,575,160	
Discontinued operation									
8.12	- UBL Bank (Tanzania) Limited	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
Total Investments									
		1,508,018,303	(8,146,230)	(3,329,620)	1,496,542,453	1,133,665,494	(9,343,576)	4,352,576	1,128,674,494

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Note	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
8.2 Investments by segment								
Federal Government Securities								
Market Treasury Bills	532,026,206	-	(285,981)	531,740,225	344,895,217	-	238,591	345,133,808
Pakistan Investment Bonds - fixed	327,888,500	-	(949,898)	326,938,602	237,072,176	-	333,950	237,406,126
Pakistan Investment Bonds - floaters	413,274,985	-	(1,612,433)	411,662,552	340,678,646	-	(2,569,332)	338,109,314
Government of Pakistan Sukuks	53,998,971	-	(265,635)	53,733,336	24,056,966	(12,087)	(50,261)	23,994,618
Government of Pakistan Eurobonds	33,171,558	(427,503)	49,770	32,793,825	33,599,836	(150,493)	1,126,146	34,575,489
Bai Muajjal with Government of Pakistan	21,214,989	-	-	21,214,989	29,569,648	-	-	29,569,648
Islamic Naya Pakistan Certificates	924,941	-	-	924,941	466,435	-	-	466,435
	1,382,500,150	(427,503)	(3,064,177)	1,379,008,470	1,010,338,924	(162,580)	(920,906)	1,009,255,438
Ordinary shares								
Listed companies	13,269,396	(4,623,052)	1,019,365	9,665,709	13,345,156	(5,479,476)	2,517,580	10,383,260
Unlisted companies	790,083	(60,440)	41	729,684	808,294	(134,392)	36	673,938
	14,059,479	(4,683,492)	1,019,406	10,395,393	14,153,450	(5,613,868)	2,517,616	11,057,198
Preference shares	-	-	-	-	36,667	-	-	36,667
Mutual Fund units	258,179	-	(15,711)	242,468	250,000	-	(21,482)	228,518
Real Estate Investment Trust units	458,590	-	48,360	506,950	458,590	-	(16,676)	441,914
Non-Government Debt Securities								
Listed companies	2,463,124	(161,998)	-	2,301,126	1,830,661	(162,034)	-	1,668,627
Unlisted companies	20,150,222	(146,943)	-	20,003,279	16,593,680	(130,499)	-	16,463,181
	22,613,346	(308,941)	-	22,304,405	18,424,341	(292,533)	-	18,131,808
Foreign Securities								
Market Treasury Bills	2,682,985	-	-	2,682,985	2,696,727	-	-	2,696,727
Foreign bonds - sovereign	75,270,627	(1,024,670)	(1,325,534)	72,920,423	74,921,925	(1,538,463)	2,494,807	75,878,269
Foreign bonds - others	3,359,373	(12,713)	8,036	3,354,696	5,755,872	(47,221)	299,217	6,007,868
CDC SAARC Fund	383	-	-	383	347	-	-	347
	81,313,368	(1,037,383)	(1,317,498)	78,958,487	83,374,871	(1,585,684)	2,794,024	84,583,211
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	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
	3,545,060	-	-	3,545,060	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
Total Investments	1,508,018,303	(8,146,230)	(3,329,620)	1,496,542,453	1,133,665,494	(9,343,576)	4,352,576	1,128,674,494

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
8.2.1 Investments given as collateral		
Market Treasury Bills	215,584,125	59,843,910
Pakistan Investment Bonds - floaters	232,144,261	-
Pakistan Investment Bonds - fixed	1,853,526	-
	<u>449,581,912</u>	<u>59,843,910</u>

8.2.1.1 The market value of securities given as collateral is Rs. 448,718 million (2020: Rs. 59,846 million).

	Note	2021	2020
		----- (Rupees in '000) -----	
8.3 Provision for diminution in value of investments			
Opening balance		9,343,576	9,117,891
Exchange adjustments		155,536	34,098
(Reversals) / charge			
Charge for the year		446,250	835,040
Reversals for the year		(555,978)	(30,024)
Reversal on disposals		(1,161,770)	(463,465)
	32	(1,271,498)	341,551
Amounts written off		(81,384)	(149,964)
Closing balance	8.3.1	<u>8,146,230</u>	<u>9,343,576</u>

8.3.1 Provision against investments includes Expected Credit Losses (ECL) under IFRS 9 amounting to Rs. 1,488.282 million (2020: Rs. 1,748.301 million) on investments of overseas branches.

8.3.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	285,585	285,585	292,496	292,496
Total	<u>285,585</u>	<u>285,585</u>	<u>292,496</u>	<u>292,496</u>

8.4 This represents investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Certificate Company Limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

	2021	2020
	----- (Rupees in '000) -----	
8.5 Bai Muajjal with Government of Pakistan		
Bai Muajjal investment	21,611,000	33,031,000
Less: Deferred Income	(396,011)	(3,461,352)
Bai Muajjal investment - net	<u>21,214,989</u>	<u>29,569,648</u>

8.6 Quality of Available for Sale Securities

Details regarding quality of Available for Sale securities are as follows:

	2021	2020
	----- Cost -----	
	----- (Rupees in '000) -----	
8.6.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	462,307,400	341,885,979
Pakistan Investment Bonds - fixed	106,428,744	76,334,054
Pakistan Investment Bonds - floaters	365,357,391	340,678,646
Government of Pakistan Sukuks	43,996,036	23,232,221
Islamic Naya Pakistan Certificates	924,941	466,435
Government of Pakistan Eurobonds	22,789,875	24,216,628
	<u>1,001,804,387</u>	<u>806,813,963</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

8.6.2 Shares

Listed Companies

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
Cement	1,195,440	592,327
Chemical	559,228	875,779
Commercial Banks	366,799	337,311
Fertilizer	4,951,022	5,104,212
Oil & Gas Exploration Companies	1,173,920	603,266
Oil & Gas Marketing Companies	569,150	579,373
Power Generation & Distribution	2,568,653	4,665,889
Technology & Communication	309,366	42,995
Textile Composite	543,544	543,544
Textile Spinning	401,680	460
Engineering	315,872	-
Miscellaneous	314,722	-
	<u>13,269,396</u>	<u>13,345,156</u>

Unlisted Companies

	2021		2020	
	Cost	Breakup value	Cost	Breakup value
	----- (Rupees in '000) -----			
SME Bank Limited	26,950	-	26,950	-
First Women Bank Limited	21,100	69,511	21,100	69,511
National Institutional Facilitation Technologies (Pvt.) Limited (NIFT)	1,527	35,899	1,527	51,998
National Investment Trust Limited (NIT)	100	971,711	100	830,783
Pakistan Agricultural Storage & Services Corporation (PASSCO)	5,500	3,448,615	5,500	2,725,903
SWIFT (Belgium)	2,091	15,658	2,905	19,417
VIS Credit Information Services	325	104	325	64
Mastercard International	0.003	523	0.003	431
Kay Textile Mills Limited	-	-	3,778	-
World Bridge Connect Incorporation	-	-	77,606	-
Techlogix International Limited	50,703	21,419	50,703	24,941
Cinepax Limited	60,122	163,786	60,122	175,313
Pakistan Mortgage Refinance Company Limited	500,000	827,525	500,000	630,862
1Link (Private) Limited	54,287	267,895	54,287	202,032
The Benefit Company BSC	3,745	102,811	3,391	93,101
Pakistan Corporate Restructuring Company Limited	63,633	59,689	-	-
	<u>790,083</u>	<u>5,985,146</u>	<u>808,294</u>	<u>4,824,356</u>

8.6.3 Others

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
Preference shares	-	36,667
Mutual Fund units	258,179	250,000
Real Estate Investment Trust units	458,590	458,590

8.6.4 Non Government Debt Securities

Listed

- AA-	370,000	250,000
- A, A-	400,000	250,000
	<u>770,000</u>	<u>500,000</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021		2020	
	Cost		Cost	
	(Rupees in '000)			
Unlisted				
- AA	695,002		420,000	
- A+, A, A-	607,141		800,000	
- Unrated	162,335		162,335	
	<u>1,464,478</u>		<u>1,382,335</u>	

8.6.5 Foreign Securities	2021		2020	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
Government Securities				
United Arab Emirates	9,808,862	AA	12,550,990	AA
Qatar	5,778,888	AA-	8,294,761	AA-
South Africa	1,324,904	BB	798,948	BB
Oman	2,301,803	BB-	5,342,200	BB-
Jordan	1,938,979	B+	3,672,314	B+
Egypt	3,155,838	B	4,847,877	B
Kenya	2,182,135	B	1,190,908	B
Bahrain	5,305,846	B	6,539,325	B
Nigeria	1,175,329	B	1,563,239	B
Turkey	5,072,195	B	4,230,991	B
Sri Lanka	3,647,382	CC	4,528,945	CCC
	<u>41,692,161</u>		<u>53,560,498</u>	

	2021	2020
	Cost	
	(Rupees in '000)	
Non Government Debt Securities		
Listed		
- AA	-	288,705
- BBB+, BBB-	877,325	734,470
- B	-	1,109,941
- Unrated	310,637	2,360,972
	<u>1,187,962</u>	<u>4,494,088</u>

8.7 Particulars relating to Held to Maturity securities are as follows:

8.7.1 Federal Government Securities - Government guaranteed

	2021	2020
Pakistan Investment Bonds - fixed	216,576,752	160,738,122
Pakistan Investment Bonds - floaters	47,666,897	-
Government of Pakistan Sukuks	10,002,935	824,745
Government of Pakistan Eurobonds	10,381,683	9,383,208
Bai Muajjal	21,214,989	29,569,648
	<u>305,843,256</u>	<u>200,515,723</u>

8.7.2 Non Government Debt Securities

	2021	2020
Listed		
- AA+, AA-	1,443,124	1,168,328
- A+	250,000	-
	<u>1,693,124</u>	<u>1,168,328</u>
Unlisted		
- AAA	10,786,210	7,778,230
- AA+, AA-	-	1,419,237
- A+, A	510,000	685,713
- B-	1,715,945	-
- Unrated	5,673,589	5,490,498
	<u>18,685,744</u>	<u>15,373,678</u>

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For the year ended December 31, 2021

8.7.3 Foreign Securities

Government Securities	2021		2020	
	Cost	Rating	Cost	Rating
----- (Rupees in '000) -----				
Qatar	5,675,107	AA-	3,434,345	AA-
Portugal	783,287	BBB	711,520	BBB-
South Africa	1,315,332	BB	798,948	BB
Oman	3,369,670	BB-	2,409,048	BB-
Jordan	4,985,479	B+	2,768,623	B+
Bahrain	3,712,498	B	3,008,615	B
Egypt	3,554,567	B	2,488,387	B
Kenya	2,938,151	B	1,190,482	B
Turkey	2,969,272	B	2,180,924	B
Nigeria	874,914	B	-	-
Sri Lanka	3,400,189	CC	2,370,534	CCC
Yemen	2,682,985	unrated	2,696,728	unrated
	<u>36,261,451</u>		<u>24,058,154</u>	

Non Government Debt Securities	2021	2020
	Cost	
----- (Rupees in '000) -----		
Listed		
- BBB+, BBB-	70,606	63,934
- B	1,223,295	1,109,941
- Unrated	-	87,909
	<u>1,293,901</u>	<u>1,261,784</u>
Unlisted		
- BBB-	877,510	-
	<u>877,510</u>	<u>-</u>
Others		
CDC SAARC Fund	383	347
	<u>383</u>	<u>347</u>

8.7.4 The market value of securities classified as held-to-maturity as at December 31, 2021, amounted to Rs. 354,991.660 million (2020: Rs. 246,788.536 million).

8.8 Investments include securities amounting to Rs. 927,853 million (2020: Rs. 797,529 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.9 Investments include Rs. 118 million (2020: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2020: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

8.10 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.

8.11 The United Executors and Trustees Company Limited (UET) has been voluntarily wound up under the Companies Act, 2017 on December 28, 2021. Earlier, the shareholders of the Bank, in their annual general meeting held on March 27, 2020, resolved to wind up UET, a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of UET to appoint liquidators and voluntarily wind up the Company. The liquidators duly completed the process of winding-up under the Companies Act, 2017. The final general meeting of the contributories was held on December 28, 2021 and the return of final winding-up meeting was duly filed with the Securities and Exchange Commission of Pakistan on December 29, 2021, completing the winding-up process.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

8.12 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 01, 2019. The Banking operations of the subsidiary ceased on November 01, 2019. UBTL is in process of winding up and voluntary liquidation. The official liquidator has been appointed by Board of Directors of UBTL.

8.13 The shareholders of the Bank have resolved 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.

8.14 Summary of financial position and performance of associates and subsidiaries

		2021				
Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	
----- (Rupees in '000) -----						
Associates						
UBL Financial Sector Fund	Pakistan	23.69%	1,496,764	26,920	95,578	41,785
UBL Insurers Limited	Pakistan	30.00%	5,760,489	4,022,323	1,793,771	61,684
Khushhali Bank Limited	Pakistan	29.69%	116,458,398	105,188,300	11,851,352	662,435
Subsidiaries						
United National Bank Limited (UBL UK)	UK	55.00%	158,086,439	139,142,776	2,989,125	372,188
UBL (Switzerland) AG	Switzerland	100.00%	6,833,143	1,069,442	588,471	(999,702)
UBL Fund Managers Limited	Pakistan	98.87%	4,356,847	2,295,892	1,014,900	389,464
Discontinued operation						
UBL Bank (Tanzania) Limited	Tanzania	100.00%	240,248	86,616	-	(69,775)

		2020				
Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	
----- (Rupees in '000) -----						
Associates						
UBL Financial Sector Fund	Pakistan	12.39%	1,178,034	73,543	(46,647)	(84,869)
UBL Insurers Limited	Pakistan	30.00%	5,876,518	4,205,955	1,841,543	65,865
Khushhali Bank Limited	Pakistan	29.69%	107,288,360	96,415,309	11,656,654	1,734,808
Subsidiaries						
United National Bank Limited (UBL UK)	UK	55.00%	131,552,572	114,916,979	2,565,956	(448,650)
UBL (Switzerland) AG	Switzerland	100.00%	23,062,408	16,471,494	879,409	145,515
UBL Fund Managers Limited	Pakistan	98.87%	2,781,415	771,203	928,450	311,888
United Executors and Trustees Company Limited	Pakistan	100.00%	135,259	701	9,911	6,535
Discontinued operation						
UBL Bank (Tanzania) Limited	Tanzania	100.00%	219,488	11,575	312	(16,373)

9. ADVANCES	Note	Performing		Non-performing		Total	
		2021	2020	2021	2020	2021	2020
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc	9.1	561,742,044	474,312,018	83,224,648	80,691,738	644,966,692	555,003,756
Islamic financings and related assets	9.8	43,859,593	20,542,257	197,330	107,478	44,056,923	20,649,735
Bills discounted and purchased		36,670,914	30,828,990	2,591,046	2,824,527	39,261,960	33,653,517
Advances - gross		642,272,551	525,683,265	86,013,024	83,623,743	728,285,575	609,307,008
Provision against advances	9.4						
- Specific		-	-	(74,703,857)	(71,755,668)	(74,703,857)	(71,755,668)
- General		(7,393,261)	(7,271,844)	-	-	(7,393,261)	(7,271,844)
		(7,393,261)	(7,271,844)	(74,703,857)	(71,755,668)	(82,097,118)	(79,027,512)
Advances - net of provision		634,879,290	518,411,421	11,309,167	11,868,075	646,188,457	530,279,496

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

9.1 Includes net investment in finance lease as disclosed below:

	2021				2020			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Minimum lease payments	45,314	55,160	611	101,085	48,099	73,894	-	121,993
Financial charges for future periods	(8,502)	(14,848)	(245)	(23,595)	(6,548)	(15,936)	-	(22,484)
Present value of minimum lease payments	36,812	40,312	366	77,490	41,551	57,958	-	99,509

9.2 Particulars of advances (Gross)

	2021	2020
	----- (Rupees in '000) -----	
In local currency	531,161,298	453,024,198
In foreign currencies	197,124,277	156,282,810
	<u>728,285,575</u>	<u>609,307,008</u>

9.3 Advances include Rs. 86,013.024 million (2020: Rs. 83,623.743 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned *	155,903	-	189,538	497
Substandard	2,398,883	595,091	2,690,171	662,589
Doubtful	563,051	346,746	1,599,695	798,209
Loss	23,945,768	22,853,989	24,259,582	23,164,558
	<u>27,063,605</u>	<u>23,795,826</u>	<u>28,738,986</u>	<u>24,625,853</u>
Overseas				
Not past due but impaired **	4,207,043	1,233,410	6,724,892	2,811,988
Overdue by:				
Upto 90 days	1,004,416	303,038	160,631	4,833
91 to 180 days	1,811,745	1,620,231	5,232,868	4,695,361
181 to 365 days	4,666,129	3,620,254	6,841,381	6,407,521
> 365 days	47,260,086	44,131,098	35,924,985	33,210,112
	<u>58,949,419</u>	<u>50,908,031</u>	<u>54,884,757</u>	<u>47,129,815</u>
Total	<u>86,013,024</u>	<u>74,703,857</u>	<u>83,623,743</u>	<u>71,755,668</u>

* The Other Assets Especially Mentioned category pertains to agriculture and small enterprises financing.

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

9.4 Particulars of provision against advances

Note	2021			2020		
	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	5,068,084	734,361	5,802,445	917,623	155,659	1,073,282
Charge for the year	4,901,313	361,989	5,263,302	14,394,123	3,623,212	18,017,335
Reversals for the year	(3,048,379)	(974,933)	(4,023,312)	(1,805,805)	(8,386)	(1,814,191)
Net charge / (reversal) against advances	1,852,934	(612,944)	1,239,990	12,588,318	3,614,826	16,203,144
Amounts charged off - agriculture financing	9.5 (257,446)	-	(257,446)	(80,974)	-	(80,974)
Amounts written off	9.6 (3,711,835)	-	(3,711,835)	(5,282,212)	-	(5,282,212)
Transfers out - net	(3,548)	-	(3,548)	(3,002)	-	(3,002)
Closing balance	<u>74,703,857</u>	<u>7,393,261</u>	<u>82,097,118</u>	<u>71,755,668</u>	<u>7,271,844</u>	<u>79,027,512</u>

Notes to and forming part of the Unconsolidated Financial Statements

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9.4.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	23,205,037	402,418	23,607,455	24,085,365	319,955	24,405,320
In foreign currencies	51,498,820	6,990,843	58,489,663	47,670,303	6,951,889	54,622,192
	<u>74,703,857</u>	<u>7,393,261</u>	<u>82,097,118</u>	<u>71,755,668</u>	<u>7,271,844</u>	<u>79,027,512</u>

9.4.2 General provision represents provision amounting to Rs. 402.418 million (2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,990.843 million (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.

9.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 16.258 million (2020: Rs. 18.337 million).

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 regulations 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. 3,528.942 million (2020: Rs. 3,951.861 million) for the overseas branches.

The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

9.5 These represent non-performing advances for agriculture financing which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	2021	2020
		----- (Rupees in '000) -----	
9.6 Particulars of write-offs			
9.6.1 Against provisions	9.4	3,711,835	5,282,212
Directly charged to profit and loss account	32	42,643	77,094
		<u>3,754,478</u>	<u>5,359,306</u>
9.6.2 Write-offs of Rs. 500,000 and above			
- Domestic	9.7	171,013	2,663,181
- Overseas		3,534,481	2,629,279
		<u>3,705,494</u>	<u>5,292,460</u>
Write-offs of below Rs. 500,000		48,984	66,846
		<u>3,754,478</u>	<u>5,359,306</u>
9.7 Details of loan write-offs of Rs. 500,000 and above			

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2021, is given in annexure I and is an integral part of these unconsolidated financial statements (except in case of overseas branches which is restricted by overseas regulatory authorities).

9.8 Information related to Islamic financing and related assets is given in annexure II and is an integral part of these unconsolidated financial statements.

	Note	2021	2020
		----- (Rupees in '000) -----	
10. FIXED ASSETS			
Capital work-in-progress	10.1	1,294,646	447,893
Property and equipment	10.2	67,243,007	50,759,810
		<u>68,537,653</u>	<u>51,207,703</u>
10.1 Capital work-in-progress			
Civil works		419,443	270,445
Equipment		875,203	177,448
		<u>1,294,646</u>	<u>447,893</u>

Notes to and forming part of the Unconsolidated Financial Statements

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10.2 Property and Equipment

2021										
Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total	
(Rupees in '000)										
At January 01, 2021										
Cost / Revalued amount	6,433,625	21,468,648	2,790,183	6,797,040	5,786,556	2,187,778	15,455,565	314,148	9,558,101	70,791,644
Accumulated depreciation	-	-	(252,595)	(743,991)	(3,287,316)	(1,366,937)	(11,281,161)	(226,466)	(2,873,368)	(20,031,834)
Net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Year ended December 31, 2021										
Opening net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Additions	-	-	-	-	459,781	119,247	1,840,683	117,007	3,007,028	5,543,746
Movement in surplus on assets revalued during the year	3,110,038	10,622,829	920,324	1,758,687	-	-	-	-	-	16,411,878
Disposals	-	-	-	(4,726)	(14,940)	(250)	(5,766)	(8,130)	(701,200)	(735,012)
Depreciation charge	-	-	(88,453)	(256,861)	(462,222)	(153,021)	(1,844,679)	(43,779)	(1,928,943)	(4,777,958)
Exchange rate adjustments	-	25	-	852	13,508	566	24,145	141	10,777	50,014
Other adjustments / transfers	-	8	-	79	(2,162)	(2,781)	(8,910)	30	4,265	(9,471)
Closing net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
At December 31, 2021										
Cost / Revalued amount	9,543,663	32,091,510	3,369,459	7,562,721	6,167,104	2,275,782	17,195,351	374,844	10,846,625	89,427,059
Accumulated depreciation	-	-	-	(11,641)	(3,673,899)	(1,491,180)	(13,015,474)	(221,893)	(3,769,965)	(22,184,052)
Net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	
2020										
Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total	
(Rupees in '000)										
At January 01, 2020										
Cost / Revalued amount	6,433,625	21,513,568	2,790,183	6,930,058	5,771,075	2,254,527	14,979,480	356,804	9,107,226	70,136,546
Accumulated depreciation	-	-	(164,142)	(500,166)	(3,290,072)	(1,359,480)	(10,735,213)	(215,067)	(2,017,250)	(18,281,390)
Net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,047	4,244,267	141,737	7,089,976	51,855,156
Year ended December 31, 2020										
Opening net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,047	4,244,267	141,737	7,089,976	51,855,156
Additions	-	-	-	-	478,528	92,708	1,744,741	4,950	2,188,391	4,509,318
Disposals	-	(44,930)	-	(118,811)	(3,484)	(5,586)	(4,206)	(13,359)	(944,932)	(1,135,308)
Depreciation charge	-	-	(88,453)	(258,431)	(460,901)	(161,636)	(1,817,601)	(45,953)	(1,655,038)	(4,488,013)
Exchange rate adjustments	-	-	-	316	4,354	614	8,158	324	6,336	20,102
Other adjustments / transfers	-	10	-	83	(260)	(306)	(955)	(17)	-	(1,445)
Closing net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
At December 31, 2020										
Cost / Revalued amount	6,433,625	21,468,648	2,790,183	6,797,040	5,786,556	2,187,778	15,455,565	314,148	9,558,101	70,791,644
Accumulated depreciation	-	-	(252,595)	(743,991)	(3,287,316)	(1,366,937)	(11,281,161)	(226,466)	(2,873,368)	(20,031,834)
Net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	

Notes to and forming part of the Unconsolidated Financial Statements

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10.3 Revaluation of properties

The properties of the Bank have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Engineering Pakistan International (Private) Limited, M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 16,411.878 million. The total surplus against revaluation of fixed assets as at December 31, 2021, amounts to Rs. 41,764.572 million.

Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

	2021	2020
	----- (Rupees in '000) -----	
Freehold land	782,581	782,581
Leasehold land	3,397,652	3,330,789
Buildings on freehold land	1,970,022	1,990,873
Buildings on leasehold land	4,640,885	4,757,850
	<u>10,791,140</u>	<u>10,862,093</u>
10.4 Carrying amount of temporarily idle properties of the Bank	<u>82,420</u>	<u>143,420</u>
10.5 The cost of fully depreciated assets that are still in the Bank's use are as follows:		
Furniture and fixtures	561,051	476,007
Electrical, office and computer equipment	7,507,420	6,235,542
Vehicles	120,125	118,403
Leasehold improvements	1,116,951	831,886
	<u>9,305,547</u>	<u>7,661,838</u>

10.6 Details of disposal of operating fixed assets to related parties

The information relating to operating fixed assets disposed off during the year to related parties is given in annexure III and is an integral part of these unconsolidated financial statements.

	Note	2021	2020
		----- (Rupees in '000) -----	
11. INTANGIBLE ASSETS			
Capital work-in-progress - Computer software		604,751	190,355
Intangible assets	11.1	<u>1,626,514</u>	<u>1,638,856</u>
		<u>2,231,265</u>	<u>1,829,211</u>
11.1 Intangible assets			
Computer Software			
At January 01,			
Cost		6,554,387	5,875,765
Accumulated amortisation		<u>(4,915,531)</u>	<u>(4,187,167)</u>
Net book value		<u>1,638,856</u>	<u>1,688,598</u>
Year ended December 31,			
Opening net book value		1,638,856	1,688,598
Additions - directly purchased		776,946	742,731
Disposals		(981)	(1,324)
Amortisation charge		(801,197)	(793,562)
Exchange rate adjustments		12,931	2,413
Other adjustments		(41)	-
Closing net book value		<u>1,626,514</u>	<u>1,638,856</u>
At December 31,			
Cost		7,131,567	6,554,387
Accumulated amortisation		<u>(5,505,053)</u>	<u>(4,915,531)</u>
Net book value		<u>1,626,514</u>	<u>1,638,856</u>
Rate of amortisation (%)		<u>10 - 25</u>	<u>10 - 25</u>
Useful life (in years)		<u>4 - 10</u>	<u>4 - 10</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 2,985.136 million (2020: Rs. 2,297.088 million).

12. DEFERRED TAX ASSETS

	2021			
	At January 01, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
	(Rupees in '000)			
Deductible temporary differences on				
- Provision against advances and off balance sheet obligations	6,390,263	(1,217,961)	-	5,172,302
- Surplus on revaluation of investments	(1,697,416)	-	3,002,318	1,304,902
- Post retirement employee benefits	1,381,087	92,722	(757,004)	716,805
- Workers' Welfare Fund	1,833,191	398,551	-	2,231,742
- Others	(131,623)	-	168,027	36,404
	7,775,502	(726,688)	2,413,341	9,462,155
Taxable temporary differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(646,666)	30,134	(1,067,415)	(1,683,947)
- Accelerated tax depreciation	(729,569)	155,636	-	(573,933)
	(1,376,235)	185,770	(1,067,415)	(2,257,880)
	<u>6,399,267</u>	<u>(540,918)</u>	<u>1,345,926</u>	<u>7,204,275</u>
	2020			
	At January 01, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
	(Rupees in '000)			
Deductible temporary differences on:				
- Provision against advances and off balance sheet obligations	3,291,876	3,098,387	-	6,390,263
- Post retirement employee benefits	837,307	30,335	513,445	1,381,087
- Workers' Welfare Fund	1,495,858	337,333	-	1,833,191
	5,625,041	3,466,055	513,445	9,604,541
Taxable Temporary Differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(739,593)	33,079	59,848	(646,666)
- Surplus on revaluation of investments	(417,813)	-	(1,279,603)	(1,697,416)
- Accelerated tax depreciation	(1,147,656)	418,087	-	(729,569)
- Others	(19,815)	-	(111,808)	(131,623)
	(2,324,877)	451,166	(1,331,563)	(3,205,274)
	<u>3,300,164</u>	<u>3,917,221</u>	<u>(818,118)</u>	<u>6,399,267</u>

13. OTHER ASSETS

	Note	2021		2020	
		(Rupees in '000)			
Income / mark-up accrued in local currency		25,128,445		21,075,804	
Income / mark-up accrued in foreign currencies	13.1	2,771,265		2,117,215	
Advance taxation - net of provision for taxation	13.2	4,144,088		5,921,083	
Receivable from staff retirement fund	37.4	2,077,069		-	
Receivable from other banks against telegraphic transfers and demand drafts		365,000		110,689	
Unrealised gain on forward foreign exchange contracts		4,069,229		2,703,865	
Rebate receivable - net		652,112		631,410	
Unrealised gain on derivative financial instruments	23.1	8,476		-	
Suspense accounts		158,508		51,215	
Stationery and stamps on hand		206,616		169,311	
Non-banking assets acquired in satisfaction of claims	13.3	196,640		201,820	
Advances, deposits, advance rent and other prepayments		1,177,703		916,276	
Acceptances	19	11,421,246		10,505,651	
Dividend Receivable		-		217,974	
Commission Receivable - Branchless Banking		676,483		658,524	
Commission Receivable - Bancassurance		111,180		144,063	
Receivable against fraud & forgery and looted notes		564,693		586,929	
Others		1,877,987		1,695,211	
		<u>55,606,740</u>		<u>47,707,040</u>	
Less: Provision held against other assets	13.4	(1,163,055)		(1,392,976)	
Other assets - net of provisions		54,443,685		46,314,064	
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	16,704		1,496	
Other assets - total		<u>54,460,389</u>		<u>46,315,560</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

13.1 Unrealised mark-up held in suspense amounting to Rs. 16,929.481 million (2020: Rs. 13,639.898 million) against non-performing overseas advances has been netted off.

13.2 The Income Tax returns of the Bank have been filed upto the tax year 2021 (financial year ended December 31, 2020) 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 (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 favour of the Bank.

The tax returns for Azad Jammu and Kashmir (AJK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2021 (financial year ended December 31, 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. 2,632 million (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 642 thousand (Rs. 31.117 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 is remote.

	2021	2020
	----- (Rupees in '000) -----	
13.3 Market value of Non-banking assets acquired in satisfaction of claims	<u>213,344</u>	<u>203,316</u>

13.3.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Asif Associates (Private) Limited and M/s. M.J. Surveyors (Private) Limited on the basis of an assessment of present market values and resulted in an increase of Rs. 15.208 million in the surplus.

	2021	2020
	----- (Rupees in '000) -----	
13.3.2 Non-banking assets acquired in satisfaction of claims		
Opening balance	203,316	1,051,858
Additions	-	-
Revaluation during the year	15,208	(1,509)
Disposals	-	(846,541)
Depreciation	(5,180)	-
Impairment	-	(268)
Other adjustments	-	(224)
Closing balance	<u>213,344</u>	<u>203,316</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
13.3.3 Gain on disposal of Non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	1,038,100
Less:			
- Cost		-	798,610
- Surplus		-	47,931
		-	846,541
Gain		-	191,559
13.4 Provision held against other assets			
Advances and other receivables		54,674	84,272
Receivable against fraud & forgery and looted notes		564,693	586,929
Others		543,688	721,775
		<u>1,163,055</u>	<u>1,392,976</u>
13.4.1 Movement in provision held against other assets			
Opening balance		1,392,976	1,271,877
Exchange adjustments		28,541	655
Charge for the year		33,348	249,664
Reversals for the year		(201,953)	(94,809)
	32	(168,605)	154,855
Transfers (out) / in - net		(41,160)	3,245
Amounts written off		(48,697)	(37,656)
Closing balance		<u>1,163,055</u>	<u>1,392,976</u>
14. CONTINGENT ASSETS			
There were no contingent assets as at December 31, 2021 (2020: Nil).			
15. BILLS PAYABLE			
In Pakistan		25,898,903	28,820,012
Outside Pakistan		894,067	913,801
		<u>26,792,970</u>	<u>29,733,813</u>
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinance scheme	16.2	38,881,750	30,681,990
Refinance facility for modernization of SME	16.3	5,100	3,955
Long term financing facility	16.4	20,056,964	22,243,644
Refinance scheme for payment of wages and salaries	16.5	3,225,644	5,587,037
Renewable energy scheme	16.6	513,403	146,985
Temporary economic refinance facility	16.7	9,972,210	307,540
Refinance facility for combating COVID-19	16.8	390,962	460,666
Repurchase agreement borrowings	16.9	417,755,950	-
Refinance for Women Entrepreneurs	16.10	18,487	42,184
		490,820,470	59,474,001
Repurchase agreement borrowings from other banks	16.11	54,783,321	59,835,819
		<u>545,603,791</u>	<u>119,309,820</u>
Unsecured			
Call borrowings	16.12	15,885,337	2,397,485
Overdrawn nostro accounts		1,795,622	356,029
Money market deals		-	6,924,081
		17,680,959	9,677,595
		<u>563,284,750</u>	<u>128,987,415</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

16.1 Particulars of borrowings with respect to currencies	2021	2020
	----- (Rupees in '000) -----	
In local currency	545,603,791	119,309,820
In foreign currencies	<u>17,680,959</u>	<u>9,677,595</u>
	<u>563,284,750</u>	<u>128,987,415</u>
16.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2022. These carry mark-up at rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum.	
16.3	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by November 2028 and carry mark-up at rates of 2.00% (2020: 1.00%) per annum.	
16.4	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by September 2031. These carry mark-up at rates ranging from 2.00% to 9.70% (2020: 2.00% to 9.70%) per annum.	
16.5	In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 1.00% (2020: 0.00% to 3.00%) per annum.	
16.6	These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by November 2031. These carry mark-up at rates ranging from 2.00% to 3.00% (2020: 3.00% to 4.00%) per annum.	
16.7	These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenerio. These carry mark-up at rates ranging from 1.00% to 1.25% (2020: 1.00%) per annum and are due to mature latest by December 2031.	
16.8	These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2020: 0.00%) per annum and are due to mature latest by June 2025.	
16.9	These represent repurchase agreement borrowing from SBP at rates ranging from 9.95% to 10.07% per annum having maturity upto March 2022. The market value of securities given as collateral against these borrowings is given in note 8.2.1.	
16.10	These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2020: 0.00%) per annum and are due to mature latest by September 2026.	
16.11	These repurchase agreement borrowings from other banks are secured against Pakistan Investment Bonds and Market Treasury Bills and carry mark-up at rates ranging from 9.75% to 10.70% (2020: 6.05% to 7.00%) per annum. These borrowings are repayable latest by January 2022. The market value of securities given as collateral against these borrowings is given in note 8.2.1.	
16.12	These are unsecured borrowings carrying mark-up at rates ranging from 1.20% to 2.09% (2020: 1.50%) per annum and are repayable latest by June 2022.	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

17. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Note	(Rupees in '000)					
Customers						
Current accounts - remunerative	2,528,236	6,001,961	8,530,197	1,387,144	5,240,221	6,627,365
Current accounts - non-remunerative	633,109,393	117,505,435	750,614,828	549,419,858	111,464,961	660,884,819
Savings deposits	574,380,924	48,883,320	623,264,244	509,712,356	48,079,084	557,791,440
Term deposits	134,138,693	135,909,226	270,047,919	171,340,589	123,785,587	295,126,176
Sundry deposits	9,313,881	1,283,385	10,597,266	5,022,037	1,750,251	6,772,288
Margin deposits	4,356,837	3,149,326	7,506,163	3,833,926	3,164,625	6,998,551
	1,357,827,964	312,732,653	1,670,560,617	1,240,715,910	293,484,729	1,534,200,639
Financial Institutions						
Current deposits	35,723,146	3,186,112	38,909,258	20,978,533	1,941,161	22,919,694
Savings deposits	16,824,931	54,784	16,879,715	56,409,524	42,544	56,452,068
Term deposits	18,612,650	5,981,525	24,594,175	25,207,956	1,431,544	26,639,500
	71,160,727	9,222,421	80,383,148	102,596,013	3,415,249	106,011,262
17.2	1,428,988,691	321,955,074	1,750,943,765	1,343,311,923	296,899,978	1,640,211,901

17.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	998,444,542	922,086,776
- Government (Federal and Provincial)	136,084,730	96,121,321
- Public Sector Entities	100,639,787	114,365,057
- Banking Companies	29,086,274	14,233,880
- Non-Banking Financial Institutions	51,296,874	91,777,382
- Private Sector	435,391,558	401,627,485
	1,750,943,765	1,640,211,901

17.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,078,654.532 million (2020: Rs. 991,687.959 million).

18. 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 Additional Tier 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	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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

19. OTHER LIABILITIES	Note	2021 ----- (Rupees in '000) -----	2020
Mark-up / return / interest payable in local currency		15,032,556	11,628,846
Mark-up / return / interest payable in foreign currencies		863,563	1,306,907
Accrued expenses		4,416,101	4,052,238
Branch adjustment account		479,517	105,228
Deferred income	19.4	997,320	882,954
Unearned commission and income on bills discounted		231,988	437,621
Provision against off-balance sheet obligations	19.1	730,630	1,065,233
Unrealised loss on forward foreign exchange contracts		1,156,024	3,318,593
Liability against trading of securities		1,521,590	-
Provision for post-retirement medical benefits	37.4	2,175,874	2,028,687
Payable to staff retirement fund	37.4	103,685	1,118,539
Provision for compensated absences		835,134	954,555
Deferred liabilities	19.2	590,579	769,005
Workers' Welfare Fund payable	30	5,522,416	4,700,490
Liabilities against ATM settlement		40,996	1,199,242
Insurance payable against consumer assets		477,866	427,257
Dividends payable		2,762,515	118,317
Unclaimed dividends		292,141	239,261
Acceptances	13	11,421,246	10,505,651
Charity fund balance		4,039	2,827
Lease liability against right-of-use assets	19.3	8,412,023	7,776,503
Levies and taxes payable		3,017,195	2,666,232
Others		1,416,877	1,081,458
		<u>62,501,875</u>	<u>56,385,644</u>

19.1 Provision against off-balance sheet obligations

Opening balance		1,065,233	622,264
Exchange adjustments		14,927	11,220
Charge for the year		8,819	568,987
Reversals for the year		(353,069)	(137,238)
	32	(344,250)	431,749
Transfers out - net		(5,280)	-
Closing balance	19.1.1	<u>730,630</u>	<u>1,065,233</u>

19.1.1 This represents provision recognised against guarantees of non-performing customers.

19.2 Deferred liabilities

Deferred liability - overseas branches		458,228	540,999
Deferred liability - outsourced services		132,351	228,006
		<u>590,579</u>	<u>769,005</u>

19.3 The total cash outflow for leases during the year was Rs. 2,649.400 million (2020: Rs. 2,174.025 million).

19.4 This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.

20. SHARE CAPITAL

20.1 Authorised Capital

2021 ----- (Number of shares) -----	2020		2021 ----- (Rupees in '000) -----	2020
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

20.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
----- (Number of shares) -----			----- (Rupees in '000) -----	
		Fully paid-up ordinary shares of Rs. 10 each		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
<u>1,224,179,687</u>	<u>1,224,179,687</u>		<u>12,241,797</u>	<u>12,241,797</u>

20.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2021, 242,278 (2020: 242,278) GDRs representing 969,112 (2020: 969,112) shares are in issue.

20.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2021		2020	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway (Holdings) Limited	-	-	631,728,895	51.60%
Bestway International Holdings Limited	631,728,895	51.60%	-	-
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

During the year, an internal reorganisation exercise was undertaken by the Bestway Group as detailed in note 1 to these unconsolidated financial statements. As at December 31, 2021, Bestway Group (Bestway) held 61.48% (2020: 61.48%) shareholding (including GDRs) of the Bank.

20.5 Shares of the Bank held by its associates

	2021	2020
	----- (Number of shares) -----	
UBL Financial Sector Fund	<u>1,409,693</u>	<u>1,616,986</u>

21. SURPLUS ON REVALUATION OF ASSETS

(Deficit) / Surplus arising on revaluation of:

	Note	2021	2020
		----- (Rupees in '000) -----	
- Available for sale securities	8.1	(3,345,902)	4,352,348
- Fixed assets	21.1	41,764,572	25,630,817
- Non-banking assets acquired in satisfaction of claims	21.2	16,704	1,496
		<u>38,435,374</u>	<u>29,984,661</u>

Deferred tax on (deficit) / surplus on revaluation of:

	Note	2021	2020
		----- (Rupees in '000) -----	
- Available for sale securities	12	(1,304,902)	1,697,416
- Fixed assets	21.1	1,677,432	646,083
- Non-banking assets acquired in satisfaction of claims	21.2	6,515	583
		<u>379,045</u>	<u>2,344,082</u>

	<u>38,056,329</u>	<u>27,640,579</u>
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Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01,		25,630,817	25,872,298
Recognised during the year		16,214,990	-
Realised on disposal during the year		(4,804)	(162,824)
Exchange adjustments		2,746	6,413
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		(48,298)	(51,893)
Related deferred tax liability on incremental depreciation		(30,879)	(33,177)
Surplus on revaluation of fixed assets as at December 31,		41,764,572	25,630,817
Less: Related deferred tax liability on			
- Revaluation as at January 01,		646,083	719,728
- Revaluation recognised during the year		1,044,814	-
- Surplus realised on disposal of fixed assets during the year		(1,689)	(46,478)
- Other adjustments		18,032	-
- Exchange adjustments		1,071	6,010
- Incremental depreciation charged during the year		(30,879)	(33,177)
- Revaluation as at December 31,		1,677,432	646,083
		<u>40,087,140</u>	<u>24,984,734</u>
21.2 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at January 01,		1,496	50,936
Revaluation of non-banking assets during the year		15,208	(1,509)
Realised on disposal during the year		-	(47,931)
Surplus on revaluation of non-banking assets as at December 31,		16,704	1,496
Less: Related deferred tax liability on			
- Revaluation as at January 01,		583	19,865
- Revaluation of non-banking assets during the year		5,932	(588)
- Surplus realised on disposal of non-banking assets during the year		-	(18,694)
- Revaluation as at December 31,		6,515	583
		<u>10,189</u>	<u>913</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	167,884,838	147,936,161
Commitments	22.2	947,939,838	891,767,423
Other contingent liabilities	22.3	16,452,188	15,539,628
		<u>1,132,276,864</u>	<u>1,055,243,212</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
22.1 Guarantees:			
Financial guarantees		55,725,856	43,029,347
Performance guarantees		107,821,730	99,909,261
Other guarantees		4,337,252	4,997,553
		<u>167,884,838</u>	<u>147,936,161</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		169,653,706	137,787,140
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	652,382,419	635,597,333
- forward government securities transactions	22.2.3	11,780,000	-
- derivatives	22.2.4	1,808,940	-
- forward lending	22.2.5	109,605,370	115,451,442
- operating leases	22.2.6	99,911	55,009
		775,676,640	751,103,784
Commitments for acquisition of:			
- fixed assets		1,049,017	2,038,561
- intangible assets		1,560,475	837,938
		2,609,492	2,876,499
		<u>947,939,838</u>	<u>891,767,423</u>

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	2021	2020
----- (Rupees in '000) -----			
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		350,490,749	342,792,602
Sale		301,891,670	292,804,731
		<u>652,382,419</u>	<u>635,597,333</u>
22.2.3 Commitments in respect of forward government securities transactions			
Purchase	23.1	9,081,000	-
Sale	23.1	2,699,000	-
		<u>11,780,000</u>	<u>-</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
22.2.4 Commitments in respect of derivatives			
FX options			
Purchase	23.1	904,470	-
Sale	23.1	904,470	-
		<u>1,808,940</u>	<u>-</u>
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	63,017,022	57,591,623
Others		46,588,348	57,859,819
		<u>109,605,370</u>	<u>115,451,442</u>

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.

	Note	2021 ----- (Rupees in '000) -----	2020
22.2.6 Commitments in respect of operating leases			
Not later than one year		99,661	50,579
Later than one year and not later than five years		22	4,197
Later than five years		228	233
		<u>99,911</u>	<u>55,009</u>

22.3 Other contingencies

22.3.1 Claims against the Bank not acknowledged as debts	<u>12,362,885</u>	<u>11,450,325</u>
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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 financial statements.

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 13.2.

23. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The Risk management policy related to derivatives is discussed in note 45.8

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

23.1 Product analysis

		2021									
Counterparties	Interest rate swaps		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	Notional principal	Mark to market gain	
(Rupees in '000)											
With banks for											
Hedging	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55	
With FIs other than banks for											
Hedging	-	-	-	-	-	-	199,000	1,047	199,000	1,047	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	199,000	1,047	199,000	1,047	
With other entities for											
Hedging	-	-	-	-	9,081,000	7,374	-	-	9,081,000	7,374	
Market making	-	-	904,470	-	-	-	-	-	904,470	-	
	-	-	904,470	-	9,081,000	7,374	-	-	9,985,470	7,374	
Total											
Hedging	-	-	904,470	-	9,081,000	7,374	2,699,000	1,102	12,684,470	8,476	
Market making	-	-	904,470	-	-	-	-	-	904,470	-	
	-	-	1,808,940	-	9,081,000	7,374	2,699,000	1,102	13,588,940	8,476	
		2020									
Counterparties	Interest rate swaps		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	Notional principal	Mark to market gain	
(Rupees in '000)											
With banks for											
Hedging	-	-	-	-	-	-	-	-	-	-	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
With FIs other than banks for											
Hedging	-	-	-	-	-	-	-	-	-	-	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
With other entities for											
Hedging	-	-	-	-	-	-	-	-	-	-	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
Total											
Hedging	-	-	-	-	-	-	-	-	-	-	
Market making	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

23.2 Maturity analysis of derivatives

Remaining Maturity	2021				
	No. of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net
(Rupees in '000)					
Upto 1 month	15	1,088,140	-	1,047	1,047
1 to 3 months	18	9,893,490	-	7,374	7,374
3 to 6 months	3	2,607,310	-	55	55
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	<u>36</u>	<u>13,588,940</u>	<u>-</u>	<u>8,476</u>	<u>8,476</u>

Remaining Maturity	2020				
	No. of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net
(Rupees in '000)					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2021	2020
	(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EARNED		
On:		
Loans and advances	39,108,151	52,047,111
Investments	106,242,797	96,870,108
Lendings to financial institutions	2,079,192	2,481,197
Balances with banks	544,015	604,794
	<u>147,974,155</u>	<u>152,003,210</u>

	2021	2020
25. MARK-UP / RETURN / INTEREST EXPENSED		
On:		
Deposits	57,310,275	60,642,133
Borrowings	14,046,041	11,066,917
Subordinated debt	901,417	1,099,595
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,993,848	3,310,675
Lease liability against right-of-use assets	964,050	924,718
	<u>76,215,631</u>	<u>77,044,038</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,755,824	1,637,366
Consumer finance related fees		1,098,806	877,273
Card related fees (debit and credit cards)		2,519,265	1,585,012
Investment banking fees		479,830	329,561
Financial institution rebate / commission		364,083	280,324
Corporate service charges / facility fee		473,528	410,214
Commission on trade		642,754	593,785
Commission on guarantees		600,046	750,871
Commission on cash management		979,969	846,302
Commission on remittances including home remittances - net		2,231,221	2,164,305
Commission on bancassurance		1,543,168	1,170,790
Commission on Benazir Income Support Program		-	38,145
Rent on lockers		202,623	189,943
Others		172,856	223,581
		<u>13,063,973</u>	<u>11,097,472</u>
27. GAIN ON SECURITIES - NET			
Realised	27.1	3,741,248	411,212
Unrealised - held for trading	8.1	16,282	228
		<u>3,757,530</u>	<u>411,440</u>
27.1 Realised gain / (loss) on:			
Federal Government securities		1,241,594	(404,609)
Shares		574,559	671,556
Foreign securities		1,925,095	144,265
		<u>3,741,248</u>	<u>411,212</u>
28. OTHER INCOME			
Charges recovered		268,231	223,827
Rent on properties		70,827	52,556
Gain on sale of fixed assets - net		32,655	74,202
Gain on wind-up of subsidiary	8.11	103,993	-
Gain on sale of Ijarah assets - net		3,928	792
Gain on disposal of non-banking assets - net	13.3.3 & 28.1	-	191,559
Gain on trading liabilities - net		30,883	101,445
		<u>510,517</u>	<u>644,381</u>
28.1	The Bank earned nil gain (2020: Rs. 191.559 million) against the sale of the following non-banking assets.		
		2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Open plots situated in Karachi		-	226,054
Open plots situated in Islamabad		-	(17,500)
Property situated in Faisalabad		-	(16,995)
		<u>-</u>	<u>191,559</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
29. OPERATING EXPENSES			
Total compensation expense	29.1	16,436,573	15,553,886
Property expense			
Rent and taxes	29.5	954,004	993,473
Insurance		250,254	221,312
Utilities cost		1,648,792	1,451,008
Security (including guards)		1,011,412	1,016,246
Repair and maintenance (including janitorial charges)		317,940	209,524
Depreciation on owned fixed assets	10.2	807,536	807,785
Depreciation on right-of-use assets	10.2	1,928,943	1,655,038
Depreciation on non-banking assets acquired in satisfaction of claims	13.3.2	5,180	-
Others		31,611	30,820
		6,955,672	6,385,206
Information technology expenses			
Software maintenance		1,480,019	1,357,465
Hardware maintenance		392,971	352,360
Depreciation	10.2	823,801	824,627
Amortisation	11.1	801,197	793,562
Network charges		731,331	708,200
Consultancy charges		240,587	149,380
		4,469,906	4,185,594
Other operating expenses			
Directors' fees and allowances	39.2	75,300	86,200
Fees and allowances to Shariah Board	39.3	10,548	9,544
Legal and professional charges		761,731	606,089
Commission paid to branchless banking agents		388,782	356,060
Commission paid to sales force		1,405,699	1,235,330
Outsourced service costs		1,361,284	1,331,632
Travelling and conveyance		136,997	145,073
Clearing charges		211,543	225,278
Depreciation	10.2	1,217,678	1,200,563
Depreciation on Islamic financing against leased assets		169,954	216,195
Training and development		53,024	93,677
Postage and courier charges		373,349	305,077
Communication		397,628	453,795
Stationery and printing		807,542	952,771
Marketing, advertisement and publicity		725,050	570,878
Donations	29.3	134,236	341,986
Auditors' remuneration	29.4	106,489	85,269
Insurance		95,281	212,152
Deposit protection premium expense		1,586,701	1,367,556
Cash transportation and sorting charges		833,196	798,446
Entertainment		176,004	142,043
Vehicle expenses		99,983	91,013
Subscription		91,294	114,702
Office running expenses		168,619	177,247
Banking service charges		2,220,659	1,650,142
Repairs and maintenance		791,025	571,658
Cartage, freight and conveyance		48,508	45,228
Miscellaneous expenses		435,088	550,312
		14,883,192	13,935,916
		<u>42,745,343</u>	<u>40,060,602</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
29.1 Total compensation expense		
Fees and Allowances etc	2,700,502	2,614,509
Managerial Remuneration		
i) Fixed	6,523,046	6,207,016
ii) Variable - Bonus	1,237,192	972,579
Charge for defined benefit plan	579,028	567,778
Contribution to defined contribution plan	393,269	364,906
Charge for compensated absences	39,083	70,902
Rent & house maintenance	2,451,373	2,271,681
Utilities	1,318,074	1,217,620
Medical	819,360	762,605
Conveyance	355,754	321,206
Group assurance premium	19,796	64,018
Others	96	66
Sub-total	16,436,573	15,434,886
Awards	-	119,000
Severance allowance	-	-
Grand Total	<u>16,436,573</u>	<u>15,553,886</u>

----- Number of person -----

Awards	-	1
Severance allowance	-	-

29.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,712.093 million (2020: Rs. 1,562.390 million). This cost includes outsourced service costs, which are disclosed specifically in note 29. Of the total cost of Rs. 1,712.093 million (2020: Rs. 1,562.390 million), Rs. 1,465.852 million (2020: Rs. 1,246.825 million) pertains to payments to companies incorporated in Pakistan and Rs. 246.241 million (2020: Rs. 315.565 million) pertains to payments to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil (2020: nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2021	2020
		----- (Rupees in '000) -----	
Paradise Press (Private) Limited	Cheque book printing services	45,152	40,699
APEX Printry (Private) Limited	Cheque book printing services	55,531	45,096
Printlink	Cheque book printing services	46,115	40,890
EBRYX Technologies F.Z.C	IT security gateway solution	68,573	-
ASC First Solution (Private) Limited	Storage and digital archiving services	5,322	5,764
Wackenhut Pakistan (Private) Limited	Cash Replenishment	25,130	1,098
Raaziq International	Storage and digital archiving services	15,706	14,418
Qadri Enterprises	Key Punch	9,061	9,710
TCS (Private) Limited	Statement of account printing and dispatching	80,219	73,083
		<u>350,809</u>	<u>230,758</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

29.3 Details of donations

	2021	2020
	----- (Rupees in '000) -----	
Donations individually exceeding Rs.0.5 million		
Shaukat Khanum Memorial Trust	35,000	33,000
Namal Educational Foundation	30,000	95,000
The Noorani Foundation	20,000	-
Lahore University of Management Sciences	10,000	10,000
Saylani Welfare International Trust	10,000	25,000
Shalamar Hospital	5,000	5,000
Forman Christian College	5,000	5,000
The Citizens Foundation	3,400	-
Sahara for Life Trust	3,294	10,000
Marie Adelaide Leprosy Center	850	850
Patients Aid Foundation	3,000	-
Jinnah Foundation	1,000	-
Family Educational Services Foundation	1,350	-
Patients Behbud Society for AKUH	1,540	-
Kashmir Education Foundation	2,519	-
Nasra Schools	1,783	-
PMs COVID-19 Pandemic Relief Fund – 2020	-	100,000
Abdul Sattar Edhi Foundation	-	43,000
Noor International	-	11,200
IBA - National Talent Hunt Program	-	3,436
Donations individually not exceeding Rs. 0.5 million	500	500
	<u>134,236</u>	<u>341,986</u>

29.3.1 None of the directors, executives or their spouses had any interest in the donees.

29.4 Auditors' remuneration

	2021		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee	17,280	30,373	47,653
Fee for tax and other statutory certifications	6,061	1,375	7,436
Consultancy and other services	39,006	4,227	43,233
Out of pocket expenses	7,447	720	8,167
	<u>69,794</u>	<u>36,695</u>	<u>106,489</u>

	2020		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee	16,848	47,063	63,911
Fee for tax and other statutory certifications	7,759	-	7,759
Consultancy and other services	4,746	-	4,746
Out of pocket expenses	6,696	2,157	8,853
	<u>36,049</u>	<u>49,220</u>	<u>85,269</u>

29.5 This includes expense in respect of short term leases and low value assets not included in lease liabilities amounting to Rs. 32.860 million (2020: Rs. 24.687 million) and Rs. 0.007 million (2020: Rs. 0.007 million) respectively.

30. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
31. OTHER CHARGES			
Penalties imposed by the SBP		164,032	163,940
Penalties imposed by other regulatory bodies of overseas branches		34,525	3,395
		<u>198,557</u>	<u>167,335</u>
32. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
(Reversal) / provision for diminution in value of investments - net	8.3	(1,271,498)	341,551
Provision against loans and advances - net	9.4	1,239,990	16,203,144
Bad debts written off directly	9.6	42,643	77,094
(Reversal) / provision against other assets	13.4.1	(168,605)	154,855
(Reversal) / provision against off - balance sheet obligations	19.1	(344,250)	431,749
Recoveries against written off / charged off bad debts		(633,138)	(494,488)
Reversal of deficit on revaluation of fixed assets		(196,888)	-
Other provisions / write-offs		376,339	54,243
		<u>(955,407)</u>	<u>16,768,148</u>
33. TAXATION			
Current		20,893,122	17,210,908
Prior years		(189,010)	-
Deferred		540,918	(3,917,221)
		<u>21,245,030</u>	<u>13,293,687</u>
33.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		<u>52,127,153</u>	<u>34,192,470</u>
Tax on income @ 35% (2020: 35%)		18,244,504	11,967,365
Super tax @ 4% (2020: 4%)		2,085,086	1,367,699
Additional tax charge under sub rule 6A		800,223	-
Tax effect of permanent differences		77,437	65,261
Others		37,780	(106,638)
Tax charge		<u>21,245,030</u>	<u>13,293,687</u>
34. EARNINGS PER SHARE			
Profit after taxation for the year		<u>30,882,123</u>	<u>20,898,783</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u>25.23</u>	<u>17.07</u>
There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2021 and 2020.			
35. CASH AND CASH EQUIVALENTS	Note	2021 ----- (Rupees in '000) -----	2020
Cash and balances with treasury banks	5	267,937,282	250,838,052
Balances with other banks	6	23,363,057	13,888,765
		<u>291,300,339</u>	<u>264,726,817</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021			2020		
	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----					
Balance as at January 01,	7,776,503	357,578	81,916,463	7,761,350	538,884	71,670,331
Changes from financing cash flows						
Payment of lease liability against right-of-use assets	(2,649,400)	-	-	(2,174,025)	-	-
Dividend Paid	-	(23,622,786)	-	-	(8,138,474)	-
Total changes from financing cash flows	(2,649,400)	(23,622,786)	-	(2,174,025)	(8,138,474)	-
Other Changes						
- Liability related						
Cash dividend	-	26,319,864	(26,319,864)	-	7,957,168	(7,957,168)
Interest expense on lease liability against right-of-use assets	964,050	-	-	924,718	-	-
Non-cash based	2,320,870	-	-	1,264,460	-	-
Total liability related other changes	3,284,920	26,319,864	(26,319,864)	2,189,178	7,957,168	(7,957,168)
- Equity related	-	-	29,029,355	-	-	18,203,300
Balance as at December 31,	8,412,023	3,054,656	84,625,954	7,776,503	357,578	81,916,463

36. STAFF STRENGTH

Note	2021			2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Number of employees) -----					
Permanent	11,420	212	11,632	10,882	265	11,147
On contract	11	2	13	16	3	19
Bank's own staff strength	11,431	214	11,645	10,898	268	11,166
Outsourced	1,542	46	1,588	1,781	65	1,846
Total	12,973	260	13,233	12,679	333	13,012

36.1 This excludes employees of outsourced services companies assigned to the Bank to perform services of security guards and janitorial staff.

37. DEFINED BENEFIT PLANS

37.1 General description

The Bank operates the following schemes:

37.1.1 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on January 01, 1975 for Clerical and Non-Clerical employees and on the May 01, 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

37.1.2 Gratuity scheme

The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

37.1.3 Benevolent fund scheme

The Bank also operates a funded benevolent fund scheme which covers all regular employees of the Bank who joined the Bank pre-privatization. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction. Employees covered under this scheme, are entitled to receive benevolent grants on death, disability, retirement and other contingencies as monthly grant payment or one-time payment subject to certain conditions as specified in the rules of the fund.

37.1.4 Post retirement medical benefits

The Bank also provides a non-funded post retirement medical benefits to eligible retired employees. The post-retirement medical scheme covers all regular employees of the Bank who joined the Bank pre-privatization.

37.1.5 Compensated absences

The Bank maintains a non-funded scheme for compensated absences.

37.1.6 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

37.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2021	2020
	----- (Number) -----	
- Pension fund	695	801
- Gratuity fund	10,776	10,083
- Post-retirement medical benefit scheme	959	1,108
- Benevolent fund	1,062	1,249
- Employee compensated absences	1,061	1,258

In addition to above active employees, pension fund, benevolent fund and post-retirement medical benefit schemes include 7,064 (2020: 7,049), 1,951 (2020: 1,982) and 7,640 (2020: 7,346) members respectively who have retired or whose widows and other beneficiaries are receiving the benefits.

37.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2021, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2021	2020
	----- Per annum -----	
Discount rate	11.75%	9.75%
Expected rate of salary increase	9.75%	7.75%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	5.75%	3.75%
Expected rate of return on plan assets	11.75%	9.75%

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For the year ended December 31, 2021

37.4 Pension, gratuity, benevolent fund schemes and other benefits

37.4.1 The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2021 are as follows:

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Present value of defined benefit obligations	(10,109,150)	(1,205,040)	(298,047)	(2,175,874)
Fair value of plan assets	12,155,659	1,101,355	328,607	-
Receivable / (payable)	2,046,509	(103,685)	30,560	(2,175,874)

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Present value of defined benefit obligations	(11,604,939)	(1,049,184)	(331,363)	(2,028,687)
Fair value of plan assets	10,521,021	1,015,218	330,708	-
Payable	(1,083,918)	(33,966)	(655)	(2,028,687)

37.5 Movement in the present value of defined benefit obligations

	Note	2021			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		----- (Rupees in '000) -----			
Obligations at the beginning of the year		11,604,939	1,049,184	331,363	2,028,687
Current service cost		23,694	164,282	3,917	471
Interest cost		1,020,574	104,189	29,798	192,584
Benefits paid by the Bank		(891,349)	(167,607)	(40,031)	(136,430)
Return allocated to other funds	37.8.1.1	51,513	-	-	-
Re-measurement (gains) / losses		(1,700,221)	54,992	(27,000)	90,562
Obligations at the end of the year		10,109,150	1,205,040	298,047	2,175,874

	Note	2020			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		----- (Rupees in '000) -----			
Obligations at the beginning of the year		10,098,497	911,763	329,300	1,950,906
Current service cost		23,856	152,839	4,109	524
Interest cost		994,529	105,266	34,197	213,970
Benefits paid by the Bank		(901,142)	(126,864)	(42,236)	(97,195)
Return allocated to other funds	37.8.1.1	58,882	-	-	-
Re-measurement losses / (gains)		1,330,317	6,180	5,993	(39,518)
Obligations at the end of the year		11,604,939	1,049,184	331,363	2,028,687

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

37.6 Movement in fair value of plan assets

	2021			2020		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
----- (Rupees in '000) -----						
Fair value at the beginning of the year	10,521,021	1,015,218	330,708	9,318,843	968,544	424,706
Interest income on plan assets	1,000,068	101,028	29,737	996,935	111,322	44,373
Contribution by the Bank	1,439,154	132,415	1,384	877,014	92,184	1,601
Contribution by the employees	-	-	1,384	-	-	1,601
Amount paid by the fund to the Bank	(1,107,948)	(171,523)	(40,036)	(703,722)	(125,781)	(137,717)
Re-measurements gains / (losses)	303,364	24,217	5,430	31,951	(31,051)	(3,856)
Fair value at the end of the year	12,155,659	1,101,355	328,607	10,521,021	1,015,218	330,708

37.7 Movement in (payable) / receivable under defined benefit schemes

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
----- (Rupees in '000) -----				
Opening balance	(1,083,918)	(33,966)	(655)	(2,028,687)
Adjustment for mark-up	2,777	544	199	-
(Charge) / reversal for the year	(95,713)	(167,443)	(2,594)	(193,055)
Contribution by the Bank	1,439,154	132,415	1,384	-
Amount paid by the Fund to the Bank	(1,107,948)	(171,523)	(40,036)	-
Benefits paid by the Bank	891,349	167,607	40,031	136,430
Re-measurement gains / (losses) recognised in OCI	2,000,808	(31,319)	32,231	(90,562)
Closing balance	2,046,509	(103,685)	30,560	(2,175,874)

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
----- (Rupees in '000) -----				
Opening balance	(779,654)	56,781	95,406	(1,950,906)
Adjustment for Mark-up	9,749	310	539	-
(Charge) / reversal for the year	(80,332)	(146,783)	7,668	(214,494)
Contribution by the Bank	877,014	92,184	1,601	-
Amount paid by the Fund to the Bank	(703,722)	(125,781)	(137,717)	-
Benefits paid by the Bank	901,142	126,864	42,236	97,195
Re-measurement (losses) / gains recognised in OCI	(1,308,115)	(37,541)	(10,388)	39,518
Closing balance	(1,083,918)	(33,966)	(655)	(2,028,687)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

37.8 Charge for defined benefit plans

37.8.1 Cost recognised in profit and loss

		2021			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
Note		(Rupees in '000)			
	Current service cost	23,694	164,282	3,917	471
	Past service cost	-	-	-	-
	Net interest on defined benefit asset	20,506	3,161	61	192,584
	Return allocated to other funds	51,513	-	-	-
	Employees' contribution	-	-	(1,384)	-
		95,713	167,443	2,594	193,055
		2020			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		(Rupees in '000)			
	Current service cost	23,856	152,839	4,109	524
	Past service cost	-	-	-	-
	Net interest on defined benefit asset / (liability)	(2,406)	(6,056)	(10,176)	213,970
	Return allocated to other funds	58,882	-	-	-
	Employees' contribution	-	-	(1,601)	-
		80,332	146,783	(7,668)	214,494

37.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred in note 4.12.

37.8.2 Re-measurements recognised in OCI during the year

		2021			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		(Rupees in '000)			
	Losses / (gains) on obligation				
	- Financial assumptions	(1,584,685)	14,089	(28,611)	216,207
	- Experience adjustment	(115,536)	40,903	1,611	(125,645)
	Return on plan assets over interest income	(303,364)	(24,217)	(5,430)	-
	Adjustment for mark-up	2,777	544	199	-
	Total re-measurements recognised in OCI	(2,000,808)	31,319	(32,231)	90,562
		2020			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		(Rupees in '000)			
	Losses / (gains) on obligation				
	- Financial assumptions	1,379,653	(9,341)	28,729	153,627
	- Experience adjustment	(49,336)	15,521	(22,736)	(193,145)
	Return on plan assets over interest income	(31,951)	31,051	3,856	-
	Adjustment for mark-up	9,749	310	539	-
	Total re-measurements recognised in OCI	1,308,115	37,541	10,388	(39,518)

Re-measurements recognised in OCI during the year pertaining to other schemes as disclosed in note 37.1.6 is Rs. 29.878 million.

Notes to and forming part of the Unconsolidated Financial Statements

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37.9 Components of fair value of plan assets

	2021			2020		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	1,469,670	20,075	49,037	236,332	103,110	27,894
Ordinary shares	371,767	6,068	13,426	89,090	5,483	12,491
Term deposits	741,376	-	-	-	-	-
Non-Government debt securities	394,397	23,000	12,012	244,257	23,270	11,893
Mutual Fund units	1,113,120	120,560	10,548	167,165	16,737	-
Pakistan Investment Bonds	5,798,245	666,061	198,390	4,970,102	316,307	133,864
Market Treasury Bills	2,267,084	265,567	45,194	3,306,798	539,015	135,330
National Saving Certificates / Bonds	-	-	-	1,507,277	11,103	2,830
Certificate of Investments	-	-	-	-	-	6,406
Repurchase agreements	-	24	-	-	193	-
	12,155,659	1,101,355	328,607	10,521,021	1,015,218	330,708

37.9.1 The Funds primarily invests in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

37.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Increase in Discount Rate by 1 %	(709,618)	(78,310)	(11,783)	(215,785)
Decrease in Discount Rate by 1 %	821,363	88,995	12,947	259,035
Increase in expected future increment in salary by 1%	-	95,739	-	-
Decrease in expected future increment in salary by 1%	-	(85,471)	-	-
Increase in expected future increment in pension by 1%	837,438	-	-	-
Decrease in expected future increment in pension by 1%	(733,347)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	240,707
Decrease in expected future increment in medical benefit by 1%	-	-	-	(206,289)

37.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2022, would be as follows:

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,274	-
Expected (reversal) / charge for the year	(215,190)	202,187	(1,508)	249,115

37.12 Maturity profile

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
The weighted average duration of the obligation (in years)	8.02	6.91	3.68	7.91

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37.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

37.14 The significant risks associated with the staff retirement benefit schemes are as follows:

Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation and interest rate volatility.

Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

Inflation Risk

The salary inflation is the major risk that the Gratuity and compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of pension, thus carrying no salary inflation risk. However, the hospitalization benefit is susceptible to medical inflation risk.

Withdrawal Risk

Withdrawal risk is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. This includes:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

38. OTHER EMPLOYEE BENEFITS

Defined contribution plan

The Bank operates a contributory provident fund scheme for 9,930 (2020: 10,083) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

Notes to and forming part of the Unconsolidated Financial Statements

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39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	8,400	-	66,900	10,548	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	105,600	152,703	415,952
ii) Variable - Bonus	-	-	-	-	95,703	210,824	222,380
Charge for defined benefit plan	-	-	-	-	2,861	4,310	15,970
Contribution to defined contribution plan	-	-	-	-	8,800	10,722	34,361
Rent & house maintenance	-	-	-	-	12,036	68,716	187,178
Utilities	-	-	-	-	2,574	30,541	83,190
Medical	-	-	-	-	115	15,270	41,595
Conveyance	-	-	-	-	4,707	24,331	131,481
Others	-	-	-	-	-	1,638	29,867
Sub-total	8,400	-	66,900	10,548	232,396	519,055	1,161,974
Awards	-	-	-	-	108,467	-	-
Total	8,400	-	66,900	10,548	340,863	519,055	1,161,974
Number of Persons	1	-	7	6	1	17	117
	2020						
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,495	-	75,705	9,544	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	81,542	148,050	307,058
ii) Total Variable - Bonus	-	-	-	-	117,930	174,685	165,154
Charge for defined benefit plan	-	-	-	-	2,484	4,469	14,957
Contribution to defined contribution plan	-	-	-	-	6,795	9,817	24,888
Rent & house maintenance	-	-	-	-	8,811	66,622	138,176
Utilities	-	-	-	-	1,551	29,610	61,412
Medical	-	-	-	-	-	14,805	30,706
Conveyance	-	-	-	-	2,070	23,835	87,940
Others	-	-	-	-	-	1,263	16,044
Sub-total	10,495	-	75,705	9,544	221,183	473,156	846,335
Awards	-	-	-	-	-	-	-
Total	10,495	-	75,705	9,544	221,183	473,156	846,335
Number of Persons	1	-	7	3	2	15	88

The total amount of deferred bonus as at December 31, 2021 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 181.016 million (2020: Rs. 133.402 million). The deferred bonus is held in a trust fund.

Notes to and forming part of the Unconsolidated Financial Statements

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39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2021							
		Meeting Fees and Allowances Paid							
		For Board Committees							
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
----- (Rupees in '000) -----									
1	Sir Mohammed Anwar Pervez, OBE, HPk	4,500	-	3,000	-	-	750	150	8,400
2	Lord Zameer M. Choudrey, CBE, SI Pk	3,750	-	-	3,000	3,000	750	300	10,800
3	Mr. Haider Zameer Choudrey	3,750	3,750	-	-	3,000	-	300	10,800
4	Mr. Arshad Ahmad Mir	3,750	-	3,000	3,000	-	750	-	10,500
5	Mr. Rizwan Pervez	3,750	3,750	3,000	-	-	-	300	10,800
6	Ms. Shazia Syed	3,750	3,750	-	3,000	-	-	-	10,500
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,000	-	3,000	-	-	9,750
	Total Amount Paid	30,750	11,250	12,000	9,000	9,000	2,250	1,050	75,300

		2020							
		Meeting Fees and Allowances Paid							
		For Board Committees							
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
----- (Rupees in '000) -----									
1	Sir Mohammed Anwar Pervez, OBE, HPk	6,300	-	750	-	-	3,000	445	10,495
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,250	-	-	3,000	750	3,000	587	12,587
3	Mr. Haider Zameer Choudrey	5,250	3,750	-	-	3,000	-	587	12,587
4	Mr. Arshad Ahmad Mir	5,250	1,500	3,000	2,250	-	2,250	436	14,686
5	Mr. Rizwan Pervez	5,250	3,750	750	-	-	-	595	10,345
6	Mr. Khalid Ahmed Sherwani*	3,000	2,250	2,250	-	-	-	-	7,500
7	Ms. Shazia Syed **	-	-	-	-	-	-	-	-
8	Mr. Amar Zafar Khan	4,500	2,250	2,250	-	-	-	-	9,000
9	Mr. Tariq Rashid	4,500	750	750	-	3,000	-	-	9,000
	Total Amount Paid	39,300	14,250	9,750	5,250	6,750	8,250	2,650	86,200

* Mr. Khalid Ahmed Sherwani resigned from the Board with effect from August 05, 2020.

** Ms. Shazia Syed joined the Board with effect from November 10, 2020.

39.3 Remuneration paid to Shariah Board Members

Items	2021				2020			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
----- (Rupees in '000) -----								
Meeting fees and allowances	4,152	3,564	2,832	10,548	2,772	4,000	2,772	9,544
Total number of persons	2	2	2		1	1	1	

40. 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.

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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.

- 40.1** 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).

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:

- 40.1.1** Valuation techniques used in determination of fair values within level 2 and level 3.

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP.
Foreign debt securities	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of each business day.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
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 financial statements.

40.2 Fair value of financial assets

The following table provides the fair values of those of the Bank's financial assets that are recognised or disclosed at fair value in these unconsolidated financial statements:

Carrying value	2021			Total	
	Level 1	Level 2	Level 3		
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,073,306,788	-	1,073,306,788	-	1,073,306,788
- Foreign bonds - sovereign	39,983,159	-	39,983,159	-	39,983,159
- Foreign bonds - others	1,194,895	-	1,194,895	-	1,194,895
- Ordinary shares of listed companies	9,665,709	9,665,709	-	-	9,665,709
- Mutual Fund units	242,468	-	242,468	-	242,468
- Non-Government debt securities	2,072,482	-	2,072,482	-	2,072,482
- Real Estate Investment Trust units	506,950	506,950	-	-	506,950
	1,126,972,451	10,172,659	1,116,799,792	-	1,126,972,451

Notes to and forming part of the Unconsolidated Financial Statements

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	2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	305,701,682	-	296,942,277	296,942,277	
- Foreign Bonds - Market Treasury Bills	2,682,985	-	2,682,985	2,682,985	
- Foreign Bonds - sovereign	32,937,264	-	32,805,738	32,805,738	
- Foreign Bonds - others	2,159,801	-	2,183,328	2,183,328	
- Non-Government debt securities	20,231,923	-	20,377,332	20,377,332	
	363,713,655	-	354,991,660	354,991,660	
	1,490,686,106	10,172,659	1,471,791,452	1,481,964,111	

Off-balance sheet financial instruments - measured at fair value

Forward purchase and sale of foreign exchange contracts	652,382,419	-	2,913,205	2,913,205
FX options - purchased and sold	1,808,940	-	-	-
Forward purchase and sale of Government Securities	11,780,000	-	8,476	8,476

	2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Federal Government Securities	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 Fund units	228,518	-	228,518	228,518	
- Non-Government debt securities	1,720,302	-	1,720,302	1,720,302	
- Real Estate Investment Trust units	441,914	441,914	-	441,914	
	881,477,293	10,825,174	870,652,119	881,477,293	

Financial assets - measured at fair value

Financial assets - disclosed but not measured at fair value				
- Federal Government Securities	200,466,866	-	206,791,388	206,791,388
- Foreign Bonds - Market Treasury Bills	2,696,727	-	2,696,727	2,696,727
- Foreign Bonds - sovereign	20,732,845	-	19,444,920	19,444,920
- Foreign Bonds - others	1,238,565	-	1,285,465	1,285,465
- Non-Government debt securities	16,411,506	-	16,570,036	16,570,036
	241,546,509	-	246,788,536	246,788,536
	1,123,023,802	10,825,174	1,117,440,655	1,128,265,829

Financial assets - disclosed but not 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 and sale of Government Securities	-	-	-	-

	2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
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 and sale of Government Securities	-	-	-	-	

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 and sale of Government Securities	-	-	-	-

40.3 Fair Value of non-financial assets

	2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Fixed Assets	52,555,712	-	-	52,555,712	
Non-banking assets acquired in satisfaction of claims	213,344	-	-	213,344	
	52,769,056	-	-	52,769,056	

	2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Fixed Assets	36,492,910	-	-	36,492,910	
Non-banking assets acquired in satisfaction of claims	203,316	-	-	203,316	
	36,696,226	-	-	36,696,226	

40.4 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 Financial Statements

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41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2021						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Profit and Loss							
Net mark-up / return / profit	24,469,344	78,385,139	(43,705,708)	5,200,775	8,043,384	(634,410)	71,758,524
Inter segment (expense) / revenue - net	(20,339,695)	(75,031,260)	89,795,726	-	-	5,575,229	-
Non mark-up / return / interest income	3,124,616	4,899,001	9,194,527	349,080	4,709,662	1,102,162	23,379,048
Total Income	7,254,265	8,252,880	55,284,545	5,549,855	12,753,046	6,042,981	95,137,572
Segment direct expenses	1,263,533	577,401	27,653,589	2,010,649	4,945,848	7,514,806	43,965,826
Inter segment expense allocation	498,100	80,888	6,390,687	-	428,085	(7,397,760)	-
Total expenses	1,761,633	658,289	34,044,276	2,010,649	5,373,933	117,046	43,965,826
Provisions - net	642,747	862,204	383,545	(70,032)	(1,022,450)	159,393	955,407
Profit before tax	6,135,379	8,456,795	21,623,814	3,469,174	6,356,663	6,085,328	52,127,153
Balance Sheet							
Cash & Bank balances	5,847	83,432,361	131,280,024	20,417,689	56,164,418	-	291,300,339
Investments	8,802,055	1,281,680,391	-	87,124,858	113,449,568	5,485,581	1,496,542,453
Net inter segment lendings	-	-	1,200,813,673	3,061,160	-	73,725,465	1,277,600,298
Lendings to financial institutions	-	49,826,776	-	-	-	1,874,300	51,701,076
Advances - performing	421,026,745	16,109	48,013,514	43,788,936	118,247,080	3,786,906	634,879,290
Advances - non-performing net of provision	2,765,799	-	414,816	66,191	8,041,387	20,974	11,309,167
Others	15,418,743	22,200,014	17,122,102	2,493,298	12,940,002	62,259,423	132,433,582
Total Assets	448,019,189	1,437,155,651	1,397,644,129	156,952,132	308,842,455	147,152,649	3,895,766,205
Borrowings	62,724,244	474,334,893	4,626,077	5,714,199	15,885,337	-	563,284,750
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	47,718,108	302,491	1,331,212,978	139,534,238	232,014,732	161,218	1,750,943,765
Net inter segment borrowings	307,488,592	969,169,066	-	-	942,640	-	1,277,600,298
Others	26,327,113	(10,792,063)	49,140,583	4,697,855	7,199,334	12,722,023	89,294,845
Total Liabilities	444,258,057	1,433,014,387	1,384,979,638	149,946,292	256,042,043	22,883,241	3,691,123,658
Equity	3,761,132	4,141,264	12,664,491	7,005,839	52,800,412	124,269,409	204,642,547
Total Equity & liabilities	448,019,189	1,437,155,651	1,397,644,129	156,952,131	308,842,455	147,152,650	3,895,766,205
Contingencies and Commitments	368,891,124	239,061,601	40,476,794	14,347,612	469,317,371	182,362	1,132,276,864
2020							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Profit and Loss							
Net mark-up / return / profit	35,970,978	72,064,538	(44,324,598)	4,119,872	7,731,711	(603,329)	74,959,172
Inter segment (expense) / revenue - net	(28,364,864)	(64,465,202)	87,194,395	-	-	5,635,671	-
Non mark-up / return / interest income	2,238,145	3,014,483	7,552,725	178,406	2,777,561	1,333,019	17,094,339
Total Income	9,844,259	10,613,819	50,422,522	4,298,278	10,509,272	6,365,361	92,053,511
Segment direct expenses	1,189,534	550,650	25,684,464	1,770,726	5,244,835	6,652,684	41,092,893
Inter segment expense allocation	441,792	71,664	4,991,652	-	539,126	(6,044,234)	-
Total expenses	1,631,326	622,314	30,676,116	1,770,726	5,783,961	608,450	41,092,893
Provisions - net	(565,442)	(123,276)	(1,202,340)	(12,813)	(14,853,113)	(11,164)	(16,768,148)
Profit / (loss) before tax	7,647,491	9,868,229	18,544,066	2,514,739	(10,127,802)	5,745,747	34,192,470
Balance Sheet							
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	123,251,329	5,496,952	1,128,674,494
Net inter segment lendings	-	-	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	14,780,760	1,705,673	13,302,266	44,898,226	105,751,741
Total Assets	382,939,776	1,030,885,852	1,319,692,995	124,991,686	280,806,526	135,029,670	3,274,346,505

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	2020						Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	
	(Rupees in '000)						
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 borrowings	263,282,545	960,917,205	-	-	755,075	-	1,224,954,825
Others	13,412,717	3,328,909	47,325,251	4,811,546	6,305,942	10,935,092	86,119,457
Total Liabilities	378,287,862	1,024,570,759	1,309,910,829	119,922,459	236,397,921	21,183,768	3,090,273,598
Equity	4,651,914	6,315,093	9,782,166	5,069,227	44,408,605	113,845,902	184,072,907
Total Equity & liabilities	382,939,776	1,030,885,852	1,319,692,995	124,991,686	280,806,526	135,029,670	3,274,346,505
Contingencies and Commitments	349,133,005	285,716,584	13,182,354	5,991,566	398,498,687	2,721,016	1,055,243,212

41.2 Geographical segment analysis

	2021			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Profit and Loss				
Net mark-up / return / profit	63,715,140	7,826,769	216,615	71,758,524
Non mark-up / return / interest income	18,669,386	4,561,882	147,780	23,379,048
Total Income	82,384,526	12,388,651	364,395	95,137,572
Segment direct expenses	39,019,978	4,921,186	24,662	43,965,826
Inter segment expense allocation	(428,085)	425,738	2,347	-
Total expenses	38,591,893	5,346,924	27,009	43,965,826
Provisions - net	1,977,857	(1,022,450)	-	955,407
Profit before tax	45,770,490	6,019,277	337,386	52,127,153
Balance Sheet				
Cash & Bank balances	235,135,921	55,820,921	343,497	291,300,339
Investments	1,383,092,885	107,079,223	6,370,345	1,496,542,453
Net inter segment lendings	1,277,600,298	-	-	1,277,600,298
Lendings to financial institutions	51,701,076	-	-	51,701,076
Advances - performing	516,632,210	118,165,300	81,780	634,879,290
Advances - non-performing net of provision	3,267,780	8,041,387	-	11,309,167
Others	119,493,580	12,709,197	230,805	132,433,582
Total Assets	3,586,923,750	301,816,028	7,026,427	3,895,766,205
Borrowings	547,399,413	15,885,337	-	563,284,750
Subordinated debt	10,000,000	-	-	10,000,000
Deposits and other accounts	1,518,929,033	227,406,988	4,607,744	1,750,943,765
Net inter segment borrowings	1,276,657,658	499,009	443,631	1,277,600,298
Others	82,095,511	7,032,758	166,576	89,294,845
Total Liabilities	3,435,081,615	250,824,092	5,217,951	3,691,123,658
Equity	151,842,135	50,991,936	1,808,476	204,642,547
Total Equity & liabilities	3,586,923,750	301,816,028	7,026,427	3,895,766,205
Contingencies and Commitments	662,959,493	469,287,284	30,087	1,132,276,864

	2020			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Profit and Loss				
Net mark-up / return / profit	67,227,461	7,433,417	298,294	74,959,172
Non mark-up / return / interest income	14,316,778	2,748,603	28,958	17,094,339
Total Income	81,544,239	10,182,020	327,252	92,053,511
Segment direct expenses	35,848,058	5,223,825	21,010	41,092,893
Inter segment expense allocation	(539,126)	536,869	2,257	-
Total expenses	35,308,932	5,760,694	23,267	41,092,893
Provisions - net	(1,915,035)	(14,853,113)	-	(16,768,148)
Profit / (loss) before tax	44,320,272	(10,431,787)	303,985	34,192,470

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	2020			
	Pakistan	Middle East	Export Processing Zones	Total
(Rupees in '000)				
Balance Sheet				
Cash & Bank balances	217,347,898	47,335,696	43,223	264,726,817
Investments	1,005,423,165	116,564,187	6,687,142	1,128,674,494
<i>Net inter segment lendings</i>	1,224,954,825	-	-	1,224,954,825
Lendings to financial institutions	19,959,132	-	-	19,959,132
Advances - performing	429,292,352	89,098,600	20,469	518,411,421
Advances - non-performing net of provision	4,113,132	7,754,943	-	11,868,075
Others	92,449,475	13,036,360	265,906	105,751,741
Total Assets	2,993,539,979	273,789,786	7,016,740	3,274,346,505
Borrowings	119,665,849	9,321,566	-	128,987,415
Subordinated debt	10,000,000	-	-	10,000,000
Deposits and other accounts	1,420,196,563	214,733,420	5,281,918	1,640,211,901
<i>Net inter segment borrowings</i>	1,224,199,750	752,817	2,258	1,224,954,825
Others	79,813,515	6,141,982	163,960	86,119,457
Total Liabilities	2,853,875,677	230,949,785	5,448,136	3,090,273,598
Equity	139,664,302	42,840,001	1,568,604	184,072,907
Total Equity & liabilities	2,993,539,979	273,789,786	7,016,740	3,274,346,505
Contingencies and Commitments	656,744,525	398,335,422	163,265	1,055,243,212

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

42. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these unconsolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2021			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijarah Sukuks	Market Treasury Bills	
(Rupees in '000)					
Asset Management Companies	1	-	783,000	-	783,000
Corporates	13	6,080,000	-	8,283,000	14,363,000
Individuals	40	44,700	-	1,767,590	1,812,290
Insurance Companies	7	350,617,700	210,000	3,458,000	354,285,700
NGO / Charitable Organisation	4	550,000	-	2,790,300	3,340,300
Pension & Employee Funds	32	47,275,200	175,000	8,425,700	55,875,900
Others	13	4,512,900	-	3,037,730	7,550,630
Total	110	409,080,500	1,168,000	27,762,320	438,010,820

Category	Number of IPS Accounts	2020			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijarah Sukuks	Market Treasury Bills	
(Rupees in '000)					
Asset Management Companies	1	-	1,110,500	-	1,110,500
Corporates	7	4,246,500	-	3,237,500	7,484,000
Individuals	43	154,900	-	1,447,770	1,602,670
Insurance Companies	7	372,299,700	413,000	2,352,000	375,064,700
NGO / Charitable Organisation	4	400,000	-	739,300	1,139,300
Pension & Employee Funds	36	42,824,000	175,000	11,021,255	54,020,255
Others	15	2,500,700	-	4,124,345	6,625,045
Total	113	422,425,800	1,698,500	22,922,170	447,046,470

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43. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates and other related parties including employee benefit schemes of the Bank.

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 and balances with related parties, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2021					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	----- (Rupees in '000) -----					
Balances with other banks						
In current accounts	-	-	-	478,967	-	-
In deposit accounts	-	-	-	1,765,018	-	-
	-	-	-	2,243,985	-	-
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	5,726,952
Repaid during the year	-	-	-	-	-	(3,371,837)
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	2,355,115
Investments						
Opening balance	-	-	-	5,406,166	1,582,485	3,997,489
Investment made during the year	-	-	-	-	216,640	2,563,634
Investment disposed / written off during the year	-	-	-	(30,100)	-	(1,906,511)
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	5,376,066	1,799,125	4,654,612
Provision for diminution in value of investments	-	-	-	1,688,911	-	938,502
Provision written off	-	-	-	-	-	77,606
Advances						
Opening balance	-	10	237,861	-	-	9,365,687
Addition during the year	-	1,170	87,189	-	-	84,111,001
Repaid during the year	-	(535)	(49,221)	-	-	(93,474,920)
Transfers in - net	-	-	1,987	-	-	-
Closing balance	-	645	277,816	-	-	1,768
Provision held against advances	-	-	-	-	-	-
Other Assets						
Interest mark-up accrued	-	-	-	91	4,541	149,672
Receivable from staff retirement fund	-	-	-	-	-	2,077,069
Prepaid insurance	-	-	-	-	65,811	-
Other receivable	-	-	-	13,282	-	-
Provision written off	-	-	-	-	-	30,164

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	2021					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	-	1,598,323	-	-
Borrowings during the year	-	-	-	2,834,585	-	488,300
Settled during the year	-	-	-	(4,432,908)	-	(488,300)
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	-	6,431,790	62,761	598,007	4,285,435	14,387,025
Received during the year	101,751	30,758,130	1,048,423	27,454,331	180,782,484	240,407,932
Withdrawn during the year	(83,150)	(29,420,636)	(1,074,629)	(27,824,341)	(182,858,765)	(238,650,477)
Transfers in - net	-	-	29,622	-	-	6,690
Closing balance	18,601	7,769,284	66,177	227,997	2,209,154	16,151,170
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	-	33,314	1	-	11,222	76,214
Dividend payable	2,526,916	8,000	-	-	-	17,578
Payable to staff retirement fund	-	-	-	-	-	103,685
Unearned income	-	-	-	406	-	19,501
Other payable	-	-	-	-	13,613	-
Contingencies and Commitments						
Letter of guarantee	-	-	-	5,295	-	-
Forward Government securities - sale	-	-	-	-	199,000	-
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	14,405	13,335	36,684	508,576
Commission / charges recovered	22	333	3,118	1,410	28,237	24,814
Dividend income	-	-	-	434,550	28,481	811,111
Net gain on sale of securities	-	78	-	-	-	-
Other income	-	-	-	2,296	-	21,763
Gain on sale of fixed assets	-	-	7,041	-	556	-
Gain on wind-up of subsidiary	-	-	-	103,993	-	-
Reversal of provision	-	-	-	-	-	528,488
Switch revenue	-	-	-	-	-	241,157
Management fee	-	-	-	21,970	-	-
Expense						
Mark-up / return / interest paid	862	401,218	2,946	12,150	168,159	933,291
Remuneration paid	-	-	833,225	-	-	-
Post employment benefits	-	-	7,171	-	-	-
Directors' fees and allowances	-	75,300	-	-	-	-
Charge for defined contribution plans	-	-	19,522	-	-	393,269
Charge for defined benefit plans	-	-	-	-	-	579,028
Other expenses	-	-	-	-	-	110,279
Clearing charges	-	-	-	-	-	132,758
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	65,092

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Other Information						
Dividend paid	10,502,493	253,519	6,279	-	125,384	1,820,822
Insurance premium paid	-	-	-	-	524,781	-
Insurance claims settled	-	-	-	-	524,094	-
	2020					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	-	1,482,280	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	1,482,280	-	-
Investments						
Opening balance	-	-	-	5,406,166	1,582,485	3,943,202
Investment made during the year	-	-	-	-	-	54,287
Investment disposed / written off during the year	-	-	-	-	-	-
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	5,406,166	1,582,485	3,997,489
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,544,596
Advances						
Opening balance	-	4,624	220,133	-	2,155,149	12,715,998
Addition during the year	-	838	72,462	-	-	16,398,899
Repaid during the year	-	(5,452)	(68,603)	-	(152,755)	(19,749,210)
Transfers in / (out) - net	-	-	13,869	-	(2,002,394)	-
Closing balance	-	10	237,861	-	-	9,365,687
Provision held against advances	-	-	-	-	-	-
Other Assets						
Interest mark-up accrued	-	-	-	-	4,282	232,471
Receivable from staff retirement fund	-	-	-	-	-	-
Advances, deposits & prepayments	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	-	1,002	-
Dividend receivable	-	-	-	-	-	104,215
Other receivable	-	-	-	11,983	-	30,164
Provision against other assets	-	-	-	-	-	30,164
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	1,760,102	-	1,538,000
Settled during the year	-	-	-	(161,779)	-	(1,538,000)
Closing balance	-	-	-	1,598,323	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2020					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	----- (Rupees in '000) -----					
Deposits and other accounts						
Opening balance	-	8,679,450	49,368	314,527	6,539,020	11,208,008
Received during the year	-	29,415,769	1,265,710	19,236,267	147,659,042	170,582,211
Withdrawn during the year	-	(31,659,519)	(1,192,377)	(18,952,787)	(149,912,627)	(167,409,735)
Transfers (out) / in - net	-	(3,910)	(59,940)	-	-	6,541
Closing balance	-	6,431,790	62,761	598,007	4,285,435	14,387,025
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	-	39,335	210	1,182	14,748	107,927
Payable to staff retirement fund	-	-	-	-	-	1,118,539
Unearned income	-	-	-	1,485	-	-
Other payable	-	3,900	-	-	22,353	-
Contingencies and Commitments						
Letter of guarantee	-	-	-	11,053	-	4,360
Forward foreign exchange contracts - purchase	-	-	-	1,777,719	-	-
Forward foreign exchange contracts - sale	-	-	-	1,758,178	-	-
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	15,823	87,462	34,835	1,220,364
Commission / charges recovered	-	61	3,751	1,094	24,666	23,059
Dividend income	-	-	-	379,039	18,472	175,794
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	2,285	524	15,359
Gain on sale of fixed assets	-	-	7,166	-	7,063	-
Reversal of provision	-	-	-	-	152,755	-
Switch revenue	-	-	-	-	-	220,127
Management fee	-	-	-	2,548	-	-
Expense						
Mark-up / return / interest paid	-	184,964	663	20,778	379,796	331,471
Remuneration paid	-	-	670,774	-	-	-
Post employment benefits	-	-	6,953	-	-	-
Directors' fees and allowances	-	86,200	-	-	-	-
Charge for defined contribution plans	-	-	16,612	-	-	364,906
Charge for defined benefit plans	-	-	-	-	-	272,592
Other expenses	-	-	-	14,922	-	44,875
Clearing charges	-	-	-	-	-	138,487
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	15,604
Custody charges	-	-	-	-	-	4,757
Other Information						
Dividend paid	3,490,302	93,435	1,657	-	18,310	552,936
Insurance premium paid	-	-	-	-	536,298	-
Insurance claims settled	-	-	-	-	485,047	-

43.1 As disclosed in note 8.13, with reference to orderly winding up of UBL (Switzerland) AG, during the year ended December 31, 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 Financial Statements

For the year ended December 31, 2021

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	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	130,899,755	126,860,060
Eligible Additional Tier 1 (ADT 1) Capital	9,825,628	9,934,770
Total Eligible Tier 1 Capital	140,725,383	136,794,830
Eligible Tier 2 Capital	45,533,655	45,102,462
Total Eligible Capital (Tier 1 + Tier 2)	186,259,038	181,897,292
Risk Weighted Assets (RWAs):		
Credit Risk	622,392,344	532,509,650
Market Risk	75,576,397	54,441,838
Operational Risk	166,790,557	157,614,605
Total	864,759,298	744,566,093
Common Equity Tier 1 Capital Adequacy Ratio	15.14%	17.04%
Tier 1 Capital Adequacy Ratio	16.27%	18.37%
Total Capital Adequacy Ratio	21.54%	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 year ended December 31, 2021 stood at Rs.12,241.797 million (2020: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum CAR of 10.00% plus capital conservation buffer of 2.50% and High Loss Absorbency Requirement of 1.00% 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 2.50% to 1.50%, 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 6.00% and 7.50%, respectively, as at December 31, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 21.54% whereas CET 1 and Tier 1 ratios stood at 15.14% and 16.27% 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 is a sample D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.00%, in the form of Additional CET 1 capital.

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 applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	2021	2020
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	140,725,383	136,794,830
Total Exposures	3,498,758,906	2,456,802,603
Leverage Ratio	4.02%	5.57%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,597,732,985	1,035,616,032
Total Net Cash Outflow	476,786,878	324,975,005
Liquidity Coverage Ratio	335.10%	318.68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,409,606,992	1,714,566,321
Total Required Stable Funding	1,341,535,238	770,865,635
Net Stable Funding Ratio	179.62%	222.42%

44.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.ubl.digital.com/Investor-Relations/CAR-Statements.aspx>.

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45. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Furthermore, Risk Management Committee (RMC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance and Business Groups. The Risk and Credit Policy Group led by Chief Risk Officer (CRO) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP. The group is organized into various functions such as Credit Risk Management, Credit Policy & Research, Market & Treasury Risk, Financial Institution Risk, Consumer Credit Policy, Operational Risk & Basel and Information Security Risk. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level.
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- To identify problem credits and level of provisioning required.
- To establish an extensive Information Security Program and governance structure to manage the Security of the Information assets.

45.1 During the year, continued resurgence in COVID-19 variants weakened the momentum and raised uncertainty in sustaining global economic recovery at various intervals. As global economies gradually recover, a bull run in the global commodity market emerged due to pent up demand. Pakistan being a net importer and marred with imported inflation, struggled to keep its growth on track and fiscal balance amid IMF's tough conditions.

Higher global commodity prices widened the current account deficit, stoked higher inflation, deteriorated foreign exchange reserves and the exchange rate. Resultantly, the State Bank intervened and took steps such as:

- increasing the interest rates by 275 basis points to 9.75%;
- escalating import duties; and
- tightening of consumer debt burden ratio; to curb demand side pressures and entrench the attained growth.

COVID-19 has impacted banks on a number of fronts including increase in the overall credit risk pertaining to loans and advances portfolio and reduced fee income due to overall economic slowdown. With the emergence of the Omicron wave such risks are expected to remain prevalent. However, with rapid vaccination drives in place and necessary measures being taken; the impact is expected to be contained without compromising economic growth substantially.

45.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for Corporate, Commercial, SME and Agri, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME and Agri lending. All credit policy functions globally are centrally organized. The Bank is also in the process of automating the credit initiation and approval work flow.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

Concentration of credit risk exists if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing COVID-19 outbreaks.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables. The Bank has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and continues to be rapidly evolving, which makes it challenging to reliably reflect impacts in ECL estimates at any given point in time. However, the Bank has been assessing the situation as it develops and has accounted for the same in its ECL estimates based on best judgment as well as Regulatory guidelines of each overseas jurisdiction.

