

Secretary's Department

UBL/PSX/Transmission QTR Acc/19
April 29, 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir.

Re: Transmission of Quarterly Report for the Period Ended March 31, 2019

We have to inform you that the Quarterly Report of the United Bank Limited for the period ended March 31, 2019 have been transmitted through PUCARS and is also available on Company's website on the following link:

<http://www.ubldirect.com/Corporate/InvestorRelations/FinancialStatement.aspx>

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanks & Regards.


Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel



United Bank Limited

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2019
(UNAUDITED)**



UNITED BANK LIMITED

DIRECTORS' REPORT TO THE MEMBERS



On behalf of the Board of Directors, I am pleased to present the financial statements of United Bank Limited (UBL) for the quarter ended March 31, 2019.

Performance Overview

On a standalone level, UBL recorded Profit Before Tax (PBT) of Rs. 9.2 billion for the quarter ended March 31, 2019 as against Rs. 4.1 billion during the same period last year.

Gross revenue closed at Rs. 19.6 billion in the current quarter compared to Rs. 21.2 billion in Q1'18. Net Interest Income witnessed growth of 6% in comparison to the previous year, in line with balance sheet expansion and repricing across the asset base. Overall Fees and commissions were up 23% vs last year with strong business momentum across core segments. FX revenues increased by 70% as a result of proactive management of trading positions. Overall Non-funded income was 32% higher last year due to capital gains of Rs. 3.1 billion in the first quarter of 2018. Excluding the impact of capital gains, total gross revenue for the Bank increased by 8% year on year.

Administrative expenses remained well controlled with an increase of 3% year on year to Rs. 9.0 billion in Q1'19. The cost to income ratio stood at 45.6% (Q1'18: 40.9%).

Provisions stood at Rs. 1.3 billion during Q1'19, 31% lower compared to the corresponding period last year. The charge for the current quarter included mainly net incremental provisioning against non-performing loans of Rs. 0.6 billion and Rs. 0.6 billion for impairment on equity investments.

Financial Highlights

UBL recorded a Profit After Tax (PAT) of Rs. 4.2 billion during Q1'19 against Rs. 2.6 billion for Q1'18. Earnings per share (EPS) stood at Rs. 3.40 (Q1'18: Rs. 2.16). On a consolidated basis, UBL posted a PAT of Rs. 4.1 billion (Q1'18: Rs. 2.8 billion).

Net Markup Income

Net Markup Income stood at Rs. 14.7 billion during Q1'19, a growth of 6% compared to the prior year. Earning assets averaged Rs. 1.4 trillion in Q1'19 (Q1'18: Rs. 1.6 trillion). These stood relatively lower due to reduced funding from the relatively expensive repo borrowings in the current quarter as compared to last year. Net interest margins (NIMs) improved from 3.5% in Q1'18 to 4.3% in Q1'19, with enhancement in asset yields amid the high rate environment along with active acquisition of low cost deposits.

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DIRECTORS' REPORT TO THE MEMBERS



At the Bank level, average deposits grew by 10% over last year to Rs. 1.3 trillion during Q1'19. This was driven by domestic CASA deposits, which recorded year on year increase of 14% to average Rs. 945 billion in Q1'19. The average domestic CASA ratio improved from 85.6% in Q1'18 to 86.8% in Q1'19. Strong NTB (new to bank) focus by distribution teams resulted in the acquisition of 128,000 NTB current accounts (Q1'18: 149,000 accounts). As a result, domestic current to total deposits improved from 44% at Mar'18 to 47% at Mar'19. The domestic cost of deposits increased from 2.6% in Q1'18 to 4.7% in Q1'19 owing to the impact of increase in the underlying SBP discount rate by 500 bps since Dec'17 (10.75% in Mar'19 vs 5.75% in Dec'17).

Average performing advances were reported at Rs. 638 billion in Q1'19, 3% higher vs Q1'18. The Domestic loan book expanded by 9% year on year on an average basis. The Corporate Banking Group's portfolio grew by 10% over the previous year to an average Rs. 409 billion in Q1'19. Strong sales momentum was maintained in autos that led to overall average consumer advances growing by 33% to Rs. 16 billion. SME loans increased by 24% to Rs. 35 billion in Q1'19. In line with the de-risking strategy of the Bank the international loan book contracted in USD terms by 29% vs last year to USD 1.1 billion in Q1'19.

The investment portfolio averaged at Rs. 679 billion during Q1'19 (Q1'18: Rs. 1.0 trillion). The overall earning portfolio yielded a return of 8.3% in Q1'19 compared to 7.4% during the corresponding period of the previous year.

Non-Markup Income

The Bank posted Non-Markup Income of Rs. 5.0 billion in Q1'19, constituting over 25% of gross revenues. Non-Markup Income stood reduced by 32% vs Q1'18 due to capital gains on bonds and equities of Rs. 3.1 billion realized last year.

Fees and commissions witnessed a 23% growth against the previous year to reach Rs. 3.6 billion in Q1'19. Branch Banking fees grew by 11% in line with the Bank's growing customer base. We continue to deepen our footprint in the bancassurance business as revenues grew by 20% over Q1'18 to Rs. 333 million in Q1'19. We maintained our lead in home remittances with a market share of 28.5% during Q1'19, increasing revenues by 9% year on year. Omni commissions amounted to Rs. 242 million during the current quarter with strong growth across G2P as well as P2P payment volumes. Overall, trade commissions were recorded at Rs. 519 million, the Domestic Bank growing by 16%. Cash management commissions increased by 8% whereas Investment Banking fees grew by 50%.

Exchange earnings stood at Rs. 908 million in Q1'19, increasing by 70% year on year. The growth has resulted from strong buildup in FX volumes across the Corporate and Commercial segments as well as proactive positioning within a volatile exchange rate environment. Dividend income was reported at Rs. 226 million, down 60% versus Q1'18 due to lower payouts from the power sector.

UNITED BANK LIMITED

DIRECTORS' REPORT TO THE MEMBERS



Provisions and loan losses

Provisioning expenses have reduced by 31% from Rs. 1.9 billion in Q1'18 to Rs. 1.3 billion in Q1'19. Overall NPLs stood at Rs. 69.5 billion at Mar'19, increasing by Rs. 1.0 billion over Dec'18. Asset quality was reported at 10.0% at Mar'19 (Dec'18: 8.8%).

Domestic

The Gross Advances for the Domestic business stood at Rs. 506 billion as at Mar'19 