45.2.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	19,123,292	6,433,114	-	-	-	-
Private	32,577,784	13,526,018	-	-	-	-
	51,701,076	19,959,132	-	-	-	-

45.2.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Chemical and pharmaceuticals	54,351	61,263	54,351	61,262	54,351	61,262
Fertilizers	-	170,400	-	-	-	-
Financial	1,468,255,470	1,095,998,832	-	-	-	-
Food	912	912	912	912	912	912
Production and transmission of energy	15,552,505	14,577,319	-	-	-	-
Metal and allied	250,000	-	-	-	-	-
Textile	486,407	529,264	228,925	228,925	228,925	228,925
Others	1,826,836	799,800	1,397	1,397	1,397	1,397
	1,486,426,481	1,112,137,790	285,585	292,496	285,585	292,496

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	1,474,328,831	1,022,772,243	-	-	-	-
Private	12,097,650	89,365,547	285,585	292,496	285,585	292,496
	1,486,426,481	1,112,137,790	285,585	292,496	285,585	292,496

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45.2.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Agriculture	8,176,227	7,598,682	696,371	1,170,019	413,421	599,102
Airlines	541,988	5,401,008	541,988	1,452,187	541,988	1,452,187
Automobile and transportation equipment	17,068,006	12,951,474	123,939	125,409	123,939	122,109
Education and medical	58,064	-	-	-	-	-
Cables	1,381,760	1,026,167	586,751	616,751	586,751	616,751
Cement	8,848,609	8,822,532	349,947	285,636	349,947	285,636
Chemical and pharmaceuticals	8,030,266	6,336,985	91,984	113,399	91,984	113,399
Construction	32,987,172	22,498,752	9,821,929	7,112,201	8,776,121	6,159,594
Contractors	-	4,753,204	-	1,120,451	-	1,120,451
Electronics and electrical appliances	15,121,471	10,092,057	10,246,873	8,367,344	8,040,748	6,366,180
Engineering	915,514	15,557,031	34,632	1,516,238	34,632	446,044
Fertilizer	10,007,744	11,819,949	64,682	63,246	60,932	61,996
Financial	44,508,765	42,955,164	3,999,205	3,530,909	3,999,205	3,530,909
Food, tobacco and beverages	80,538,773	70,617,073	5,719,233	7,212,424	3,976,694	5,609,657
Glass and allied	554,401	277,867	-	-	-	-
Hotel and tourism	1,651,600	2,190,534	369,697	595,259	369,697	595,259
Individuals	40,674,544	48,150,725	10,468,858	8,076,206	8,541,939	5,678,232
Paper and allied	2,017,238	2,013,682	13,991	639,480	13,991	628,987
Polyester and fiber	1,857,979	3,280,957	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	203,802,341	155,746,888	8,701,745	5,068,974	7,089,870	3,391,991
Shoes and leather garments	2,019,904	2,816,497	929,492	2,191,352	929,492	2,189,602
Sports goods	-	173,915	-	4,300	-	4,300
Sugar	4,183,878	4,454,866	169,729	175,729	169,729	175,729
Metal and allied	6,597,346	200,557	408,300	-	408,300	-
Telecommunication	31,364,524	24,101,854	58,511	3,293,224	58,511	3,293,224
Textile composite	79,450,444	40,862,679	3,201,074	3,782,368	3,201,074	3,782,368
Textile	16,891,919	11,232,898	3,019,595	2,047,876	3,013,468	2,041,748
Textile spinning	18,531,359	12,912,492	2,399,319	3,662,420	2,399,319	3,662,420
Textile weaving	4,802,142	5,975,856	69,291	351,348	69,291	351,348
Wholesale and retail trade	27,726,220	38,286,130	15,991,045	11,210,283	15,382,883	10,600,840
Others	57,975,377	36,198,533	6,357,792	8,261,659	4,482,880	7,298,554
	<u>728,285,575</u>	<u>609,307,008</u>	<u>86,013,024</u>	<u>83,623,743</u>	<u>74,703,857</u>	<u>71,755,668</u>

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Public / Government	225,945,664	204,260,276	1,089,669	1,089,630	22,348	22,313
Private	502,339,911	405,046,732	84,923,355	82,534,113	74,681,509	71,733,355
	<u>728,285,575</u>	<u>609,307,008</u>	<u>86,013,024</u>	<u>83,623,743</u>	<u>74,703,857</u>	<u>71,755,668</u>

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2021 2020
----- (Rupees in '000) -----

45.2.4 Contingencies and Commitments

Credit risk by industry sector

Agriculture	13,528,192	17,715,477
Airlines	70,243	2,262,738
Automobile and transportation equipment	4,475,318	1,957,467
Cables	266,556	574,708
Cement	3,329,371	2,795,619
Chemical and pharmaceuticals	4,088,189	4,929,608
Construction	5,818,193	5,062,724
Contractors	235,252	1,782,745
Electronics and electrical appliances	3,407,536	2,473,426
Engineering	8,294,865	9,018,950
Fertilizer	7,087,353	5,651,372
Financial	759,770,819	697,641,219
Food, tobacco and beverages	6,777,604	5,254,917
Glass and allied	291,706	186,220
Hotel and tourism	2,247,647	2,015,989
Individuals	8,631,596	18,277,661
Paper and allied	1,732,281	1,686,887
Polyester and fiber	7,885,097	2,829,494
Production and transmission of energy	133,134,614	127,733,243
Shoes and leather garments	60,030	30,075
Sugar	330,827	58,914
Telecommunication	6,603,098	6,024,903
Textile	25,195,707	16,693,930
Wholesale traders	31,748,588	1,434,752
Others	97,266,182	121,150,174
	<u>1,132,276,864</u>	<u>1,055,243,212</u>

Credit risk by public / private sector

Public / Government	236,113,927	256,923,452
Private	896,162,937	798,319,760
	<u>1,132,276,864</u>	<u>1,055,243,212</u>

45.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 334,457 million (2020: Rs. 284,824 million) are as follows:

	2021	2020
	----- (Rupees in '000) -----	
Funded	190,484,427	140,816,028
Non-funded	143,973,021	144,008,127
Total exposure	<u>334,457,448</u>	<u>284,824,155</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 372,084 million (2020: Rs. 306,651 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

45.2.6 Advances - Province / Region-wise Disbursements & Utilisation

Province / Region	2021						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	135,635,546	135,635,546	-	-	-	-	-
Sindh	98,628,525	-	98,628,525	-	-	-	-
KPK including FATA	2,584,512	-	-	2,584,512	-	-	-
Balochistan	15,842	-	-	-	15,842	-	-
Islamabad	16,255,365	-	-	-	-	16,255,365	-
AJK including Gilgit-Baltistan	22,810	-	-	-	-	-	22,810
Total	253,142,600	135,635,546	98,628,525	2,584,512	15,842	16,255,365	22,810

Province / Region	2020						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	127,665,134	127,665,134	-	-	-	-	-
Sindh	195,268,735	-	195,268,735	-	-	-	-
KPK including FATA	986,009	-	-	986,009	-	-	-
Balochistan	826,969	-	-	-	826,969	-	-
Islamabad	117,094,564	-	-	-	-	117,094,564	-
AJK including Gilgit-Baltistan	119,277	-	-	-	-	-	119,277
Total	441,960,688	127,665,134	195,268,735	986,009	826,969	117,094,564	119,277

45.3 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lendings / borrowings, investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVBP), Duration, Beta, and Expected Shortfall on a regular basis. Bank also ascertains the impact of changes in the market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

45.3.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	267,937,282	-	267,937,282	250,838,052	-	250,838,052
Balances with other banks	23,363,057	-	23,363,057	13,888,765	-	13,888,765
Lendings to financial institutions	51,701,076	-	51,701,076	19,959,132	-	19,959,132
Investments	510,155,570	986,386,883	1,496,542,453	434,377,680	694,296,814	1,128,674,494
Advances	646,188,457	-	646,188,457	530,279,496	-	530,279,496
Fixed assets	68,537,653	-	68,537,653	51,207,703	-	51,207,703
Intangible assets	2,231,265	-	2,231,265	1,829,211	-	1,829,211
Deferred tax assets	7,204,275	-	7,204,275	6,399,267	-	6,399,267
Other assets	54,460,389	-	54,460,389	46,315,560	-	46,315,560
Total	1,631,779,024	986,386,883	2,618,165,907	1,355,094,866	694,296,814	2,049,391,680

Notes to and forming part of the Unconsolidated Financial Statements

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45.3.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.

The FX risk and associated concentration risk is managed through approved currency wise net open position limits, tenor wise limits and an overall foreign exchange limit.

The currency risk is effectively monitored against the applicable regulatory limits. Market risk monitors that the FX exposure remains under limits prescribed by SBP and internal limits approved by Global Asset and Liabilities Committee (GALCO).

	2021				2020			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	234,596,295	136,795,093	(102,559,248)	(4,758,046)	200,545,109	119,630,099	(80,120,668)	794,342
Great Britain Pound	2,087,074	21,469,450	20,009,696	627,320	3,810,575	19,901,304	16,561,167	470,438
Japanese Yen	30,118	99,659	70,978	1,437	115,813	98,074	(16,149)	1,590
Euro	2,777,761	8,076,568	5,299,402	595	3,605,786	8,234,827	4,725,445	96,404
UAE Dirham	68,981,715	168,285,202	100,557,440	1,253,953	73,955,103	156,890,634	81,890,688	(1,044,843)
Bahraini Dinar	16,963,843	29,179,381	12,281,281	65,743	13,936,810	26,800,952	11,751,534	(1,112,608)
Qatari Riyal	15,801,817	34,055,642	16,847,242	(1,406,583)	16,168,969	28,718,594	12,279,612	(270,013)
Other Currencies	8,349,602	6,357,272	(2,086,131)	(93,801)	3,867,084	5,311,469	1,387,653	(56,732)
	<u>349,588,225</u>	<u>404,318,267</u>	<u>50,420,660</u>	<u>(4,309,382)</u>	<u>316,005,249</u>	<u>365,585,953</u>	<u>48,459,282</u>	<u>(1,121,422)</u>

Impact of 1% change in foreign exchange rates on

- Profit and loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	-	-	-	-
	43,094	-	11,214	-

45.3.3 Equity Position Risk

Equity risk is the risk that the fair value of an equity instrument will fluctuate due to changes in the prices of individual stocks or market indices.

To manage equity risk, The Bank has a well-defined criterion for identifying the Investible Universe based on the Market Capitalization & Average Daily Traded Value.

The Bank has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits and timely escalation of Management Action Trigger Levels (MAT).

Impact of 5% change in equity prices on,

- Profit and loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	-	-	-	-
	25,348	495,409	-	552,685

45.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the overall business of the Bank and arises from mismatches between the contractual maturities and the re-pricing of on and off-balance sheet assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing. In case of any distressed event the results and corresponding action plan is presented at the relevant management / BoD committee.

Impact of 1% change in interest rates on

- Profit and loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	-	271,551	-	3,363
	4,481,288	3,743,314	4,314,788	1,731,516

Notes to and forming part of the Unconsolidated Financial Statements

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45.3.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate (%)	Total	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years			
On-balance sheet financial instruments													
Assets													
		21,534,360	-	-	-	-	-	-	-	-	-	-	246,402,922
0.05%	Cash and balances with treasury banks	15,299,235	-	-	-	-	-	-	-	-	-	-	8,063,822
0.09%	Balances with other banks	49,726,776	100,000	-	-	-	-	-	-	-	-	-	1,874,300
7.50%	Lendings to financial institutions	225,642,341	469,873,317	338,463,178	75,787,678	58,712,295	81,679,413	158,927,804	71,183,667	-	-	-	16,272,760
7.69%	Investments	142,793,407	275,100,546	134,276,596	24,254,242	5,800,666	8,329,733	25,935,142	19,038,969	-	-	-	10,659,156
6.99%	Advances	-	-	-	-	-	-	-	-	-	-	-	47,909,930
	Other assets	454,996,119	745,073,863	472,739,774	100,041,920	64,512,961	90,009,146	184,862,946	90,222,636	-	-	-	331,182,890
	Total	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255	2,533,642,255
Liabilities													
		-	-	-	-	-	-	-	-	-	-	-	26,792,970
5.59%	Bills payable	193,472,011	308,898,301	29,235,370	3,193,722	819,011	933,173	5,072,718	19,864,822	-	-	-	1,795,622
3.30%	Borrowings	98,141,230	710,518,143	56,792,210	38,176,597	3,479,371	31,716,831	3,235,735	3,226,951	-	-	-	805,656,697
9.01%	Deposits and other accounts	10,000,000	-	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	38,117,919	-	-	-	-	-	-	-	-	-	-	38,117,919
	Total	2,389,139,404	1,019,416,444	86,027,580	41,370,319	4,298,382	32,650,004	8,308,453	23,091,773	-	-	-	872,363,208
	On-balance sheet gap	144,502,851	(274,342,581)	386,712,194	58,671,601	60,214,579	57,359,142	176,554,493	67,130,863	-	-	-	(54,118,318)
Off-balance sheet financial instruments													
	FX Options - purchase	904,470	444,570	406,245	53,655	-	-	-	-	-	-	-	-
	FX Options - sale	(904,470)	(444,570)	(406,245)	(53,655)	-	-	-	-	-	-	-	-
	Forward Government Securities - purchase	9,081,000	9,081,000	-	-	-	-	-	-	-	-	-	-
	Forward Government Securities - sale	(2,699,000)	(199,000)	(2,500,000)	-	-	-	-	-	-	-	-	-
	Foreign currency forward - purchase	350,490,749	119,999,522	131,305,173	77,552,945	21,633,109	-	-	-	-	-	-	-
	Foreign currency forward - sale	(301,891,670)	(62,401,945)	(184,267,268)	(44,332,343)	(10,890,114)	-	-	-	-	-	-	-
	Off-balance sheet gap	54,981,079	(43,881,095)	30,720,602	10,742,995	-	-	-	-	-	-	-	-
	Total Yield / Interest Rate Risk Sensitivity Gap	210,781,455	(318,223,676)	417,432,796	69,414,596	60,214,579	57,359,142	176,554,493	67,130,863	-	-	-	(54,118,318)
	Cumulative Yield / Interest Rate Risk Sensitivity Gap	210,781,455	(107,442,221)	309,990,575	379,405,171	439,619,750	496,978,892	673,533,385	740,664,248	740,664,248	740,664,248	740,664,248	199,483,930

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Effective yield / interest rate (%)	Total	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years			
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	250,838,052	14,636,825	-	-	-	-	-	-	-	-	-	-	236,201,227
Balances with other banks	13,888,765	4,535,935	-	-	-	-	-	-	-	-	-	-	9,352,830
Lendings to financial institutions	19,959,132	18,959,132	1,000,000	-	-	-	-	-	-	-	-	-	-
Investments	1,128,674,494	99,704,221	339,731,672	79,376,250	107,521,913	4,278,010	47,141,321	83,413,637	-	-	-	-	66,646,795
Advances	530,279,496	22,539,678	294,575,740	17,838,256	6,145,891	4,958,021	10,243,123	26,965,990	7,813,770	-	-	-	12,898,782
Other assets	36,406,306	-	-	-	-	-	-	-	-	-	-	-	36,406,306
	1,980,046,245	160,375,791	635,307,412	97,214,506	113,667,804	9,236,031	57,384,444	110,379,627	7,813,770	-	-	-	361,505,940
Liabilities													
Bills payable	29,733,813	-	-	-	-	-	-	-	-	-	-	-	29,733,813
Borrowings	128,987,415	64,139,213	21,645,935	12,189,517	1,245,978	1,422,721	21,087,774	-	-	-	-	-	385,656
Deposits and other accounts	1,640,211,901	81,298,711	732,048,749	41,407,311	8,391,302	2,874,467	26,694,827	3,542,979	150	-	-	-	699,006,898
Subordinated debt	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	38,566,762	-	-	-	-	-	-	-	-	-	-	-	38,566,762
	1,847,499,891	155,437,924	753,694,684	51,817,128	53,596,828	4,297,188	47,782,601	3,542,979	150	-	-	-	767,693,129
On-balance sheet Gap	132,546,354	4,937,867	(118,387,272)	375,343,792	43,617,678	104,030,524	9,601,843	106,836,648	7,813,620	(406,187,189)			
Off-balance sheet financial instruments													
Forward Government Securities - purchase	-	-	-	-	-	-	-	-	-	-	-	-	-
Forward Government Securities - sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency forward - purchase	342,792,602	131,916,225	100,357,088	75,434,166	35,085,123	-	-	-	-	-	-	-	-
Foreign currency forward - sale	(292,804,731)	(124,114,829)	(82,679,373)	(50,909,910)	(35,100,619)	-	-	-	-	-	-	-	-
Off-balance sheet Gap	49,987,871	7,801,396	17,677,715	24,524,256	(15,496)								
Total Yield / Interest Rate Risk Sensitivity Gap	12,739,263	(100,709,557)	399,866,048	43,602,182	104,030,524	4,938,843	9,601,843	106,836,648	7,813,620	(406,187,189)			
Cumulative Yield / Interest Rate Risk Sensitivity Gap	12,739,263	(87,970,294)	311,897,754	355,499,936	459,530,460	464,469,303	474,071,146	580,907,794	588,721,414	182,534,225			

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45.3.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Total financial assets as per note 45.3.5	2,533,642,255	1,980,046,245
Add: Non financial assets		
Fixed assets	68,537,653	51,207,703
Intangible assets	2,231,265	1,829,211
Deferred tax assets	7,204,275	6,399,267
Other assets	6,550,459	9,909,254
Total assets as per statement of financial position	<u>2,618,165,907</u>	<u>2,049,391,680</u>
Total financial liabilities as per note 45.3.5	2,389,139,404	1,847,499,891
Add: Non financial liabilities		
Other liabilities	24,383,956	17,818,882
Total liabilities as per statement of financial position	<u>2,413,523,360</u>	<u>1,865,318,773</u>

45.4 Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation.

Business Continuity Plans (BCP) have been implemented across the Bank, clearly defining the roles and responsibilities of respective stakeholders and covering recovery strategy, IT & structural backups, scenario & impact analyses and testing directives. BCP for respective areas are in place and tested.

45.5 Liquidity risk

Liquidity risk is defined as the risk that a bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

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The Bank actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. The Bank's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

It is the Bank's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity gaps.

The Bank has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Bank to business as usual.

45.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2021											
	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Total												
Assets												
Cash and balances with treasury banks	267,937,282	-	129,039,603	-	-	-	-	-	-	-	-	-
Balances with other banks	23,363,057	-	6,350,007	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	51,701,076	34,698,714	2,546,544	100,000	-	-	-	1,184,885	-	-	-	-
Investments	1,496,542,453	13,078,062	2,546,544	100,000	-	-	-	1,184,885	92,871	-	-	-
Advances	646,188,457	28,098,828	47,242,800	13,996,399	69,710,308	43,007,200	63,344,158	37,842,993	125,294,458	81,020,342	294,641,303	323,582,891
Fixed assets	68,537,653	-	1,409	19,779	27,924	79,995	90,585	1,562,608	1,558,334	43,950,350	63,505,763	46,838,564
Intangible assets	2,231,265	-	634	-	260	613	22,348	150,735	249,955	1,572,925	4,326,045	59,237,912
Deferred tax asset	7,204,275	-	7,204,275	-	-	-	-	-	-	395,296	634,591	751,316
Other assets	54,460,389	1,155,165	2,105,132	4,238,900	8,503,391	5,245,651	4,364,924	3,642,399	3,559,620	2,079,553	4,558,059	7,473,307
	2,618,165,907	63,952,707	124,050,482	323,687,839	42,905,701	434,019,840	92,726,404	76,836,668	181,759,027	129,018,466	367,665,761	437,883,990
Liabilities												
Bills payable	26,792,970	-	26,792,970	-	-	-	-	-	-	-	-	-
Borrowings	563,284,750	1,480,103	244,973	200,543,162	111,814,923	9,831,134	29,764	18,569,393	764,419	607,642	5,198,473	24,802,155
Deposits and other accounts	1,750,943,765	11,989,403	60,492,702	41,547,263	44,463,750	50,097,728	18,691,350	17,123,013	5,156,213	31,987,602	3,788,416	5,203,284
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	62,501,875	1,620,290	12,823,477	3,902,120	2,358,481	9,553,559	2,776,416	3,558,223	1,819,508	1,650,844	1,973,866	9,373,887
	2,413,523,360	1,458,203,088	189,509,562	28,170,000	100,354,122	245,892,545	69,882,421	39,250,629	7,740,140	34,246,088	10,960,755	49,379,326
Net assets	204,642,547	(1,232,613,471)	(125,556,855)	223,333,817	(203,086,844)	275,382,686	48,486,884	37,586,039	174,018,887	94,772,378	356,705,006	388,504,664
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-
Reserves	69,718,467	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	38,056,329	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	84,625,954	-	-	-	-	-	-	-	-	-	-	-
	204,642,547	-	-	-	-	-	-	-	-	-	-	-

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2020

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years

Assets

Cash and balances with treasury banks	127,375,354	-	-	123,462,698	-	-	-	-	-	-	-	-	-
Balances with other banks	7,352,829	5,033,491	639,338	863,107	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	5,000,000	4,500,000	9,459,132	1,000,000	-	-	-	-	-	-	-	-
Investments	18,949,010	-	686,207	65,057,047	16,791,291	157,358,330	144,162,841	68,119,281	22,153,944	130,634,546	40,664,538	133,394,425	330,703,034
Advances	21,409,075	-	6,359,416	55,412,543	15,884,179	74,173,452	90,347,710	22,772,430	42,655,158	60,557,343	44,829,028	50,979,056	39,578,287
Fixed assets	-	-	-	308,690	-	483,463	796,145	-	923,884	2,358,874	2,263,281	2,814,618	41,258,748
Intangible assets	-	-	-	63	-	7,904	10,113	-	99,212	282,015	439,821	712,404	277,679
Deferred tax assets	-	-	-	6,399,267	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	7,659,719	-	10,824,050	4,754,839	-	9,810,943	4,999,223	1,262,750	2,320,995	4,683,041
	175,086,268	15,355,310	12,184,961	268,622,266	33,675,470	242,847,199	240,071,648	90,891,711	75,643,141	198,832,001	89,459,418	190,221,498	416,500,789

Liabilities

Bills payable	-	-	-	29,733,813	-	-	-	-	-	-	-	-	-
Borrowings	-	60,075,295	172,500	7,485,553	8,084,109	16,991,427	7,579,703	4,600	30,128	4,698,445	1,189,722	3,554,904	19,121,029
Deposits and other accounts	1,216,995,046	32,362,654	18,111,216	71,085,275	23,855,924	77,850,744	45,862,597	14,996,819	32,168,500	14,378,439	8,436,770	35,593,707	48,514,210
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	56,385,644	-	-	16,105,021	-	36,193,003	193,822	-	1,827,084	207,331	44,142	73,858	1,741,383
	1,865,318,773	1,216,995,046	18,283,716	124,409,662	31,940,033	131,035,174	53,636,122	15,001,419	34,025,712	19,284,215	9,670,634	39,222,469	79,376,622
Net assets	184,072,907	(1,041,908,778)	(6,098,755)	144,212,504	1,735,437	111,812,025	186,435,526	75,890,292	41,617,429	179,547,786	79,788,784	150,999,029	337,124,167

Share capital

Share capital	12,241,797
Reserves	62,274,068
Surplus on revaluation of assets	27,640,579
Unappropriated profit	81,916,463
	184,072,907

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

2020

	(Rupees in '000)									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Assets										
Cash and balances with treasury banks	250,838,052	140,535,013	5,066,408	4,965,281	7,187,883	9,999,287	7,672,723	12,167,183	50,122,466	13,121,808
Balances with other banks	13,888,765	13,888,765	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,959,132	18,959,132	1,000,000	-	-	-	-	-	-	-
Investments	1,128,674,494	68,133,687	174,149,621	144,162,841	101,326,881	130,634,546	40,664,538	133,394,425	326,735,043	9,472,912
Advances	530,279,496	88,502,853	90,057,631	90,347,710	65,427,588	60,557,343	44,829,028	50,979,056	22,486,049	17,092,238
Fixed assets	51,207,703	308,690	483,463	796,145	923,884	2,358,874	2,263,281	2,814,618	4,749,641	36,509,107
Intangible assets	1,829,211	63	7,904	10,113	99,212	282,015	439,821	712,404	277,679	-
Deferred tax asset	6,399,267	-	-	-	1,599,817	1,599,817	1,599,817	1,599,816	-	-
Other assets	46,315,560	7,659,719	10,824,050	4,754,839	9,810,943	4,999,223	1,262,750	2,320,995	4,374,863	308,178
	2,049,391,680	337,987,922	281,589,077	245,036,929	186,376,208	210,431,105	98,731,958	203,988,497	408,745,741	76,504,243
Liabilities										
Bills payable	29,733,813	10,629,807	7,780,787	7,625,482	3,697,737	-	-	-	-	-
Borrowings	128,987,415	67,733,348	25,075,536	7,579,703	34,728	4,698,445	1,189,722	3,554,904	19,121,029	-
Deposits and other accounts	1,640,211,901	200,528,223	154,834,343	97,929,834	122,539,344	119,233,575	88,894,946	163,181,971	506,328,203	186,741,462
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	56,385,644	16,105,021	36,193,003	193,822	1,827,084	207,331	44,142	73,858	1,090,578	650,805
	1,865,318,773	294,996,399	223,883,669	113,328,841	128,098,893	124,139,351	90,128,810	166,810,733	536,539,810	187,392,267
Net assets	184,072,907	42,991,523	57,705,408	131,708,088	58,277,315	86,291,754	8,603,148	37,177,764	(127,794,069)	(110,888,024)
Share capital	12,241,797									
Reserves	62,274,068									
Surplus on revaluation of assets	27,640,579									
Unappropriated profit	81,916,463									
	184,072,907									

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

45.6 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Bank. It is the potential for unauthorized use, disruption, modification or destruction of information; such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

The Bank has a dedicated Information Security Division, functioning within Risk and Credit Policy Group which manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing and also supporting the other domains of information security i.e. security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible and adaptable to the organization's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories by deploying 24/7 Security Operation Center (SOC) at the Bank. This unit deals with security issues and continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholders for securing the Bank's assets.

Application Security in information security manages Information Security Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing and ATM including review of security aspects of assets, enterprise architecture design controls of the applications in accordance with applicable policies and standards & controls.

Further, the Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, the Bank's main focus remains on the continuous improvement of its security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

45.7 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Bank monitors key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing Regulatory frameworks. By utilizing comprehensive risk management processes and sophisticated control systems, the Bank aims to minimize the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's AML / CFT / CPF Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BOD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

- Under FCC Process Workstream; the Bank uplifted the framework at Design level with key deliverables as:
 - FCC Strategy.
 - Bank's FCC Risk Appetite Statement.
 - Target Operating Model (TOM) across three lines of defense.
 - FCC Policies & Standards.
 - Enterprise Wide FCC Risk Assessment Methodologies / Internal Risk Assessment Review (EWRA / IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.
 - Management Information (MI) Suite.
- The Bank rolled out comprehensive Role based FCC training modules and Staff capacity assessment carried out under FCC Transformation People Workstream.
- On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring (TM) and payments screening systems. These systems were independently reviewed by a reputed international third party expert.
- Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

45.8 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorized into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles & responsibilities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

46. YEMEN OPERATIONS

The political and economic instability resulting from the ongoing civil war in Yemen raised insurmountable challenges for the UBL-Yemen Branch including difficulties emanating from the bankruptcy of the two central banks regulators, i.e. CBY Sana'a and CBY Aden, severe shortage of liquid funds in the Yemeni local market and non-cooperation of CBY Sana'a to facilitate liquidity.

While UBL-Yemen Branch has been striving to honour its liabilities for the past seven years notwithstanding continued operational losses, it is no longer possible for the branch to continue its operations in Yemen due to reasons not attributable to the branch and circumstances entirely beyond UBL or its branch's control. UBL is cognizant of the associated risks of ceasing its branch's business in Yemen but has concluded that in the totality of circumstances it is prudent to do so. UBL will monitor the situation in Yemen so that it may appropriately deal with the associated risks.

47. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on February 23, 2022 has proposed a final cash dividend of Rs. 6.0 per share for the year 2021. This is in addition to Rs. 12.0 already paid during the year bringing the total dividend for the year to Rs. 18.0 per share (2020: Rs. 12.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2021 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2022.

48. GENERAL

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

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

49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 23, 2022, 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

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
1	M/S Nawab Trading Co (Proprietor:- Asghar Khan) House No 5559 Shah Qabool Colony	Asghar Khan	17301-6814472-9	Nawab Khan	425	7,875	-	8,300	-	7,890	-	7,890
2	Aimal Khan Mohallah Bar Shamoza, uimanzai Tehsil & Distt Charsadda	Aimal Khan	17101-5943136-7	Tehseen Ullah	177	1,145	-	1,322	-	1,145	-	1,145
3	M Ashraf Memon Banglow # C-38 First Floor Block H North Naziabad Near Khursheed Begum Garden	M Ashraf Memon	45504-1131899-1	M Dawood Begum	568	-	-	568	-	229	-	625
4	Sheraz Nasim Butt 64-T Commercial 2Nd Floor DHA	Sheraz Nasim Butt	42301-2592514-5	M Nasim Butt	654	-	-	654	-	134	-	573
5	Mirza M Ammad Ablach Off # 1 Plot # D-18 The Residence Khaliq Uz Zaman Road Clifton, Blk 8	Mirza M Ammad	42301-2008357-7	Mirza Abdul	355	-	-	355	-	33	-	518
6	Muhammad Asad City Steel Industries 4 Rajput Street Badami Bagh	Muhammad Asad	35202-2352972-7	Muhammad Arshad	537	-	-	537	-	51	-	547
7	Muhammad Naim Avari Towers Asia Live Resturant Avari Towers Fatima Jinnah Roads Near Ubl Avari Br ,	Muhammad Naim	91108-4191848-7	Muhammad Yousuf	590	-	-	590	-	168	-	617
8	Shabnam Mumtaz Gerry's Interation Pvt Ltd Qvc Ground Flr 37 B Pechs Blk 6 Main Shahra E Faisal Near Roche Head Office Building	Shabnam Mumtaz	31202-1724864-8	Mumtaz	681	-	-	681	-	174	-	646
9	Danish Naeem Abbasi Pvt Corporation Ltd Stadium Road Near Aga Khan Hospital,	Danish Naeem Abbasi	42101-1737279-5	Naeem Ul Hassan Abbasi	648	-	-	648	-	190	-	622
10	M Nawaz Sohail Arfa International Pvt Ltd Kamaham Attari Road Azam Chowk 16-Km Ferozpur Road,	M Nawaz Sohail	35201-0139460-7	Zahor Ahmad	200	-	-	200	-	109	-	894
11	Shaheen Corporation Grain Market Hasilpur	Shaheen Corporation	36302-0744176-9	Mian Zubaid Ahmed Bhatti	350	1,502	-	1,852	-	1,482	-	1,482

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			Total
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	
12	Paramount Spinning Mills Limited 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.	Tanveer Ahmed Shakoor Abdul Shakoor	42201-0350138-5 42201-0350226-5	Abdul Shakoor Haji Jamaluddin	300,000	36,768	-	122,912	36,768	-	159,680
13	Sarfraz Yoqub Textile Mills (Pvt) Ltd 1-KM Chunian Road, Habibabad Distt Kasur	M. Naveed M. Ayub Yaqub Alam [Late]	35202-5480286-9 35202-8426248-7	Yaqub Alam Yaqub Alam	107,764	36,205	15,189	-	36,205	14,489	50,694
14	Firzoug Tanneries (Pvt) Ltd. Sialkot Road, Karamabad, Tehsil Wazirabad, District Gujranwala.	Mr. Firzoug Elahi Mrs. Naila Firzoug Mr. Omer Firzoug	34101-6919741-9 34101-3030182-0 34101-2043436-5	Zahoor Elahi Firzoug Elahi Firzoug Elahi	62,792	-	28,893	17,292	-	28,893	46,185
15	Ayeshia Textile Mills Ltd 97-B, Gulberg-II, Lahore	Muhammad Rafi [Late] Tariq Rafi Arif Rafi Anjum Rafi Abdullah Rafi Waseem Lodhi Nasir Anwar	35202-3244650-5 42301-0838522-7 35202-1504108-3 35202-2434949-9 35200-1416576-7 35202-3765181-5 42201-7621019-3	Haji Muhammad Ismail M. Rafi M. Rafi M. Rafi M. Rafi A.G.K Lodhi Muhammad Anwar	90,418	29,959	-	15,418	29,959	-	45,377
16	M/s Quality Weaving Mills Ltd 36-A Industrial Estate, Multan	Late, Sh. Abdul Hakeem (CE/Director) Late, Sh. Abdul Hameed Late, Mrs. Hakim-un-Nisa Late, Mrs. Bliques Hakeem Late, Mrs. Nasira Hameed Miss Najma Hakeem Late, Miss Tahira Hakeem	54400-3769995-2	Sh. Abdul Hakeem	14,008	14,673	110	4,008	14,673	110	18,791
17	Dar-Es-Salam Textile Mills Limited Head Office: 53-C3, Gulberg III, Lahore Mill Address: 10 KM Sheikhpura Road, Muridke	Faisal Mukhtar [CEO/ Director] Abida Mkhatar (Director) Ejaz Akhtar (Director) Mehwash Faisal (Director) Nilofar Mukhtar (Director) Muhammad Rafique (Director) Muhammad Yousaf (Director)	35200-1561125-1 35200-1492705-4 35202-2732679-9 35201-1523109-0 61101-1836202-0 35202-2825811-5 61101-1836202-0	Ch. Ahmed Mukhtar Ch. Ahmed Mukhtar Muhammad Akhtar Khan Faisal Mukhtar Ch. Ahmed Mukhtar Siraj Ud Din Khan Khan Muhammad	162,169	21,540	-	-	16,150	-	16,150

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
18	Crown Travels Office # 01, 1st Floor Services Club Extension Building Mereweather Road Karachi	Ghouse Akbar	42301-4334931-9	Mohammad Imaduddin Akbar (Late)	43,500	25,189	-	68,689	-	14,939	-	14,939
19	Ali Imran Rice Mills 1.5 KM Raiwind Road, Manga Mandi, Lahore	Imran Haider (Partner) Irfan Jameel (Partner) Ghulam Mustafa (Partner) Khadim Hussain (Partner)	35202-3886648-7 35202-2812119-7 35202-6264985-9 35202-7916823-5	Jamil Ahmad Ali Muhammad	35,000	-	14,103	49,103	-	-	13,103	13,103
20	Sultan Trading Co. P-140-, 1st. Floor, Regency Arcade, The Mall, Faisalabad & P-130, Montgomery Bazar Cole Lakanwala Faisalabad	Saleem-ul-Hassan Muzammil Sultan Khurram Sultan	33100-6033276-9 33100-3058364-3 33100-5823060-7	Ghulam Hussain Saleem-ul-Hassan	75,000	-	13,005	88,005	-	-	13,005	13,005
21	Falak Textile (Pvt.) Ltd. 23-KM Rohi Nala, Dullu Khurd, Ferozpur Road, Lahore	Falak Sher (CEO / Director) Wajid Sadiq (Director) Rafaqat Ali (Director)	35202-6882153-7 35202-5930326-9 35201-0429095-5	Muhammad Sadiq	114,380	11,878	-	126,258	-	11,878	-	11,878
22	Habib & Co. Shop # 18, New Cloth Market, M.A. Jinnah Road, Karachi.	Haji Yaqoob Gang	42301-5913275-5	Haji Habib	7,881	-	9,736	17,617	-	-	9,736	9,736
23	Aftab Soap Factory (Pvt) Ltd. 9-KM Sargodha Road, Faisalabad	Hassan Zahid Asad Zahid Salman Zahid	33100-7734991-5 33100-6562801-7 33100-9424553-1	Sh. Zahid Ahmed Sh. Zahid Ahmed Sh. Zahid Ahmed	57,140	-	8,466	65,606	-	-	8,462	8,462
24	ChenOne Stores Ltd 92-93 E1 Gulberg Lahore	Kashif Ashfaq Abdulah Naeem Umair Javed	33100-0927129-3 33100-5216561-5 33303-3773388-7	Muhammad Ashfaq Muhammad Naeem Muhammad Javed	211,251	18,275	-	229,526	-	5,901	-	5,901
25	CH. NAZAR MUHAMMAD MUNAWAR Shop No.109, Fruit Mandi Link Ravi Road, Lahore	Munawar Hussain	35202-6387292-7	Nazar Muhammad	10,000	-	6,280	16,280	-	-	5,486	5,486
26	Azeem International 4-F. 3/5, Nazimabad, No.4, Karachi	Muhammad Mateen	42101-3210726-1	Muhammad Naeem	10,082	-	7,366	17,448	-	-	5,448	5,448
27	Syed Qutubuddin & Brothers 29/BC Bukhari House Chaman Housing Scheme Quetta.	Syed Qutubuddin	54400-0563870-1	Haji Bukhari	4,785	-	2,434	7,219	2,935	-	2,434	5,369
28	J. P. Cement and Grinding Inds. 12 Plot No.54/B. Q.I.T.E. Eastern By Pass Quetta.	Syed Amaruiddin Pervaiz Faiz	1) 54400-9616573-3 2) 54400-378562-1	Syed Qutubuddin Faiz Muhammad	4,294	-	2,291	6,585	2,544	-	2,291	4,855

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
29	Bashir Poultryies 82-B Tipu Block, New Garden Town, Lahore	Shahid Bashir	35202-2702691-7	Bashir Ahmed	15,106	4,572	-	19,678	-	4,278	-	4,278
30	National Enterprises Oil Mills Chack No.93/WB Multan Road Vehari	Rizwan Akbar	36603-1380361-3	Sardar Muhammad	4,086	226	3,649	7,961	217	226	3,649	4,092
31	Tar Enterprises 413, Block-P, DHA Lahore	Mian Tahir Rafique	35202-6791875-7	Mian Muhammad Rafique	3,000	740	2,583	6,323	-	240	2,583	2,823
32	New Sitara Rice Dealers Pasnur Road, Farid Town, Gujranwala.	Muhammad Baqar Ch.	34101-9635059-9	Ch. Shah Din	3,600	-	3,092	6,692	-	-	2,417	2,417
33	Mushtaq Ali (Ex-Staff) House # 236-A, Sheet #1, Upper Gizri, Clifton Karachi	Mushtaq Ali	42301-0353518-1	Imam Bux Mangnejo	3,823	544	2,164	6,531	-	-	1,931	1,931
34	First National Equities Limited 10th Floor, Room # 7, New Karachi Stock Exchange Building, Karachi.	Ali Aslam Malik Malik Atiq ur Rehman Muhammad Iqbal Khan Shahzad Akbar	42301-1091489-1 35202-5802426-1 35202-2830885-1 42000-4756995-3	Mr. Muhammad Asalm Malik Mr. Malik Muhammad Hanif Mr. Ghulam Mohiuddin Khan Mr. Sajjad Akbar	7,208	-	1,858	9,066	-	-	1,858	1,858
35	M/s Noman & Company Grain Market Bahawalpur	Mr. Muhammad Khalid Mr. Nisar Ahmad	31202-6791783-7 31202-3742877-3	Mufti Ghulam Fareed Abdul Ghafoor Khan	4,980	185	1,892	7,057	-	185	1,587	1,772
36	Shahbaz Flour Mills Opposite Rangers Public High School Gymkhana Road Khiprio	Muhammad Nadeem Kaim Khani	44202-3161219-3	Hakim Ali Khan	5,829	-	1,892	7,721	-	-	1,715	1,715
37	M/s Hassan Muhammad Cotton Industries & Oil Mills Yazman Road Bahawalpur	Mr. Mumtaz-ul-Zaman Mst. Khurshid Begum Mst. Nasreen Ara	31202-0668088-3 344-91-075151 31202-4952854-0	Zahoor Ahmad w/o Zahoor Ahmad w/o Mumtaz-ul-Zaman	2,500	-	1,619	4,119	-	-	1,619	1,619
38	M/s Ch. Petroleum Service & Co City Stop Lahore-Multan Road Pattoki	Muhammad Sarwar	35103-1324507-9	Bashir Ahmad	3,855	53	1,537	5,445	-	8	1,537	1,545
39	Abdul Razaq & Co. Mubashir Rice Mills, Lahore Road, Sheikhupura.	Abdul Razaq Sial	35401-5374166-5	Fazal Karim Sial	6,000	-	2,043	8,043	-	-	1,493	1,493
40	Pak Fertilizers Agency Main Road, Sohbatpur	Nand Lal	53403-1444758-7	Gurdayal Mal	2,000	386	1,079	3,465	-	386	1,079	1,465

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning				Written-off			
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
41	Bahawal Sheer (Agri) Chak Asad Ullah Pur, Mouza Muhammad Pur Tehsil & District Sahiwal	Bahawal Sheer	36502-1294667-3	Muhammad	1,600	1,063	476	3,139	-	1,063	376	1,439
42	Choudhary Cold Storage Ch. Mehr Ikram Cold Storage, 100 - Foola Bazar, New Sabzi / Fruit Mandi Gujranwala.	Ch. Muhammad Ikram Mehar	34101-9703912-7	Ch. Muhammad Nazir Mehar	3,000	-	1,517	4,517	-	-	1,427	1,427
43	Muhammad Mushtaq Toor (Agri) Chak No.428 G.B, Tehsil Tandlianwala, Faisalabad	Muhammad Mushtaq Toor	33106-0367404-5	Fazil Muhammad	2,990	-	1,436	4,426	-	-	1,426	1,426
44	AH POULTRY 130-Block G, DHA EME Sector, Lahore.	Atta Ul Ahsan Awan	35202-0192307-9	Jafar Hussain Awan	9,250	68	1,620	10,938	-	-	1,338	1,338
45	Asad Filling Station Inqilab Chowk, Baghwanan Road, Phandu, Peshawar.	Anwer Khan (Late)	17301-9077798-7	Badsha Khan	930	-	1,355	2,285	-	-	1,285	1,285
46	Zhob Impex (Pvt.) Limited House # 67-E, Block-2, PECSH, Karachi	M. Humayun Khan M. Ayaz Khan Daud Khan Shahbaz Khan	601-90-281339 517-85-265096 601-58-281338 517-87-265097	Saudullah Khan Shaikh Amir Mohammad Saudullah Khan Shaikh Amir Mohammad	896	-	1,238	2,134	-	-	1,133	1,133
47	Zahid Hussain (Agri) Chak Dhakhli Mahal, Mouza Ladhewal Tehsil Depalpur District Okara	Zahid Hussain	35301-3464138-1	Mian Muhammad Hussain	1,800	1,206	-	3,006	-	1,106	-	1,106
48	Abid Hussain (Agri) Chak Dhakhli Mahal, Mouza Ladhewal Tehsil Depalpur District Okara	Abid Hussain	35301-5904407-1	Mian Muhammad Hussain	2,000	1,122	-	3,122	-	1,022	-	1,022
49	M/s Abdul Rasheed and Brothers Pipri Pahar Road, Tehsil Depalpur.	Mr.Nazeer Ahmad Mr.Abdul Rasheed Mr.Muhammad Ameer Mr. Basheer Ahmad	35301-1984230-3 35301-1984235-1 35301-1984239-5 35301-5645749-9	Muhammad Yaseen	15,000	-	1,230	16,230	-	-	980	980
50	M/s Ittefaq Rice Mills Chorasta, Chack No.38/D, Tehsil Depalpur	Mr.Nazeer Ahmad Mr.Abdul Rasheed Mr.Muhammad Ameer Mr. Basheer Ahmad	35301-1984230-3 35301-1984235-1 35301-1984239-5 35301-5645749-9	Muhammad Yaseen	15,852	-	1,308	17,160	-	-	960	960
51	Khayyam Traders 236 SD, PAF Falcon, Gulberg-III Lahore.	Khayyam Manzoor [Late]	35202-3520362-7	Manzoor Hussain	8,000	1,249	-	9,249	-	949	-	949
52	Opposite Rangers Public High School Gymkhana Road Khipro	Muhammad Nadeem Kaim Khan	44202-3161219-3	Hakim Ali Khan	2,949	-	1,021	3,970	-	-	876	876

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Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
53	Mangla Enterprises 44-Quaid-e-Azam Stadium, Mirpur Azad Kashmir	Sabir Hussain Imran Khan	81302-7972281-3 81302-1680271-7	Malik Fazal Hussain Zafar Ali Khan	1,456	404	634	2,494	-	210	634	844
54	Fazal E Rabbi Commission Shop Noor Ghalah Mandi, Bucheke	Haji Sardar Muhammad Muhamm Yousaf	35402-9044175-9 35402-2004071-7	Muhammad Tufail Muhammad Tufail	1,900	-	899	2,799	-	-	799	799
55	Waqas Umar & Co. 605, 6th Floor, Gul Tower, I. I. Chundrigar Road, Karachi.	Waqas Umar	42301-7167553-5	Jawed Umar	11,993	702	-	12,695	-	695	-	695
56	M/s. Hassan Brothers 16-Nisbat Road, Lahore	Hassan Mehdi	35200-1418502-9	Kifayat Hussain	5,037	658	-	5,695	-	658	-	658
57	Pak International Traders 125-Out side Katchery Gage, Peshawar City Peshawar	Javed Akhtar Danish Pervaiz	17301-1293844-5 17301-1308969-3	Ghareeb Mirza Mahmood Pervaiz	29,998	1,090	-	31,088	-	638	-	638
58	Muhammad Shakeel Abid M/s Madni Silk Center, Shop No.4-5, Anarkali Bazar, Street No.5, Al Sadiq Center Faisalabad	Muhammad Shakeel Abid	33100-3228062-9	Ch. Sher Ali	2,300	-	627	2,927	-	-	627	627
59	Prince Electronics Al Karim Centre 18-Railway Road, Hafizabad	Rahim Aziz Ud Din	34301-1701937-9	Aziz Ud Din	1,500	-	559	2,059	-	-	556	556
60	Muhammad Ramzan (AGRI Loan) P.O Chak No.232 G.B, Chak No.40 GB, Tehsil Jaranwala, District Faisalabad.	Muhammad Ramzan	33104-4665281-5	Muhammad Ibrahim	1,000	-	532	1,532	-	-	532	532
61	Rimsha Textile Adda Lalyani, District Kasur	Naseer Ahmed	35102-0573874-1	Nasir Khan	-	-	777	777	-	-	527	527
62	Muhammad Sharif Bagh Muhalla Bus Staff Matti	Muhammad Sharif	41103-0234744-7		1,500	1,123	-	2,623	-	623	-	623
63	Sohairy Ka Dera. Mateela. Disst Sargodha	Tufail Ahmad	38401-1310518-7		1,000	504	-	1,504	-	504	-	504
64	Atif Ur Rehman Khan United Bank Limited Dept Collection Head Office 3Rd Floor Ubi Bldg I I Chund R Karachi	Atif Ur Rehman Khan	42201-1145454-9	Ibad Ur Rehman Khan	428	-	-	428	-	261	300	561
65	Husnain Malik Husnain Papper Mart Fish Market Asad Plaza Urdu Bazar Lahore	Husnain Malik	35202-1726490-9	Amanat Ali	643	-	-	643	-	208	314	522

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
66	Mehwish Pervaiz 159/A Mehmoodabad 1 Near Maseoom Clinic Karachi	Mehwish Pervaiz	42301-0869042-0	Mohad Penviz	307	-	-	-	184	380	564
67	Hidayat Ullah 407 Gizzi Madrassa Ghousia Madrassa Karachi	Hidayat Ullah	31301-1228103-5	Malik Kamal	915	-	-	-	504	152	656
68	Sadia Raza H No-405 Block A Farhan Paradise Block 19 Johar More Gulistan-E-Johar Good Broast	Sadia Raza	45402-0857414-2	Abdulu Jabbar Khan	255	-	-	-	297	255	552
69	Ahmed Shah M/S Naeem Electronics Shop L 50 Hash00 Centre Abullah Haroon Road Saddar Karachi	Ahmed Shah	42301-0855341-9	Haji Nawaz	923	-	-	-	387	392	779
70	Saleem Haider Khan FI No B-62 8Th Floor Block B Sunny Heights Main Rashid Minhas Rd Gulistan	Saleem Haider Khan	42201-1745059-9	Ghulam Haider Khan	501	-	-	-	228	338	566
71	Sarfraz Ali Nai'Abadi Jafery Pura Sialkot	Sarfraz Ali	34603-3154811-1	Muhammad Akram	686	-	-	-	228	415	643
72	Naveed Ahmed H No 141-C Block W Scheme No 2 Gulshan E Iqbal Rahim Yar Khan	Naveed Ahmed	31303-9167445-3	Ghulam Rasool	951	-	-	-	444	500	944
73	Irfan Ahmed Sagar H No A-49 Ghazi Daud Brohi Village Malir City Karachi	Irfan Ahmed Sagar	42501-6368770-3	Ghulam Abbass	697	-	-	-	453	655	1,108
74	Farrukh Hassan Naveed H.No. C-87 Blk-14 Gulistan-E-Johar Near Mirza Cng Pump Khi	Farrukh Hassan Naveed	54400-9031394-1	Safdar Ali Shahid	12,850	-	-	-	510	5	515
75	Sana Harris Call Springs Off # 301 3Rd Fir Progressive Squareplot # 11-A Blk 6 Pechs Shahrah E Faisal	Sana Harris	42101-8146694-0	Haris	-	-	-	-	710	3	713
76	Usman Khalid H # 197-Block D-1, Model Town, Lahore	Usman Khalid	35202-8048278-9	Khalid Aziz	-	-	-	-	7,891	227	8,118
77	Naeem Jewellers Shop No 89 Main Bazar Mozang Lahore	Waseem Ud Din	35202-3921481-5	Moeen Ud Din	6,417	-	-	-	10,657	174	10,831

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
78	Umer Draz Hamza Umar Advertiser Room No 6, 1st Floor Sheikh Sons Building 10 Royal Park Lahore	Umer Draz	35202-4350047-7	Sher Mohd	1,558	-	-	1,558	-	1,002	154	1,156
79	Ifthikhar Khan Win International 10 Km Sheikhpur Road Near Malik Pur Stop Faisalabad	Ifthikhar Khan	33100-9583577-7	Zulfiqar Khan	4,507	-	-	4,507	-	11,706	146	11,852
80	Zulfiqar Ali Chohan House No 820 W Block Defence Housing Authority Lahore Cantt Lahore	Zulfiqar Ali Chohan	35201-7865042-5	Muhammad Rafiq Chohan	3,005	27	-	3,032	-	12,316	184	12,500
81	Muhammad Latif Tabasum U And Books Distributors 45/A Kisan Hall Mozang Road Lahore	Muhammad Latif Tabasum	35303-2097805-7	Muhammad Saleem	2,152	26	-	2,178	-	5,051	184	5,235
82	Shahzad Ali Shah H No B-258 Block 10 Gulshan-E-Iqbal Near Alladin Park	Shahzad Ali Shah	42201-5261280-1	Aman Ullah Shah	6,668	-	-	6,668	-	2,604	79	2,683
83	Ahmed Yousuf Hno C1 Sana Avenue Fl-2A Block 12 Gulistan-E-Johar Karachi	Ahmed Yousuf	42201-5489220-5	Haji Yousuf	400	580	-	980	-	602	67	669
84	Asim Mehmood Flat No 92 E Askari Iv Rashid Mirhas Road Gulistan E Jauhar	Asim Mehmood	61101-3637475-9	Mehmood	506	659	-	1,165	-	688	77	765
85	Mohammad Azeem Al Balal Book Centre 40 Main Market 40 Urdu Bazar Pakistan Printin Lahore	Mohammad Azeem	35202-2527530-9	Javed Ahmad Malik	56	446	-	502	31	452	48	531
86	Syed Muhammad Razi Travel Area Aviation 94 Al Burhan Arcade Block E Haidery Comm Area Karachi	Syed Muhammad Razi	42101-9701338-1	S M Saeed	480	916	-	1,396	-	991	105	1,096
87	Muhammad Nadeem Darul Kitab Kitab Market Ghazni Street Urdu Bazar Lahore	Muhammad Nadeem	35202-2406274-1	Raast Ali	192	411	-	603	49	452	46	547
88	Uzma Akhtar Khan House #142/1, Street 7 Khayaban-E-Bukhari Phase 6 Dha	Uzma Akhtar Khan	42301-0998195-4	Faraz Khanji	238	398	-	636	54	409	46	509

Annexure 'I' as referred to in note 9.7 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
89	Mujahid Hussain Mujahid Garments Resham Gali Larkana Larkana Larkana	Mujahid Hussain	43203-9536175-7	Meeral Shaikh	234	444	-	678	82	458	46	586
90	Shazia Bano H No 185 Baba Line Goth Morea Khan Road Karachi	Shazia Bano	42201-6804470-8	Bano	294	437	-	731	87	454	49	590
91	Haji Faqeer DHA Phase II, Main Rawat Road Opposite Gate No. 2 Near Ubi Bank Limited Islamabad.	Haji	42501-6054662-7	Faqeer	143	409	-	552	87	427	49	563
92	Khalid Kamal Siddiqui Shop No. 659-C, Allama Iqbal Road, Block-2 Pechs Karachi. Karachi Karachi	Khalid Kamal Siddiqui	42101-3315259-1	M.Ahmed Siddiqui	316	540	-	856	91	591	58	740
93	Qadeer Butt House No.1 Butt Market Near Railway Phatik G T Road Imamia Colony	Qadeer Butt	35401-1760303-5	Butt	344	879	-	1,223	94	937	95	1,126
94	Sohail Kassam Ali Somani Karachi Music Centre Sommerset Street Plot No. 27/B Saddar Karachi	Sohail Kassam Ali Somani	42201-1221013-5	Qasim Ali	340	746	-	1,086	96	821	85	1,002
95	Muhammad Jamil Akhtar Rai Ameer Sons 13-Qaddafi Market Nishtar Road Brandreth Lahore	Muhammad Jamil Akhtar Rai	35202-5025616-3	Rai Amir Ahmed	262	604	-	866	102	635	71	808
96	Mohammad Shakir Qureshi H No G/2109 Power House Road Khayyabad Hyderabad	Mohammad Shakir Qureshi	42000-7751158-5	Faiz UJ Hasan	395	519	-	914	118	604	67	789
97	Syed Hasan Iftikhar Zaidi 119/2 Street 33 Khayaban-E- Muhafiz Phase 6 Dha	Syed Hasan Iftikhar Zaidi	42301-9751357-5	Syed Iftikhar Ahmed Zaidi	456	541	-	997	126	627	66	819
98	Syed Arshad Ali Rizvi 39-Bunglo Khayaban-E-Bkhari Phase-6 Near Masri Shah Mazar Dha Karachi	Syed Arshad Ali Rizvi	42301-1091489-1	S Aziz Ur Rehman	468	641	-	1,109	138	652	75	865

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Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2021

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning				Written-off			
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
99	Ijaz Ahmed 4-Amina Khatoon Plaza, Najma Udeen Street, Nankawara, Opst Jamli Steel, Karachi.	Ijaz Ahmed	34101-4558782-9	Ahmed	364	542	-	906	141	578	63	782
100	Rubina Muhammad Jawed Mehran Estate Shop No 1 Nadeem Manzil Gk 3/8/20 Paria Street Kharada, Karachi	Rubina Muhammad Jawed	42301-1560320-8	Muhammad Jawed Khan	485	844	-	1,329	145	865	91	1,101
101	Shaheyar Shahansha Fareast Elec No 5 Al Kabir Hotel Sohrah Katrak Road Saddar Karachi	Shaheyar Shahansha	42201-0371635-5	Shahanshah Hussain	490	874	-	1,364	145	992	102	1,239
102	Muhammad Jawed Khan Mehran Estate Gk-3/8/20 Shop 1 Nadeem Manzil Paria Street Kharadar, Karachi	Muhammad Jawed Khan	42301-1341955-3	Noor Muhammad	493	867	-	1,360	147	889	93	1,129
					1,550,006	233,254	146,510	1,929,770	171,013	259,634	144,657	575,304

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

ISLAMIC BANKING BUSINESS

The Bank operates 145 (2020: 100) Islamic Banking branches and 197 (2020: 187) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks		13,367,864	9,784,450
Balances with other banks		7,049,825	2,277,264
Due from financial institutions	1	-	19,959,132
Investments	2	87,124,858	62,729,601
Islamic financing and related assets - net	3	43,855,127	20,538,157
Fixed assets		1,289,983	984,416
Intangible assets		2,084	4,638
Due from Head Office	4	4,712,655	7,997,409
Other assets		1,201,231	716,619
Total Assets		158,603,627	124,991,686
LIABILITIES			
Bills payable		1,672,972	2,487,519
Due to financial institutions		5,714,199	3,632,752
Deposits and other accounts	5	139,534,238	111,478,161
Other liabilities		1,671,905	672,532
		<u>148,593,314</u>	<u>118,270,964</u>
NET ASSETS		<u>10,010,313</u>	<u>6,720,722</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(265,635)	(86,052)
Unappropriated profit	7	<u>8,094,948</u>	<u>4,625,774</u>
		<u>10,010,313</u>	<u>6,720,722</u>
CONTINGENCIES AND COMMITMENTS			
	8		
PROFIT AND LOSS ACCOUNT			
Profit / return earned	9	9,426,874	8,702,285
Profit / return expensed	10	<u>(4,226,099)</u>	<u>(4,582,413)</u>
Net profit / return		5,200,775	4,119,872
Other income			
Fee and commission income		307,249	162,670
Dividend income		-	-
Foreign exchange income		12,925	5,712
Income / (loss) from derivatives		-	-
Loss on securities - net		(736)	(5,797)
Other income		29,642	15,821
Total other income		<u>349,080</u>	<u>178,406</u>
Total Income		5,549,855	4,298,278
Other expenses			
Operating expenses		1,932,265	1,723,247
Workers Welfare Fund		78,384	47,479
Other charges		-	-
Total other expenses		<u>2,010,649</u>	<u>1,770,726</u>
Profit before provisions		<u>3,539,206</u>	<u>2,527,552</u>
Provisions and write-offs - net		70,032	12,813
Profit before taxation		<u>3,469,174</u>	<u>2,514,739</u>
Taxation		1,414,045	948,196
Profit after taxation		<u>2,055,129</u>	<u>1,566,543</u>

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

1. Due from Financial Institutions

	2021			2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah / Mudarabah	-	-	-	10,500,000	-	10,500,000
Bai Muajjal						
with other Financial Institutions	-	-	-	3,026,018	-	3,026,018
with State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
	-	-	-	19,959,132	-	19,959,132

2. Investments by segments

Note	2021				2020			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
- Ijarah Sukuks	53,998,971	-	(265,636)	53,733,335	19,992,452	-	(86,052)	19,906,400
- Islamic Naya Pakistan Certificates	924,941	-	-	924,941	466,435	-	-	466,435
- Bai Muajjal with Govt. of Pakistan	21,214,989	-	-	21,214,989	29,569,648	-	-	29,569,648
	76,138,901	-	(265,636)	75,873,265	50,028,535	-	(86,052)	49,942,483
Non Government Debt Securities								
- Listed	657,143	-	-	657,143	450,000	-	-	450,000
- Unlisted	10,594,450	-	-	10,594,450	12,337,118	-	-	12,337,118
	11,251,593	-	-	11,251,593	12,787,118	-	-	12,787,118
Total Investments	87,390,494	-	(265,636)	87,124,858	62,815,653	-	(86,052)	62,729,601

2.1 Bai Muajjal with Government of Pakistan

	Note	2021	2020
		(Rupees in '000)	
Bai Muajjal Investment		21,611,000	33,031,000
Less: Deferred Income		(396,011)	(3,461,352)
Bai Muajjal Investment - net		21,214,989	29,569,648

3. Islamic financing and related assets

Ijarah	3.1	376,317	440,754
Murabaha	3.2	263,312	272,766
Musharakah		12,401,891	8,392,690
Diminishing Musharakah		20,091,403	6,754,380
Mera Pakistan Mera Ghar (MPMG)		832,542	-
Istisna		80,112	39,584
Islamic Export Refinance scheme - Musharakah		4,598,162	2,989,544
Advances against Istisna - IERS		542,915	456,623
Advances against Islamic assets			
Advances against Ijarah		6,528	77,190
Advances for Diminishing Musharakah		1,941,910	410,595
Advances for Murabaha		100,346	33,427
Advances against Mera Pakistan Mera Ghar		1,343,196	459
Advances for Istisna		407,065	148,586
Advances against Ameen ITERF		463,846	-
Inventory related to Islamic financing			
Istisna		136,399	296,918
Profit and other receivables against financings		470,979	336,219
Gross Islamic financing and related assets		44,056,923	20,649,735
Less: Provision against Islamic financings			
- Specific		(131,139)	(90,927)
- General		(70,657)	(20,651)
		(201,796)	(111,578)
Islamic financing and related assets - net of provision		43,855,127	20,538,157

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

3.1 Ijarah

	2021						Book Value as at December 31, 2021
	Cost			Accumulated Depreciation			
	At January 01, 2021	Additions / (deletions)	At December 31, 2021	At January 01, 2021	Charge for the year	At December 31, 2021	
	(Rupees in '000)						
Plant & Machinery	505,082		505,082	252,489	67,263	319,752	185,330
Vehicles	391,646	139,175 (167,214)	363,607	203,485	102,878 (133,743)	172,620	190,987
Total	896,728	(28,039)	868,689	455,974	36,398	492,372	376,317

	2020						Book Value as at December 31, 2020
	Cost			Accumulated Depreciation			
	At January 01, 2020	Additions / (deletions)	At December 31, 2020	At January 01, 2020	Charge for the year	At December 31, 2020	
	(Rupees in '000)						
Plant & Machinery	673,648	15,923 (184,489)	505,082	309,046	109,483 (166,040)	252,489	252,593
Vehicles	408,490	20,273 (37,117)	391,646	118,094	106,711 (21,320)	203,485	188,161
Total	1,082,138	(185,410)	896,728	427,140	28,834	455,974	440,754

Future Ijarah payments receivable

	2021				2020			
	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	245,589	173,001	-	418,590	245,443	245,509	-	490,952

3.2 Murabaha

	Note	2021 ----- (Rupees in '000) -----	2020
Murabaha financing	3.2.1	263,312	272,766
Advances for Murabaha		100,346	33,427
		<u>363,658</u>	<u>306,193</u>
3.2.1 Murabaha receivable - gross	3.2.2	263,312	272,766
Less: Deferred Murabaha income	3.2.4	(3,522)	(2,159)
Less: Profit receivable shown in other assets		(3,554)	(3,510)
Murabaha financings		<u>256,236</u>	<u>267,097</u>
3.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		272,766	421,509
Sales during the year		2,515,644	1,161,818
Adjusted during the year		(2,525,098)	(1,310,561)
Closing balance		<u>263,312</u>	<u>272,766</u>
3.2.3 Murabaha sale price		263,312	272,766
Murabaha purchase price		(256,236)	(267,097)
		<u>7,076</u>	<u>5,669</u>

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

	2021	2020
	----- (Rupees in '000) -----	
3.2.4 Deferred Murabaha income		
Opening balance	2,159	6,133
Arising during the year	63,508	33,269
Less: recognised during the year	(62,145)	(37,243)
Closing balance	<u>3,522</u>	<u>2,159</u>

4. Due from Head Office mainly represents inter branch transactions.

5. Deposits and other accounts

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	73,429,642	1,411,043	74,840,685	39,475,999	884,081	40,360,080
Savings deposits	26,341,608	-	26,341,608	18,710,264	-	18,710,264
Term deposits	9,833,547	-	9,833,547	5,662,065	-	5,662,065
	<u>109,604,797</u>	<u>1,411,043</u>	<u>111,015,840</u>	<u>63,848,328</u>	<u>884,081</u>	<u>64,732,409</u>
Financial Institutions						
Current deposits	11,355,282	-	11,355,282	2,046,933	-	2,046,933
Savings deposits	4,113,116	-	4,113,116	22,697,263	-	22,697,263
Term deposits	13,050,000	-	13,050,000	22,001,556	-	22,001,556
	<u>28,518,398</u>	<u>-</u>	<u>28,518,398</u>	<u>46,745,752</u>	<u>-</u>	<u>46,745,752</u>
	<u>138,123,195</u>	<u>1,411,043</u>	<u>139,534,238</u>	<u>110,594,080</u>	<u>884,081</u>	<u>111,478,161</u>

	2021	2020
	----- (Rupees in '000) -----	
5.1 Composition of deposits		
- Individuals	64,151,136	32,635,739
- Government / Public Sector Entities	9,405,202	2,216,437
- Banking Companies	20,031,270	9,033,791
- Non-Banking Financial Institutions	8,487,128	37,711,961
- Private Sector	37,459,502	29,880,233
	<u>139,534,238</u>	<u>111,478,161</u>

5.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 87,997.015 million (2020: Rs. 31,125.997 million).

	2021	2020
	----- (Rupees in '000) -----	
6. Charity Fund		
Opening balance	2,827	3,491
Additions during the year		
Received from customers on account of delayed payment	4,542	3,240
Profit on charity saving account	170	296
	<u>4,712</u>	<u>3,536</u>
Payments / utilisation during the year		
Education	(1,000)	(1,000)
Health	(2,000)	(2,700)
Others	(500)	(500)
	<u>(3,500)</u>	<u>(4,200)</u>
Closing balance	<u>4,039</u>	<u>2,827</u>

7. Islamic Banking Business Unappropriated Profit

Opening balance	4,625,774	2,111,035
Add: Islamic Banking profit for the year	3,469,174	2,514,739
	<u>8,094,948</u>	<u>4,625,774</u>
Less: Taxation	(1,414,045)	(948,196)
Closing balance	<u>6,680,903</u>	<u>3,677,578</u>

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

	2021	2020
	----- (Rupees in '000) -----	
8. Contingencies and commitments		
Guarantees	400	111,454
Commitments	14,347,212	5,880,112
	<u>14,347,612</u>	<u>5,991,566</u>
9. Profit / Return earned		
On:		
Financing	2,530,715	1,860,616
Investments	6,365,278	5,394,613
Placements	308,916	1,174,739
Rental Income from Ijarah	221,965	272,317
	<u>9,426,874</u>	<u>8,702,285</u>
10. Profit / Return expensed		
On:		
Deposits and other accounts	4,039,663	4,430,595
Due to Financial Institutions	84,478	54,756
Return expense on leases	101,958	97,062
	<u>4,226,099</u>	<u>4,582,413</u>

11. 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 Pools

For General Pools, the Bank allocates PKR financing to Corporate, SME 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) - LCY

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.

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

Special Pool(s) - FCY

UBL also manage Foreign Currency (FCY) special pools. The objective of Pool is to meet the FCY Liquidity requirement. The funds in this pool are generally deployed in FCY Placement of funds with State Bank under the mode of Islamic Naya Pakistan Certificate, loss (if any) is borne by the Rab-ul-Maal as per ratio of investment of the pool.

Equity Pool(s)

All other assets including fixed assets, advance against financing, bai-salam 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 Bank 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 year, 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 are given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the year ended December 31, 2021 is Rs. 2,946.424 million (45.00% of distributable profit of Mudarabah Pool). Of this, an amount of Rs.480.272 million (16.30% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 9.23% per annum and the rate of profit paid on average deposits was 5.75% per annum.

The risk characteristics of pools

The risk characteristic 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, FI 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.

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

The Bank managed following pools during the year.

2021									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala 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	12	Mudarabah	Monthly	8.90%	48.14%	83,116	6.10%	34.48%	28,656
Special Pools	113	Mudarabah	Monthly	8.60%	31.58%	556,339	6.98%	36.57%	203,435
IERS Pools	24	Musharakah	Monthly	6.30%	0.00%	308,493	2.00%	0.00%	-
FCY Pools	18	Mudarabah	Monthly	2.00%	50.00%	2,147	1.06%	0.00%	-
General Pools	12	Mudarabah	Monthly	9.51%	50.00%	2,306,970	5.27%	10.76%	248,182
Treasury Pools	5	Musharakah	Monthly	9.26%	0.00%	643,013	8.71%	0.00%	-

2020									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala 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	12	Mudarbah	Monthly	5.90%	50.00%	8,446	4.15%	7.74%	654
Special Pools	120	Mudarbah	Monthly	10.84%	36.96%	888,011	8.26%	36.14%	320,970
IERS Pools	24	Mudarbah	Monthly	5.48%	86.92%	358,319	2.00%	0.00%	-
General Pools	12	Mudarbah	Monthly	10.83%	50.00%	2,035,467	8.66%	20.00%	407,004
Treasury Pools	-	-	-	-	-	-	-	-	-

2021
----- (Rupees in '000) -----

11.1 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	3,815,014	2,230,052
Agriculture	12,686,234	8,745,482
Textile	2,362,688	1,991,142
Financial	7,664,825	13,335,120
Food industries	152,269	318,037
Plastic	301,339	299,263
Individuals	13,303,854	1,981,422
Production and transmission of energy	18,441,835	13,496,129
Government of Pakistan Securities	75,873,265	59,401,615
Others	3,630,282	3,817,471
	<u>138,231,605</u>	<u>105,615,733</u>

Annexure 'III' as referred to in Note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Disposals of fixed assets to related parties during the year 2021

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
Vehicles						
Mercedes	11,877	10,689	1,187	2,375	Buy Back	Aqeel Ahmed Nasir
Mercedes	11,867	10,680	1,187	2,373	Buy Back	Imran Sarwar
Mercedes	11,867	10,681	1,187	2,374	Buy Back	Aameer Karachiwalla
Mercedes	11,465	8,083	3,382	5,675	Buy Back	Sadia Saeed
Mercedes	11,868	10,681	1,187	2,374	Buy Back	Furrukh Zaeem
	58,944	50,814	8,130	15,171		
Electrical, office and computer equipment						
Automated Teller Machine	1,669	1,043	626	1,182	Insurance	UBL Insurers Limited
Total	60,613	51,857	8,756	16,353		



INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of United Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances (Refer notes 4.5 and 9.4 to the consolidated financial statements)</p> <p>The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>Provision against advances of overseas branches and subsidiaries is made as per the requirements of the respective regulatory regimes.</p> <p>The Group has recognized a net provision against advances amounting to Rs. 1,223.011 million in the consolidated profit and loss account in the current year. As at December 31, 2021, the Group holds a provision of Rs. 82,431.912 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> • controls over correct classification of non-performing advances on time-based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> • checked repayments of loan / mark-up installments, tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a customer's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and thorough discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the amount of provision as per the requirements of PRs.</p> <p>We issued instructions to auditors of those overseas branches and subsidiaries which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches and subsidiaries performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shahbaz Akbar.

A handwritten signature in blue ink that reads "A. Ferguson & Co." with a stylized flourish at the end.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 7, 2022
UDIN: AR202110068s2HP4QkWS

Consolidated Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	5	273,949,520	258,139,459
Balances with other banks	6	29,975,564	29,583,028
Lendings to financial institutions	7	52,238,047	22,212,442
Investments	8	1,521,467,342	1,167,803,512
Advances	9	766,781,120	611,851,676
Fixed assets	10	76,193,898	57,476,264
Intangible assets	11	2,432,796	2,025,867
Deferred tax assets	12	3,040,812	4,682,494
Other assets	14	55,149,257	47,909,823
		<u>2,781,228,356</u>	<u>2,201,684,565</u>
LIABILITIES			
Bills payable	16	26,830,806	29,741,206
Borrowings	17	565,172,922	131,827,185
Deposits and other accounts	18	1,885,771,572	1,764,392,286
Liabilities against assets subject to finance lease	19	12,193	15,957
Subordinated debt	20	10,000,000	10,000,000
Deferred tax liabilities	12	-	-
Other liabilities	21	65,126,887	58,076,045
		<u>2,552,914,380</u>	<u>1,994,052,679</u>
NET ASSETS		<u><u>228,313,976</u></u>	<u><u>207,631,886</u></u>
REPRESENTED BY:			
Share capital	22	12,241,797	12,241,797
Reserves		77,600,790	71,020,586
Surplus on revaluation of assets	23	40,019,053	29,334,212
Unappropriated profit		<u>89,840,102</u>	<u>87,527,909</u>
Total equity attributable to the equity holders of the Bank		<u>219,701,742</u>	<u>200,124,504</u>
Non-controlling interest	24	<u>8,612,234</u>	<u>7,507,382</u>
		<u><u>228,313,976</u></u>	<u><u>207,631,886</u></u>
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated 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 Profit and Loss Account

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
Mark-up / return / interest earned	27	152,761,180	156,078,787
Mark-up / return / interest expensed	28	78,025,366	79,005,574
Net mark-up / interest income		<u>74,735,814</u>	<u>77,073,213</u>
Non mark-up / interest income			
Fee and commission income	29	14,716,632	12,830,086
Dividend income		1,570,903	872,029
Foreign exchange income		4,152,183	3,857,888
Income / (loss) from derivatives		21,549	(13,076)
Gain on securities - net	30	3,477,786	610,230
Other income	31	382,137	687,298
Total non mark-up / interest income		<u>24,321,190</u>	<u>18,844,455</u>
Total income		<u>99,057,004</u>	<u>95,917,668</u>
Non mark-up / interest expenses			
Operating expenses	32	47,447,066	43,743,044
Workers' Welfare Fund	33	1,035,013	873,966
Other charges	34	198,557	167,335
Total non mark-up / interest expenses		<u>48,680,636</u>	<u>44,784,345</u>
Share of profit of associates	8.8.1	342,160	504,542
Profit before provisions		<u>50,718,528</u>	<u>51,637,865</u>
(Reversals) / provisions and write offs - net	35	(1,448,527)	17,255,678
Profit before taxation from continuing operations		<u>52,167,055</u>	<u>34,382,187</u>
Taxation	36	21,474,478	13,577,280
Profit after taxation from continuing operations		<u>30,692,577</u>	<u>20,804,907</u>
Discontinued operation			
Loss from discontinued operation - net of tax	13	(70,678)	(16,373)
		<u>30,621,899</u>	<u>20,788,534</u>
Attributable to:			
Equity holders of the Bank			
from continuing operations		30,479,455	20,954,291
from discontinued operation		(70,678)	(16,373)
		<u>30,408,777</u>	<u>20,937,918</u>
Non-controlling interest	24.1	213,122	(149,384)
		<u>30,621,899</u>	<u>20,788,534</u>
----- (Rupees) -----			
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank			
Basic and diluted		<u>24.90</u>	<u>17.12</u>
Earnings per share for profit attributable to the equity holders of the Bank			
Basic and diluted	37	<u>24.84</u>	<u>17.10</u>

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Chairman

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
Profit after taxation for the year attributable to:		
Equity holders of the Bank	30,408,777	20,937,918
Non-controlling interest	213,122	(149,384)
	<u>30,621,899</u>	<u>20,788,534</u>
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 overseas branches and subsidiaries - net of tax		
Equity holders of the Bank	3,486,906	2,233,579
Non-controlling interest	578,048	425,820
	4,064,954	2,659,399
Movement in (deficit) / surplus on revaluation of investments - net of tax		
Equity holders of the Bank	(4,872,227)	2,121,194
Non-controlling interest	(109,139)	74,478
	<u>(4,981,366)</u>	<u>2,195,672</u>
	(916,412)	4,855,071
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Remeasurement gain / (loss) of defined benefit obligations - net of tax		
Equity holders of the Bank	1,259,996	(876,031)
Non-controlling interest	62,266	(60,410)
	1,322,262	(936,441)
Movement in surplus on revaluation of fixed assets - net of tax		
Equity holders of the Bank	15,607,374	7,917
Non-controlling interest	364,406	5,283
	15,971,780	13,200
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax		
Equity holders of the Bank	9,276	(921)
	<u>17,303,318</u>	<u>(924,162)</u>
Total comprehensive income for the year	<u><u>47,008,805</u></u>	<u><u>24,719,443</u></u>
Attributable to:		
Equity holders of the Bank	45,900,102	24,423,656
Non-controlling interest	1,108,703	295,787
	<u><u>47,008,805</u></u>	<u><u>24,719,443</u></u>

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Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to equity shareholders 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 January 01, 2020	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 year ended December 31, 2020											
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	20,937,918	20,937,918	(149,384)	20,788,534
Other comprehensive income - net of tax	-	-	-	2,233,579	2,121,194	7,917	(921)	(876,031)	3,485,738	445,171	3,930,909
Total comprehensive income for the year ended December 31, 2020	-	-	-	2,233,579	2,121,194	7,917	(921)	20,061,887	24,423,656	295,787	24,719,443
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2,260)	(2,260)
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	(116,346)	(29,237)	145,583	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(52,953)	-	52,953	-	-	-
Transfer to statutory reserve	-	-	2,110,595	-	-	-	-	(2,110,595)	-	-	-
Transactions with owners, recorded directly in equity											
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)
	-	-	-	-	-	-	-	(7,957,168)	(7,957,168)	-	(7,957,168)
Balance as at December 31, 2020	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 year ended December 31, 2021											
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	30,408,777	30,408,777	213,122	30,621,899
Other comprehensive income - net of tax	-	-	-	3,486,906	(4,872,227)	15,607,374	9,276	1,259,996	15,491,325	895,581	16,386,906
Total comprehensive income for the year ended December 31, 2021	-	-	-	3,486,906	(4,872,227)	15,607,374	9,276	31,668,773	45,900,102	1,108,703	47,008,805
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,851)	(3,851)
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	(3,115)	-	3,115	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(56,467)	-	56,467	-	-	-
Transfer to statutory reserve	-	-	3,096,298	-	-	-	-	(3,096,298)	-	-	-
Liquidation of subsidiary	-	(3,000)	-	-	-	-	-	-	(3,000)	-	(3,000)
Transactions with owners, recorded directly in equity											
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)
Interim cash dividend - September 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
	-	-	-	-	-	-	-	(26,319,864)	(26,319,864)	-	(26,319,864)
Balance as at December 31, 2021	12,241,797	-	38,495,676	39,105,114	(2,561,551)	42,570,415	10,189	89,840,102	219,701,742	8,612,234	228,313,976

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Chairman

Consolidated Cash Flow Statement

For the year ended December 31, 2021

Note	2021	2020
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operation	52,096,377	34,364,850
Less: Dividend income	1,570,903	872,029
Share of profit of associates	342,160	504,542
	50,183,314	32,988,279
Adjustments:		
Depreciation on fixed assets	3,000,254	2,911,166
Depreciation on right-of-use assets	1,975,854	1,662,049
Amortisation	877,927	855,574
Workers' Welfare Fund - charge	1,035,013	873,966
Provision for retirement benefits	601,075	588,091
Provision for compensated absences	39,083	70,902
Provision against loans and advances - net	1,223,011	16,139,278
(Reversal) / provision against off balance sheet items	(344,250)	431,749
(Reversal) / provision for diminution in value of investments - net	(1,797,917)	826,795
Interest expense on lease liability against right-of-use assets	977,485	925,848
Gain on sale of operating fixed assets - net	(32,534)	(69,565)
Bad debts written off directly	92,921	143,246
Unrealised gain on revaluation of investments classified as held for trading	(16,282)	(228)
(Reversal) / provision against other assets	(168,605)	154,855
Winding up provisions	545,701	-
Other provisions / write-offs	376,339	54,243
	8,385,075	25,567,969
	58,568,389	58,556,248
(Increase) / decrease in operating assets		
Lendings to financial institutions	(30,025,605)	(519,496)
Held for trading securities	(71,843,041)	68,126,135
Advances	(156,245,376)	66,415,501
Other assets (excluding advance taxation)	(7,400,230)	21,957,464
	(265,514,252)	155,979,604
Increase in operating liabilities		
Bills payable	(2,910,400)	6,811,986
Borrowings	433,345,737	(38,577,875)
Deposits and other accounts	121,379,286	206,396,980
Other liabilities	4,407,683	(14,508,286)
	556,222,306	160,122,805
	349,276,443	374,658,657
Payments on account of staff retirement benefits	(2,066,971)	(2,027,991)
Workers' Welfare Fund paid	(199,896)	-
Income taxes paid	(19,082,715)	(3,681,563)
Net cash flow generated from operating activities	327,926,861	368,949,103
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(169,427,148)	(400,870,853)
Net investments in held to maturity securities	(116,693,545)	42,646,734
Net investments in associates	(1,484,520)	(102,635)
Investment in fixed assets and intangible assets	(3,833,164)	(3,056,727)
Dividend income received	1,788,877	867,067
Sale proceeds from disposal of fixed assets	67,267	676,645
Proceeds realised on wind-up of subsidiary	134,093	-
Effect of translation of net investment in overseas branches and subsidiaries	4,064,954	2,659,399
Net cash flow used in investing activities	(285,383,186)	(357,180,370)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease obligation	(3,764)	(3,138)
Payment of lease liability against right-of-use assets	(2,710,677)	(2,231,752)
Dividends paid	(23,626,637)	(8,140,734)
Net cash flow used in financing activities	(26,341,078)	(10,375,624)
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	16,202,597	1,393,109
	287,722,487	286,329,378
Cash and cash equivalents at the end of the year	303,925,084	287,722,487

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Chief Financial Officer



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Director



Arshad Ahmad Mir
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Chairman

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

- Holding company

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 1,341 (2020: 1,356) branches inside Pakistan including 145 (2020: 100) Islamic Banking branches and 2 (2020: 2) branches in Export Processing Zones. The Bank also operates 8 (2020: 14) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL) which is incorporated in the Guernsey.

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

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.

- Subsidiary companies

- United National Bank Limited - 55% shareholding (2020: 55% shareholding)

United National Bank Limited (UBL UK) is an authorised banking institution incorporated in the United Kingdom. UBL UK was formed in 2001 from the merger of the UK branches of United Bank Limited and National Bank of Pakistan. The principal activities of UBL UK are to provide retail banking services through its branch network in major cities of the UK, wholesale banking and treasury services to financial institutions and trade finance facilities to businesses of all sizes. UBL UK operates 3 (2020: 3) branches inside United Kingdom. UBL UK operates under the trade name United Bank UK.

- UBL (Switzerland) AG - 100% shareholding (2020: 100% shareholding)

UBL (Switzerland) AG (USAG) is a commercial bank owned by the Bank. Founded in 1967, its main activities are in credit operations and trade financing. USAG operates 1 (2020: 1) branch in Zurich, Switzerland. USAG previously operated under the name, United Bank AG Zurich.

The shareholders of the Bank have resolved to voluntarily and orderly wind up USAG, 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.

- United Executors and Trustees Company Limited, Pakistan - (2020: 100% shareholding)

The United Executors and Trustees Company Limited (UET) has been voluntarily wound up under the Companies Act, 2017 on December 28, 2021. Earlier, the shareholders of the Bank, in their annual general meeting held on March 27, 2020, resolved to wind up UET, a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of UET to appoint liquidators and voluntarily wind up the Company. The liquidators duly completed the process of winding-up under the Companies Act, 2017. The final general meeting of the contributories was held on December 28, 2021 and the return of final winding-up meeting was duly filed with the Securities and Exchange Commission of Pakistan on December 29, 2021, completing the winding-up process.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- UBL Fund Managers Limited, Pakistan - 98.87% shareholding (2020: 98.87% shareholding)

UBL Fund Managers Limited (UBL FM or the Company) was incorporated as a unlisted public limited company in Pakistan on April 03, 2001. The Company is licensed to carry out Asset Management and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal activities of the Company are floating and managing mutual funds and providing investment advisory services. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

- Al Ameen Financial Services (Private) Limited - 98.87% effective shareholding (2020: 98.87% shareholding)

UBL Fund Managers has incorporated a wholly owned subsidiary Al Ameen Financial Services (Private) Limited (the Company) on February 27, 2015. The principal activity of the subsidiary is provision of shariah compliant financial services including distribution of shariah compliant mutual funds. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

- UBL Bank (Tanzania) Limited - 100% shareholding (2020: 100% shareholding)

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 01, 2019. The Banking operations of the subsidiary ceased on November 01, 2019. UBTL is in process of winding up and voluntary liquidation. The official liquidator has been appointed by Board of Directors of UBTL. Details of the discontinued operation and related financial information are disclosed in note 13.

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 BSD Circular No. 02, dated January 25, 2018.

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 profit 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 profit thereon.

Key financial figures of the Islamic banking branches are disclosed in annexure II to these consolidated financial statements.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 and 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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

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, 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 financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 - Consolidated Financial Statements 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.

2.2 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2021. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 01, 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 SBP's BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks in Pakistan effective January 01, 2022. The aforementioned circular letter required banks to submit IFRS 9 compatible pro forma financial statements for the year ended December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, it was stated that final instructions will be issued subsequently based on the results of parallel reporting of banks.

The Banks in Pakistan through the Pakistan Banks Association (PBA) have submitted their comments on instructions issued for parallel reporting and requested that those are addressed in the final instructions to be issued. The matters raised include retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements pertaining to IFRS 9 related areas on overseas branches, impact on Capital Adequacy Ratio (CAR), guidance on Significant Increase in Credit Risk (SICR) criteria, future tax impacts of any reversals, recording of Expected Credit Loss (ECL) on Government securities denominated in local currency, including further clarifications required in certain areas.

Due to the fact that final instructions have not yet been issued and a large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as at December 31, 2021.

There are certain other new amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for;

- Certain fixed assets / non-banking assets acquired in satisfaction of claims, which have been stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Certain derivative financial instruments have been stated at fair value.
- Net obligations in respect of defined benefit schemes are carried at their present values.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

3.2 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with 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.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification of investments (notes 4.4 and 8)
- ii) provision against non performing advances (notes 4.5 and 9.4)
- iii) income taxes (notes 4.11 and 36)
- iv) defined benefit plans (notes 4.13 and 40)
- v) fair value of derivatives (note 4.18.2)
- vi) valuation and depreciation of fixed assets (notes 4.6 and 10)
- vii) valuation and amortisation of intangible assets (notes 4.8 and 11)
- viii) valuation of right-of-use assets and their related lease liability (notes 4.7 and 10)
- vii) impairment (note 4.10)
- viii) valuation of non-banking assets acquired in satisfaction of claims (note 4.9)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Basis of consolidation

4.1.1 Subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies.

All subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9 and IAS 40, and overseas subsidiaries which are required to comply with local regulations enforced within the respective jurisdictions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group recognises non-controlling interests (NCI) in subsidiaries at the non-controlling interest's proportionate share of the net assets. NCI in the equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

4.1.2 Discontinued operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation is presented separately in the consolidated profit and loss account.

4.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement consist of cash and balances with treasury banks and balances with other banks.

4.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of purchase under resale agreements (reverse repos), sale under repurchase agreements (repos) and other short term money market lendings to financial institutions at contracted rates for a specified period of time. Further, other long term lendings to financial institutions are classified in advances. These are recorded as under:

4.3.1 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the purchase price and the resale price is amortised over the period of the agreement and recorded as income.

Securities held as collateral are not recognised in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

4.3.2 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counterparty liability is included in borrowings from financial institutions. The differential between the sale price and the repurchase price is amortised over the period of the agreement and recorded as an expense.

4.3.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.4 Investments

Investments of the Group, other than investments in associates, are classified into following categories:

Held for trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

Held to maturity

These are securities with fixed or determinable payments and fixed maturities, in respect of which the Group has the positive intent and ability to hold to maturity.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Available for sale

These are investments, other than those in associates, that do not fall under the held for trading or held to maturity categories.

4.4.1 Initial measurement

All 'regular way' purchases and sales of investments are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the investment. Regular way purchases or sales require delivery of investments within the time frame generally established by regulation or convention in the market place.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

4.4.2 Subsequent measurement

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the statement of financial position as part of equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

4.4.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Goodwill

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

4.5 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provisions against domestic advances and general provision against domestic consumer loans portfolio are determined on the basis of the Prudential Regulations and other directives issued by the SBP. Provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate.

Advances are written off when there is no realistic prospect of recovery. The amount so written off is a book entry and does not necessarily prejudice to the Group's right of recovery against the customer.

4.5.1 Finance lease receivables

Leases, where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances.

4.5.2 Islamic financings and related assets

Receivables under Murabaha financing represent cost price plus an agreed profit on deferred sale arrangement. Profit could be recognised on a straight line basis over the period of the instalments.

Ijarah financing represents arrangements whereby the Group (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration (rentals). Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are depreciated over the term of the lease. Ijarah income is recognised on an accrual basis.

Diminishing Musharakah is a partnership agreement between the Group and its customer for long term financing of assets. The receivable is recorded to the extent of Group's share in the purchase of asset. Income is recognised on accrual basis.

Istisna is a sale contract where the Group places an order to the manufacturer / builders to produce certain assets and the sale is completed upon the delivery of the assets to the ultimate buyer.

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on particular operations of the business.

4.6 Fixed assets

Property and equipment, other than land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. The cost and the accumulated depreciation of property and equipment of overseas branches and subsidiaries include exchange differences arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write-off the depreciable amount of the assets over their expected useful lives at the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Depreciation on additions is charged from the month the asset is available for use. No depreciation is charged in the month of disposal.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account upto the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains and losses on sale of fixed assets are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Major renewals and improvements that increase the useful life of an asset are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

4.7 Lease liability and Right-of-use asset

The Group enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of overseas branches and subsidiaries include exchange differences arising on currency translation at the year-end rates of exchange. Amortisation is calculated so as to write-off the amortisable amount of the assets over their expected useful lives at the rates specified in note 11.1 to these consolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Amortisation on additions is charged from the month the asset is available for use and no amortisation is charged in the month of disposal.

Gains and losses on sale of intangible assets are included in the profit and loss account.

4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account. A decrease arising on revaluation of non-banking asset is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

All direct costs of acquiring title to asset are charged to the profit and loss account. Gains and losses on sale of non-banking assets are included in the profit and loss account, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to unappropriated profit.

4.10 Impairment

Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

Impairment of debt investments

Provisions for diminution in the value of debt securities are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provision against debt investments by the Group's overseas branches and subsidiaries is made as per the requirements of the respective regulatory regimes in which the overseas branches and subsidiaries operate.

Impairment of investments in associates

The Group considers that a decline in the recoverable value of the investment in an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, upto the cost of the investment in the associate, is credited to the profit and loss account.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

4.11 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Group for local as well as overseas operations. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred

Deferred tax is recognised using the balance sheet method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Group also recognises deferred tax asset / liability on the deficit / surplus on revaluation of fixed assets / non-banking assets acquired in satisfaction of claims and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12, Income Taxes.

4.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events which makes it probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.13 Staff retirement and other benefits

4.13.1 The Bank

4.13.1.1 Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees

- a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates
 - an approved contributory provident fund (defined contribution scheme); and
 - an approved gratuity scheme (defined benefit scheme).
- b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates
 - an approved non-contributory provident fund in lieu of the contributory provident fund; and
 - an approved funded pension scheme, introduced in 1986 (defined benefit scheme).

In 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (b) above to move to option (a). This conversion option ceased on December 31, 2003.

The Bank also operates benevolent fund for all its eligible employees (defined benefit scheme).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

Annual contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

For the defined contribution scheme, the Bank pays contributions to the fund on a periodic basis. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4.13.1.2 Other benefits

a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its eligible employees on the basis of actuarial advice under the Projected Unit Credit Method.

b) Post-retirement medical benefits (defined benefit scheme)

The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made on the basis of actuarial advice under the Projected Unit Credit Method.

4.13.1.3 Remeasurement of defined benefit obligations

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Remeasurement gains and losses pertaining to long term compensated absences are recognised in the profit and loss account immediately.

4.13.2 United National Bank Limited (UBL UK)

Defined benefit scheme

UBL UK operates a pension scheme (defined benefit scheme) for certain staff. This scheme is closed for new members and the accrual of benefits has ceased from January 01, 2010. Gains and losses on settlements and curtailments are charged to the profit and loss account. The interest cost and the expected return on assets are included in other liabilities and other assets respectively. Remeasurement gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of UBL UK, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured based on actuarial valuations using the Projected Unit Credit Method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

Defined contribution scheme

UBL UK operates a defined contributory pension scheme. The contribution payable in the year in respect of pension costs and other post-retirement benefits is charged to the profit and loss account. Differences between the contribution payable in the year and contribution actually paid are shown as either accruals or prepayments in the statement of financial position.

4.13.3 UBL Fund Managers Limited (UBL FM)

Defined benefit plan

UBL FM operates an approved funded gratuity scheme for all employees. Annual contributions to the fund are made on the basis of actuarial advice using the Projected Unit Credit Method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

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For the year ended December 31, 2021

Defined contribution plan

UBL FM operates an approved contributory provident fund (defined contribution scheme) for all eligible employees.

Employee Stock Option Scheme

UBL FM provides an incentive scheme for its top performing employees in the form of share options under the Employee Stock Option Scheme (ESOS). The scheme has been approved by the SECP.

4.13.4 UBL (Switzerland) AG (USAG)

UBL (Switzerland) AG maintains a contribution-oriented pension scheme for employees who have reached the age of 25. It bears a large share of the costs of the occupational pension plan for all employees as well as their surviving dependents pursuant to legal requirements. The employee benefit obligations and the assets serving as coverage are outsourced to a collective insurance firm. The organisation, management and financing of the pension plan comply with legal regulations, the deed of foundation and the applicable regulations of the benefit plan.

4.14 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.15 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

4.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

4.16.1 Advances and investments

Mark-up / return / interest on performing advances and investments is recognised on a time proportionate basis over the term of the advances and investments that takes into account the effective yield of the asset. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity of the debt securities.

Interest or mark-up recoverable on non-performing advances and investments is recognised on a receipt basis.

4.16.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

4.16.3 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

4.16.4 Fee, brokerage and commission income

Fee, brokerage and commission income is recognised on an accrual basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

4.17 Foreign currencies

4.17.1 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

4.17.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued in rupees at the forward foreign exchange rates applicable to their respective maturities.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

4.17.3 Overseas operations and subsidiaries

The assets and liabilities of overseas operations and subsidiaries are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of overseas operations and subsidiaries are translated at the average rate of exchange for the year.

4.17.4 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in overseas branches and subsidiaries which are taken to capital reserves (Exchange Translation Reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

4.17.5 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.18 Financial instruments

4.18.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

4.18.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments during the year is taken to the profit and loss account.

4.18.3 Off setting

Financial assets and financial liabilities are set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off and the Group intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

4.19.1 Business segments

(a) Corporate / Commercial Banking

Includes project, trade & working capital finance, import & export, factoring, leasing, lending, deposits and guarantees. It also includes services provided in connection with mergers and acquisitions and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

(b) Treasury

Includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings & borrowings and derivatives for hedging & market making.

(c) Branch Banking

Includes deposits, lendings and banking services to private individuals and small businesses including credit cards and branchless banking.

(d) Islamic Banking

This represents islamic banking branches and islamic banking windows in the conventional branches of the Bank.

(e) International Branch Operations

This represents Bank's operations in overseas locations including one branch each in export processing zones in Karachi and Sialkot.

(f) Subsidiaries

Represents operations by Bank's subsidiaries.

(g) Others

Others includes functions which cannot be classified in any of the above segments.

4.19.2 Geographical segments

The Group operates in the following geographical regions:

- Pakistan
- Middle East
- Export Processing Zones in Karachi and Sialkot
- Europe
- Africa

4.20 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the year in which these are approved, except appropriations required by law which are recorded in the period to which they pertain.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the holding company by the weighted average number of ordinary shares outstanding during the year.

4.22 Acceptances

Acceptances comprise undertakings by the Group to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		27,262,667	20,776,101
Foreign currencies		7,048,434	12,160,057
		34,311,101	32,936,158
With State Bank of Pakistan in			
Local currency current accounts	5.1	75,005,750	75,604,954
Foreign currency current accounts	5.2	5,312,400	4,420,727
Foreign currency deposit accounts	5.3	8,818,135	7,767,517
		89,136,285	87,793,198
With other central banks in			
Foreign currency current accounts	5.4	37,705,251	36,040,406
Foreign currency deposit accounts	5.5	8,148,977	6,869,307
		45,854,228	42,909,713
With National Bank of Pakistan in local currency current accounts		104,153,210	92,628,531
National Prize Bonds		494,696	1,871,859
		<u>273,949,520</u>	<u>258,139,459</u>

5.1 This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

5.2 This represents foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2021, it carries mark-up at the rate of 0.00% (2020: 0.00%) per annum.

5.4 These represent current accounts maintained with other central banks of the countries in which the Group operates, to meet the minimum cash reserves and capital requirements pertaining to the overseas branches and subsidiaries of the Group.

5.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 0.75% to 1.50% (2020: 0.75% to 2.00%) per annum.

	Note	2021	2020
----- (Rupees in '000) -----			
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		6,183	-
In deposit accounts	6.1	6,320,896	2,015,383
		6,327,079	2,015,383
Outside Pakistan			
In current accounts		16,480,728	19,102,946
In deposit accounts	6.2	7,167,757	8,464,699
		23,648,485	27,567,645
		<u>29,975,564</u>	<u>29,583,028</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

6.1 These carry mark-up at rates ranging from 9.00% to 11.00% (2020: 5.00% to 7.15%) per annum and is due to mature in January 2022.

6.2 These carry mark-up at rates ranging from 0.02% to 4.50% (2020: 0.05% to 4.50%) per annum.

	Note	2021	2020
----- (Rupees in '000) -----			
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	7.2	636,971	10,624,519
Repurchase agreement lendings (reverse repo)	7.3 & 7.5	49,726,776	-
Placements with State Bank of Pakistan	7.4	1,874,300	-
Bai Muajjal receivable with			
State Bank of Pakistan		-	6,433,114
Other financial institutions		-	3,026,018
Other lendings		-	2,128,791
		<u>52,238,047</u>	<u>22,212,442</u>

7.1 Particulars of lendings to financial institutions

In local currency	51,701,076	19,959,132
In foreign currencies	536,971	2,253,310
	<u>52,238,047</u>	<u>22,212,442</u>

7.2 These represent unsecured lendings carrying mark-up at the rate of 9.50% (2020: 7.15% to 7.30%) per annum and is due to mature in February 2022.

7.3 These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 9.75% to 10.70% per annum and are due to mature in January 2022.

7.4 These represent placements made with SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of six months to one year and carry no mark-up.

7.5 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2021			2020		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	16,771,723	12,358,229	29,129,952	-	-	-
Pakistan Investment Bonds - fixed	7,027,709	13,569,115	20,596,824	-	-	-
Total	<u>23,799,432</u>	<u>25,927,344</u>	<u>49,726,776</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

8. INVESTMENTS

8.1 Investments by type

Note	2021				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								
Federal Government Securities								
8.6	69,718,806	-	9,101	69,727,907	3,009,238	-	228	3,009,466
	4,883,004	-	7,053	4,890,057	-	-	-	-
	250,697	-	128	250,825	-	-	-	-
	74,852,507	-	16,282	74,868,789	3,009,238	-	228	3,009,466
Available for sale securities								
Federal Government Securities								
8.6	462,307,400	-	(295,082)	462,012,318	341,885,979	-	238,363	342,124,342
	106,428,744	-	(956,951)	105,471,793	76,334,054	-	333,950	76,668,004
	365,357,391	-	(1,612,561)	363,744,830	340,678,646	-	(2,569,332)	338,109,314
8.4	43,996,036	-	(265,635)	43,730,401	24,873,538	(8,713)	(48,193)	24,816,632
	924,941	-	-	924,941	466,435	-	-	466,435
	25,516,697	(285,929)	89,226	25,319,994	25,519,619	(105,010)	1,226,132	26,640,741
Ordinary shares								
8.9.2	13,269,396	(4,623,052)	1,019,365	9,665,709	13,345,156	(5,479,476)	2,517,580	10,383,260
	790,083	(60,438)	41	729,686	808,294	(134,392)	36	673,938
Non-Government debt securities								
	1,452,143	-	-	1,452,143	1,220,000	-	-	1,220,000
	782,335	(161,996)	-	620,339	662,335	(162,033)	-	500,302
Foreign securities								
8.9.5	60,311,840	(383,468)	(2,274,095)	57,654,277	81,369,066	(1,401,942)	1,742,758	81,709,882
	2,736,387	(1,103)	(3,252)	2,732,032	7,256,300	(24,002)	271,352	7,503,650
Preference shares								
	258,179	-	(15,711)	242,468	250,000	-	(21,482)	228,518
Mutual Fund units								
	458,590	-	48,360	506,950	458,590	-	(16,676)	441,914
Real Estate Investment Trust units								
	1,084,590,162	(5,515,986)	(4,266,295)	1,074,807,881	915,164,679	(7,315,568)	3,674,488	911,523,599
Held to maturity securities								
Federal Government Securities								
8.6	216,576,752	-	-	216,576,752	160,738,122	-	-	160,738,122
	47,666,897	-	-	47,666,897	-	-	-	-
	10,002,935	-	-	10,002,935	1,296,245	(3,374)	-	1,292,871
8.5	10,381,683	(141,574)	-	10,240,109	10,706,182	(45,483)	-	10,660,699
	21,214,989	-	-	21,214,989	29,569,648	-	-	29,569,648
Non-Government debt securities								
	10,580,384	(50,934)	-	10,529,450	12,022,819	(57,845)	-	11,964,974
	8,079,835	(69,951)	-	8,009,884	4,516,483	(69,951)	-	4,446,532
	1,715,945	(23,356)	-	1,692,589	-	-	-	-
	2,267	(2,267)	-	-	2,267	(2,267)	-	-
	437	(437)	-	-	437	(437)	-	-
Foreign securities								
8.10.3	2,682,985	-	-	2,682,985	2,696,727	-	-	2,696,727
	33,578,466	(641,202)	-	32,937,264	25,058,739	(646,731)	-	24,412,008
	2,171,411	(11,610)	-	2,159,801	1,261,784	(23,219)	-	1,238,565
	383	-	-	383	347	-	-	347
	364,655,369	(941,331)	-	363,714,038	247,869,800	(849,307)	-	247,020,493
Associates								
	1,130,540	-	-	1,130,540	1,837,605	-	-	1,837,605
	452,591	-	-	452,591	225,640	-	-	225,640
	-	-	-	-	107,282	-	-	107,282
	100,986	-	-	100,986	101,850	-	-	101,850
	24,961	-	-	24,961	21,374	-	-	21,374
	100,049	-	-	100,049	-	-	-	-
	1,359,354	-	-	1,359,354	-	-	-	-
	528	-	-	528	-	-	-	-
	118,211	-	-	118,211	92,471	-	-	92,471
	7,139	-	-	7,139	-	-	-	-
	667,364	-	-	667,364	-	-	-	-
	111,778	-	-	111,778	-	-	-	-
8.8.1.3	521,450	-	-	521,450	499,948	-	-	499,948
8.8.1.4	3,481,683	-	-	3,481,683	3,363,784	-	-	3,363,784
8.8	8,076,634	-	-	8,076,634	6,249,954	-	-	6,249,954
Total Investments	1,532,174,672	(6,457,317)	(4,250,013)	1,521,467,342	1,172,293,671	(8,164,875)	3,674,716	1,167,803,512

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

8.2 Investments by segment

Note	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities								
Market Treasury Bills	532,026,206	-	(285,981)	531,740,225	344,895,217	-	238,591	345,133,808
Pakistan Investment Bonds - fixed	327,888,500	-	(949,898)	326,938,602	237,072,176	-	333,950	237,406,126
Pakistan Investment Bonds - floaters	413,274,985	-	(1,612,433)	411,662,552	340,678,646	-	(2,569,332)	338,109,314
Government of Pakistan Sukuk	53,998,971	-	(265,635)	53,733,336	26,169,783	(12,087)	(48,193)	26,109,503
Government of Pakistan Eurobonds	35,898,380	(427,503)	89,226	35,560,103	36,225,801	(150,493)	1,226,132	37,301,440
Bai Muajjal with Government of Pakistan	21,214,989	-	-	21,214,989	29,569,648	-	-	29,569,648
Islamic Naya Pakistan Certificates	924,941	-	-	924,941	466,435	-	-	466,435
	1,385,226,972	(427,503)	(3,024,721)	1,381,774,748	1,015,077,706	(162,580)	(818,852)	1,014,096,274
Ordinary shares								
Listed companies	13,269,396	(4,623,052)	1,019,365	9,665,709	13,345,156	(5,479,476)	2,517,580	10,383,260
Unlisted companies	790,083	(60,438)	41	729,686	808,294	(134,392)	36	673,938
	14,059,479	(4,683,490)	1,019,406	10,395,395	14,153,450	(5,613,868)	2,517,616	11,057,198
Preference shares	-	-	-	-	36,667	-	-	36,667
Mutual Fund units	258,179	-	(15,711)	242,468	250,000	-	(21,482)	228,518
Real Estate Investment Trust units	458,590	-	48,360	506,950	458,590	-	(16,676)	441,914
Non Government Debt Securities								
Listed companies	2,463,124	(161,998)	-	2,301,126	1,830,662	(162,035)	-	1,668,627
Unlisted companies	20,150,222	(146,943)	-	20,003,279	16,593,679	(130,498)	-	16,463,181
	22,613,346	(308,941)	-	22,304,405	18,424,341	(292,533)	-	18,131,808
Foreign Securities								
Market Treasury Bills	2,682,985	-	-	2,682,985	2,696,727	-	-	2,696,727
Foreign bonds - sovereign	93,890,306	(1,024,670)	(2,274,095)	90,591,541	106,427,805	(2,048,673)	1,742,758	106,121,890
Foreign bonds - others	4,907,798	(12,713)	(3,252)	4,891,833	8,518,084	(47,221)	271,352	8,742,215
CDC SAARC Fund	383	-	-	383	347	-	-	347
	101,481,472	(1,037,383)	(2,277,347)	98,166,742	117,642,963	(2,095,894)	2,014,110	117,561,179
Associates								
UBL Liquidity Plus Fund	1,130,540	-	-	1,130,540	1,837,605	-	-	1,837,605
UBL Financial Sector Fund	452,591	-	-	452,591	225,640	-	-	225,640
UBL Stock Advantage Fund	-	-	-	-	107,282	-	-	107,282
UBL Special Savings Fund II	100,986	-	-	100,986	101,850	-	-	101,850
UBL Pakistan Enterprise Exchange Traded Fund	24,961	-	-	24,961	21,374	-	-	21,374
UBL Growth and Income Fund	100,049	-	-	100,049	-	-	-	-
UBL Cash Fund	1,359,354	-	-	1,359,354	-	-	-	-
UBL Dedicated Equity Fund	528	-	-	528	-	-	-	-
Al Ameen Islamic Energy Fund	118,211	-	-	118,211	92,471	-	-	92,471
Al Ameen Islamic Dedicated Equity Fund	7,139	-	-	7,139	-	-	-	-
Al-Ameen Islamic Cash Plan I	667,364	-	-	667,364	-	-	-	-
Al-Ameen Shariah Stock Fund	111,778	-	-	111,778	-	-	-	-
UBL Insurers Limited	521,450	-	-	521,450	499,948	-	-	499,948
Khushhali Bank Limited	3,481,683	-	-	3,481,683	3,363,784	-	-	3,363,784
	8,076,634	-	-	8,076,634	6,249,954	-	-	6,249,954
Total Investments	1,532,174,672	(6,457,317)	(4,250,013)	1,521,467,342	1,172,293,671	(8,164,875)	3,674,716	1,167,803,512

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
8.2.1 Investments given as collateral			
Market Treasury Bills		215,584,125	59,846,168
Pakistan Investment Bonds - fixed		1,853,526	-
Pakistan Investment Bonds - floaters		232,144,261	-
UBL Liquidity Plus Fund units		1,115,535	455,373
UBL Cash Fund units		1,126,693	-
		<u>451,824,140</u>	<u>60,301,541</u>

8.2.1.1 The market value of securities given as collateral is Rs. 450,960 million (2020: Rs. 60,301 million).

8.3 Provision for diminution in value of investments

Opening balance		8,164,875	7,429,256
Exchange adjustments		171,743	58,788
Charge for the year		446,250	1,389,189
Reversals for the year		(555,978)	(98,929)
Reversal on disposal during the year		(1,688,189)	(463,465)
Net (reversal) / charge	35	(1,797,917)	826,795
Amounts written off		(81,384)	(149,964)
Closing balance	8.3.1	<u>6,457,317</u>	<u>8,164,875</u>

8.3.1 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,488.282 million (2020: Rs. 1,748.301 million) on investments of overseas branches.

8.3.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non Performing Investment	Provision	Non Performing Investment	Provision
----- (Rupees in '000) -----				
Domestic				
Loss	285,585	285,585	292,496	292,496
Overseas				
Not past due but impaired	-	-	2,004,405	510,210
Total	<u>285,585</u>	<u>285,585</u>	<u>2,296,901</u>	<u>802,706</u>

8.4 This represents investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Certificate Company Limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

	2021	2020
----- (Rupees in '000) -----		
8.5 Bai Muajjal Government of Pakistan		
Bai Muajjal Investment	21,611,000	33,031,000
Less: Deferred Income	(396,011)	(3,461,352)
Bai Muajjal Investment - net	<u>21,214,989</u>	<u>29,569,648</u>

8.6 Investments include securities amounting to Rs. 927,853 million (2020: Rs. 797,529 million) which are held by the Group to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.7 Investments include Rs. 118 million (2020: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2020: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

8.8 Investment in associates

8.8.1 Movement of Investment in associates

		2021								
Note	Country of incorporation	Holding (%)	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised (loss) / surplus on assets	Investment at the end of the year		
----- (Rupees in '000) -----										
	UBL Liquidity Plus Fund	8.8.1.1	Pakistan	3.15%	1,837,605	(719,181)	60,451	(48,335)	-	1,130,540
	UBL Financial Sector Fund	8.8.1.1	Pakistan	30.79%	225,640	219,681	35,751	(28,481)	-	452,591
	UBL Stock Advantage Fund	8.8.1.1	Pakistan	-	107,282	(103,164)	(3,070)	(1,048)	-	-
	UBL Special Savings Fund II	8.8.1.1	Pakistan	73.14%	101,850	(852)	4,662	(5,676)	1,002	100,986
	UBL Pakistan Enterprise Exchange Traded Fund	8.8.1.1	Pakistan	53.49%	21,374	6,851	(1,801)	(1,269)	(194)	24,961
	UBL Growth and Income Fund	8.8.1.1	Pakistan	6.96%	-	92,009	8,287	(247)	-	100,049
	UBL Cash Fund	8.8.1.1	Pakistan	12.01%	-	1,322,226	37,128	-	-	1,359,354
	UBL Income Opportunity Fund	8.8.1.1	Pakistan	-	-	(7,981)	7,981	-	-	-
	UBL Dedicated Equity Fund	8.8.1.1	Pakistan	2.04%	-	549	(21)	-	-	528
	UBL Government Securities Fund	8.8.1.1	Pakistan	-	-	(1,055)	6,717	(5,662)	-	-
	UBL Money Market Fund	8.8.1.1	Pakistan	-	-	(428)	428	-	-	-
	Al Ameen Islamic Energy Fund	8.8.1.2	Pakistan	27.06%	92,471	33,490	(6,098)	(1,652)	-	118,211
	Al Ameen Islamic Dedicated Equity Fund	8.8.1.2	Pakistan	27.83%	-	7,500	(361)	-	-	7,139
	Al-Ameen Islamic Cash Plan I	8.8.1.2	Pakistan	3.89%	-	667,364	3,223	(3,223)	-	667,364
	Al-Ameen Shariah Stock Fund	8.8.1.2	Pakistan	1.36%	-	106,510	5,773	(505)	-	111,778
	UBL Insurers Limited	8.8.1.3	Pakistan	30.00%	499,948	-	21,502	-	-	521,450
	Khushhali Bank Limited	8.8.1.4	Pakistan	29.69%	3,363,784	-	161,608	-	(43,709)	3,481,683
					<u>6,249,954</u>	<u>1,623,519</u>	<u>342,160</u>	<u>(96,098)</u>	<u>(42,901)</u>	<u>8,076,634</u>
		2020								
Note	Country of incorporation	Holding (%)	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised surplus on assets	Investment at the end of the year		
----- (Rupees in '000) -----										
	UBL Liquidity Plus Fund	8.8.1.1	Pakistan	7.62%	1,460,128	371,817	73,700	(68,040)	-	1,837,605
	UBL Financial Sector Fund	8.8.1.1	Pakistan	20.43%	359,485	(88,847)	(44,998)	-	-	225,640
	UBL Stock Advantage Fund	8.8.1.1	Pakistan	1.44%	180,936	(82,579)	8,925	-	-	107,282
	UBL Special Savings Fund II	8.8.1.1	Pakistan	70.28%	-	99,039	8,928	(6,416)	299	101,850
	UBL Pakistan Enterprise Exchange Traded Fund	8.8.1.1	Pakistan	45.44%	-	18,672	(19)	(13)	2,734	21,374
	UBL Cash Fund	8.8.1.1	Pakistan	-	106,456	(103,786)	(2,670)	-	-	-
	United Growth and Income Fund	8.8.1.1	Pakistan	-	-	(35,374)	35,374	-	-	-
	UBL Income Opportunity Fund	8.8.1.1	Pakistan	-	-	(3,325)	3,325	-	-	-
	UBL Government Securities Fund	8.8.1.1	Pakistan	-	-	(130)	2,890	(2,760)	-	-
	UBL Money Market Fund	8.8.1.1	Pakistan	-	-	(9)	9	-	-	-
	Al Ameen Islamic Energy Fund	8.8.1.2	Pakistan	37.52%	101,395	1,908	(10,832)	-	-	92,471
	Al Ameen Shariah Stock Fund	8.8.1.2	Pakistan	-	-	(6,696)	6,696	-	-	-
	Al Ameen Islamic Cash Plan	8.8.1.2	Pakistan	-	-	-	824	(824)	-	-
	Al Ameen Islamic Cash Fund	8.8.1.2	Pakistan	-	-	(167)	168	(1)	-	-
	Al Ameen Islamic Financial Planning Fund II	8.8.1.2	Pakistan	-	-	(96)	96	-	-	-
	UBL Insurers Limited	8.8.1.3	Pakistan	30.00%	499,786	-	18,634	(18,472)	-	499,948
	Khushhali Bank Limited	8.8.1.4	Pakistan	29.69%	2,934,591	-	403,492	-	25,701	3,363,784
					<u>5,642,777</u>	<u>170,427</u>	<u>504,542</u>	<u>(96,526)</u>	<u>28,734</u>	<u>6,249,954</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

8.8.1.1 These represent open ended mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

8.8.1.2 These represent open ended shariah compliant mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

8.8.1.3 UBL Insurers Limited is an unlisted public company, whose principal objective is to conduct general insurance business.

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Net Assets	<u>1,738,166</u>	<u>1,666,495</u>
Group's share of net assets	<u>521,450</u>	<u>499,948</u>
Carrying amount of interest in associates	<u>521,450</u>	<u>499,948</u>
Holding (%)	<u>30.00%</u>	<u>30.00%</u>

8.8.1.4 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.

Khushhali Bank Limited is a microfinance bank. The principal objective of the bank is to provide microfinance services and promote social welfare through community building and social mobilisation.

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Net Assets	<u>11,270,098</u>	<u>10,873,051</u>
Group's share of net assets	<u>3,346,560</u>	<u>3,228,661</u>
Goodwill	<u>135,123</u>	<u>135,123</u>
Carrying amount of interest in associates	<u>3,481,683</u>	<u>3,363,784</u>
Holding (%)	<u>29.69%</u>	<u>29.69%</u>

8.8.2 Summary of financial position and performance of associates

	2021				2020			
	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
	----- (Rupees in '000) -----							
UBL Liquidity Plus Fund	36,083,505	174,760	1,923,235	1,920,409	24,280,390	168,904	1,304,366	1,151,974
UBL Financial Sector Fund	1,496,764	26,920	95,578	41,785	1,178,034	73,543	(46,647)	(84,869)
UBL Stock Advantage Fund	-	-	-	-	7,648,838	202,397	952,937	645,495
UBL Special Savings Fund II	140,227	2,146	10,587	8,339	148,421	3,501	12,395	9,608
UBL Exchange Traded Fund	47,336	699	4,207	2,938	47,727	686	2,014	889
UBL Growth and Income Fund	1,618,289	180,926	(14,244)	(12,212)	-	-	-	-
UBL Cash Fund	11,327,988	10,107	112,846	108,640	-	-	-	-
UBL Dedicated Equity Fund	26,741	918	(3,298)	(3,473)	-	-	-	-
Al Ameen Islamic Energy Fund	446,143	9,369	14,970	(2,901)	260,507	14,040	3,026	(9,347)
Al Ameen Islamic Dedicated Equity Fund	42,033	16,376	69,038	65,660	-	-	-	-
Al-Ameen Islamic Cash Plan I	17,186,444	29,425	1,014,392	987,589	-	-	-	-
Al-Ameen Shariah Stock Fund	8,444,312	212,582	799,849	280,966	-	-	-	-
UBL Insurers Limited	5,760,489	4,022,323	1,793,771	61,684	5,876,518	4,210,023	1,841,543	65,865
Khushhali Bank Limited	116,458,398	105,188,300	11,851,352	662,435	107,288,360	96,415,309	11,656,654	1,734,808

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

8.9 Quality of Available for Sale Securities

Details regarding quality of Available for Sale securities are as follows:

8.9.1 Federal Government Securities - Government guaranteed	2021	2020
	Cost	
	----- (Rupees in '000) -----	
Market Treasury Bills	462,307,400	341,885,979
Pakistan Investment Bonds - fixed	106,428,744	76,334,054
Pakistan Investment Bonds - floaters	365,357,391	340,678,646
Government of Pakistan Sukuks	43,996,036	24,873,538
Islamic Naya Pakistan Certificates	924,941	466,435
Government of Pakistan Eurobonds	25,516,697	25,519,619
	<u>1,004,531,209</u>	<u>809,758,271</u>

8.9.2 Shares

Listed Companies

Cement	1,195,440	592,327
Chemical	559,228	875,779
Commercial Banks	366,799	337,311
Fertilizer	4,951,022	5,104,212
Oil and Gas Exploration Companies	1,173,920	603,266
Oil and Gas Marketing Companies	569,150	579,373
Power Generation & Distribution	2,568,653	4,665,889
Technology & Communication	309,366	42,995
Textile Composite	543,544	543,544
Textile Spinning	401,680	460
Engineering	315,872	-
Miscellaneous	314,722	-
	<u>13,269,396</u>	<u>13,345,156</u>

Unlisted Companies

	2021		2020	
	Cost	Breakup value	Cost	Breakup value
----- (Rupees in '000) -----				
SME Bank Limited	26,950	-	26,950	-
First Women Bank	21,100	69,511	21,100	69,511
National Institutional Facilitation Technologies (Pvt.) Limited (NIFT)	1,527	35,899	1,527	51,998
National Investment Trust Limited (NIT)	100	971,711	100	830,783
Pakistan Agricultural Storage & Services Corporation (PASSCO)	5,500	3,448,615	5,500	2,725,903
SWIFT (Belgium)	2,091	15,658	2,905	19,417
VIS Credit Information Services	325	104	325	64
Mastercard International	0.003	523	0.003	431
Kay Textile Mills Limited	-	-	3,778	-
World Bridge Connect Incorporation	-	-	77,606	-
Techlogix International Limited	50,703	21,419	50,703	24,941
Cinepax Limited	60,122	163,786	60,122	175,313
Pakistan Mortgage Refinance Company Limited	500,000	827,525	500,000	630,862
1 Link (Private) Limited	54,287	267,895	54,287	202,032
The Benefit Company BSC	3,745	102,811	3,391	93,101
Pakistan Corporate Restructuring Company Limited	63,633	59,689	-	-
	<u>790,083</u>	<u>5,985,146</u>	<u>808,294</u>	<u>4,824,356</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
8.9.3 Others		
Preference shares	-	36,667
Mutual Fund units	258,179	250,000
Real Estate Investment Trust units	458,590	458,590

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
8.9.4 Non-Government Debt Securities		
Listed		
- AA-	370,000	250,000
- A, A-	400,000	250,000
	770,000	500,000
Unlisted		
- AA	695,002	420,000
- A+, A, A-	607,141	800,000
- Unrated	162,335	162,335
	1,464,478	1,382,335

	2021		2020	
	Cost	Rating	Cost	Rating
	----- (Rupees in '000) -----			
8.9.5 Foreign Securities				
Government Securities				
Supranational entities (Banks)	14,254,959	AAA	14,917,228	AAA
United Arab Emirates	9,808,862	AA	12,550,990	AA
Qatar	5,778,888	AA-	8,294,761	AA-
United Kingdom	2,382,926	AA-	6,587,323	AA
South Africa	1,324,904	BB	798,948	BB
Oman	2,301,803	BB-	5,342,200	BB-
Jordan	1,938,979	B+	3,672,314	B+
Bahrain	5,305,846	B	6,539,325	B
Egypt	3,155,838	B	4,847,877	B
Kenya	2,182,135	B	1,190,908	B
Nigeria	1,175,329	B	1,563,239	B
Turkey	5,072,195	B	4,230,991	B
Sri Lanka	5,629,176	CC	6,334,446	CCC
United States of America	-	-	3,436,991	AAA
Republic of Zambia	-	-	1,061,525	CCC
	60,311,840		81,369,066	

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
Non-Government Debt Securities		
Listed		
- AA	-	288,705
- A	1,191,980	-
- BBB+, BBB-	877,325	734,470
- BB-	-	403,386
- B+, B-	-	2,984,178
- CCC+	-	484,589
- Unrated	667,082	2,360,972
	2,736,387	7,256,300

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Cost	
	----- (Rupees in '000) -----	
8.10 Particulars relating to Held to Maturity securities are as follows:		
8.10.1 Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds - fixed	216,576,752	160,738,122
Pakistan Investment Bonds - floaters	47,666,897	-
Government of Pakistan Sukuks	10,002,935	1,296,245
Government of Pakistan Eurobonds	10,381,683	10,706,182
Bai Muajjal	21,214,989	29,569,648
	<u>305,843,256</u>	<u>202,310,197</u>

8.10.2 Non-Government Debt Securities

Listed

- AA+, AA-	1,443,124	1,168,328
- A+	250,000	-
	<u>1,693,124</u>	<u>1,168,328</u>

Unlisted

- AAA	10,786,210	7,778,230
- AA+, AA-	-	1,419,237
- A+, A	510,000	685,713
- B-	1,715,945	-
- Unrated	5,673,589	5,490,498
	<u>18,685,744</u>	<u>15,373,678</u>

8.10.3 Foreign Securities

	2021		2020	
	Cost	Rating	Cost	Rating
	----- (Rupees in '000) -----			
Government Securities				
Qatar	5,675,107	AA-	3,434,345	AA-
Portugal	783,287	BBB	711,520	BBB-
South Africa	1,315,332	BB	798,948	BB
Oman	3,369,670	BB-	2,857,738	BB-
Jordan	4,985,479	B+	2,768,623	B+
Bahrain	3,712,498	B	3,529,236	B
Egypt	3,554,567	B	3,597,705	B
Kenya	2,938,151	B	1,850,460	B
Turkey	2,969,272	B	2,180,924	B
Nigeria	874,914	B	-	-
Sri Lanka	3,400,189	CC	3,329,240	CCC
Yemen	2,682,985	unrated	2,696,727	unrated
	<u>36,261,451</u>		<u>27,755,466</u>	

Notes to and forming part of the Consolidated Financial Statements

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Non Government Debt Securities

	2021	2020
	Cost	
	(Rupees in '000)	
Listed		
- BBB+, BBB-	70,606	63,934
- B	1,223,295	1,109,941
- Unrated	-	87,909
	<u>1,293,901</u>	<u>1,261,784</u>
Unlisted		
- BBB-	877,510	-
Other		
CDC SAARC Fund	383	347

8.11 The market value of securities classified as held-to-maturity as at December 31, 2021, amounted to Rs. 354,991.660 million (2020: Rs. 252,280.321 million).

9. ADVANCES

	Note	Performing		Non-performing		Total	
		2021	2020	2021	2020	2021	2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	674,183,019	549,179,452	86,244,579	82,324,861	760,427,598	631,504,313
Islamic financings and related assets	9.8	43,859,593	20,542,257	197,330	107,478	44,056,923	20,649,735
Bills discounted and purchased		42,137,465	36,223,975	2,591,046	2,824,527	44,728,511	39,048,502
Advances - gross		<u>760,180,077</u>	<u>605,945,684</u>	<u>89,032,955</u>	<u>85,256,866</u>	<u>849,213,032</u>	<u>691,202,550</u>
Provision against advances	9.4						
- Specific		-	-	(74,961,336)	(72,036,997)	(74,961,336)	(72,036,997)
- General		(7,470,576)	(7,313,877)	-	-	(7,470,576)	(7,313,877)
		<u>(7,470,576)</u>	<u>(7,313,877)</u>	<u>(74,961,336)</u>	<u>(72,036,997)</u>	<u>(82,431,912)</u>	<u>(79,350,874)</u>
Advances - net of provision		<u>752,709,501</u>	<u>598,631,807</u>	<u>14,071,619</u>	<u>13,219,869</u>	<u>766,781,120</u>	<u>611,851,676</u>

9.1 Includes net investment in finance lease as disclosed below:

	2021				2020			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Minimum lease payments	45,314	55,160	611	101,085	48,099	73,894	-	121,993
Financial charges for future periods	(8,502)	(14,848)	(245)	(23,595)	(6,548)	(15,936)	-	(22,484)
Present value of minimum lease payments	<u>36,812</u>	<u>40,312</u>	<u>366</u>	<u>77,490</u>	<u>41,551</u>	<u>57,958</u>	<u>-</u>	<u>99,509</u>

9.2 Particulars of advances - gross

	2021	2020
	(Rupees in '000)	
In local currency	531,161,298	453,024,198
In foreign currencies	318,051,734	238,178,352
	<u>849,213,032</u>	<u>691,202,550</u>

Notes to and forming part of the Consolidated Financial Statements

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9.3 Advances include Rs. 89,032.955 million (2020: Rs. 85,256.866 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned *	155,903	-	189,538	497
Substandard	2,398,883	595,091	2,690,171	662,589
Doubtful	563,051	346,746	1,599,695	798,209
Loss	23,945,768	22,853,989	24,259,582	23,164,558
	27,063,605	23,795,826	28,738,986	24,625,853
Overseas				
Not past due but impaired **	4,207,043	1,233,410	6,724,892	2,811,988
Overdue by:				
Upto 90 days	1,004,416	303,038	160,631	4,833
91 to 180 days	1,811,745	1,620,231	784,383	718,039
181 to 365 days	7,473,154	3,664,825	10,824,869	8,539,542
> 365 days	47,472,992	44,344,006	38,023,105	35,336,742
	61,969,350	51,165,510	56,517,880	47,411,144
Total	89,032,955	74,961,336	85,256,866	72,036,997

* The Other Assets Especially Mentioned category pertains to agriculture and small enterprises financing.

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

9.4 Particulars of provision against advances

Note	2021			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	5,091,021	739,835	5,830,856	937,162	160,201	1,097,363	
Charge for the year	4,924,107	391,797	5,315,904	14,338,496	3,623,212	17,961,708	
Reversals for the year	(3,117,960)	(974,933)	(4,092,893)	(1,734,374)	(88,056)	(1,822,430)	
Net charge / (reversal)							
against advances	35	1,806,147	(583,136)	1,223,011	12,604,122	3,535,156	16,139,278
Amounts charged off -							
agriculture financing	9.5	(257,446)	-	(257,446)	(80,974)	-	(80,974)
Amounts written off	9.6	(3,711,835)	-	(3,711,835)	(5,282,212)	-	(5,282,212)
Transfers out - net		(3,548)	-	(3,548)	(29,016)	-	(29,016)
Closing balance		74,961,336	7,470,576	82,431,912	72,036,997	7,313,877	79,350,874

9.4.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	23,205,037	402,418	23,607,455	24,085,365	319,955	24,405,320
In foreign currencies	51,756,299	7,068,158	58,824,457	47,951,632	6,993,922	54,945,554
	74,961,336	7,470,576	82,431,912	72,036,997	7,313,877	79,350,874

9.4.2 General provision represents provision amounting to Rs. 402.418 million (2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 7,086.158 million (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 and forming part of the Consolidated Financial Statements

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9.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said Circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 16.258 million (2020: Rs. 18.337 million).

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. 3,528.942 million (2020: Rs. 3,951.861 million) for the overseas branches.

The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

9.5 These represent non-performing advances for agriculture financing which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	2021 ----- (Rupees in '000) -----	2020
9.6 Particulars of write-offs			
9.6.1 Against provisions	9.4	3,711,835	5,282,212
Directly charged to profit and loss account	35	92,921	143,246
		<u>3,804,756</u>	<u>5,425,458</u>
9.6.2 Bank			
Write-offs of Rs. 500,000 and above			
- Domestic	9.7	171,013	2,663,181
- Overseas		3,534,481	2,629,279
		<u>3,705,494</u>	<u>5,292,460</u>
Write-offs of below Rs. 500,000		48,984	66,846
		<u>3,754,478</u>	<u>5,359,306</u>
Subsidiaries			
Write-offs		50,278	66,152
		<u>3,804,756</u>	<u>5,425,458</u>

9.7 Details of loan write-offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2021, is given in annexure I and is an integral part of these consolidated financial statements (except in case of overseas branches and subsidiaries which is restricted by overseas regulatory authorities).

9.8 Information related to Islamic financing and related assets is given in annexure II and is an integral part of these consolidated financial statements.

	Note	2021 ----- (Rupees in '000) -----	2020
10. FIXED ASSETS			
Capital work-in-progress	10.1	1,298,146	456,577
Property and equipment	10.2	74,895,752	57,019,687
		<u>76,193,898</u>	<u>57,476,264</u>
10.1 Capital work-in-progress			
Civil works		422,943	279,129
Equipment		875,203	177,448
		<u>1,298,146</u>	<u>456,577</u>

Notes to and forming part of the Consolidated Financial Statements

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10.2 Property and equipment

	2021									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
	Rupees '000									
At January 01, 2021										
Cost / Revalued amount	6,433,625	21,468,648	8,713,792	6,797,040	6,270,718	2,521,352	16,094,267	325,400	9,945,051	78,569,893
Accumulated depreciation	-	-	(340,213)	(743,991)	(3,721,100)	(1,659,445)	(11,735,088)	(237,718)	(3,112,651)	(21,550,206)
Net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,618	861,907	4,359,179	87,682	6,832,400	57,019,687
Year ended December 2021										
Opening net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,618	861,907	4,359,179	87,682	6,832,400	57,019,687
Additions	-	-	-	-	465,623	120,021	1,867,987	117,996	3,045,520	5,617,147
Movement in surplus on assets revalued during the year	3,110,038	10,622,829	1,815,288	1,758,687	-	-	-	-	-	17,306,842
Disposals	-	-	-	(4,726)	(14,940)	(299)	(6,638)	(8,130)	(708,819)	(743,552)
Depreciation charge	-	-	(114,352)	(256,860)	(474,546)	(182,278)	(1,928,272)	(43,946)	(1,975,854)	(4,976,108)
Exchange rate adjustments	-	25	579,991	852	15,146	1,561	34,555	141	15,081	647,352
Other adjustments / transfers	-	8	33,859	78	(2,160)	(2,781)	(8,911)	28	4,263	24,384
Closing net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
At December 31, 2021										
Cost / Revalued amount	9,543,663	32,091,510	10,811,277	7,562,721	6,693,982	2,636,624	17,904,637	387,802	11,279,996	98,912,212
Accumulated depreciation	-	-	(122,912)	(11,641)	(4,155,241)	(1,838,493)	(13,586,737)	(234,031)	(4,067,405)	(24,016,460)
Net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	
	2020									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
	Rupees '000									
At January 01, 2020										
Cost / Revalued amount	6,433,625	21,513,568	8,546,973	6,930,058	6,230,093	2,561,873	15,425,406	369,443	9,399,690	77,410,729
Accumulated depreciation	-	-	(224,430)	(500,166)	(3,694,178)	(1,612,292)	(11,129,372)	(227,706)	(2,198,471)	(19,586,615)
Net book value	6,433,625	21,513,568	8,322,543	6,429,892	2,535,915	949,581	4,296,034	141,737	7,201,219	57,824,114
Year ended December 2020										
Opening net book value	6,433,625	21,513,568	8,322,543	6,429,892	2,535,915	949,581	4,296,034	141,737	7,201,219	57,824,114
Additions	-	-	-	-	485,643	92,937	1,908,749	4,950	2,268,228	4,760,507
Movement in surplus on assets revalued during the year	-	-	61,238	-	-	-	-	-	-	61,238
Disposals	-	(44,930)	(306,448)	(118,811)	(3,484)	(5,875)	(9,030)	(13,359)	(944,932)	(1,446,869)
Depreciation charge	-	-	(110,217)	(258,431)	(474,047)	(179,391)	(1,852,055)	(45,953)	(1,702,190)	(4,622,284)
Exchange rate adjustments	-	-	406,463	316	5,852	4,960	16,436	324	10,075	444,426
Other adjustments / transfers	-	10	-	83	(260)	(306)	(955)	(17)	-	(1,445)
Closing net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,619	861,906	4,359,179	87,682	6,832,400	57,019,687
At December 31, 2020										
Cost / Revalued amount	6,433,625	21,468,648	8,713,792	6,797,040	6,270,718	2,521,352	16,094,267	325,400	9,945,051	78,569,893
Accumulated depreciation	-	-	(340,213)	(743,991)	(3,721,100)	(1,659,445)	(11,735,088)	(237,718)	(3,112,651)	(21,550,206)
Net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,618	861,907	4,359,179	87,682	6,832,400	57,019,687
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	

10.3 Revaluation of properties

The properties of the Group have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Engineering Pakistan International (Private) Limited, M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants for properties of the Bank and Colliers International Valuation LLP for properties of UBL UK, on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 17,109.954 million. The total surplus against revaluation of fixed assets as at December 31, 2021 amounts to Rs. 47,433.553 million.

Notes to and forming part of the Consolidated Financial Statements

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Had there been no revaluation, the carrying amount of revalued assets of the Group at December 31, would have been as follows:

	2021	2020
	----- (Rupees in '000) -----	
Freehold land	782,581	782,581
Leasehold land	3,397,652	3,330,789
Buildings on freehold land	3,619,946	3,482,166
Buildings on leasehold land	4,640,886	4,757,844
	<u>12,441,065</u>	<u>12,353,380</u>
10.4 Carrying amount of temporarily idle properties of the Group	<u>82,420</u>	<u>143,420</u>
10.5 The cost of fully depreciated assets that are still in the Group's use are as follows:		
Furniture and fixtures	878,182	632,677
Electrical, office and computer equipment	7,880,442	6,566,747
Vehicles	120,125	118,403
Building on leasehold land	62,294	57,110
Leasehold improvements	1,345,359	1,008,772
	<u>10,286,402</u>	<u>8,383,709</u>
10.6 Details of disposals of operating fixed assets to related parties		

The information relating to operating fixed assets disposed off during the year to related parties is given in annexure III and is an integral part of these consolidated financial statements.

	Note	2021	2020
		----- (Rupees in '000) -----	
11. INTANGIBLE ASSETS			
Capital work-in-progress - Computer software		632,672	223,861
Intangible assets	11.1	<u>1,800,124</u>	<u>1,802,006</u>
		<u>2,432,796</u>	<u>2,025,867</u>
11.1 Intangible assets			
Computer Software			
At January 01,			
Cost		7,690,616	6,845,905
Accumulated amortisation and impairment		<u>(5,888,610)</u>	<u>(5,037,371)</u>
Net book value		<u>1,802,006</u>	<u>1,808,534</u>
Year ended December 31,			
Opening net book value		1,802,006	1,808,534
Additions - directly purchased		852,726	839,107
Disposals		(981)	(1,325)
Amortisation charge		(877,927)	(855,574)
Exchange rate adjustments		24,341	11,264
Other adjustments		(41)	-
Closing net book value		<u>1,800,124</u>	<u>1,802,006</u>
At December 31,			
Cost		8,440,577	7,690,616
Accumulated amortisation and impairment		<u>(6,640,453)</u>	<u>(5,888,610)</u>
Net book value		<u>1,800,124</u>	<u>1,802,006</u>
Rate of amortisation (%)		<u>10-33.33</u>	<u>10-33.33</u>
Useful life (in years)		<u>3 - 10</u>	<u>3 - 10</u>

11.2 The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs. 3,902.123 million (2020: Rs. 3,048.117 million).

Notes to and forming part of the Consolidated Financial Statements

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12. DEFERRED TAX ASSETS

	2021			
	At January 01, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
----- (Rupees in '000) -----				
Deductible temporary differences on				
- Provision against advances and off-balance sheet obligations	6,390,263	(1,217,961)	-	5,172,302
- Surplus on revaluation on investments	(1,700,740)	2,191	3,002,318	1,303,769
- Post retirement employee benefits	1,386,150	92,722	(761,393)	717,479
- Workers Welfare Fund	1,833,191	398,551	-	2,231,742
- Others	(126,382)	(1,106)	173,101	45,613
	7,782,482	(725,603)	2,414,026	9,470,905
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,286,111)	30,879	(1,582,651)	(2,837,883)
- Share of profit from associates	(1,083,460)	(52,283)	-	(1,135,743)
- Accelerated tax depreciation	(730,417)	152,193	-	(578,224)
- Exchange Reserve on Subsidiaries under liquidation	-	-	(1,878,243)	(1,878,243)
	(3,099,988)	130,789	(3,460,894)	(6,430,093)
	4,682,494	(594,814)	(1,046,868)	3,040,812
----- (Rupees in '000) -----				
2020				
	At January 01, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
----- (Rupees in '000) -----				
Deductible temporary differences on				
- Provision against advances and off-balance sheet obligations	3,291,876	3,098,387	-	6,390,263
- Post retirement employee benefits	837,426	30,335	518,389	1,386,150
- 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)
- Share of profit from associates	(922,114)	(161,346)	-	(1,083,460)
- Surplus on revaluation on investments	(375,338)	(3,324)	(1,322,078)	(1,700,740)
- Accelerated tax depreciation	(744,233)	13,816	-	(730,417)
- Exchange Reserve on Subsidiaries under liquidation	-	-	-	-
- Others	(520,617)	447,852	(53,617)	(126,382)
	(3,901,607)	329,788	(1,355,291)	(4,927,110)
	1,723,553	3,795,843	(836,902)	4,682,494

13. DISCONTINUED OPERATION

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 01, 2019. The Banking operations of the subsidiary ceased on November 01, 2019. UBTL is in process of winding up and voluntary liquidation. The official liquidator has been appointed by the Board of Directors of UBTL.

	2021	2020
	----- (Rupees in '000) -----	
13.1 Assets and liabilities under discontinued operation		
Assets		
Balances with other banks	240,315	219,488
Liabilities		
Other liabilities	85,896	11,575

Notes to and forming part of the Consolidated Financial Statements

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	Note	2021 ----- (Rupees in '000) -----	2020
13.2 Loss from discontinued operation			
Income			
Foreign exchange income		71	-
Other income		-	312
Total income		71	312
Expenses			
Operating expenses		70,749	17,649
Loss before taxation		<u>(70,678)</u>	<u>(17,337)</u>
Taxation		-	(964)
Loss after taxation for the year		<u><u>(70,678)</u></u>	<u><u>(16,373)</u></u>
14. OTHER ASSETS			
Income / mark-up accrued in local currency		25,128,447	21,075,329
Income / mark-up accrued in foreign currencies	14.1	2,771,194	2,211,759
Advance taxation - net of provision for taxation	14.2	4,195,628	5,992,577
Receivable from staff retirement fund	40.4	2,077,069	-
Receivable from other banks against telegraphic transfers and demand drafts		365,000	110,689
Unrealised gain on forward foreign exchange contracts		4,167,926	3,347,603
Rebate receivable - net		652,112	631,410
Unrealised gain on derivative financial instruments	26.1	8,476	-
Suspense accounts		-	240,002
Stationery and stamps on hand		206,616	169,311
Non-banking assets acquired in satisfaction of claims	14.3	196,640	234,588
Advances, deposits, advance rent and other prepayments		1,850,434	1,475,598
Acceptances	21	11,421,246	10,505,651
Dividend receivable		-	217,974
Commission receivable - Branchless Banking		676,483	658,524
Commission Receivable - Bancassurance		111,180	144,063
Receivable against fraud & forgery and looted notes		564,693	586,929
Others		1,902,464	1,699,296
		<u>56,295,608</u>	<u>49,301,303</u>
Less: Provision held against other assets	14.4	<u>(1,163,055)</u>	<u>(1,392,976)</u>
Other assets - net of provision		55,132,553	47,908,327
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23.3	16,704	1,496
Other assets - total		<u><u>55,149,257</u></u>	<u><u>47,909,823</u></u>

14.1 Unrealised mark-up held in suspense amounting to Rs. 16,929.481 million (2020: Rs. 13,639.898 million) against non-performing overseas advances has been netted off.

14.2 The Income Tax returns of the Bank have been filed upto the tax year 2021 (financial year ended December 31, 2020) 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 (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 favour of the Bank.

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The tax returns for Azad Jammu and Kashmir (AJK) 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. 2,632 million (2020: Rs. 1,274 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favour 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 642 thousand (Rs. 31.117 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.

For UBL UK, USAG and UBL FM income tax returns have been filed upto the accounting 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 by the tax authorities. Additionally, tax clearance has been issued for USAG and UBL UK till the accounting year 2020 and 2018 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 ACIR (Additional Commissioner Inland Revenue) dated November 22, 2017 and December 06 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. 201 million which is pending adjudication before the Appellate Tribunal Inland Revenue (ATIR).

Moreover, there are certain other contingencies in respect of non-payment / short payment of Federal Excise Duty, 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.

	2021	2020
	----- (Rupees in '000) -----	-----
14.3 Market value of Non-banking assets acquired in satisfaction of claims	<u>213,344</u>	<u>236,084</u>

14.3.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s Asif Associates (Private) Limited and M/s M.J. Surveyors (Private) Limited on the basis of an assessment of present market values and resulted in a increase of Rs. 15.208 million in the surplus.

	2021	2020
	----- (Rupees in '000) -----	-----
14.3.2 Non-banking assets acquired in satisfaction of claims		
Opening Balance	236,084	1,082,375
Additions	-	-
Revaluation during the year	15,208	(1,509)
Disposals	-	(846,541)
Depreciation	(5,180)	-
Impairment	-	(268)
Transferred to fixed assets - cost	(33,860)	-
Other adjustments	-	(224)
Exchange adjustments	1,092	2,251
Closing Balance	<u>213,344</u>	<u>236,084</u>

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14.3.3 Gain on disposal of Non-banking assets acquired in satisfaction of claims	Note	2021 ----- (Rupees in '000)	2020 -----
Disposal proceeds		-	1,038,100
Less:			
- Cost		-	798,610
- Surplus		-	47,931
		-	846,541
Gain		-	191,559
14.4 Provision held against other assets			
Advances and other receivables		54,674	84,272
Receivable against fraud & forgery and looted notes		564,693	586,929
Others		543,688	721,775
		1,163,055	1,392,976
14.4.1 Movement of provision held against other assets			
Opening balance		1,392,976	1,271,877
Exchange adjustments		28,541	655
Charge for the year		33,348	249,664
Reversals for the year		(201,953)	(94,809)
	35	(168,605)	154,855
Transfers (out) / in - net		(41,160)	3,245
Amounts written off		(48,697)	(37,656)
Closing balance		1,163,055	1,392,976
15. CONTINGENT ASSETS			
There were no contingent assets as at December 31, 2021 (2020: nil).			
16. BILLS PAYABLE			
In Pakistan		25,898,903	28,820,012
Outside Pakistan		931,903	921,194
		26,830,806	29,741,206
17. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	17.2	38,881,750	30,681,990
Refinance facility for modernization of SMEs	17.3	5,100	3,955
Long term financing facility	17.4	20,056,964	22,243,644
Refinance scheme for payment of wages and salaries	17.5	3,225,644	5,587,037
Renewable energy scheme	17.6	513,403	146,985
Temporary economic refinance facility	17.7	9,972,210	307,540
Refinance facility for combating COVID-19	17.8	390,962	460,666
Repurchase agreement borrowings	17.9	417,755,950	-
Refinance for women entrepreneurs	17.10	18,487	42,184
		490,820,470	59,474,001
Repurchase agreement borrowings from other banks	17.11	54,783,321	59,835,819
Borrowing from commercial bank by subsidiary	17.12	1,885,182	398,614
		547,488,973	119,708,434
Unsecured			
Call borrowings	17.13	15,885,337	2,397,485
Overdrawn nostro accounts		1,798,612	379,564
Money market deals		-	9,341,702
		17,683,949	12,118,751
		565,172,922	131,827,185

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
17.1	Particulars of borrowings with respect to currencies		
	In local currency	547,491,963	119,729,587
	In foreign currencies	17,680,959	12,097,598
		<u>565,172,922</u>	<u>131,827,185</u>
17.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2022. These carry mark-up at rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum.		
17.3	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by November 2028 and carry mark-up at rates of 2.00% (2020: 1.00%) per annum.		
17.4	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by September 2031. These carry mark-up at rates ranging from 2.00% to 9.70% (2020: 2.00% to 9.70%) per annum.		
17.5	In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 1.00% (2020: 0.00% to 3.00%) per annum.		
17.6	These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by November 2031. These carry mark-up at rates ranging from 2.00% to 3.00% (2020: 3.00% to 4.00%) per annum.		
17.7	These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at rates ranging from 1.00% to 1.25% (2020: 1.00%) per annum and are due to mature latest by December 2031.		
17.8	These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2020: 0.00%) per annum and are due to mature latest by June 2025.		
17.9	These represent repurchase agreement borrowing from SBP at rates ranging from 9.95% to 10.07% per annum having maturity upto March 2022. The market value of securities given as collateral against these borrowings is given in note 8.2.1.		
17.10	These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2020: 0.00%) per annum and are due to mature latest by September 2026.		
17.11	These repurchase agreement borrowings from other banks are secured against Pakistan Investment Bonds and Market Treasury Bills and carry mark-up at rates ranging from 9.75% to 10.70% per annum (2020: 6.05% to 7.00% per annum). These borrowings are repayable latest by January 2022. The market value of securities given as collateral against these borrowings is given in note 8.2.1.		
17.12	These borrowings pertain to running finance facilities obtained by subsidiary company amounting to Rs. 1,885.182 million (2020: Rs. 398.614 million) from commercial banks against a promissory note with a mark-up rate ranging from 3 months average KIBOR plus 0.25% to 0.50% (2020: 3 months average KIBOR plus 0.50%) per annum having maturity upto September 2024. These facilities are secured against units of UBL Liquidity Plus Fund and UBL Cash Fund as disclosed in note 8.2.1 to these consolidated financial statements.		
17.13	These are unsecured borrowings carrying mark-up at the rates ranging from 1.20% to 2.09% (2020: 1.50%) per annum and are repayable latest by June 2022.		

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18. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Note	(Rupees in '000)					
Customers						
Current accounts - remunerative	2,528,236	9,006,485	11,534,721	1,387,144	6,911,630	8,298,774
Current accounts - non-remunerative	633,109,393	130,940,383	764,049,776	549,038,483	134,295,247	683,333,730
Savings deposits	574,380,924	54,053,338	628,434,262	509,563,742	53,146,711	562,710,453
Term deposits	134,138,693	241,523,821	375,662,514	171,340,589	214,773,170	386,113,759
Sundry deposits	9,313,881	1,497,076	10,810,957	5,022,037	2,173,583	7,195,620
Margin deposits	4,356,837	3,182,745	7,539,582	3,833,926	3,194,969	7,028,895
	1,357,827,964	440,203,848	1,798,031,812	1,240,185,921	414,495,310	1,654,681,231
Financial Institutions						
Current deposits	33,903,284	3,937,927	37,841,211	20,978,533	4,646,484	25,625,017
Savings deposits	16,613,222	54,784	16,668,006	56,409,524	2,373,413	58,782,937
Term deposits	18,155,193	15,075,350	33,230,543	25,207,956	95,145	25,303,101
	68,671,699	19,068,061	87,739,760	102,596,013	7,115,042	109,711,055
18.2	1,426,499,663	459,271,909	1,885,771,572	1,342,781,934	421,610,352	1,764,392,286

18.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	1,110,851,339	1,024,507,840
- Government (Federal and Provincial)	140,447,864	99,008,897
- Public Sector Entities	100,639,787	114,365,057
- Banking Companies	33,243,725	14,655,568
- Non-Banking Financial Institutions	54,496,035	95,055,487
- Private Sector	446,092,822	416,799,437
	1,885,771,572	1,764,392,286

18.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,078,654.532 million (2020: Rs. 991,687.959 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into for the lease of franking machines. At the end of the lease period, the ownership of the leased assets shall be transferred to the Group on payment of the residual values of the leased assets. The cost of operating and maintaining the leased assets is borne by the Group. The liabilities are secured by demand promissory notes, security deposits, and the franking machines which have been obtained under these leasing arrangements. The rate used for discounting future lease payments is 12.39% per annum (2020: 12.39% per annum). The amount of future minimum lease payments and the periods during which they become due are as follows:

	2021			2020		
	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	6,428	249	6,179	5,562	452	5,110
Later than one year and not later than five years	6,075	61	6,014	11,132	285	10,847
	12,503	310	12,193	16,694	737	15,957

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20. 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 Additional Tier 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
Markup rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Markup payment frequency	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	Markup 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	2021	2020
		----- (Rupees in '000) -----	
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,042,576	11,630,286
Mark-up / return / interest payable in foreign currencies		921,324	1,327,591
Accrued expenses		5,257,795	4,332,657
Branch adjustment account		479,517	105,228
Deferred income	21.4	997,320	882,954
Unearned commission and income on bills discounted		231,988	453,296
Provision against off-balance sheet obligations	21.1	742,953	1,076,530
Unrealised loss on forward foreign exchange contracts		1,560,903	3,376,994
Liability against trading of securities		1,521,590	-
Provision for post-retirement medical benefits	40.4	2,175,874	2,028,687
Payable to staff retirement fund	40.4	154,589	1,314,451
Provision for compensated absences		895,897	1,001,312
Deferred liabilities	21.2	590,579	769,005
Workers' Welfare Fund payable	33	5,587,411	4,752,294
Liabilities against ATM settlement		40,996	1,199,242
Insurance payable against consumer assets		477,866	427,256
Dividends payable		2,762,515	118,317
Unclaimed dividends		292,141	239,261
Acceptances	14	11,421,246	10,505,651
Suspense accounts		340,020	-
Charity fund balance		4,039	2,827
Lease liability against right-of-use assets	21.3	8,573,347	7,950,494
Levies and taxes payable		3,060,045	2,671,007
Others		1,994,356	1,910,705
		<u>65,126,887</u>	<u>58,076,045</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
21.1 Provision against off-balance sheet obligations			
Opening balance		1,076,530	632,785
Exchange adjustments		15,953	11,996
Charge for the year		8,819	568,987
Reversals for the year		(353,069)	(137,238)
	35	(344,250)	431,749
Transfers out - net		(5,280)	-
Closing balance		742,953	1,076,530

21.1.1 This represents provision recognised against guarantees of non-performing customers.

21.2 Deferred liabilities

Deferred liability - overseas branches	458,228	540,999
Deferred liability - outsourced services	132,351	228,006
	590,579	769,005

21.3 The total cash outflow for leases during the year was Rs. 2,710.677 million (2020: Rs. 2,231.752 million).

21.4 This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.

22. SHARE CAPITAL

22.1 Authorised Capital

2021 ----- (Number of shares) -----	2020		2021 ----- (Rupees in '000) -----	2020
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each	20,000,000	20,000,000

22.2 Issued, subscribed and paid-up capital

2021 ----- (Number of shares) -----	2020		2021 ----- (Rupees in '000) -----	2020
		Fully paid-up ordinary shares of Rs.10 each		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
1,224,179,687	1,224,179,687		12,241,797	12,241,797

22.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2021, 242,278 (2020: 242,278) GDRs representing 969,112 (2020: 969,112) shares, are in issue.

22.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholders	2021		2020	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway (Holdings) Limited	-	-	631,728,895	51.60%
Bestway International Holdings Limited	631,728,895	51.60%	-	-
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

Notes to and forming part of the Consolidated Financial Statements

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During the year, an internal reorganisation exercise was undertaken by the Bestway Group as detailed in note 1 to these consolidated financial statements. As at December 31, 2021, Bestway Group (Bestway) held 61.48% (2020: 61.48%) shareholding (including GDRs) of the Bank.

	Note	2021 ----- (Number of shares) -----	2020
22.5 Shares of the Bank held by its associates			
UBL Stock Advantage Fund		2,931,455	3,321,071
UBL Financial Sector Fund		1,409,693	1,616,986
UBL Retirement Savings Fund		331,800	-
UBL Asset Allocation Fund		150,033	217,933
UBL Pakistan Enterprise Exchange Traded Fund		42,205	34,744
UBL Dedicated Equity Fund		309	21,409
UBL Income Opportunity Fund		-	78,000
23. SURPLUS ON REVALUATION OF ASSETS		2021	2020
		----- (Rupees in '000) -----	-----
Surplus / (Deficit) arising on revaluation of:			
- Fixed assets	23.1	42,570,415	27,022,623
- Available for sale securities	23.2	(2,547,216)	2,282,110
- Non-banking assets acquired in satisfaction of claims	23.3	10,189	913
- Associates		(14,335)	28,566
		<u>40,019,053</u>	<u>29,334,212</u>
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01,		29,975,515	30,165,526
Revaluation against fixed assets recognised during the year		17,109,954	(250,405)
Realised on disposal during the year		(4,804)	(162,824)
Exchange adjustments		446,918	310,216
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		(63,151)	(53,821)
Related deferred tax liability on incremental depreciation charged during the year		(30,879)	(33,177)
		<u>17,458,038</u>	<u>(190,011)</u>
Surplus on revaluation of fixed assets as at December 31,		<u>47,433,553</u>	<u>29,975,515</u>
Less: Related deferred tax liability on			
- Revaluation as on January 01,		1,285,528	1,319,440
- Revaluation recognised during the year		1,477,211	-
- Surplus realised on disposal of fixed assets during the year		(1,689)	(46,478)
- Reversal of revaluation against fixed assets during the year		-	(4,506)
- Exchange adjustments		83,165	50,249
- Other adjustments		18,032	-
- Incremental depreciation charged		(30,879)	(33,177)
- Revaluation as at December 31,		<u>2,831,368</u>	<u>1,285,528</u>
		<u>44,602,185</u>	<u>28,689,987</u>
Share of non-controlling interest		<u>(2,031,770)</u>	<u>(1,667,364)</u>
Group's share		<u>42,570,415</u>	<u>27,022,623</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

23.2 (Deficit) / surplus on revaluation of available for sale securities	2021	2020
	----- (Rupees in '000) -----	
Market Treasury Bills	(295,082)	238,363
Pakistan Investment Bonds - fixed	(956,951)	333,950
Pakistan Investment Bonds - floaters	(1,612,561)	(2,569,332)
Government of Pakistan Sukuks	(265,635)	(48,193)
Government of Pakistan Eurobonds	89,226	1,226,132
Ordinary shares and mutual funds	1,003,695	2,496,134
Real Estate Investment Trust units	48,360	(16,676)
Foreign securities	(2,277,347)	2,014,110
	(4,266,295)	3,674,488
Related deferred tax asset / (liability)	1,304,902	(1,697,416)
	(2,961,393)	1,977,072
Share of non-controlling interest	414,177	305,038
Group's share	(2,547,216)	2,282,110

23.3 Surplus on revaluation of non-banking assets

Surplus on revaluation of non-banking assets as at January 01,	1,496	50,936
Revaluation of non-banking assets during the year	15,208	(1,509)
Realised on disposal during the year	-	(47,931)
	15,208	(49,440)
Surplus on revaluation of non-banking assets as at December 31,	16,704	1,496
Less: Related deferred tax liability on		
- Revaluation as at January 01,	583	19,865
- Revaluation of non-banking assets during the year	5,932	(588)
- Surplus realised on disposal of non-banking assets during the year	-	(18,694)
- Revaluation as at December 31,	6,515	583
	10,189	913

24. NON-CONTROLLING INTEREST

	2021			2020		
	UNBL	UBL FM	Total	UNBL	UBL FM	Total
Share of NCI	45%	1.13%		45%	1.13%	
----- (Rupees in '000) -----						
Assets	158,087,941	4,351,352	162,439,293	131,552,572	2,825,139	134,377,711
Liabilities	138,998,375	2,410,752	141,409,127	114,916,979	934,432	115,851,411
Net assets	19,089,566	1,940,600	21,030,166	16,635,593	1,890,707	18,526,300
Net assets attributable to NCI	8,590,305	21,929	8,612,234	7,486,017	21,365	7,507,382

24.1 Key financial information

	2021		
	UNBL	UBL FM	Total
----- (Rupees in '000) -----			
Income (Markup & Non-Markup)	4,720,521	1,045,961	5,766,482
Expenses (including provisions)	(4,256,724)	(655,323)	(4,912,047)
Profit for the year	463,797	390,638	854,435
Other comprehensive income for the year	705,624	143	705,767
Total Comprehensive Income	1,169,421	390,781	1,560,202
Profit allocated to NCI	208,709	4,413	213,122
OCI allocated to NCI	317,531	2	317,533
Cash flow (used in) / generated from operating activities	(7,549,123)	252,518	(7,296,605)
Cash flow generated from / (used in) investing activities	5,728,293	(1,380,141)	4,348,152
Cash flow used in financing activities	(1,107)	(340,830)	(341,937)
	(1,821,937)	(1,468,453)	(3,290,390)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
25. CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	167,903,371	147,961,658
Commitments	25.2	998,421,712	970,991,372
Other contingent liabilities	25.3	16,452,188	15,554,510
		<u>1,182,777,271</u>	<u>1,134,507,540</u>
25.1 Guarantees:			
Financial guarantees		55,744,389	43,053,322
Performance guarantees		107,821,730	99,910,783
Others guarantees		4,337,252	4,997,553
		<u>167,903,371</u>	<u>147,961,658</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		169,653,706	160,344,833
Commitments in respect of:			
- forward foreign exchange contracts	25.2.2	691,686,595	683,065,647
- forward government securities transactions	25.2.3	11,780,000	-
- derivatives	25.2.4	1,808,940	-
- forward lending	25.2.5	120,620,043	124,510,935
- operating leases	25.2.6	168,870	126,093
Commitments for acquisition of:			
- fixed assets		1,049,017	2,876,499
- intangible assets		1,560,475	-
Other commitments		94,066	67,365
		<u>998,421,712</u>	<u>970,991,372</u>
25.2.1 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.			
	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
25.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		369,989,325	366,797,666
Sale		321,697,270	316,267,981
		<u>691,686,595</u>	<u>683,065,647</u>
25.2.3 Commitments in respect of forward government securities transactions			
Purchase		9,081,000	-
Sale		2,699,000	-
		<u>11,780,000</u>	<u>-</u>
25.2.4 Commitments in respect of derivatives			
FX options			
Purchase	26.1	904,470	-
Sale	26.1	904,470	-
		<u>1,808,940</u>	<u>-</u>

Notes to and forming part of the Consolidated Financial Statements

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	Note	2021	2020
		----- (Rupees in '000) -----	
25.2.5	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	74,031,695	66,651,116
	Others	46,588,348	57,859,819
		<u>120,620,043</u>	<u>124,510,935</u>

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

	Note	2021	2020
		----- (Rupees in '000) -----	
25.2.6	Commitments in respect of operating leases		
	Not later than one year	108,239	58,443
	Later than one year and not later than five years	34,335	37,620
	Later than five years	26,296	30,030
		<u>168,870</u>	<u>126,093</u>

25.3 Other contingencies

25.3.1	Claims against the Group not acknowledged as debts	<u>12,362,885</u>	<u>11,465,207</u>
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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.

25.3.2 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.

25.3.3 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 08, 2015, in the High Court of Sindh. A favorable outcome of this petition is expected.

25.4 For contingencies relating to taxation, refer note 14.2.

26. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The Risk management policy related to derivatives is discussed in note 48.8

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

26.1 Product analysis

Counterparties	2021									
	Interest rate swaps		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	Notional principal	Mark to market gain
	----- (Rupees in '000) -----									
With banks for										
Hedging	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55
With FIs other than banks for										
Hedging	-	-	-	-	-	-	199,000	1,047	199,000	1,047
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	199,000	1,047	199,000	1,047
With other entities for										
Hedging	-	-	-	-	9,081,000	7,374	-	-	9,081,000	7,374
Market making	-	-	904,470	-	-	-	-	-	904,470	-
	-	-	904,470	-	9,081,000	7,374	-	-	9,985,470	7,374
Total										
Hedging	-	-	904,470	-	9,081,000	7,374	2,699,000	1,102	12,684,470	8,476
Market making	-	-	904,470	-	-	-	-	-	904,470	-
	-	-	1,808,940	-	9,081,000	7,374	2,699,000	1,102	13,588,940	8,476

Counterparties	2020									
	Interest rate swaps		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	Notional principal	Mark to market gain
	----- (Rupees in '000) -----									
With banks for										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With FIs other than banks for										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With other entities for										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

26.2 Maturity analysis of derivatives

Remaining maturity	2021					2020				
	Number of contracts	Notional principal	Mark to Market			Number of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net			Negative	Positive	Net
	----- (Rupees in '000) -----					----- (Rupees in '000) -----				
Upto 1 month	15	1,088,140	-	1,047	1,047	-	-	-	-	-
1 to 3 months	18	9,893,490	-	7,374	7,374	-	-	-	-	-
3 to 6 months	3	2,607,310	-	55	55	-	-	-	-	-
6 months to 1 year	-	-	-	-	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-	-	-	-	-
2 to 3 Years	-	-	-	-	-	-	-	-	-	-
	36	13,588,940	-	8,476	8,476	-	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020
27. MARKUP / RETURN / INTEREST EARNED			
On:			
Loans and advances		43,093,615	54,825,270
Investments		107,015,026	98,053,683
Lendings to financial institutions		2,107,373	2,634,660
Balances with banks		545,166	565,174
		<u>152,761,180</u>	<u>156,078,787</u>
28. MARKUP / RETURN / INTEREST EXPENSED			
On:			
Deposits		58,913,795	62,102,063
Borrowings		14,115,554	11,351,528
Subordinated debt		901,417	1,099,595
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,117,115	3,526,540
Lease liability against right-of-use assets		977,485	925,848
		<u>78,025,366</u>	<u>79,005,574</u>
29. FEE AND COMMISSION INCOME			
Branch banking customer fees		1,849,209	1,734,499
Consumer finance related fees		1,243,888	1,000,321
Card related fees (debit and credit cards)		2,998,760	2,204,290
Investment banking fees		479,830	329,561
Financial Institution rebate / commission		364,083	280,324
Corporate service charges / facility fee		473,528	410,214
Commission on trade		643,493	594,536
Commission on guarantees		600,684	751,361
Commission on cash management		979,969	846,302
Commission on remittances including home remittances - net		2,252,241	2,267,149
Commission on bancassurance		1,543,168	1,170,790
Commission on Benazir Income Support Program		-	38,145
Management fee		824,942	707,413
Rent on lockers		202,623	189,943
Others		260,214	305,238
		<u>14,716,632</u>	<u>12,830,086</u>
30. GAIN ON SECURITIES - NET			
Realised	30.1	3,461,504	610,002
Unrealised - held for trading		16,282	228
		<u>3,477,786</u>	<u>610,230</u>
30.1 Realised gain / (loss) on:			
Federal Government securities		1,372,272	(396,226)
Shares		574,559	671,556
Foreign securities		1,514,673	334,672
		<u>3,461,504</u>	<u>610,002</u>
31. OTHER INCOME			
Charges recovered		246,261	285,249
Rent on properties		68,531	38,688
Gain on sale of fixed assets - net		32,534	69,565
Gain on sale of Ijarah assets		3,928	792
Gain on disposal of non-banking assets	31.1 & 14.3.3	-	191,559
Gain on trading liabilities - net		30,883	101,445
		<u>382,137</u>	<u>687,298</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

31.1 The Group earned nil gain (2020: Rs. 191.559 million) gain against the sale of the following non-banking assets.

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Open plots situated in Karachi		-	226,054
Open plots situated in Islamabad		-	(17,500)
Property situated in Faisalabad		-	(16,995)
		-	191,559
32. OPERATING EXPENSES			
Total compensation expense	32.1	18,851,737	17,692,403
Property expense			
Rent and taxes	32.6	1,065,824	1,145,069
Insurance		263,488	234,546
Utilities cost		1,668,282	1,451,976
Security (including guards)		1,011,412	1,016,246
Repair and maintenance (including janitorial charges)		345,138	240,979
Depreciation	10.2	845,758	832,999
Depreciation - right-of-use assets	10.2	1,975,854	1,662,049
Depreciation on non-banking assets acquired in satisfaction of claims	14.3.2	5,180	-
Others		31,611	42,162
		7,212,547	6,626,026
Information technology expenses			
Software maintenance		1,485,332	1,363,271
Hardware maintenance		709,198	601,230
Depreciation	10.2	904,033	855,627
Amortisation	11.1	877,927	855,574
Network charges		805,254	755,059
Consultancy charges		240,587	149,380
		5,022,331	4,580,141
Other operating expenses			
Directors' fees and allowances	42.2	75,300	86,200
Fees and allowances to Shariah Board	42.3	10,548	9,544
Legal and professional charges		873,141	745,742
Commission paid to branchless banking agents		388,782	356,060
Commission paid to sales force		1,405,699	1,235,330
Outsourced service costs		1,425,856	1,421,662
Travelling and conveyance		154,521	157,708
Clearing charges		211,543	225,278
Depreciation	10.2	1,250,463	1,222,540
Depreciation on Islamic financing against leased assets		169,954	216,195
Training and development		62,872	98,135
Postage and courier charges		373,349	306,072
Communication		483,011	520,961
Stationery and printing		816,405	967,386
Marketing, advertisement and publicity		816,617	648,028
Donations	32.4	134,236	342,245
Auditors' remuneration	32.5	177,641	129,415
Insurance		108,043	234,804
Deposit protection premium expense		1,586,701	1,367,556
Cash transportation and sorting charges		840,283	805,942
Entertainment		185,767	152,567
Vehicle expenses		99,983	91,013
Subscription		228,948	217,201
Office running expenses		168,619	177,247
Banking service charges		2,279,719	1,742,317
Repairs and maintenance		835,293	632,022
Cartage, freight and conveyance		49,710	45,228
Winding up provisions		545,701	-
Miscellaneous expenses		601,746	690,076
		16,360,451	14,844,474
		47,447,066	43,743,044

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

32.1 Total compensation expense	Note	2021	2020
----- (Rupees in '000) -----			
Fees and Allowances etc		2,700,502	2,614,509
Managerial remuneration			
i) Fixed		8,806,977	8,205,918
ii) Variable - Bonus		1,344,464	1,105,114
Charge for defined benefit plan		601,075	588,091
Contribution to defined contribution plan		570,782	518,344
Charge for compensated absences		39,083	70,902
Rent & house maintenance		2,508,614	2,327,467
Utilities		1,337,229	1,236,215
Medical		880,416	813,484
Conveyance		430,735	389,918
Group assurance premium		25,913	64,018
Others		(425,945)	(360,577)
Sub-total		18,819,845	17,573,403
Awards		-	119,000
Severance allowance	32.2	31,892	-
Grand Total		18,851,737	17,692,403
----- (Number of persons) -----			
Awards		-	1
Severance allowance		6	-

32.2 This pertains to severance announced for voluntary liquidation of UBL Switzerland.

32.3 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,776.665 million (2020: Rs. 1,652.420 million). This cost includes outsourced service costs, which are disclosed specifically in note 32. Of the total cost of Rs. 1,776.665 million (2020: Rs. 1,652.420 million), Rs. 1,465.852 million (2020: Rs. 1,246.825 million) pertains to the payment to companies incorporated in Pakistan and Rs. 310.813 million (2020: Rs. 405.595 million) pertains to payment to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil (2020: nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2021	2020
----- (Rupees in '000) -----			
Paradise Press (Private) Limited	Cheque book printing services	45,152	40,699
Apex Printry (Private) Limited	Cheque book printing services	55,531	45,097
Printlink	Cheque book printing services	46,115	40,889
EBRYX Technologies F.Z.C	IT security gateway solution	68,573	-
ASC First Solution (Private) Limited	Storage and digital archiving services	5,322	5,765
Wackenhut Pakistan (Private) Limited	Cash Replenishment	25,130	1,098
Raaziq International	Storage and digital archiving services	15,706	14,418
Qadri Enterprises	Key Punch	9,061	9,709
TCS (Private) Limited	Statement of account printing and dispatching	80,219	73,083
		350,809	230,758

Notes to and forming part of the Consolidated Financial Statements

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32.4 Details of donations

	2021	2020
	----- (Rupees in '000) -----	
Donations individually exceeding Rs. 0.5 million		
Shaukat Khanum Memorial Trust	35,000	33,000
Namal Educational Foundation	30,000	95,000
The Noorani Foundation	20,000	-
Saylani Welfare International Trust	10,000	25,000
Lahore University of Management Sciences	10,000	10,000
Shalamar Hospital	5,000	5,000
Forman Christian College	5,000	5,000
The Citizens Foundation	3,400	-
Sahara for Life Trust	3,294	10,000
Patients Aid Foundation	3,000	-
Kashmir Education Foundation	2,519	-
Nasra Schools	1,783	-
Patients Behbud Society for AKUH	1,540	-
Family Educational Services Foundation	1,350	-
Jinnah Foundation	1,000	-
Marie Adelaide Leprosy Center	850	850
PMs COVID-19 Pandemic Relief Fund – 2020	-	100,000
Abdul Sattar Edhi Foundation	-	43,000
Noor International	-	11,200
IBA - National Talent Hunt Program	-	3,436
Donations individually not exceeding Rs. 0.5 million	500	759
	<u>134,236</u>	<u>342,245</u>

32.4.1 None of the directors, executives or their spouses had any interest in the donees.

32.5 Auditors' remuneration

	2021		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee - Bank	17,280	30,373	47,653
Audit fee - Subsidiaries	5,671	65,481	71,152
Fee for tax and other statutory certifications	6,061	1,375	7,436
Consultancy and other services	39,006	4,227	43,233
Out of pocket expenses	7,447	720	8,167
	<u>75,465</u>	<u>102,176</u>	<u>177,641</u>
	2020		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee - Bank	16,848	47,063	63,911
Audit fee - Subsidiaries	1,572	42,574	44,146
Fee for tax and other statutory certifications	7,759	-	7,759
Consultancy and other services	4,746	-	4,746
Out of pocket expenses	6,696	2,157	8,853
	<u>37,621</u>	<u>91,794</u>	<u>129,415</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

32.6 This includes expense in respect of short term leases, low value assets and expenses relating to variable lease payments not included in lease liabilities amounting to Rs. 32.860 million (2020: Rs. 24.687 million), Rs. 0.007 million (2020: Rs. 0.007 million) and nil (2020: nil) respectively.

33. WORKERS' WELFARE FUND

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

34. OTHER CHARGES	Note	2021	2020
		----- (Rupees in '000) -----	
Penalties imposed by the SBP		164,032	163,940
Penalties imposed by other regulatory bodies of overseas branches		34,525	3,395
		<u>198,557</u>	<u>167,335</u>

35. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET

(Reversal) / provision for diminution in value of investments - net	8.3	(1,797,917)	826,795
Provision against loans and advances - net	9.4	1,223,011	16,139,278
Bad debts written off directly	9.6	92,921	143,246
(Reversal) / provision against other assets - net	14.4.1	(168,605)	154,855
(Reversal) / provision against off-balance sheet obligations - net	21.1	(344,250)	431,749
Recoveries against written off / charged off bad debts		(633,138)	(494,488)
Reversal of deficit on revaluation of fixed assets		(196,888)	-
Other provisions / write-offs		376,339	54,243
		<u>(1,448,527)</u>	<u>17,255,678</u>

36. TAXATION

Current	21,068,403	17,384,124
Prior years	(188,739)	(11,001)
Deferred	594,814	(3,795,843)
	<u>21,474,478</u>	<u>13,577,280</u>

36.1 Relationship between tax expense and accounting profit

Accounting profit for the year	52,167,055	34,382,187
Tax on income @ 35% (2020: 35%)	18,258,469	12,033,765
Super tax @ 4% (2020 : 4%)	2,085,086	1,367,699
Additional tax charge under sub rule 6A	800,223	-
Tax effect of permanent differences	77,437	65,261
Impact of different tax rates of subsidiaries (permanent differences)	240,217	54,403
Others	13,046	56,152
Tax charge	<u>21,474,478</u>	<u>13,577,280</u>

37. EARNINGS PER SHARE

Profit after tax attributable to equity shareholders of the Bank	<u>30,408,777</u>	<u>20,937,918</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>1,224,179,687</u>	<u>1,224,179,687</u>
	----- (Rupees) -----	
Basic and diluted earnings per share	<u>24.84</u>	<u>17.10</u>

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2021 and 2020.

Notes to and forming part of the Consolidated Financial Statements

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	Note	2021	2020
		----- (Rupees in '000) -----	
38. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	273,949,520	258,139,459
Balances with other banks	6	29,975,564	29,583,028
		<u>303,925,084</u>	<u>287,722,487</u>

38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021				2020			
	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----							
Balance as at January 01,	7,950,494	15,957	357,578	87,527,909	7,826,864	19,095	538,884	77,335,249
Changes from financing cash flows								
Payment of lease liability against right-of-use assets	(2,710,677)	-	-	-	(2,231,752)	-	-	-
Payment of liabilities against assets subject to finance lease	-	(3,764)	-	-	-	(3,138)	-	-
Dividend Paid	-	-	(23,626,637)	-	-	-	(8,140,734)	-
Total changes from financing cash flows	(2,710,677)	(3,764)	(23,626,637)	-	(2,231,752)	(3,138)	(8,140,734)	-
Other Changes								
- Liability related								
Cash dividend	-	-	26,323,715	(26,323,715)	-	-	7,959,428	(7,959,428)
Interest expense on lease liability against right-of-use assets	977,485	-	-	-	925,848	-	-	-
Non-cash based	2,356,045	-	-	-	1,429,534	-	-	-
Total liability related other changes	3,333,530	-	26,323,715	(26,323,715)	2,355,382	-	7,959,428	(7,959,428)
- Equity related	-	-	-	28,635,908	-	-	-	18,152,088
Balance as at December 31,	<u>8,573,347</u>	<u>12,193</u>	<u>3,054,656</u>	<u>89,840,102</u>	<u>7,950,494</u>	<u>15,957</u>	<u>357,578</u>	<u>87,527,909</u>

39. STAFF STRENGTH

	2021			2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Note	----- (Number of employees) -----					
Permanent	11,666	317	11,983	11,180	376	11,556
On contract	21	2	23	31	10	41
Group's own staff strength	11,687	319	12,006	11,211	386	11,597
Outsourced	1,542	49	1,591	1,822	66	1,888
Total	13,229	368	13,597	13,033	452	13,485

39.1 This excludes employees of outsourced services companies assigned to the Group to perform services of security guards and janitorial staff.

40. DEFINED BENEFIT PLANS

40.1 The Bank (Holding Company)

40.1.1 General description

The Bank operates the following schemes:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

40.1.2 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on January 01, 1975 for Clerical and Non-Clerical employees and on the May 01, 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

40.1.3 Gratuity scheme

The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

40.1.4 Benevolent fund scheme

The Bank also operates a funded benevolent fund scheme which covers all regular employees of the Bank who joined the Bank pre-privatisation. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction. Employees covered under this scheme, are entitled to receive benevolent grants on death, disability, retirement and other contingencies as monthly grant payment or one-time payment subject to certain conditions as specified in the rules of the fund.

40.1.5 Post retirement medical benefits

The Bank also provides a non-funded post retirement medical benefits to eligible retired employees. The post-retirement medical scheme covers all regular employees of the Bank who joined the Bank pre-privatisation.

40.1.6 Compensated absences

The Bank maintains a non-funded scheme for compensated absences.

40.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2021 ----- (Number) -----	2020 -----
- Pension fund	695	801
- Gratuity fund	10,776	10,083
- Post-retirement medical benefit scheme	959	1,108
- Benevolent fund	1,062	1,249
- Employee compensated absences	1,061	1,258

In addition to above active employees, pension fund, benevolent fund and post-retirement medical benefit schemes include 7,064 (2020: 7,049), 1,951 (2020: 1,982) and 7,640 (2020: 7,346) members respectively who have retired or whose widows and other beneficiaries are receiving the benefits.

40.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2021, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2021 ----- Per annum -----	2020 -----
Discount rate	11.75%	9.75%
Expected rate of salary increase	9.75%	7.75%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	5.75%	3.75%
Expected rate of return on plan assets	11.75%	9.75%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

40.4 Pension, gratuity, benevolent fund schemes and other benefits

The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2021 are as follows:

	Note	2021			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
----- (Rupees in '000) -----					
Present value of obligations		(10,109,150)	(1,205,040)	(298,047)	(2,175,874)
Fair value of plan assets		12,155,659	1,101,355	328,607	-
Receivable / (payable)		2,046,509	(103,685)	30,560	(2,175,874)

2020					
----- (Rupees in '000) -----					
Present value of obligations		(11,604,939)	(1,049,184)	(331,363)	(2,028,687)
Fair value of plan assets		10,521,021	1,015,218	330,708	-
Payable		(1,083,918)	(33,966)	(655)	(2,028,687)

40.5 Movement in present value of defined benefit obligations

	Note	2021			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
----- (Rupees in '000) -----					
Obligations at the beginning of the year		11,604,939	1,049,184	331,363	2,028,687
Current service cost		23,694	164,282	3,917	471
Interest cost		1,020,574	104,189	29,798	192,584
Benefits paid by the Bank		(891,349)	(167,607)	(40,031)	(136,430)
Return allocated to other funds	40.8.1.1	51,513	-	-	-
Remeasurement (gains) / losses		(1,700,221)	54,992	(27,000)	90,562
Obligations at the end of the year		10,109,150	1,205,040	298,047	2,175,874

2020					
----- (Rupees in '000) -----					
Obligations at the beginning of the year		10,098,497	911,763	329,300	1,950,906
Current service cost		23,856	152,839	4,109	524
Interest cost		994,529	105,266	34,197	213,970
Benefits paid by the Bank		(901,142)	(126,864)	(42,236)	(97,195)
Return allocated to other funds	40.8.1.1	58,882	-	-	-
Remeasurement losses / (gains)		1,330,317	6,180	5,993	(39,518)
Obligations at the end of the year		11,604,939	1,049,184	331,363	2,028,687

40.6 Movement in fair value of plan assets

	2021			2020		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
----- (Rupees in '000) -----						
Fair value at the beginning of the year	10,521,021	1,015,218	330,708	9,318,843	968,544	424,706
Interest income on plan assets	1,000,068	101,028	29,737	996,935	111,322	44,373
Contribution by the Bank	1,439,154	132,415	1,384	877,014	92,184	1,601
Contribution by the employees	-	-	1,384	-	-	1,601
Amount paid by the fund to the Bank	(1,107,948)	(171,523)	(40,036)	(703,722)	(125,781)	(137,717)
Remeasurement gains / (losses)	303,364	24,217	5,430	31,951	(31,051)	(3,856)
Fair value at the end of the year	12,155,659	1,101,355	328,607	10,521,021	1,015,218	330,708

Notes to and forming part of the Consolidated Financial Statements

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40.7	Movement in (payable) / receivable under defined benefit schemes	Note	2021			
			Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
----- (Rupees in '000) -----						
	Opening balance		(1,083,918)	(33,966)	(655)	(2,028,687)
	Adjustment for mark-up		2,777	544	199	-
	Charge for the year		(95,713)	(167,443)	(2,594)	(193,055)
	Contribution by the Bank		1,439,154	132,415	1,384	-
	Amount paid by the Fund to the Bank		(1,107,948)	(171,523)	(40,036)	-
	Benefits paid by the Bank		891,349	167,607	40,031	136,430
	Remeasurement gains / (losses) recognised in OCI		2,000,808	(31,319)	32,231	(90,562)
	Closing balance		2,046,509	(103,685)	30,560	(2,175,874)
----- (Rupees in '000) -----						
2020						
	Opening balance		(779,654)	56,781	95,406	(1,950,906)
	Adjustment for mark-up		9,749	310	539	-
	(Charge) / reversal for the year		(80,332)	(146,783)	7,668	(214,494)
	Contribution by the Bank		877,014	92,184	1,601	-
	Amount paid by the Fund to the Bank		(703,722)	(125,781)	(137,717)	-
	Benefits paid by the Bank		901,142	126,864	42,236	97,195
	Remeasurement (losses) / gains recognised in OCI		(1,308,115)	(37,541)	(10,388)	39,518
	Closing balance		(1,083,918)	(33,966)	(655)	(2,028,687)

40.8 Charge for defined benefit plans

40.8.1 Cost recognised in profit and loss

40.8.1	Cost recognised in profit and loss	Note	2021			
			Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
----- (Rupees in '000) -----						
	Current service cost	40.5	23,694	164,282	3,917	471
	Past service cost		-	-	-	-
	Net interest on defined benefit asset		20,506	3,161	61	192,584
	Return allocated to other funds	40.8.1.1	51,513	-	-	-
	Employees' contribution		-	-	(1,384)	-
			95,713	167,443	2,594	193,055
----- (Rupees in '000) -----						
2020						
	Current service cost	40.5	23,856	152,839	4,109	524
	Past service cost		-	-	-	-
	Net interest on defined benefit (liability) / asset		(2,406)	(6,056)	(10,176)	213,970
	Return allocated to other funds	40.8.1.1	58,882	-	-	-
	Employees' contribution		-	-	(1,601)	-
			80,332	146,783	(7,668)	214,494

40.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 4.13.1.

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40.8.2 Remeasurements recognised in OCI during the year

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
(Gains) / losses on obligation				
- Financial assumptions	(1,584,685)	14,089	(28,611)	216,207
- Experience adjustments	(115,536)	40,903	1,611	(125,645)
Return on plan assets over interest income	(303,364)	(24,217)	(5,430)	-
Adjustment for mark-up	2,777	544	199	-
Total remeasurements recognised in OCI	<u>(2,000,808)</u>	<u>31,319</u>	<u>(32,231)</u>	<u>90,562</u>

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Losses / (gains) on obligation				
- Financial assumptions	1,379,653	(9,341)	28,729	153,627
- Experience adjustments	(49,336)	15,521	(22,736)	(193,145)
Return on plan assets over interest income	(31,951)	31,051	3,856	-
Adjustment for mark-up	9,749	310	539	-
Total remeasurements recognised in OCI	<u>1,308,115</u>	<u>37,541</u>	<u>10,388</u>	<u>(39,518)</u>

Remeasurements recognised in OCI during the year pertaining to other schemes as disclosed in note 40.1.7 is Rs. 29.878 million.

40.9 Components of fair value of plan assets

	2021			2020		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	1,469,670	20,075	49,037	236,332	103,110	27,894
Ordinary shares	371,767	6,068	13,426	89,090	5,483	12,491
Term deposits	741,376	-	-	-	-	-
Non-Government debt securities	394,397	23,000	12,012	244,257	23,270	11,893
Mutual Fund units	1,113,120	120,560	10,548	167,165	16,737	-
Pakistan Investment Bonds	5,798,245	666,061	198,390	4,970,102	316,307	133,864
Market Treasury Bills	2,267,084	265,567	45,194	3,306,798	539,015	135,330
National Saving Certificates / Bonds	-	-	-	1,507,277	11,103	2,830
Certificate of Investments	-	-	-	-	-	6,406
Repurchase Agreements	-	24	-	-	193	-
	<u>12,155,659</u>	<u>1,101,355</u>	<u>328,607</u>	<u>10,521,021</u>	<u>1,015,218</u>	<u>330,708</u>

40.9.1 The Funds primarily invests in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

40.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

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	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Increase in discount rate by 1 %	(709,618)	(78,310)	(11,783)	(215,785)
Decrease in discount rate by 1 %	821,363	88,995	12,947	259,035
Increase in expected future increment in salary by 1%	-	95,739	-	-
Decrease in expected future increment in salary by 1%	-	(85,471)	-	-
Increase in expected future increment in pension by 1%	837,438	-	-	-
Decrease in expected future increment in pension by 1%	(733,347)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	240,707
Decrease in expected future increment in medical benefit by 1%	-	-	-	(206,289)

40.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2022, would be as follows:

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,274	-
Expected (reversals) / charge for the year	(215,190)	202,187	(1,508)	249,115

40.12 Maturity profile

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
The weighted average duration of the obligation (in years)	8.02	6.91	3.68	7.91

40.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

40.14 The significant risks associated with the staff retirement benefit schemes are as follows:

Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation and interest rate volatility.

Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

Inflation Risk

The salary inflation is the major risk that the Gratuity and compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of pension, thus carrying no salary inflation risk. However, the hospitalisation benefit is susceptible to medical inflation risk.

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Withdrawal Risk

Withdrawal risk is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. These include:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

40.15 United National Bank Limited Pension and Life Assurance Scheme for U.K Employees

As part of the Shareholders' Agreement (the Agreement) signed on November 9, 2001, between UBL UK and its shareholders, United Bank Limited and National Bank of Pakistan (NBP), it was agreed that UBL UK may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme (the Scheme) with effect from November 19, 2001, the date of completion of transfer of the businesses from the Bank and NBP into UBL UK (the Completion Date). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary.

Under the terms of the Agreement, UBL UK is responsible for the funding requirements of the active members whose employment was transferred to UBL UK on the Completion Date and for any new members admitted to the scheme after the Completion Date. United Bank Limited remains responsible for the funding of the deferred members upto the Completion Date. The scheme is closed for new members and the accrual of benefits has ceased from January 01, 2010.

Full actuarial valuations using the Projected Unit Credit Method are obtained triennially and updated at each statement of financial position date.

The last full actuarial valuation of the scheme was carried out by a qualified actuary. The major assumptions used by the actuary in the latest update as of December 31, 2021, are as follows:

	2021	2020
	----- Per annum -----	
Discount rate	1.90%	1.35%
Expected rate of pension increase	3.00%	3.00%
Retail price inflation	3.60%	3.05%
Consumer price inflation	3.00%	2.25%

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40.15.1 The assets and liabilities of the scheme noted below relate to those employees for whom UBL UK has a funding liability.

	2021		2020	
	Return	Rupees in '000	Return	Rupees in '000
Insurance policy	1.90%	1,549,801	1.35%	1,431,309

40.15.2 The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2021 is as follows:

	2021	2020
	----- (Rupees in '000) -----	
Present value of obligations	(1,591,263)	(1,601,703)
Fair value of plan assets	1,549,801	1,431,309
Payable	<u>(41,462)</u>	<u>(170,394)</u>

40.15.3 Movement in (payable) / receivable during the year

Payable at the beginning of the year	(170,394)	(36,010)
Current service cost	-	(624)
Net Interest cost	(2,483)	(624)
Employer contribution	903	10,180
Remeasurement gain / (loss) recognised in OCI	138,373	(134,215)
Exchange adjustment	<u>(7,861)</u>	<u>(9,101)</u>
Payable at the end of the year	<u>(41,462)</u>	<u>(170,394)</u>

No Directors were members of the defined benefit scheme during the year or as at December 31, 2021.

40.15.4 Movement in present value of defined benefit obligation

	2021	2020
	----- (Rupees in '000) -----	
Obligations at the beginning of the year	1,601,703	1,312,433
Past Service cost	-	624
Interest cost	22,122	26,386
Benefits paid by the Bank	(37,697)	(33,657)
Remeasurement (gain) / loss	(132,053)	189,687
Exchange Adjustment	137,188	106,230
Obligations at the end of the year	<u>1,591,263</u>	<u>1,601,703</u>

40.15.5 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	1,431,309	1,276,423
Interest income on plan assets	19,639	25,762
Contributions to the plan	903	10,180
Amount paid by the fund	(37,697)	(33,657)
Remeasurement gain	6,320	55,472
Exchange Adjustment	129,327	97,129
Fair value of plan assets at the end of the year	<u>1,549,801</u>	<u>1,431,309</u>

40.15.6 Analysis of the amount credited / (debited) to net interest income

Expected return on pension scheme assets	19,639	25,762
Interest on pension scheme liabilities	<u>(22,122)</u>	<u>(26,386)</u>
Net expense	<u>(2,483)</u>	<u>(624)</u>

40.15.7 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

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	2021	
	(Rupees in '000)	
Increase in discount rate by 1 %	(232,566)	
Decrease in discount rate by 1 %	296,188	
Increase in expected inflation rate by 1%	111,994	
Decrease in expected inflation rate by 1%	(17,871)	
Increase in life expectancy by 1 year	62,669	
Decrease in life expectancy by 1 year	(62,192)	
40.16 UBL Fund Managers Limited		
40.16.1 Principal actuarial assumptions		
<p>UBL FM operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service. The minimum qualifying eligible service for gratuity is 3 years for employees and executives. The latest actuarial valuation of the subsidiary's defined benefit plan, based on Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2021. The main assumptions used in the actuarial valuation are as follows:</p>		
	2021	2020
	----- Per annum -----	
Discount rate	11.75%	9.75%
Expected rate of return on plan assets	11.75%	9.75%
Expected rate of salary increase	11.75%	9.75%
40.16.2	The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2021 is as follows:	
	2021	2020
	----- (Rupees in '000) -----	
Present value of obligations	(87,700)	(79,666)
Fair value of plan assets	78,257	54,148
Payable	<u>(9,443)</u>	<u>(25,518)</u>
40.16.3 Movement in (payable) / receivable during the year		
Payable at the beginning of the year	(25,518)	(20,897)
Current service cost	(17,156)	(16,728)
Net interest expense	(2,435)	(2,338)
Employer contribution	35,809	12,857
Remeasurement (loss) / gain	(143)	1,588
Payable at the end of the year	<u>(9,443)</u>	<u>(25,518)</u>
40.16.4 Movement in present value of defined benefit obligation		
Obligation at the beginning of the year	79,666	74,639
Current service cost	17,156	16,728
Interest cost	8,149	8,941
Benefits paid	(15,994)	(19,845)
Remeasurement gain	(1,277)	(797)
Obligation at the end of the year	<u>87,700</u>	<u>79,666</u>

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	2021	2020
	----- (Rupees in '000) -----	
40.16.5 Movement in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	54,148	53,742
Interest income on plan assets	5,714	6,603
Contributions to the plan	35,809	12,857
Benefits paid	(15,994)	(19,137)
Remeasurement (loss) / gain	(1,420)	83
Fair value of plan assets at the end of the year	<u>78,257</u>	<u>54,148</u>
40.16.6 Composition of plan assets		
Cash and cash equivalents - net	7,855	3,201
Debt securities	15,562	34,528
Mutual funds units	1,133	497
Ordinary shares	<u>53,707</u>	<u>15,922</u>
	<u>78,257</u>	<u>54,148</u>
40.16.7 Charge for defined benefit plan		
Current service cost	17,156	16,728
Interest cost	8,149	8,941
Interest income on plan assets	(5,714)	(6,603)
	<u>19,591</u>	<u>19,066</u>
Actual return on plan assets	<u>5,714</u>	<u>6,603</u>

40.16.8 Maturity profile and expected future contribution

Based on actuarial advice, management estimates that the expected charge for the year ending December 31, 2022, would be Rs. 18.544 million respectively. The weighted average duration of the obligation as of December 31, 2021, is 9.43 years.

40.16.9 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the defined benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

	2021
	(Rupees in '000)
Increase in discount rate by 1 %	(6,934)
Decrease in discount rate by 1 %	7,994
Increase in salary increment rate by 1%	8,345
Decrease in salary increment rate by 1%	(7,354)

41. OTHER EMPLOYEE BENEFITS

41.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 9,930 (2020: 10,083) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

UBL FM operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

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41.2 Employee Stock Option Scheme

UBL Fund Managers has an incentive scheme for its top performing employees in the form of share options under the policy of Employee Stock Option Scheme (ESOS). The options give a right to subscribe ordinary shares of the Company to the extent of the lower of two million shares or five percent of the share capital of the company as of the grant date. The scheme is divided into three phases and options are exercisable at their respective exercise price determined from time to time according to methodology provided in approved scheme. Each phase gives a right to eligible employees to acquire options after a vesting period of two years, in two tranches i.e. 50% of the vested options are exercisable upon completion of vesting period, while remaining 50% can be exercised after one year. The last phase was completed in 2016 in which 18,121 shares were issued pursuant to exercise of the share options.

42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total Compensation Expense

Items	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	8,400	-	66,900	10,548	-	46,071	-
Managerial Remuneration							
i) Fixed	-	-	-	-	105,600	738,996	669,016
ii) Variable - Bonus	-	-	-	-	95,703	260,099	224,920
Charge for defined benefit plan	-	-	-	-	2,861	12,979	15,970
Contribution to defined contribution plan	-	-	-	-	8,800	38,403	59,302
Rent & house maintenance	-	-	-	-	12,036	68,716	187,178
Utilities	-	-	-	-	2,574	30,541	83,190
Medical	-	-	-	-	115	18,261	41,595
Conveyance	-	-	-	-	4,707	47,579	131,481
Others	-	-	-	-	-	7,281	29,867
Sub-Total	8,400	-	66,900	10,548	232,396	1,268,926	1,442,519
Awards	-	-	-	-	108,467	-	-
Total	8,400	-	66,900	10,548	340,863	1,268,926	1,442,519
Number of Persons	1	-	7	6	1	52	131

Items	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,495	-	75,705	9,544	-	39,234	-
Managerial Remuneration							
i) Fixed	-	-	-	-	81,542	668,091	529,088
ii) Variable - Bonus	-	-	-	-	117,930	184,797	171,899
Charge for defined benefit plan	-	-	-	-	2,484	8,653	14,957
Contribution to defined contribution plan	-	-	-	-	6,795	38,470	61,998
Rent & house maintenance	-	-	-	-	8,811	68,037	138,176
Utilities	-	-	-	-	1,551	35,677	61,412
Medical	-	-	-	-	-	20,872	30,706
Conveyance	-	-	-	-	2,070	42,520	87,940
Others	-	-	-	-	-	2,723	16,044
Sub-Total	10,495	-	75,705	9,544	221,183	1,109,074	1,112,220
Awards	-	-	-	-	-	-	-
Total	10,495	-	75,705	9,544	221,183	1,109,074	1,112,220
Number of Persons	1	-	7	3	2	48	103

The total amount of deferred bonus as at December 31, 2021 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 181.016 million (2020: Rs. 133.402 million). The deferred bonus is held in a trust fund.

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42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2021							
		Meeting Fees and Allowances Paid							
		For Board Committees							
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	4,500	-	3,000	-	-	750	150	8,400
2	Lord Zameer M. Choudrey, CBE, SI Pk	3,750	-	-	3,000	3,000	750	300	10,800
3	Mr. Haider Zameer Choudrey	3,750	3,750	-	-	3,000	-	300	10,800
4	Mr. Arshad Ahmad Mir	3,750	-	3,000	3,000	-	750	-	10,500
5	Mr. Rizwan Pervez	3,750	3,750	3,000	-	-	-	300	10,800
6	Ms. Shazia Syed	3,750	3,750	-	3,000	-	-	-	10,500
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,000	-	3,000	-	-	9,750
	Total Amount Paid	30,750	11,250	12,000	9,000	9,000	2,250	1,050	75,300

		2020							
		Meeting Fees and Allowances Paid							
		For Board Committees							
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	6,300	-	750	-	-	3,000	445	10,495
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,250	-	-	3,000	750	3,000	587	12,587
3	Mr. Haider Zameer Choudrey	5,250	3,750	-	-	3,000	-	587	12,587
4	Mr. Arshad Ahmad Mir	5,250	1,500	3,000	2,250	-	2,250	436	14,686
5	Mr. Rizwan Pervez	5,250	3,750	750	-	-	-	595	10,345
6	Mr. Khalid Ahmed Sherwani*	3,000	2,250	2,250	-	-	-	-	7,500
7	Ms. Shazia Syed**	-	-	-	-	-	-	-	-
8	Mr. Amar Zafar Khan	4,500	2,250	2,250	-	-	-	-	9,000
9	Mr. Tariq Rashid	4,500	750	750	-	3,000	-	-	9,000
	Total Amount Paid	39,300	14,250	9,750	5,250	6,750	8,250	2,650	86,200

* Mr. Khalid Ahmed Sherwani resigned from the Board with effect from August 05, 2020.

** Ms. Shazia Syed joined the Board with effect from November 10, 2020.

42.3 Remuneration paid to Shariah Board Members

Items	2021				2020			
	Chairman	Resident Member	Non-Resident Member(s)	Total	Chairman	Resident Member	Non-Resident Member(s)	Total
(Rupees in '000)								
Meeting Fees and Allowances	4,152	3,564	2,832	10,548	2,772	4,000	2,772	9,544
Tota	2	2	2		1	1	1	

43. 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, 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.

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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.

43.1 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).

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:

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
Non-Government debt securities	The fair value of non-government securities is determined using the rates from MUFAP.
Foreign debt securities	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of each business day.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
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 financial statements.

43.2 Fair value of financial assets

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognised or disclosed at fair value in these consolidated financial statements:

On-balance sheet financial instruments	2021				
	Carrying Value	Fair value			Total
	Level 1	Level 2	Level 3		
(Rupees in '000)					
Financial assets measured at fair value					
Investments					
- Federal Government Securities	1,076,073,066	-	1,076,073,066	-	1,076,073,066
- Foreign Bonds - sovereign	57,654,277	-	57,654,277	-	57,654,277
- Foreign Bonds - others	2,732,032	-	2,732,032	-	2,732,032
- Ordinary shares of listed companies	9,665,709	9,665,709	-	-	9,665,709
- Mutual Fund units	242,468	-	242,468	-	242,468
- Non-Government debt securities	2,072,482	-	2,072,482	-	2,072,482
- Real Estate Investment Trust units	506,950	506,950	-	-	506,950
	1,148,946,984	10,172,659	1,138,774,325	-	1,148,946,984

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	2021				
	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	305,701,682	-	296,942,277	-	296,942,277
- Foreign Bonds - Market Treasury Bills	2,682,985	-	2,682,985	-	2,682,985
- Foreign Bonds - sovereign	32,937,264	-	32,805,738	-	32,805,738
- Foreign Bonds - others	2,159,801	-	2,183,328	-	2,183,328
- Non-Government debt securities	20,231,923	-	20,377,332	-	20,377,332
	363,713,655	-	354,991,660	-	354,991,660
	1,512,660,639	10,172,659	1,493,765,985	-	1,503,938,644

Off-balance sheet financial instruments - measured at fair value

Forward purchase and sale of foreign exchange contracts	691,686,595	-	2,607,023	-	2,607,023
FX options - purchased and sold	1,808,940	-	-	-	-
Forward purchase and sale of Government Securities	11,780,000	-	8,476	-	8,476

	2020				
	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				

On-balance sheet financial instruments

Financial assets measured at fair value

Investments					
- Federal Government Securities	811,834,934	-	811,834,934	-	811,834,934
- Foreign Bonds - sovereign	81,709,882	-	81,709,882	-	81,709,882
- Foreign Bonds - others	7,503,650	-	7,503,650	-	7,503,650
- Ordinary shares of listed companies	10,383,260	10,383,260	-	-	10,383,260
- Mutual Fund units	228,518	-	228,518	-	228,518
- Non-Government debt securities	1,720,302	-	1,720,302	-	1,720,302
- Real Estate Investment Trust units	441,914	441,914	-	-	441,914
	913,822,460	10,825,174	902,997,286	-	913,822,460

Financial assets - disclosed but not measured at fair value

Investments					
- Federal Government Securities	204,958,067	-	208,585,861	-	208,585,861
- Foreign Bonds - sovereign	24,412,008	-	25,838,959	-	25,838,959
- Foreign Bonds - others	1,238,565	-	1,285,465	-	1,285,465
- Non-Government debt securities	16,411,506	-	16,570,036	-	16,570,036
	247,020,146	-	252,280,321	-	252,280,321
	1,160,842,606	10,825,174	1,155,277,607	-	1,166,102,781

Off-balance sheet financial instruments

Forward purchase and sale of foreign exchange contracts	683,065,647	-	(29,391)	-	(29,391)
FX options - purchased and sold	-	-	-	-	-
Forward purchase and sale of Government Securities	-	-	-	-	-

43.3 Fair Value of non-financial assets

	2021				
	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Fixed Assets	59,874,618	-	-	59,874,618	59,874,618
Non-banking assets acquired in satisfaction of claims	213,344	-	-	213,344	213,344
	60,087,962	-	-	60,087,962	60,087,962

	2020				
	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Fixed Assets	42,328,901	-	-	42,328,901	42,328,901
Non-banking assets acquired in satisfaction of claims	236,084	-	-	236,084	236,084
	42,564,985	-	-	42,564,985	42,564,985

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43.4 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.

44. SEGMENT INFORMATION

44.1 Segment details with respect to business activities

	2021							Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	
(Rupees in '000)								
Profit & Loss								
Net mark-up / return / profit	24,469,344	78,385,139	(43,705,708)	5,200,775	8,043,384	2,977,290	(634,410)	74,735,814
Inter segment (expense) / revenue - net	(20,339,695)	(75,031,260)	89,795,726	-	-	-	5,575,229	-
Non mark-up / return / interest income	3,124,616	4,464,451	9,193,117	349,080	4,709,662	1,848,522	973,902	24,663,350
Total Income	7,254,265	7,818,330	55,283,135	5,549,855	12,753,046	4,825,812	5,914,721	99,399,164
Segment direct expenses	1,263,533	577,401	27,653,589	2,010,649	4,945,848	4,714,810	7,514,806	48,680,636
Inter segment expense allocation	498,100	80,888	6,390,687	-	428,085	-	(7,397,760)	-
Total expenses	1,761,633	658,289	34,044,276	2,010,649	5,373,933	4,714,810	117,046	48,680,636
Provisions - net	642,747	862,204	383,545	(70,032)	(1,022,450)	493,120	159,393	1,448,527
Profit before tax	6,135,379	8,022,245	21,622,404	3,469,174	6,356,663	604,122	5,957,068	52,167,055
Balance Sheet								
Cash & Bank balances	5,847	83,432,361	131,034,116	20,417,689	53,921,299	15,113,772	-	303,925,084
Investments	8,802,055	1,277,993,225	-	87,124,858	113,449,568	28,612,055	5,485,581	1,521,467,342
Net inter segment lendings	-	-	1,200,813,673	3,061,160	-	-	73,725,465	1,277,600,298
Lendings to financial institutions	-	49,826,776	-	-	-	536,971	1,874,300	52,238,047
Advances - performing	421,026,745	16,109	48,013,514	43,788,936	118,247,080	117,830,211	3,786,906	752,709,501
Advances - non-performing net of provision	2,765,799	-	414,816	66,191	8,041,387	2,762,452	20,974	14,071,619
Others	15,418,743	22,200,014	17,122,102	2,493,298	12,940,001	4,541,689	62,100,916	136,816,763
Total Assets	448,019,189	1,433,468,485	1,397,398,221	156,952,132	306,599,335	169,397,150	146,994,142	4,058,828,654
Borrowings	62,724,244	474,334,893	4,626,077	5,714,199	15,885,337	1,888,172	-	565,172,922
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	47,718,108	302,491	1,330,967,753	139,534,238	232,014,732	135,073,032	161,218	1,885,771,572
Net inter segment borrowings	307,488,592	969,169,066	-	-	942,640	-	-	1,277,600,298
Others	26,327,113	(10,792,063)	49,140,583	4,697,855	7,199,243	2,847,329	12,549,826	91,969,886
Total Liabilities	444,258,057	1,433,014,387	1,384,734,413	149,946,292	256,041,952	139,808,533	22,711,044	3,830,514,678
Equity	3,761,132	454,098	12,663,808	7,005,840	50,557,383	29,588,617	124,283,098	228,313,976
Total Equity & liabilities	448,019,189	1,433,468,485	1,397,398,221	156,952,132	306,599,335	169,397,150	146,994,142	4,058,828,654
Contingencies and Commitments	368,885,828	239,061,601	40,365,621	14,458,785	469,317,371	50,505,703	182,362	1,182,777,271
2020								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Profit & Loss								
Net mark-up / return / profit	36,465,776	72,064,538	(44,818,240)	4,118,716	7,731,711	2,114,041	(603,329)	77,073,213
Inter segment (expense) / revenue - net	(28,037,168)	(64,465,202)	85,797,705	1,068,993	-	-	5,635,672	-
Non mark-up / return / interest income	2,392,061	2,987,193	7,365,086	211,034	2,777,547	2,150,780	1,465,296	19,348,997
Total Income	10,820,669	10,586,529	48,344,551	5,398,743	10,509,258	4,264,821	6,497,639	96,422,210
Segment direct expenses	1,469,881	550,650	25,494,982	1,679,860	5,244,835	3,691,452	6,652,685	44,784,345
Inter segment expense allocation	558,166	71,664	4,760,410	114,868	539,126	-	(6,044,234)	-
Total expenses	2,028,047	622,314	30,255,392	1,794,728	5,783,961	3,691,452	608,451	44,784,345
Provisions - net	(1,489,772)	(123,276)	(277,900)	(12,905)	(14,853,113)	(487,530)	(11,182)	(17,255,678)
Profit / (loss) before tax	7,302,850	9,840,939	17,811,259	3,591,110	(10,127,816)	85,839	5,878,006	34,382,187

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	2020							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash & Bank balances	125,596	81,844,130	120,943,227	12,153,493	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 lendings	-	-	1,132,694,448	6,980,805	-	-	77,017,055	1,216,692,308
Lendings to financial institutions	-	-	-	19,959,132	-	2,253,310	-	22,212,442
Advances - performing	369,114,172	-	32,976,365	20,390,074	89,119,069	80,220,386	6,811,741	598,631,807
Advances - non-performing net of provision	3,289,437	-	807,045	10,126	7,754,943	1,351,794	6,524	13,219,869
Others	14,521,202	16,648,272	14,869,004	1,700,920	13,301,659	7,426,167	43,627,224	112,094,448
Total Assets	391,853,569	1,030,885,852	1,302,290,089	123,924,151	280,805,918	155,797,787	132,819,507	3,418,376,873
Borrowings	54,852,047	58,593,525	989,202	3,632,752	9,321,566	4,438,093	-	131,827,185
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	63,760,006	132,797	1,245,280,490	110,347,698	220,015,338	124,607,281	248,676	1,764,392,286
Net inter segment borrowings	255,020,028	960,917,205	-	-	755,075	-	-	1,216,692,308
Others	13,779,726	3,328,909	46,185,887	5,772,050	6,305,942	1,728,707	10,731,987	87,833,208
Total Liabilities	387,411,807	1,022,972,436	1,292,455,579	119,752,500	236,397,921	130,774,081	20,980,663	3,210,744,987
Equity	4,441,762	7,913,416	9,834,510	4,171,651	44,407,997	25,023,706	111,838,844	207,631,886
Total Equity & liabilities	391,853,569	1,030,885,852	1,302,290,089	123,924,151	280,805,918	155,797,787	132,819,507	3,418,376,873
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

44.2 Geographical segment analysis

	2021						
	Pakistan	Middle East	Europe	Export Processing Zones	Africa	Total	
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	-	63,675,168	7,826,769	3,017,262	216,615	-	74,735,814
Non mark-up / return / interest income	-	19,322,833	4,561,882	630,855	147,780	-	24,663,350
Total Income	-	82,998,001	12,388,651	3,648,117	364,395	-	99,399,164
Segment direct expenses	-	38,994,302	4,921,186	4,740,486	24,662	-	48,680,636
Inter segment expense allocation	-	(428,085)	425,738	-	2,347	-	-
Total expenses	-	38,566,217	5,346,924	4,740,486	27,009	-	48,680,636
Provisions - net	-	1,977,857	(1,022,450)	493,120	-	-	1,448,527
Profit / (loss) before tax	-	46,409,641	6,019,277	(599,249)	337,386	-	52,167,055
Balance Sheet							
Cash & Bank balances	-	234,926,042	53,577,802	14,837,428	343,497	240,315	303,925,084
Investments	-	1,386,043,230	107,079,223	21,974,544	6,370,345	-	1,521,467,342
Net inter segment lendings	-	1,277,600,298	-	-	-	-	1,277,600,298
Lendings to financial institutions	-	51,701,076	-	536,971	-	-	52,238,047
Advances - performing	-	516,632,210	118,165,300	117,830,211	81,780	-	752,709,501
Advances - non-performing net of provision	-	3,267,780	8,041,387	2,762,452	-	-	14,071,619
Others	-	118,775,527	12,709,196	5,101,235	230,805	-	136,816,763
Total Assets	-	3,588,946,163	299,572,908	163,042,841	7,026,427	240,315	4,058,828,654
Borrowings	-	549,287,585	15,885,337	-	-	-	565,172,922
Subordinated debt	-	10,000,000	-	-	-	-	10,000,000
Deposits and other accounts	-	1,516,457,050	227,406,988	137,299,790	4,607,744	-	1,885,771,572
Net inter segment borrowings	-	1,276,657,658	499,009	-	443,631	-	1,277,600,298
Others	-	82,324,301	7,032,667	2,360,446	166,576	85,896	91,969,886
Total Liabilities	-	3,434,726,594	250,824,001	139,660,236	5,217,951	85,896	3,830,514,678
Equity	-	154,219,569	48,748,907	23,382,605	1,808,476	154,419	228,313,976
Total Equity & liabilities	-	3,588,946,163	299,572,908	163,042,841	7,026,427	240,315	4,058,828,654
Contingencies and Commitments	-	662,954,197	469,287,284	50,505,703	30,087	-	1,182,777,271

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Geographical segment analysis

	2020					Total
	Pakistan	Middle East	Europe	Export Processing Zones	Africa	
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	67,233,631	7,433,417	2,107,871	298,294	-	77,073,213
Non mark-up / return / interest income	15,170,149	2,748,589	1,401,301	28,958	-	19,348,997
Total Income	82,403,780	10,182,006	3,509,172	327,252	-	96,422,210
Segment direct expenses	36,329,244	5,223,825	3,210,266	21,010	-	44,784,345
Inter segment expense allocation	(539,126)	536,869	-	2,257	-	-
Total expenses	35,790,118	5,760,694	3,210,266	23,267	-	44,784,345
Provisions - net	(1,915,035)	(14,853,113)	(487,530)	-	-	(17,255,678)
Profit / (loss) before tax	44,698,627	(10,431,801)	(188,624)	303,985	-	34,382,187
Balance Sheet						
Cash & Bank balances	216,036,851	47,335,696	24,087,229	43,223	219,488	287,722,487
Investments	1,006,733,370	116,564,187	37,818,814	6,687,141	-	1,167,803,512
Net inter segment lendings	1,216,692,308	-	-	-	-	1,216,692,308
Lendings to financial institutions	19,959,132	-	2,253,310	-	-	22,212,442
Advances - performing	429,292,352	89,098,600	80,220,386	20,469	-	598,631,807
Advances - non-performing net of provision	4,113,132	7,754,943	1,351,794	-	-	13,219,869
Others	91,891,772	13,036,360	6,901,017	265,299	-	112,094,448
Total Assets	2,984,718,917	273,789,786	152,632,550	7,016,132	219,488	3,418,376,873
Borrowings	118,487,293	9,321,566	4,018,326	-	-	131,827,185
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits and other accounts	1,419,769,667	214,733,420	124,607,281	5,281,918	-	1,764,392,286
Net inter segment borrowings	1,215,937,233	752,817	-	2,258	-	1,216,692,308
Others	80,192,318	6,141,982	1,323,373	163,960	11,575	87,833,208
Total Liabilities	2,844,386,511	230,949,785	129,948,980	5,448,136	11,575	3,210,744,987
Equity	140,332,406	42,840,001	22,683,570	1,567,996	207,913	207,631,886
Total Equity & liabilities	2,984,718,917	273,789,786	152,632,550	7,016,132	219,488	3,418,376,873
Contingencies and Commitments	649,661,677	398,335,422	86,347,176	163,265	-	1,134,507,540

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

45. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2021			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijarah Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	783,000	-	783,000
Corporates	13	6,080,000	-	8,283,000	14,363,000
Individuals	40	44,700	-	1,767,590	1,812,290
Insurance Companies	7	350,617,700	210,000	3,458,000	354,285,700
NGO / Charitable Organisation	4	550,000	-	2,790,300	3,340,300
Pension & Employee Funds	32	47,275,200	175,000	8,425,700	55,875,900
Others	13	4,512,900	-	3,037,730	7,550,630
Total	110	409,080,500	1,168,000	27,762,320	438,010,820
Category	Number of IPS Accounts	2020			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijarah Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	1,110,500	-	1,110,500
Corporates	7	4,246,500	-	3,237,500	7,484,000
Individuals	43	154,900	-	1,447,770	1,602,670
Insurance Companies	7	372,299,700	413,000	2,352,000	375,064,700
NGO / Charitable Organisation	4	400,000	-	739,300	1,139,300
Pension & Employee Funds	36	42,824,000	175,000	11,021,255	54,020,255
Others	15	2,500,700	-	4,124,345	6,625,045
Total	113	422,425,800	1,698,500	22,922,170	447,046,470

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46. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, directors, key management personnel, associates and other related parties including employee benefit schemes of the Group.

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 and balances with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

46.1 Related party transactions

	2021				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	5,726,952
Repaid during the year	-	-	-	-	(3,371,837)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	2,355,115
Investments					
Opening balance	-	-	-	6,609,954	3,997,489
Investment made during the year	-	-	-	49,574,054	2,563,634
Investment disposed / written off during the year	-	-	-	(47,950,535)	(1,906,511)
Transfers in / (out) - net	-	-	-	-	-
Equity method adjustments	-	-	-	203,161	-
Closing balance	-	-	-	8,436,634	4,654,612
Provision for diminution in value of investments	-	-	-	-	938,502
Provision written off	-	-	-	-	77,606
Advances					
Opening balance	-	10	287,037	-	9,365,687
Addition during the year	-	1,170	92,652	-	84,111,001
Repaid during the year	-	(535)	(49,670)	-	(93,474,920)
Transfers in - net	-	-	1,987	-	-
Closing balance	-	645	332,006	-	1,768
Provision held against advances	-	-	-	-	-
Other Assets					
Interest / mark-up accrued	-	-	-	4,541	149,672
Receivable from staff retirement funds	-	-	-	-	2,077,069
Prepaid insurance	-	-	-	65,811	-
Remuneration receivable from management of funds	-	-	-	89,413	-
Sales load receivable	-	-	-	13,783	-
Formation cost receivable	-	-	-	6,500	-
Provision written off	-	-	-	-	30,164

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	2021				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	488,300
Settled during the year	-	-	-	-	(488,300)
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	6,431,790	157,712	4,285,435	14,535,275
Received during the year	101,751	30,758,130	1,048,423	180,782,484	240,407,932
Withdrawn during the year	(83,150)	(29,420,636)	(1,155,166)	(182,858,765)	(238,798,727)
Transfers in - net	-	-	21,235	-	6,690
Closing balance	18,601	7,769,284	72,204	2,209,154	16,151,170
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	-	33,314	1	11,222	76,214
Dividend payable	2,526,916	8,000	-	-	17,578
Payable to staff retirement fund	-	-	-	-	154,589
Unearned income	-	-	-	-	19,501
Other payable	-	-	-	14,730	-
Contingencies and Commitments					
Forward Government securities - sale	-	-	-	199,000	-
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	17,570	36,684	510,111
Commission / charges recovered	22	333	3,118	28,237	24,814
Dividend received	-	-	-	96,099	811,111
Net gain on sale of securities	-	78	-	64,121	-
Other income	-	-	-	-	21,763
Gain on sale of fixed assets	-	-	7,041	556	-
Remuneration from management of fund	-	-	-	911,543	-
Sales load	-	-	-	47,696	-
Reversal of provision	-	-	-	-	528,488
Switch revenue	-	-	-	-	241,157
Expenses					
Mark-up / return / interest paid	862	401,218	3,805	168,159	933,722
Remuneration paid	-	-	1,546,746	-	-
Post employment benefits	-	-	15,840	-	-
Directors' fee and allowances	-	75,300	-	-	-
Net charge for defined contribution plans	-	-	47,203	-	570,782
Net charge for defined benefit plans	-	-	-	-	601,075
Other expenses	-	-	43,425	-	110,279
Clearing charges	-	-	-	-	132,758
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	65,092

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	2021				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Other information					
Dividend paid	10,502,493	253,519	6,279	125,384	1,820,822
Insurance premium paid	-	-	2,991	525,484	-
Insurance claims settled	-	-	-	524,094	-
	2020				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Investments					
Opening balance	-	-	-	6,113,434	3,943,202
Investment made during the year	-	-	-	15,928,370	54,287
Investment disposed / written off during the year	-	-	-	(15,868,601)	-
Transfers in / (out) - net	-	-	-	-	-
Equity method adjustments	-	-	-	436,751	-
Closing balance	-	-	-	6,609,954	3,997,489
Provision for diminution in value of investments	-	-	-	-	1,544,596
Advances					
Opening balance	-	4,624	287,618	2,155,149	12,715,998
Addition during the year	-	838	73,339	-	16,398,899
Repaid during the year	-	(5,452)	(87,789)	(152,755)	(19,749,210)
Transfers in / (out) - net	-	-	13,869	(2,002,394)	-
Closing balance	-	10	287,037	-	9,365,687
Provision held against advances	-	-	-	2,155,149	-
Other Assets					
Interest mark-up accrued	-	-	-	4,282	232,471
Receivable from staff retirement funds	-	-	-	-	-
Advances, deposits & prepayments	-	-	-	-	63,634
Prepaid insurance	-	-	-	1,002	-
Remuneration receivable from management of funds	-	-	-	77,194	-
Sales load receivable	-	-	-	37,396	-
Formation cost receivable	-	-	-	6,000	-
Receivable against redemption of units of mutual funds	-	-	-	-	-
Dividend receivable	-	-	-	-	-
Other receivable	-	-	-	1,750	30,164
Provision against other assets	-	-	-	-	30,164
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	1,538,000
Settled during the year	-	-	-	-	(1,538,000)
Closing balance	-	-	-	-	-

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	2020				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Deposits and other accounts					
Opening balance	-	8,679,450	71,109	6,539,020	11,343,712
Received during the year	-	29,415,769	1,338,885	147,659,042	170,594,757
Withdrawn during the year	-	(31,659,519)	(1,192,342)	(149,912,627)	(167,409,735)
Transfers (out) / in - net	-	(3,910)	(59,940)	-	6,541
Closing balance		6,431,790	157,712	4,285,435	14,535,275
Subordinated loans	-	-	-	-	-
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	-	39,335	210	14,748	115,024
Payable to staff retirement fund	-	-	-	-	1,314,451
Unearned income	-	-	-	-	-
Other payable	-	3,900	-	22,353	-
Contingencies and Commitments					
Letter of guarantee	-	-	-	-	4,360
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	18,323	34,835	1,221,777
Commission / charges recovered	-	61	3,751	24,666	23,059
Dividend received	-	-	-	96,525	175,794
Net gain on sale of securities	-	-	-	65,653	-
Reversal of provision	-	-	-	152,755	-
Other income	-	-	-	524	15,359
Gain on sale of fixed assets	-	-	7,166	7,063	-
Remuneration from management of fund	-	-	-	707,413	-
Sales load	-	-	-	61,202	-
Switch revenue	-	-	-	-	220,127
Expenses					
Mark-up / return / interest paid	-	184,964	1,112	379,796	346,897
Remuneration paid	-	-	1,273,855	-	-
Post employment benefits	-	-	11,137	-	-
Directors' fee and allowances	-	86,200	-	-	-
Net charge for defined contribution plans	-	-	45,265	-	518,344
Net charge for defined benefit plans	-	-	-	-	588,091
Clearing charges	-	-	-	-	138,487
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	15,604
Custody charges	-	-	-	-	4,757
Other expenses	-	-	36,866	-	44,875
Other information					
Dividend paid	3,490,302	93,435	1,657	18,310	552,936
Insurance premium paid	-	-	1,913	537,120	-
Insurance claims settled	-	-	-	485,047	-

46.2 As disclosed in note 1, with reference to orderly winding up of UBL (Switzerland) AG, during the year ended December 31, 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 Consolidated Financial Statements

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	2021	2020
	----- (Rupees in '000) -----	
47. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
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	142,696,673	137,040,359
Eligible Additional Tier 1 (ADT 1) Capital	10,030,732	10,735,774
Total Eligible Tier 1 Capital	152,727,405	147,776,133
Eligible Tier 2 Capital	48,696,456	47,926,723
Total Eligible Capital (Tier 1 + Tier 2)	201,423,861	195,702,856
Risk Weighted Assets (RWAs):		
Credit Risk	763,003,152	642,342,717
Market Risk	95,817,985	73,650,146
Operational Risk	174,186,005	164,656,143
Total	1,033,007,142	880,649,006
Common Equity Tier 1 Capital Adequacy ratio	13.81%	15.56%
Tier 1 Capital Adequacy Ratio	14.78%	16.78%
Total Capital Adequacy Ratio	19.50%	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 year ended December 31, 2021 stood at Rs.12,241.797 million (2020: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum CAR of 10.00% plus capital conservation buffer of 2.50% and High Loss Absorbency Requirement of 1.00% 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 2.50% to 1.50%, 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 6.00% and 7.50%, respectively, as at December 31, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.50% whereas CET 1 and Tier 1 ratios stood at 13.81% and 14.78% 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 is a sample D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.00%, in the form of Additional CET 1 capital.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	152,727,405	147,776,133
Total Exposures	3,672,809,400	2,639,232,164
Leverage Ratio	<u>4.16%</u>	<u>5.60%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,597,732,985	1,035,616,032
Total Net Cash Outflow	476,786,878	324,975,005
Liquidity Coverage Ratio	<u>335.10%</u>	<u>318.68%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,409,606,992	1,714,566,321
Total Required Stable Funding	1,341,535,238	770,865,635
Net Stable Funding Ratio	<u>179.62%</u>	<u>222.42%</u>

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.ubldigital.com/Investor-Relations/CAR-Statements>.

48. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Furthermore, Risk Management Committee (RMC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance and Business Groups. The Risk and Credit Policy Group led by Chief Risk Officer (CRO) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP. The group is organised into various functions such as Credit Risk Management, Credit Policy & Research, Market & Treasury Risk, Financial Institution Risk, Consumer Credit Policy, Operational Risk & Basel and Information Security Risk. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level.
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the Bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- To identify problem credits and level of provisioning required.
- To establish an extensive Information Security Program and governance structure to manage the Security of the Information assets.

48.1 During the year 2021, continued resurgence in COVID-19 variants weakened the momentum and raised uncertainty in sustaining global economic recovery at various intervals. As global economies gradually recover, a bull run in the global commodity market emerged due to pent up demand. Pakistan being a net importer and marred with imported inflation, struggled to keep its growth on track and fiscal balance amid IMF's tough conditions.

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Higher global commodity prices widened the current account deficit, stoked higher inflation, deteriorated foreign exchange reserves and the exchange rate. Resultantly, the State Bank intervened and took steps such as,

- i) increasing the interest rates by 275 basis points to 9.75%;
- ii) escalating import duties; and
- iii) tightening of consumer debt burden ratio; to curb demand side pressures and entrench the attained growth.

COVID-19 has impacted banks on a number of fronts including increase in the overall credit risk pertaining to loans and advances portfolio and reduced fee income due to overall economic slowdown. With the emergence of the Omicron wave such risks are expected to remain prevalent. However, with rapid vaccination drives in place and necessary measures being taken; the impact is expected to be contained without compromising economic growth substantially.

48.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for Corporate, Commercial, SME and Agri, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorised by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralised, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME and Agri lending. All credit policy functions globally are centrally organised. The Bank is also in the process of automating the credit initiation and approval work flow.

Concentration of credit risk exists if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the Bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing COVID-19 outbreaks.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables. The Bank has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and continues to be rapidly evolving, which makes it challenging to reliably reflect impacts in ECL estimates at any given point in time. However, the Bank has been assessing the situation as it develops and has accounted for the same in its ECL estimates based on best judgment as well as Regulatory guidelines of each overseas jurisdiction.

48.2.1 Lendings to financial institutions

Credit risk by public / private sector	2021	2020	2021	2020	2021	2020
	Gross lendings		Non-performing lendings		Provision held	
	(Rupees in '000)					
Public / Government	19,123,292	6,433,114	-	-	-	-
Private	33,114,755	15,779,328	-	-	-	-
	52,238,047	22,212,442	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

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48.2.2 Investment in debt securities

Credit risk by industry sector	2021	2020	2021	2020	2021	2020
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Chemical and pharmaceuticals	54,351	61,262	54,351	61,262	54,351	61,262
Construction	-	403,386	-	-	-	-
Fertilizers	-	170,400	-	-	-	-
Financial	1,481,168,089	1,131,044,906	-	2,004,405	-	510,210
Food	912	912	912	912	912	912
Metal and allied	250,000	-	-	-	-	-
Production and transmission of energy	15,552,505	14,577,319	-	-	-	-
Textile	486,407	529,263	228,925	228,925	228,925	228,925
Others	11,809,143	4,357,215	1,397	1,397	1,397	1,397
	<u>1,509,321,407</u>	<u>1,151,144,663</u>	<u>285,585</u>	<u>2,296,901</u>	<u>285,585</u>	<u>802,706</u>

Credit risk by public / private sector	2021	2020	2021	2020	2021	2020
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Public / Government	1,474,328,831	1,022,772,243	-	-	-	-
Private	34,992,576	128,372,420	285,585	2,296,901	285,585	802,706
	<u>1,509,321,407</u>	<u>1,151,144,663</u>	<u>285,585</u>	<u>2,296,901</u>	<u>285,585</u>	<u>802,706</u>

48.2.3 Advances

Credit risk by industry sector	2021	2020	2021	2020	2021	2020
	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Agriculture	8,176,227	7,598,682	696,371	1,170,019	413,421	599,102
Airlines	541,988	5,401,008	541,988	1,452,187	541,988	1,452,187
Automobile and transportation equipment	20,742,915	21,781,261	647,208	670,160	172,326	166,469
Education and medical	58,064	-	-	-	-	-
Cables	1,381,760	1,026,167	586,751	616,751	586,751	616,751
Cement	8,848,609	8,822,532	349,947	285,636	349,947	285,636
Chemical and pharmaceuticals	8,030,266	6,336,985	91,984	113,399	91,984	113,399
Construction	32,987,172	22,498,752	9,821,929	7,112,201	8,776,121	6,159,594
Contractors	-	4,753,204	-	1,120,451	-	1,120,451
Electronics and electrical appliances	15,121,471	10,092,057	10,246,873	8,367,344	8,040,748	6,366,180
Engineering	6,916,318	15,557,031	34,632	1,516,238	34,632	446,044
Fertilizer	10,007,744	11,819,949	64,682	63,246	60,932	61,996
Financial	52,894,315	50,589,366	3,999,205	3,530,909	3,999,205	3,530,910
Food, tobacco and beverages	80,968,937	70,998,888	6,064,569	7,514,318	3,976,694	5,609,657
Glass and allied	554,401	277,867	-	-	-	-
Hotel and tourism	1,651,600	3,664,003	369,697	595,259	369,697	595,259
Individuals	64,573,960	67,544,297	11,081,131	8,436,830	8,602,108	5,733,393
Paper and allied	2,017,238	2,013,682	13,991	639,480	13,991	628,987
Polyester and fiber	1,857,979	3,280,957	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	203,802,341	155,746,888	8,701,745	5,068,974	7,089,870	3,391,991
Shoes and leather garments	2,019,904	2,816,497	929,492	2,191,352	929,492	2,189,602
Sports goods	-	173,915	-	4,300	-	4,300
Sugar	4,183,878	4,454,866	169,729	175,729	169,729	175,729
Metal and allied	6,597,346	200,557	408,300	-	408,300	-
Telecommunication	31,364,524	24,101,854	58,511	3,293,224	58,511	3,293,224
Textile composite	79,450,444	40,862,679	3,201,074	3,782,368	3,201,074	3,782,368
Textile	17,717,398	11,989,559	3,019,595	2,047,876	3,013,468	2,041,748
Textile spinning	18,531,359	12,912,492	2,399,319	3,662,420	2,399,319	3,662,420
Textile weaving	4,802,142	5,975,856	69,291	351,348	69,291	351,348
Wholesale and retail trade	27,726,269	38,286,171	15,991,045	11,210,283	15,382,883	10,600,840
Others	135,686,463	79,624,528	7,896,845	8,687,513	4,631,803	7,480,361
	<u>849,213,032</u>	<u>691,202,550</u>	<u>89,032,955</u>	<u>85,256,866</u>	<u>74,961,336</u>	<u>72,036,997</u>

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Credit risk by public / private sector	2021	2020	2021	2020	2021	2020
	Gross advances		Non-performing advances		Provision held	
	----- (Rupees in '000) -----					
Public / Government	226,879,923	205,551,504	1,089,630	1,089,630	22,313	22,313
Private	622,333,109	485,651,046	87,943,325	84,167,236	74,939,023	72,014,684
	<u>849,213,032</u>	<u>691,202,550</u>	<u>89,032,955</u>	<u>85,256,866</u>	<u>74,961,336</u>	<u>72,036,997</u>

48.2.4 Contingencies and Commitments

	2021	2020
	----- (Rupees in '000) -----	
Credit risk by industry sector		
Agriculture	13,528,192	17,715,477
Airlines	70,243	2,262,738
Automobile and transportation equipment	4,475,318	1,957,467
Cables	266,556	574,708
Cement	3,329,371	2,684,328
Chemical and pharmaceuticals	4,088,189	4,807,699
Construction	5,818,193	5,062,724
Contractors	235,252	1,782,745
Electronics and electrical appliances	3,407,536	2,468,867
Engineering	8,294,865	9,018,950
Fertilizer	7,087,353	5,651,372
Financial	799,232,725	767,692,723
Food, tobacco and beverages	6,777,604	5,254,917
Glass and allied	291,706	186,220
Hotel and tourism	2,247,647	2,015,989
Individuals	8,631,596	18,277,661
Paper and allied	1,732,281	1,686,887
Polyester and fiber	7,885,097	2,829,494
Production and transmission of energy	133,134,614	127,733,243
Shoes and leather garments	60,030	30,075
Sugar	330,827	58,914
Telecommunication	6,603,098	4,985,508
Textile	25,195,707	16,625,407
Wholesale traders	31,748,589	1,434,752
Others	108,304,682	131,708,675
	<u>1,182,777,271</u>	<u>1,134,507,540</u>
Credit risk by public / private sector		
Public / Government	236,113,927	256,923,452
Private	946,663,344	877,584,088
	<u>1,182,777,271</u>	<u>1,134,507,540</u>

48.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 334,457.448 million (2020: Rs. 284,824.155 million) are as follows:

	2021	2020
	----- (Rupees in '000) -----	
Funded	190,484,427	140,816,028
Non-funded	143,973,021	144,008,127
Total Exposure	<u>334,457,448</u>	<u>284,824,155</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 372,084 million (2020: Rs. 306,651 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

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48.2.6 Advances - Province / Region-wise Disbursements & Utilisation

Province / Region	2021						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	135,635,546	135,635,546	-	-	-	-	-
Sindh	98,628,525	-	98,628,525	-	-	-	-
KPK including FATA	2,584,512	-	-	2,584,512	-	-	-
Balochistan	15,842	-	-	-	15,842	-	-
Islamabad	16,255,365	-	-	-	-	16,255,365	-
AJK including Gilgit-Baltistan	22,810	-	-	-	-	-	22,810
Total	253,142,600	135,635,546	98,628,525	2,584,512	15,842	16,255,365	22,810

Province / Region	2020						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	127,665,134	127,665,134	-	-	-	-	-
Sindh	195,268,735	-	195,268,735	-	-	-	-
KPK including FATA	986,009	-	-	986,009	-	-	-
Balochistan	826,969	-	-	-	826,969	-	-
Islamabad	117,094,564	-	-	-	-	117,094,564	-
AJK including Gilgit-Baltistan	119,277	-	-	-	-	-	119,277
Total	441,960,688	127,665,134	195,268,735	986,009	826,969	117,094,564	119,277

48.3 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lendings / borrowings, investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVBP), Duration, Beta, and Expected Shortfall on a regular basis. Bank also ascertains the impact of changes in the market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

48.3.1 Balance sheet split by trading and Banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	273,949,520	-	273,949,520	258,139,459	-	258,139,459
Balances with other banks	29,975,564	-	29,975,564	29,583,028	-	29,583,028
Lendings to financial institutions	52,238,047	-	52,238,047	22,212,442	-	22,212,442
Investments	535,080,459	986,386,883	1,521,467,342	473,506,698	694,296,814	1,167,803,512
Advances	766,781,120	-	766,781,120	611,851,676	-	611,851,676
Fixed assets	76,193,898	-	76,193,898	57,476,264	-	57,476,264
Intangible assets	2,432,796	-	2,432,796	2,025,867	-	2,025,867
Deferred tax assets	3,040,812	-	3,040,812	4,682,494	-	4,682,494
Other assets	55,149,257	-	55,149,257	47,909,823	-	47,909,823
Total	1,794,841,473	986,386,883	2,781,228,356	1,507,387,751	694,296,814	2,201,684,565

48.3.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.

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The FX risk and associated concentration risk is managed through approved currency wise net open position limits, tenor wise limits and an overall foreign exchange limit.

The currency risk is effectively monitored against the applicable regulatory limits. Market risk monitors that the FX exposure remains under limits prescribed by SBP and internal limits approved by Global Asset and Liabilities Committee (GALCO).

	2021				2020			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	254,362,600	158,298,623	(102,559,248)	(6,495,271)	239,260,492	156,482,938	(82,520,635)	256,919
Great Britain Pound	128,309,077	131,466,527	20,009,696	16,852,246	103,199,482	105,663,768	18,988,835	16,524,549
Japanese Yen	31,369	99,681	70,978	2,666	117,063	98,096	(16,149)	2,818
Euro	2,986,028	8,402,713	5,299,402	(117,283)	4,861,379	9,554,178	4,725,445	32,646
UAE Dirham	68,981,023	168,280,919	100,557,440	1,257,544	73,959,036	156,890,634	81,890,688	(1,040,910)
Bahraini Dinar	16,963,843	29,179,381	12,281,281	65,743	13,936,810	26,800,952	11,751,534	(1,112,608)
Qatari Riyal	15,801,817	34,055,642	16,847,242	(1,406,583)	16,168,969	28,718,594	12,279,612	(270,013)
Other Currencies	21,075,407	11,977,182	(2,086,131)	7,012,094	12,453,437	9,484,821	1,359,952	4,328,568
	<u>508,511,164</u>	<u>541,760,668</u>	<u>50,420,660</u>	<u>17,171,156</u>	<u>463,956,668</u>	<u>493,693,981</u>	<u>48,459,282</u>	<u>18,721,969</u>

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	171,712	-	187,220	-

48.3.3 Equity position Risk

Equity risk is the risk that the fair value of an equity instrument will fluctuate due to changes in the prices of individual stocks or market indices.

To manage equity risk, the Group has a well-defined criterion for identifying the Investible Universe based on the Market Capitalisation & Average Daily Traded Value.

The Group has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits and timely escalation of Management Action Trigger Levels (MAT).

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on,				
- Profit and loss account	-	-	-	-
- Other comprehensive income	25,348	495,409	-	552,685

48.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the overall business of the Bank and arises from mismatches between the contractual maturities and the re-pricing of on and off-balance sheet assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing. In case of any distressed event the results and corresponding action plan is presented at the relevant management / BoD committee.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	-	271,551	-	3,363
- Other comprehensive income	4,481,288	3,743,314	4,314,788	1,731,516

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.3.5 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate (%)	2021										Non-interest bearing financial instruments	
		Exposed to yield / interest rate risk											
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years		
(Rupees in '000)													
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.05%	273,949,520	21,534,360	-	-	-	-	-	-	-	-	-	252,415,160
Balances with other banks	0.09%	29,975,564	15,399,927	21,578	-	-	-	-	-	-	-	-	14,564,059
Lendings to financial institutions	7.50%	52,238,047	50,263,747	100,000	-	-	-	-	-	-	-	-	1,874,300
Investments	7.69%	1,521,467,342	226,834,504	469,873,316	338,819,528	96,213,700	59,063,645	81,679,413	158,927,804	71,183,667	-	-	18,866,765
Advances	6.99%	766,781,120	151,282,206	284,570,337	145,625,904	24,264,128	15,217,974	28,579,331	85,408,276	19,038,969	-	-	12,793,995
Other assets		48,522,781	-	-	-	-	-	-	-	-	-	-	48,522,781
		2,692,934,374	465,314,744	754,565,231	484,445,432	120,477,828	74,286,619	110,258,744	244,336,080	90,222,636	-	-	349,027,060
Liabilities													
Bills payable		26,830,806	-	-	-	-	-	-	-	-	-	-	26,830,806
Borrowings	5.59%	565,172,922	193,472,011	308,898,301	29,235,370	3,193,722	819,011	933,173	5,072,718	19,864,822	-	-	3,683,794
Deposits and other accounts	3.30%	1,885,771,572	112,824,366	719,377,703	62,159,791	51,320,726	34,693,565	44,977,833	39,049,657	3,670,950	-	-	817,796,981
Liabilities against assets subject to finance lease		12,193	12,193	-	-	-	-	-	-	-	-	-	-
Subordinated debt		10,000,000	10,000,000	-	-	-	-	-	-	-	-	-	-
Other liabilities	9.01%	39,479,081	-	-	-	-	-	-	-	-	-	-	39,479,081
		2,527,266,574	316,308,570	1,028,276,004	91,395,161	54,514,448	35,412,576	45,911,006	44,122,375	23,535,772	-	-	887,790,662
On-balance sheet gap		165,667,800	149,006,174	(273,710,773)	393,050,271	65,963,380	38,874,043	64,347,738	200,213,705	66,686,864	-	-	(638,763,602)
Off-balance sheet financial instruments													
FX Options - Purchase		904,470	444,570	406,245	53,655	-	-	-	-	-	-	-	-
FX Options - Sale		(904,470)	(444,570)	(406,245)	(53,655)	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase		9,081,000	-	9,081,000	-	-	-	-	-	-	-	-	-
Forward Government Securities - Sale		(2,699,000)	(199,000)	-	(2,500,000)	-	-	-	-	-	-	-	-
Foreign currency forward - Purchase		369,989,325	128,476,009	141,650,923	78,229,284	21,633,109	-	-	-	-	-	-	-
Foreign currency forward - Sale		(321,697,270)	(71,104,674)	(194,672,699)	(45,029,783)	(10,890,114)	-	-	-	-	-	-	-
Off-balance sheet Gap		54,674,055	57,172,335	(43,940,776)	30,699,501	10,742,995	-	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		220,341,855	206,178,509	(317,651,549)	423,749,772	76,706,375	38,874,043	64,347,738	200,213,705	66,686,864	-	-	(638,763,602)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			206,178,509	(111,473,040)	312,276,732	388,983,107	427,857,150	492,204,888	692,418,593	759,105,457	-	-	220,341,855

Notes to and forming part of the Consolidated Financial Statements

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Effective yield / interest rate (%)	2020										Non-interest bearing financial instruments
	Exposed to yield / interest rate risk										
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	258,139,459	14,636,825	-	-	-	-	-	-	-	-	243,502,634
Balances with other banks	29,583,028	4,090,463	1,599,963	-	-	-	-	-	-	-	23,892,612
Lendings to financial institutions	22,212,442	20,967,925	1,000,000	-	119,998	-	-	-	-	-	124,519
Investments	1,167,803,512	127,240,088	339,731,699	300,861,380	82,673,870	108,950,460	48,464,294	85,673,366	-	-	69,449,798
Advances	611,851,676	83,921,416	296,448,150	133,832,851	18,286,171	6,461,209	11,238,801	28,696,940	-	-	16,672,657
Other assets	39,902,920	-	-	-	-	-	-	-	10,452,059	-	39,902,920
Liabilities	2,129,493,037	250,856,717	638,779,802	434,694,231	101,080,039	115,411,669	59,703,095	114,370,306	10,452,059	-	393,546,140
Bills payable	29,741,206	-	-	6,870,621	-	-	-	-	-	-	29,741,206
Borrowings	131,827,185	65,776,619	22,845,918	-	12,189,517	1,245,978	1,422,721	-	-	-	388,037
Deposits and other accounts	1,764,392,286	89,530,531	745,867,434	53,991,988	47,180,183	16,978,078	58,728,986	3,689,601	150	-	725,675,919
Liabilities against assets subject to finance lease	15,957	-	-	-	-	-	-	-	-	-	15,957
Subordinated debt	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities	35,103,383	-	-	-	-	-	-	-	-	-	35,103,383
On-balance sheet gap	1,971,080,017	165,307,160	768,713,352	60,862,609	59,369,700	18,224,056	24,172,137	79,816,760	3,689,601	150	790,924,502
Off-balance sheet financial instruments	158,413,020	85,549,567	(129,933,550)	373,831,622	41,710,339	97,187,613	(13,572,158)	(20,113,665)	10,680,705	(10,451,909)	(397,379,362)
FX Options - Purchase	-	-	-	-	-	-	-	-	-	-	-
FX Options - Sale	-	-	-	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase	-	-	-	-	-	-	-	-	-	-	-
Forward Government Securities - Sale	-	-	-	-	-	-	-	-	-	-	-
Foreign currency forward - Purchase	386,797,666	138,121,150	111,232,360	79,508,102	37,936,054	-	-	-	-	-	-
Foreign currency forward - Sale	(316,267,981)	(130,012,137)	(93,419,677)	(54,894,352)	(37,941,815)	-	-	-	-	-	-
Off-balance sheet Gap	50,529,685	8,109,013	17,812,693	24,613,750	(5,761)	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap	208,942,705	93,658,580	(112,120,867)	398,445,372	41,704,578	97,187,613	(13,572,158)	(20,113,665)	10,680,705	(10,451,909)	(397,379,362)
Cumulative Yield / Interest Rate Risk Sensitivity Gap	93,658,580	(18,462,287)	379,983,085	421,687,663	518,875,276	605,303,118	485,189,453	595,870,158	606,322,067	208,942,705	

48.3.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2021	2020
	(Rupees in '000)	
Total financial assets as per note 48.3.5	2,692,934,374	2,129,493,037
Add: Non financial assets	76,193,898	57,476,264
Fixed assets	2,432,796	2,025,867
Intangible assets	3,040,812	4,682,494
Deferred tax assets	6,626,476	8,006,903
Other assets	2,781,226,356	2,201,684,585
Total assets as per statement of financial position	2,552,914,380	1,994,052,679
Total financial liabilities as per note 48.3.5	2,527,266,574	1,971,080,017
Add: Non financial liabilities	25,647,806	22,972,662
Other liabilities	-	-
Total liabilities as per statement of financial position	2,552,914,380	1,994,052,679

Notes to and forming part of the Consolidated Financial Statements

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48.4 Operational risk

Operational risk is recognised as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Group including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Group. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organisational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation.

Business Continuity Plans (BCP) have been implemented across the Group, clearly defining the roles and responsibilities of respective stakeholders and covering recovery strategy, IT & structural backups, scenario & impact analyses and testing directives. BCP for respective areas are in place and tested.

48.5 Liquidity risk

Liquidity risk is defined as the risk that a Bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

The Group actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Group is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. The Group's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralised approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Group's business.

It is the Group's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity gaps.

The Group has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Group to business as usual.

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48.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

2021

	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	273,949,520	144,909,917	-	-	129,039,603	-	-	-	-	-	-	-	-	-
Balances with other banks	29,975,564	23,589,528	-	-	6,386,036	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	52,238,047	536,971	34,698,714	13,078,062	2,546,544	100,000	-	-	-	1,184,885	92,871	-	-	-
Investments	1,521,467,342	21,139,955	-	80,993,788	129,838,676	24,550,363	277,811,735	43,352,809	63,344,158	39,602,567	126,307,603	90,093,648	296,707,561	327,724,479
Advances	766,781,120	46,785,667	28,142,511	27,872,866	49,553,255	13,996,399	154,265,083	73,520,257	24,904,389	34,704,187	61,677,956	66,044,749	129,176,120	86,137,681
Operating fixed assets	76,193,898	7,566,646	-	634	1,409	19,779	27,924	79,995	90,585	1,562,608	1,555,334	1,572,925	4,475,147	59,237,912
Intangible assets	2,432,796	156,309	-	-	-	260	613	26,151	22,348	150,735	249,955	395,296	679,813	751,316
Deferred tax assets	3,040,812	-	-	-	3,040,812	-	-	-	-	-	-	-	-	-
Other assets	55,149,257	1,608,262	1,155,165	2,105,132	6,614,894	4,238,900	8,503,391	5,245,651	4,364,924	3,642,399	3,559,620	2,079,553	4,588,059	7,473,307
	2,781,226,366	246,293,255	63,996,390	124,050,482	327,021,229	42,905,701	440,608,746	122,224,863	92,726,404	80,847,381	193,446,339	160,166,171	435,596,700	451,324,695
Liabilities														
Bills payable	26,830,806	37,836	-	-	26,792,970	-	-	-	-	-	-	-	-	-
Borrowings	565,172,922	1,480,103	175,899,869	13,396,740	2,133,145	200,543,162	111,814,923	9,831,134	29,764	18,569,393	764,419	607,642	5,198,473	24,802,155
Deposits and other accounts	1,885,771,572	1,468,111,635	12,235,306	14,438,773	61,174,914	41,547,263	55,981,216	56,300,618	18,691,350	30,522,103	36,270,407	45,248,365	39,602,338	5,647,284
Liabilities against assets subject to finance lease	12,193	12,193	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	65,125,887	12,947,372	1,620,290	526,365	13,065,956	3,902,120	2,358,481	9,553,559	2,776,416	3,558,223	1,819,508	1,650,844	1,973,866	9,373,887
	2,552,914,390	1,482,589,139	189,755,465	28,363,878	103,166,985	245,992,545	170,154,620	75,785,311	21,497,530	52,649,719	38,854,334	47,506,851	46,774,677	49,823,326
Net assets	228,313,976	(1,236,295,884)	(125,759,075)	95,686,604	223,854,244	(203,086,844)	270,454,126	46,439,552	71,228,874	28,197,662	154,592,005	112,679,320	388,822,023	401,501,369
Represented by:														
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	77,600,790	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	40,019,053	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	89,840,102	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	8,612,234	-	-	-	-	-	-	-	-	-	-	-	-	-
	228,313,976	-	-	-	-	-	-	-	-	-	-	-	-	-

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2020

	(Rupees in '000)													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	258,139,459	7,301,407	-	-	250,838,052	-	-	-	-	-	-	-	-	-
Balances with other banks	29,583,028	14,830,456	5,215,184	639,338	1,227,760	2,070,356	-	-	-	-	-	-	-	-
Loanings to financial institutions	22,212,442	124,519	5,915,793	5,591,999	9,459,132	1,000,000	-	5,317,607	282,327	119,999	-	-	-	-
Investments	1,167,803,512	19,055,380	1,598,684	686,207	71,198,185	20,814,468	157,358,330	144,162,842	71,436,849	22,153,944	135,381,142	144,156,199	334,409,570	
Advances	611,851,676	21,624,442	5,361,867	6,359,416	57,411,805	20,740,024	74,173,452	94,334,295	25,198,747	42,655,168	67,214,286	53,973,022	48,536,347	
Operating fixed assets	57,476,264	6,111,554	-	-	308,690	-	483,463	796,145	-	923,884	2,358,877	2,263,281	41,258,748	
Intangible assets	2,025,867	164,300	-	-	63	-	7,904	10,113	-	99,212	282,015	744,760	277,679	
Deferred tax assets	4,682,494	-	-	-	4,682,494	-	-	-	-	-	-	-	-	
Other assets	47,909,823	1,262,586	232	267	7,910,749	-	10,824,050	4,754,839	14,114	9,811,075	5,064,439	1,262,749	4,683,728	
	2,201,684,565	70,474,644	18,092,760	13,277,227	403,036,930	44,624,848	242,847,199	249,375,841	96,832,037	75,763,272	210,300,759	103,330,585	244,462,391	429,166,072
Liabilities														
Bills payable	29,741,206	7,383	-	-	29,733,813	-	-	-	-	-	-	-	-	-
Borrowings	131,827,185	2,381	60,875,284	268,499	8,226,971	9,284,092	16,891,427	7,579,703	4,600	30,128	4,699,445	1,189,722	3,554,904	19,121,029
Deposits and other accounts	1,764,392,286	1,247,935,615	32,673,737	18,328,958	73,460,827	37,674,360	77,850,744	55,655,556	20,443,816	32,760,492	25,705,495	33,771,673	59,223,166	48,907,827
Liabilities against assets subject to finance lease	15,957	15,957	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	58,076,045	1,297,800	667	369	16,492,141	965	36,195,003	193,822	-	1,829,880	207,331	44,142	73,858	1,742,067
	1,994,052,679	1,249,259,146	93,549,688	18,597,826	127,913,752	46,959,417	131,035,174	63,429,081	20,448,416	34,620,500	30,611,271	35,005,537	62,851,948	79,770,923
Net assets	207,631,886	(1,178,784,502)	(75,456,928)	(5,320,599)	275,123,178	(2,334,569)	111,812,025	185,946,760	76,483,621	41,142,772	179,689,488	68,325,048	181,610,443	349,395,149
Represented by:														
Share capital	12,241,797													
Reserves	71,020,586													
Surplus on revaluation of assets	87,527,909													
Unappropriated profit	29,334,212													
Non-controlling interest	7,507,382													
	207,631,886													

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48.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The methodology and the assumptions used to derive the maturity profile of non-contractual liabilities has been approved by Global Asset and Liabilities Committee (GALCO).

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	273,949,520	158,201,659	5,584,573	5,477,024	7,939,993	11,035,904	8,471,245	13,428,554	50,199,889	13,610,679
Balances with other banks	29,975,564	29,735,249	-	-	240,315	-	-	-	-	-
Lendings to financial institutions	52,238,047	50,860,291	100,000	-	1,277,756	-	-	-	-	-
Investments	1,521,467,342	231,027,480	302,673,514	14,935,329	136,055,612	117,809,818	94,958,724	292,539,063	325,901,246	5,566,556
Advances	766,781,120	157,320,415	158,987,866	71,903,381	70,110,842	67,067,994	67,930,602	115,301,912	44,158,856	13,999,252
Operating fixed assets	76,193,898	7,717,790	47,703	79,995	1,653,193	1,558,334	1,572,925	3,721,294	4,994,602	54,848,062
Intangible assets	2,432,796	201,531	6,802	12,013	175,886	244,721	406,256	1,239,022	146,565	-
Deferred tax assets	3,040,812	-	-	-	760,203	760,203	760,203	760,203	-	-
Other assets	55,149,257	11,883,834	12,250,364	4,867,433	8,188,172	3,557,207	2,081,536	4,576,720	4,032,276	3,711,715
	2,781,228,356	646,948,249	479,650,822	97,275,175	226,401,972	202,034,181	176,181,491	431,566,768	429,433,434	91,736,264
Liabilities										
Bills payable	26,830,806	7,846,913	5,715,962	5,602,096	7,665,835	-	-	-	-	-
Borrowings	565,172,922	1,328,684	-	3,605,036	13,420,891	514,546,620	1,663,420	3,153,240	18,250,521	9,204,510
Deposits and other accounts	1,885,771,572	190,523,609	153,438,161	121,328,188	123,001,011	123,621,055	154,681,232	166,718,332	228,651,296	623,808,688
Liabilities against assets subject to finance lease	12,193	12,193	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	65,126,887	21,922,336	4,654,265	9,189,495	2,090,529	6,364,698	2,444,013	2,841,376	7,144,189	8,475,986
	2,552,914,380	221,633,735	163,808,388	139,724,815	146,178,266	644,532,373	158,788,665	172,712,948	264,046,006	641,489,184
Net assets	228,313,976	425,314,514	315,842,434	(42,449,640)	80,223,706	(442,498,192)	17,392,826	258,853,820	165,387,428	(549,752,920)
Represented by:										
Share capital	12,241,797									
Reserves	77,600,790									
Surplus on revaluation of assets	40,019,053									
Unappropriated profit	89,840,102									
Non-controlling interest	8,612,234									
	228,313,976									

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

2020

Total	2020							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years

(Rupees in '000)

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Assets									
Cash and balances with treasury banks	147,836,420	5,066,408	4,965,281	7,187,883	9,999,287	7,672,723	12,167,183	50,122,466	13,121,808
Balances with other banks	21,693,250	2,070,356	5,317,607	501,815	-	-	-	-	-
Lendings to financial institutions	21,092,443	1,000,000	-	119,999	-	-	-	-	-
Investments	75,979,879	178,172,798	144,162,841	104,644,449	135,381,143	45,391,711	144,156,199	330,441,580	9,472,912
Advances	90,757,530	94,913,476	94,334,295	67,853,905	67,214,286	53,973,022	94,268,815	31,444,109	17,092,238
Operating fixed assets	6,420,244	483,463	796,145	923,884	2,358,877	2,263,281	2,971,622	4,749,641	36,509,107
Intangible assets	164,363	7,904	10,113	99,212	282,015	439,821	744,760	277,679	-
Deferred tax assets	-	-	-	1,170,623	1,170,623	1,170,624	1,170,624	-	-
Other assets	9,173,834	10,824,050	4,754,839	9,825,189	5,064,441	1,262,749	2,320,995	4,374,863	308,863
	373,117,963	292,538,455	254,341,121	192,326,959	221,470,672	112,173,931	257,800,198	421,410,338	76,504,928

Liabilities

Bills payable	10,637,200	7,780,787	7,625,482	3,697,737	-	-	-	-	-
Borrowings	69,373,135	26,275,519	7,579,703	34,728	4,698,445	1,189,722	3,554,904	19,121,029	-
Deposits and other accounts	234,373,167	168,652,779	107,722,793	128,578,333	130,560,631	114,229,849	186,811,450	506,721,822	186,741,462
Liabilities against assets subject to finance lease	15,957	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	17,790,977	36,193,968	193,822	1,829,880	207,331	44,142	73,858	1,090,578	651,489
	332,190,436	238,903,053	123,121,800	134,140,678	135,466,407	115,463,713	190,440,212	536,933,429	187,392,951
Net assets	40,927,527	53,635,402	131,219,321	58,186,281	86,004,265	(3,289,782)	67,359,986	(115,523,091)	(110,888,023)

Represented by:

Share capital	12,241,797
Reserves	71,020,586
Surplus on revaluation of assets	29,334,212
Unappropriated profit	87,527,909
Non-controlling interest	7,507,382
	<u>207,631,886</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

48.6 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Group. It is the potential for unauthorised use, disruption, modification or destruction of information; such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

The Group has a dedicated Information Security Division, functioning within Risk and Credit Policy Group which manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing and also supporting the other domains of information security i.e. security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible and adaptable to the organisation's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories as well by deploying 24/7 Security Operation Center (SOC) at the Group. This unit deals with security issues and continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholders for securing the Group's assets.

Application Security in information security manages Information Security Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing and ATM including review of security aspects of assets, enterprise architecture design controls of the Applications in accordance with applicable policies and standards & controls.

Further, the Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, the Group's main focus remains on the continuous improvement of its security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

48.7 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Group monitors key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing Regulatory frameworks. By utilising comprehensive risk management processes and sophisticated control systems, the Bank aims to minimise the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's Anti-Money Laundering, Combatting the Financing of Terrorism & Countering Proliferation Financing (AML / CFT / CPF) Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BOD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are as under:

- Under FCC Process Workstream; the Bank uplifted the framework at Design level with key deliverables as:
 - FCC Strategy.
 - Bank's FCC Risk Appetite Statement.
 - Target Operating Model (TOM) across three lines of defense.
 - FCC Policies & Standards.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

- Enterprise Wide FCC Risk Assessment Methodologies / Internal Risk Assessment Review (EWRA / IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc. focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.
- Management Information (MI) Suite.
- The Bank rolled out comprehensive Role based FCC training modules and Staff capacity assessment carried out under FCC Transformation People Workstream.
- On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring (TM) and payments screening systems. These systems were independently reviewed by a reputed international third party expert.
- Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

48.8 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorised into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Group's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles & responsibilities.

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2021

49. YEMEN OPERATIONS

The political and economic instability resulting from the ongoing civil war in Yemen raised insurmountable challenges for the UBL-Yemen Branch including difficulties emanating from the bankruptcy of the two central banks regulators, i.e. CBY Sana'a and CBY Aden, severe shortage of liquid funds in the Yemeni local market and non-cooperation of CBY Sana'a to facilitate liquidity.

While UBL-Yemen Branch has been striving to honour its liabilities for the past seven years notwithstanding continued operational losses, it is no longer possible for the branch to continue its operations in Yemen due to reasons not attributable to the branch and circumstances entirely beyond UBL or its branch's control. UBL is cognizant of the associated risks of ceasing its branch's business in Yemen but has concluded that in the totality of circumstances it is prudent to do so. UBL will monitor the situation in Yemen so that it may appropriately deal with the associated risks.

50. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

50.1 The Board of Directors, in its meeting held on February 23, 2022 has proposed a final cash dividend of Rs. 6.0 per share for the year 2021. This is in addition to Rs 12.0 already paid during the year bringing the total dividend for the year to Rs. 18.0 per share (2020: Rs. 12.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2021 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2022.

51. GENERAL

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

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

52. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 23, 2022, 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

Consolidated Statement of Financial Position in USD

As at December 31, 2021

	2021	2020
	----- (US Dollars in '000) -----	
ASSETS		
Cash and balances with treasury banks	1,552,003	1,462,435
Balances with other banks	169,820	167,596
Lendings to financial institutions	295,944	125,840
Investments	8,619,552	6,615,944
Advances	4,344,037	3,466,317
Fixed assets	431,660	325,620
Intangible assets	13,782	11,477
Deferred tax assets	17,227	26,528
Other assets	312,438	271,423
	15,756,463	12,473,180
LIABILITIES		
Bills payable	152,004	168,493
Borrowings	3,201,868	746,839
Deposits and other accounts	10,683,441	9,995,792
Liabilities against assets subject to finance lease	69	90
Subordinated debt	56,653	56,653
Deferred tax liabilities	-	-
Other liabilities	368,963	329,018
	14,462,998	11,296,885
NET ASSETS	<u>1,293,465</u>	<u>1,176,295</u>
REPRESENTED BY:		
Share capital	69,353	69,353
Reserves	439,631	402,352
Surplus on revaluation of assets	226,720	166,187
Unappropriated profit	508,970	495,871
Total equity attributable to the equity holders of the Bank	<u>1,244,674</u>	<u>1,133,763</u>
Non-controlling interest	48,791	42,532
	<u>1,293,465</u>	<u>1,176,295</u>

These figures have been converted at Rs. 176.5135 per US Dollar from the audited consolidated financial statements.

Consolidated Profit and Loss Account in USD

For the year ended December 31, 2021

	2021	2020
	----- (US Dollars in '000) -----	
Mark-up / return / interest earned	865,436	884,231
Mark-up / return / interest expensed	442,036	447,589
Net mark-up / interest income	<u>423,400</u>	<u>436,642</u>
Non mark-up / interest income		
Fee and commission income	83,374	72,686
Dividend income	8,900	4,940
Foreign exchange income	23,523	21,856
Income / (loss) from derivatives	122	(74)
Gain on securities - net	19,703	3,457
Other income	2,165	3,894
Total non mark-up / interest income	<u>137,787</u>	<u>106,759</u>
Total income	<u>561,187</u>	<u>543,401</u>
Non mark-up / interest expenses		
Operating expenses	268,801	247,817
Workers' Welfare Fund	5,864	4,951
Other charges	1,125	948
Total non mark-up / interest expenses	<u>275,790</u>	<u>253,716</u>
Share of profit of associates	1,938	2,858
Profit before provisions	<u>287,335</u>	<u>292,543</u>
(Reversals) / provisions and write offs - net	<u>(8,206)</u>	<u>97,758</u>
Profit before taxation from continuing operations	<u>295,541</u>	<u>194,785</u>
Taxation	121,659	76,919
Profit after taxation from continuing operations	<u>173,882</u>	<u>117,866</u>
Discontinued operation		
Loss from discontinued operation - net of tax	(400)	(93)
	<u>173,482</u>	<u>117,773</u>
Attributable to:		
Equity holders of the Bank		
from continuing operations	172,675	118,712
from discontinued operation	(400)	(93)
	<u>172,275</u>	<u>118,619</u>
Non-controlling interest	1,207	(846)
	<u>173,482</u>	<u>117,773</u>
	----- (US Dollars) -----	
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank		
Basic and diluted	<u>0.14</u>	<u>0.10</u>
Earnings per share for profit attributable to the equity holders of the Bank		
Basic and diluted	<u>0.14</u>	<u>0.10</u>

These figures have been converted at Rs. 176.5135 per US Dollar from the audited consolidated financial statements.

Category of Shareholders

As on December 31, 2021

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	11	19,306,238.00	1.5771
BANKS, DFI & NBF	19	27,391,798.00	2.2376
INSURANCE COMPANIES	23	35,523,909.00	2.9019
MUTUAL FUNDS	48	40,642,483.00	3.3200
GENERAL PUBLIC (LOCAL)	20258	84,500,666.00	6.9026
GENERAL PUBLIC (FOREIGN)	1305	17,407,642.00	1.4220
OTHERS	105	47,201,038.00	3.8557
GOVERNMENT OF PAKISTAN	1	1,714.00	0.0001
FOREIGN COMPANIES	100	770,676,927.00	62.9546
GOVT. OWNED ENTITIES / BANKS	1	2,200,000.00	0.1797
JOINT STOCK COMPANIES	158	177,374,384.00	14.4892
PUBLIC SECTOR COMPANIES	1	118,628.00	0.0097
CHARITABLE TRUSTS	16	1,833,789.00	0.1498
MODARABAS	1	471.00	0.0000
Total	22047	1,224,179,687.00	100.0000

Details of Mutual Funds & Modarabas

As on December 31, 2021

MUTUAL FUNDS

Folio No	Name	Code	Balance Held	Percentage
003277003785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	006	11648	0.0010
005371000028	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	006	4080000	0.3333
005488000025	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	006	150000	0.0123
005645000024	CDC - TRUSTEE PICIC INVESTMENT FUND	006	545315	0.0445
005652000023	CDC - TRUSTEE JS LARGE CAP. FUND	006	219000	0.0179
005777000029	CDC - TRUSTEE PICIC GROWTH FUND	006	750205	0.0613
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	5810090	0.4746
006171000021	CDC - TRUSTEE FAYSAL STOCK FUND	006	448239	0.0366
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	234000	0.0191
006213000025	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	006	405400	0.0331
006411000021	CDC - TRUSTEE AKD INDEX TRACKER FUND	006	122229	0.0100
007252000020	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	006	214400	0.0175
007377000026	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	006	2931455	0.2395
009480000021	CDC - TRUSTEE NBP STOCK FUND	006	7878061	0.6435
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	181391	0.0148
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	316860	0.0259
010660000025	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	006	85800	0.0070
010728000027	CDC - TRUSTEE HBL - STOCK FUND	006	232594	0.0190
011049000029	MC FSL - TRUSTEE JS GROWTH FUND	006	1211600	0.0990
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	82100	0.0067
011262000023	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	006	354000	0.0289
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	986531	0.0806
011924000022	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	006	334484	0.0273
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	2236102	0.1827
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	3463475	0.2829
012310000025	CDC - TRUSTEE FIRST HABIB STOCK FUND	006	101000	0.0083
012336000023	CDC - TRUSTEE LAKSON EQUITY FUND	006	1421448	0.1161
012625000027	CDC - TRUSTEE NBP SARMAVA IZAFI FUND	006	317503	0.0259
013607000028	CDC - TRUSTEE HBL EQUITY FUND	006	614149	0.0502
013714000025	CDC - TRUSTEE HBL PF EQUITY SUB FUND	006	84258	0.0069
014472000025	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	006	150033	0.0123
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	37000	0.0030
014860000027	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	006	331800	0.0271
014902000021	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	006	1010960	0.0826
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	006	88000	0.0072
016188000028	CDC-TRUSTEE NITPF EQUITY SUB-FUND	006	41000	0.0033
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	340548	0.0278
016535000024	CDC - TRUSTEE LAKSON TACTICAL FUND	006	199247	0.0163
017277000026	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	006	14201	0.0012
017442000025	CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	006	474851	0.0388
017483000021	CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	006	1409693	0.1152
017541000022	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	006	309	0.0000
017640000020	CDC - TRUSTEE ALLIED FINERGY FUND	006	288200	0.0235
018002000026	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	006	92123	0.0075
018010000025	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	006	27018	0.0022
018051000021	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	006	42205	0.0034
018234000029	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	006	33110	0.0027
018390000039	CDC - TRUSTEE HBL INCOME FUND - MT	006	238848	0.0195

MODARABA

Folio No	Name	Code	Balance Held	Percentage
00000015653	B.R.R. GUARDIAN MODARABA	017	471	0.0000

Pattern of Shareholding

As on December 31, 2021

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
4329	1	100	265,404.00	0.0217
13493	101	500	5,868,886.00	0.4794
1137	501	1000	965,797.00	0.0789
1585	1001	5000	3,926,561.00	0.3208
434	5001	10000	3,374,861.00	0.2757
176	10001	15000	2,261,434.00	0.1847
118	15001	20000	2,142,057.00	0.1750
84	20001	25000	1,935,049.00	0.1581
43	25001	30000	1,215,994.00	0.0993
27	30001	35000	890,876.00	0.0728
37	35001	40000	1,409,390.00	0.1151
25	40001	45000	1,068,864.00	0.0873
42	45001	50000	2,055,718.00	0.1679
19	50001	55000	1,012,696.00	0.0827
18	55001	60000	1,064,458.00	0.0870
13	60001	65000	811,721.00	0.0663
12	65001	70000	826,577.00	0.0675
17	70001	75000	1,248,428.00	0.1020
13	75001	80000	1,018,318.00	0.0832
13	80001	85000	1,072,987.00	0.0876
18	85001	90000	1,587,772.00	0.1297
6	90001	95000	556,793.00	0.0455
37	95001	100000	3,680,356.00	0.3006
10	100001	105000	1,020,014.00	0.0833
6	105001	110000	648,844.00	0.0530
9	110001	115000	1,017,240.00	0.0831
6	115001	120000	705,795.00	0.0577
10	120001	125000	1,230,792.00	0.1005
4	125001	130000	515,735.00	0.0421
3	130001	135000	403,000.00	0.0329
5	135001	140000	697,800.00	0.0570
4	140001	145000	576,900.00	0.0471
15	145001	150000	2,230,166.00	0.1822
6	150001	155000	918,693.00	0.0750
6	155001	160000	950,262.00	0.0776
3	160001	165000	487,300.00	0.0398
5	165001	170000	841,787.00	0.0688
2	170001	175000	343,014.00	0.0280
8	175001	180000	1,416,357.00	0.1157
4	180001	185000	735,032.00	0.0600
2	185001	190000	377,655.00	0.0308
1	190001	195000	193,188.00	0.0158
10	195001	200000	1,990,354.00	0.1626
3	200001	205000	610,135.00	0.0498
4	210001	215000	857,154.00	0.0700

Pattern of Shareholding

As on December 31, 2021

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
3	215001	220000	655,656.00	0.0536
2	220001	225000	442,847.00	0.0362
3	225001	230000	686,800.00	0.0561
4	230001	235000	928,886.00	0.0759
2	235001	240000	477,058.00	0.0390
2	240001	245000	488,026.00	0.0399
5	245001	250000	1,235,970.00	0.1010
2	250001	255000	507,500.00	0.0415
2	255001	260000	515,076.00	0.0421
4	265001	270000	1,075,100.00	0.0878
2	270001	275000	541,889.00	0.0443
1	285001	290000	288,200.00	0.0235
2	290001	295000	585,007.00	0.0478
3	295001	300000	900,000.00	0.0735
1	300001	305000	300,036.00	0.0245
1	305001	310000	310,000.00	0.0253
4	310001	315000	1,251,197.00	0.1022
3	315001	320000	950,363.00	0.0776
3	320001	325000	967,848.00	0.0791
3	325001	330000	981,200.00	0.0802
3	330001	335000	997,784.00	0.0815
1	335001	340000	335,224.00	0.0274
2	340001	345000	685,464.00	0.0560
2	350001	355000	707,000.00	0.0578
1	355001	360000	360,000.00	0.0294
1	360001	365000	364,247.00	0.0298
1	365001	370000	367,000.00	0.0300
3	370001	375000	1,120,500.00	0.0915
3	375001	380000	1,132,694.00	0.0925
1	380001	385000	383,225.00	0.0313
2	395001	400000	800,000.00	0.0654
2	400001	405000	804,283.00	0.0657
4	405001	410000	1,631,401.00	0.1333
1	410001	415000	411,000.00	0.0336
1	415001	420000	418,962.00	0.0342
1	425001	430000	428,020.00	0.0350
1	430001	435000	431,300.00	0.0352
2	445001	450000	896,074.00	0.0732
2	455001	460000	915,451.00	0.0748
3	470001	475000	1,419,752.00	0.1160
3	485001	490000	1,468,256.00	0.1199
1	490001	495000	493,000.00	0.0403
2	495001	500000	995,243.00	0.0813
1	515001	520000	515,956.00	0.0421
1	520001	525000	525,000.00	0.0429

Pattern of Shareholding

As on December 31, 2021

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	530001	535000	534,177.00	0.0436
1	535001	540000	536,595.00	0.0438
1	545001	550000	545,315.00	0.0445
1	555001	560000	560,000.00	0.0457
2	590001	595000	1,185,715.00	0.0969
1	595001	600000	599,911.00	0.0490
2	600001	605000	1,205,519.00	0.0985
1	605001	610000	608,800.00	0.0497
2	610001	615000	1,225,548.00	0.1001
1	690001	695000	693,706.00	0.0567
2	695001	700000	1,400,000.00	0.1144
2	745001	750000	1,500,000.00	0.1225
1	750001	755000	750,205.00	0.0613
2	780001	785000	1,566,198.00	0.1279
1	830001	835000	831,800.00	0.0679
1	840001	845000	840,268.00	0.0686
2	845001	850000	1,695,938.00	0.1385
1	870001	875000	872,058.00	0.0712
1	875001	880000	875,553.00	0.0715
1	895001	900000	900,000.00	0.0735
2	905001	910000	1,816,180.00	0.1484
1	915001	920000	918,500.00	0.0750
2	920001	925000	1,846,425.00	0.1508
2	945001	950000	1,896,269.00	0.1549
1	965001	970000	969,111.00	0.0792
1	985001	990000	986,531.00	0.0806
2	995001	1000000	2,000,000.00	0.1634
2	1000001	1005000	2,005,420.00	0.1638
1	1010001	1015000	1,010,960.00	0.0826
1	1040001	1045000	1,045,000.00	0.0854
2	1065001	1070000	2,132,584.00	0.1742
1	1080001	1085000	1,082,664.00	0.0884
1	1095001	1100000	1,096,001.00	0.0895
1	1100001	1105000	1,100,321.00	0.0899
1	1135001	1140000	1,136,200.00	0.0928
1	1165001	1170000	1,168,059.00	0.0954
1	1195001	1200000	1,197,246.00	0.0978
2	1210001	1215000	2,423,943.00	0.1980
1	1235001	1240000	1,237,250.00	0.1011
1	1240001	1245000	1,244,904.00	0.1017
1	1245001	1250000	1,250,000.00	0.1021
1	1255001	1260000	1,255,646.00	0.1026
1	1290001	1295000	1,293,396.00	0.1057
1	1325001	1330000	1,325,100.00	0.1082
1	1405001	1410000	1,409,693.00	0.1152

Pattern of Shareholding

As on December 31, 2021

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	1420001	1425000	1,421,448.00	0.1161
1	1495001	1500000	1,500,000.00	0.1225
1	1525001	1530000	1,528,936.00	0.1249
1	1620001	1625000	1,620,304.00	0.1324
1	1630001	1635000	1,630,183.00	0.1332
1	1650001	1655000	1,652,710.00	0.1350
1	1700001	1705000	1,701,193.00	0.1390
1	1785001	1790000	1,790,000.00	0.1462
1	1795001	1800000	1,796,416.00	0.1467
1	1820001	1825000	1,822,571.00	0.1489
1	1935001	1940000	1,936,000.00	0.1581
1	1985001	1990000	1,988,716.00	0.1625
3	1995001	2000000	6,000,000.00	0.4901
1	2195001	2200000	2,200,000.00	0.1797
1	2220001	2225000	2,225,000.00	0.1818
1	2235001	2240000	2,236,102.00	0.1827
1	2295001	2300000	2,300,000.00	0.1879
1	2320001	2325000	2,322,332.00	0.1897
1	2345001	2350000	2,348,870.00	0.1919
1	2390001	2395000	2,394,492.00	0.1956
1	2395001	2400000	2,400,000.00	0.1960
1	2425001	2430000	2,429,786.00	0.1985
1	2445001	2450000	2,448,940.00	0.2000
1	2470001	2475000	2,470,253.00	0.2018
1	2480001	2485000	2,483,913.00	0.2029
1	2645001	2650000	2,650,000.00	0.2165
1	2705001	2710000	2,707,850.00	0.2212
1	2890001	2895000	2,892,817.00	0.2363
1	2930001	2935000	2,931,455.00	0.2395
1	2990001	2995000	2,990,125.00	0.2443
1	3085001	3090000	3,085,105.00	0.2520
1	3120001	3125000	3,120,442.00	0.2549
1	3275001	3280000	3,278,340.00	0.2678
1	3320001	3325000	3,325,000.00	0.2716
1	3460001	3465000	3,463,475.00	0.2829
1	3570001	3575000	3,574,092.00	0.2920
1	3685001	3690000	3,688,509.00	0.3013
1	4025001	4030000	4,030,000.00	0.3292
1	4035001	4040000	4,039,243.00	0.3300
1	4075001	4080000	4,080,000.00	0.3333
1	4080001	4085000	4,082,979.00	0.3335
1	4280001	4285000	4,284,561.00	0.3500
1	4315001	4320000	4,316,760.00	0.3526
1	4500001	4505000	4,500,405.00	0.3676
1	4530001	4535000	4,530,239.00	0.3701

Pattern of Shareholding

As on December 31, 2021

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	4610001	4615000	4,613,107.00	0.3768
1	5810001	5815000	5,810,090.00	0.4746
1	6060001	6065000	6,064,800.00	0.4954
1	6340001	6345000	6,343,700.00	0.5182
1	6445001	6450000	6,450,000.00	0.5269
1	6500001	6505000	6,500,682.00	0.5310
1	7855001	7860000	7,856,286.00	0.6418
1	7875001	7880000	7,878,061.00	0.6435
1	8240001	8245000	8,244,482.00	0.6735
1	8435001	8440000	8,436,974.00	0.6892
1	9295001	9300000	9,297,631.00	0.7595
1	9985001	9990000	9,989,858.00	0.8160
1	11165001	11170000	11,170,000.00	0.9124
1	11295001	11300000	11,300,000.00	0.9231
1	12440001	12445000	12,442,568.00	1.0164
1	13045001	13050000	13,050,000.00	1.0660
1	14120001	14125000	14,121,220.00	1.1535
1	20335001	20340000	20,336,331.00	1.6612
1	26010001	26015000	26,013,852.00	2.1250
1	31160001	31165000	31,163,426.00	2.5457
1	93645001	93650000	93,649,744.00	7.6500
1	631725001	631730000	631,728,895.00	51.6043
22047		Company Total	1,224,179,687.00	100.0000

Shares Trading (Sale / Purchase) by Directors, Sponsors, Executives of UBL and their Spouses and Minor Children

During the Period from January 01, 2021 to December 31, 2021

Name	Sale / Purchase	No of Shares
Muhammad Samin Shahid	Sale	2,711
Naeem Suhail	Gift to wife	12,720
Moazzam Haider	Sale	3,000
Muhamad Naeem Javid	Sale	100
Syed Haider Raza	Sale	2,383
Bestway Holdings Limited To Bestway International Holdings Limited substantial Shareholder	Transfer to BIHL	631,728,895
Maria Naeem Spouse of Naeem Suhail	Sale	12,720
Tahir Anjum Awan	Sale	3,000
Muhammad Imran Kalim	Sale	7,998
Shazia Syed	Purchase	2,500
Niaz Ahmed Siddiqui	Purchase	7,500
Farooq Ahmed Khan	Purchase	5,000
Aameer Karachiwalla	Purchase	14,000

Directors / Memberships in other Corporate Bodies – Sir Mohammed Anwar Pervez, OBE, HPk
Position as of 31 December 2021

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK**	Chairman
2	Bestway (Holdings)Limited, UK**	Chairman
3	Bestway Northern Limited, UK	Chairman
4	Bestway Panacea Holdings Limited, UK	Chairman
5	Bestway Cement Limited, Pakistan	Chairman
6	Bestway Packaging Limited, Pakistan	Director
7	Buybest Limited, UK	Director
8	Bestway Group Limited, Guernsey	Director
9	Bestway Foundation, UK	Chairman
10	Bestway Foundation, Pakistan	Patron-in-Chief

** In Liquidation.

Directors / Memberships in other Corporate Bodies – Lord Zameer M. Choudrey, CBE, SI Pk
Position as of 31 December 2021

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK**	Director
2	Bestway (Holdings) Limited, UK**	Chief Executive
3	Bestway Northern Limited, UK	Chief Executive
4	Bestway Wholesale Limited, UK	Chief Executive
5	Batleys Properties Limited, UK	Chief Executive
6	Bestway Retail Limited, UK	Chief Executive
7	Euroimpex Limited, UK*	Chief Executive
8	MAP Trading Limited, UK	Chief Executive
9	Palmbest Limited, UK	Chief Executive
10	Bestway Cement Limited, Pakistan	Chief Executive
11	Bestway Packaging Limited, Pakistan	Chief Executive
12	Bestway Wholesale Holdings Limited, UK	Director
13	UBL Insurers Limited, Pakistan	Director
14	Bestway Panacea Holdings Limited, UK	Director
15	Buybest Limited, UK	Director
16	Bestway Securities Limited, UK**	Director
17	Bestway UK Holdco Limited, UK**	Director
18	Bestway Foundation, UK	Trustee

19	Bestway Foundation, Pakistan	Chairman
20	Crimestoppers, UK	Trustee
21	Institute of Chartered Accountants of England & Wales, UK	Fellow
22	British Asian Trust UK Advisory Council, UK	Chairman
23	Conservative Friends of Pakistan, UK	Chairman
24	Bestway Northern Holdings Limited, Guernsey**	Director
25	Oakleaf Limited, Guernsey**	Director
26	5 Lakes Investments Limited, Guernsey	Director
27	Bestway Group Limited, Guernsey	Director
28	Bestway UK Holdings Limited, Guernsey	Director
29	Bestway UK Finco Limited, Guernsey	Director
30	Bestway Limited UK*	Director
31	Bestway Power Limited Pakistan*	Director
32	Bestway Spinning Limited Pakistan*	Director

* Dormant.

** In Liquidation.

Directors / Memberships in other Corporate Bodies – Haider Zameer Choudrey

Position as of 31 December 2021

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Cement Limited, Pakistan	Director
2	Bestway Group Limited, UK**	Director
3	Bestway (Holdings) Limited, UK**	Director
4	Bestway Securities Limited, UK**	Director
5	Bestway UK Holdco Limited, UK**	Director
6	Bestway Wholesale Holdings Limited, UK	Director
7	Bestway Panacea Holdings Limited, UK	Director
8	Bestway Northern Holdings Limited, Guernsey**	Director
9	Oakleaf Limited, Guernsey**	Director
10	Bestway Group Limited, Guernsey	Director
11	Bestway International Holdings Limited, Guernsey	Director
12	Bestway UK Holdings Limited, Guernsey	Director
13	Bestway UK Finco Limited, Guernsey	Director
14	5 Lakes Investments Limited, Guernsey	Director
15	Bestway Packaging Limited, Pakistan	Director
16	Institute of Chartered Accountants of England & Wales	Member

** In Liquidation.

Directors / Memberships in other Corporate Bodies – Rizwan Pervez
Position as of 31 December 2021

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK**	Director
2	Bestway (Holdings) Limited, UK**	Director
3	Bestway Northern Limited, UK	Director
4	Bestway Wholesale Limited, UK	Director
5	Bestway Wholesale Holdings Limited, UK	Director
6	Batleys Properties Limited, UK	Director
7	Palmbest Limited, UK	Director
8	Bestway Retail Limited, UK	Director
9	Bestway Securities Limited, UK**	Director
10	MAP Trading Limited, UK	Director
11	UBL Insurers Limited, Pakistan	Director
12	RP Investments Limited, UK	Director
13	RP Property Trading Limited, UK	Director
14	Bestway UK Holdco Limited, UK**	Director
15	Buybest Limited, UK	Partner
16	Bestway Foundation, UK	Trustee
17	Institute of Chartered Accountants of England & Wales	Member
18	Bestway Group Limited, Guernsey	Director
19	Bestway Northern Holdings Limited, Guernsey**	Director
20	Oakleaf Limited, Guernsey**	Director
21	Bestway UK Holdings Limited, Guernsey	Director
22	Bestway UK Finco Limited, Guernsey	Director
23	Bestway Private Properties Ltd. (RAK)	Director

** In Liquidation.

Directors / Memberships in other Corporate Bodies – Shazia Syed
Position as of 31 December 2021

Name of Company / Entity	Position held
Unilever, North Africa	Chairperson

Directors / Memberships in other Corporate Bodies – Amar Zafar Khan
Position as of 31 December 2021

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Ecopak Limited	Chairman
At Tahur Ltd	Director
Pehle Aap (Private) Limited	Director

Directors / Memberships in other Corporate Bodies – Shazad G. Dada

Position as of 31 December 2021

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
UBL Switzerland AG	Director / Chairman
United National Bank, UK	Director
Pakistan Business Council	Nominated Representative
Karachi Education Initiative	Director
Institute of Bankers Pakistan	Council Member
Development in Literacy	Chairman, Board of Trustees, Pakistan
British Business Centre Pakistan	Member, Board of Directors

Directors / Memberships in other Corporate Bodies – Tariq Rashid

Position as of 31 December 2021

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Nil	Nil

Directors / Memberships in other Corporate Bodies – Arshad Ahmad Mir

Position as of 31 December 2021

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Nil	Nil

Notice of 63rd Annual General Meeting of United Bank Limited

Notice is hereby given that the 63rd Annual General Meeting (“AGM”) of the Shareholders of United Bank Limited (the “Bank” or “UBL”) will be held on **Tuesday, 29 March 2022 at 09:30 a.m.** at Islamabad Serena Hotel, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Extra-Ordinary General Meeting held on 06 August 2021.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended 31st December, 2021 together with the Directors’ Report and Auditors’ Reports thereon.
3. To consider and, if thought fit, approve and declare as recommended by the Board of Directors, final cash dividend at the rate of Rs.6/- per share i.e.60%, in addition to 120% interim cash dividend already declared/paid for the year ended 31 December 2021.
4. To consider and, if thought fit, appoint External Auditors to hold office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. The members are hereby notified that the Board Audit Committee has recommended the name of M/s. EY FORD RHODES in place of the retiring External Auditor namely, M/s. A.F. Ferguson & Company, Chartered Accountants. M/s. EY FORD RHODES have consented to be so appointed and the Board of Directors has recommended its appointment.

Special Business:

5. To consider and, if thought fit, approve the amount of remuneration paid to the Non-Executive Directors including independent Directors of the Bank for attending the Board and/or Committees meetings and in that connection to pass the ordinary resolution, as proposed in the statement of Material facts annexed to Notice.
6. To consider and, if thought fit, approve revised “Directors Remuneration Policy”, as approved and recommended by the Board of Directors of the Bank for the Chairman and other Non-Executive Directors, including independent directors and in this connection to pass the ordinary resolutions as proposed in the statement of Material facts annexed to Notice.
7. To transact any other business with the permission of the Chairman.

By order of the Board

Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel

Karachi, 08 March 2022

Attached to this Notice is a Statement of Material Facts covering the above mentioned special business, as required under Section 134(3) of the Companies Act, 2017.

Notice of 63rd Annual General Meeting of United Bank Limited

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **22 March 2022** to **29 March 2022** (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan., the Registrar and Share Transfer Agent of the Bank, by the close of the business on **21 March 2022** will be treated in time for the purpose of the above entitlement.
2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of the Bank, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.
3. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").
4. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.
5. Deduction of Withholding Tax on the Amount of Dividend:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current withholding tax rates are as under:

- | | |
|---|--------|
| (a) For filers of income tax returns: | 15.00% |
| (b) For non-filers of income tax returns: | 30.00% |

To enable the Bank to make tax deduction on the amount of cash dividend @ 15.00% instead of 30.00%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their cash dividend will be deducted @ 30.00%.

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Bank or Bank's Share Registrar and Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

As per FBR's clarification letters C.No.1(29) WHT/2006 dated June 30, 2010 and C.No.1(43) DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Registrar and Share Transfer Agent, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer / Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

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Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

For any query/difficulty/information, the members may contact the Bank's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

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

6. Participation of Shareholders through Online Facility:

To facilitate and ensure the safety and health of the shareholders UBL will also be providing the online platform / facility to participate in the AGM in the shape of webinar/webex/zoom.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 09:00 a.m. on 29 March, 2022 enabling the participants to join the proceedings which will start at 09:30 a.m. sharp.

The shareholders interested in attending the AGM of UBL through online facility are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the following e-mail address:

Email address: company.secretary@ubl.com.pk

The shareholders are requested to provide the information as per the below format. The related link to the webinar/webex/zoom will be sent on the provided email address accordingly:

S. No.	Name of the Shareholder	CNIC Number	Folio Number / CDC Account No.	Cell Number	Email address

The shareholders are also encouraged to send their comments and suggestions, if any, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

7. Consent for Video Link Facility:

Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

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The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Video-Link Form
I/We, _____ of _____, being a member of United Bank Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for video-link facility at _____
_____ Signature of the Member

8. Urgent Provision of Valid CNIC Copy (Mandatory)

In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members. Corporate entities are requested to provide NTN. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.

You are therefore requested to submit a copy of your valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC, please ignore this instruction.

Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

9. Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash Dividend Electronically into the Bank Accounts of the Shareholders (Mandatory Requirement)

In pursuance of Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.

Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account. In order to enable us to follow the directives of the regulators in regard to payment of dividend only through electronic mode, you are requested to please provide/update your bank account details, if not already provided/updated, on the bank mandate form available on the below given link.

<https://www.ubldigital.com/Portals/0/InvestorRelation/Bank%20Mandate%20Form.pdf>

Notice of 63rd Annual General Meeting of United Bank Limited

For any query/difficulty/information, the members may contact the Bank's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

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

The shareholders who hold shares in CDC are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the CDC where member's CDC account is being dealt.

The shareholders who hold physical shares are also requested to submit IBAN (account number) the above mentioned Dividend Mandate Form, duly filled-in, to our Share Registrar namely THK Associates (Pvt) Limited in order to direct credit his/her dividend in their respective account.

10. Unclaimed Dividend and Bonus Shares:

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividends or pending shares, if any.

11. Conversion of Physical Shares into Book Entry Form:

In accordance with Sub Section 2 of the Section 72 of the Companies Act, 2017, Companies are required "to replace its shares issued by them in physical form with shares to be issued in the Book Entry Form".

To enable compliance with the aforementioned requirement, we request you to kindly convert your shares held in Physical Form into Book Entry Form as soon as possible. You may contact your Broker, a PSX Member, CDC Participant or CDC Investor Account Service to assist you to in opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

Should you need any further information or clarification, please feel free to contact THK Associates (PVT) Ltd on Tel # 021-35310191-93 or email at info@thk.com.pk

12. Placement of Financial Statements on Website:

The financial statements of the Bank for the year ended December 31, 2021 along with reports have been placed on the website of the Bank:

<https://ubldigital.com/Investor-Relations/Financial-Statements>

Notice of 63rd Annual General Meeting of United Bank Limited

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, concerning the Special Business:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of United Bank Limited (“the Bank”) to be held on 29th March, 2022.

ITEM NO. 5: REMUNERATION PAID TO THE NON-EXECUTIVE DIRECTORS OF THE BANK

As required under the Prudential Regulations and SBP guidelines total amount of remuneration paid to the non-executive directors including the Chairman for attending the Board meetings and/or Committees meetings during the year 2021 is submitted for the approval of the shareholders.

If deemed fit, the following resolution may be passed, as ordinary resolution:

“RESOLVED that the remuneration paid to the Non-Executive Directors of the Bank including the Chairman during the year ended 2021, for attending the Board and / or Board Committees’ meetings as disclosed in the Note 39 of the Audited Financial Statements of the Bank for the year ended 31st December 2021, be and is hereby confirmed and approved on post facto basis.”

ITEM NO. 6: DIRECTORS’ REMUNERATION POLICY FOR THE NON-EXECUTIVE DIRECTORS INCLUDING THE CHAIRMAN OF THE BANK

State Bank of Pakistan has floated BPRD Circular No 05 of 2021 on November 22, 2021 superseding earlier issued instruction on determining the scale of remuneration to be paid to the Non-Executive Directors including the Chairman for attending the Board meetings and/or Committees meetings.

In the light of the above mentioned circular, Board of Directors of UBL has approved the revised version of Directors Remuneration Policy and recommended to the shareholders for its approval. The Remuneration Policy was earlier approved in the 61st Annual General Meeting of the Bank held on 25 March 2020. Revised version of the Policy is placed on the website of UBL at below appended link.

<https://www.ubldigital.com/Investor-Relations/Stock-Information>

If deemed fit, the following resolution may be passed, as ordinary resolution, with or without modifications.

“RESOLVED that the revised “Directors Remuneration Policy” as approved and recommended by the Board of Directors of the Bank for the Chairman and other Non-Executive Directors, including independent directors, be and is hereby confirmed and approved on pre facto basis.”

Form of Proxy

63rd Annual General Meeting of United Bank Limited

I/We, _____ of _____ being a member of United Bank Limited ("UBL") and holder of _____ ordinary shares as per Share Register Folio No. _____ and / or CDC Participation I.D. No. _____ and Account No. _____ hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 63rd Annual General Meeting of UBL scheduled to be held on **Tuesday, 29 March 2022 at 09:30 a.m.** at Islamabad Serena Hotel, Islamabad and at any adjournment thereof.

Signed this _____ day of _____ 2022

Witness 1:

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

(Signature should agree with the specimen signature registered with the Registrar)

Witness 2:

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

NOTE:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a person as proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar/ Share Transfer Agents, **M/s. THK Associates (Pvt.) Limited**, Plot no.32-C, Jami Commercial Street-2, D.H.A. Phase VII, Karachi not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Registrar, all such instruments of proxy shall be rendered invalid.
5. Applicable stamp duty shall be paid/affixed on the proxy form in accordance with the place of execution.
6. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / Passport No. shall be mentioned on the form.
7. Attested copies of CNIC or the Passport of the beneficial owners of the proxy shall be furnished with the proxy form.
8. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
9. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted along with proxy form to the company.

Affix
Correct
Postage

Registrar

M/s. THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500
Pakistan.

درست ڈاک
تکٹ چسپاں
کریں

رجسٹرار
میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ،
پلاٹ نمبر C-32، جانی کمرشل اسٹریٹ 2،
ڈی۔ ایچ۔ اے۔، فیز VII،
کراچی۔ 75500
پاکستان



where **you** come **first**

UNITED BANK LIMITED

UBL Head Office

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

UAN: 111-825-888 Website: www.ubl.digital.com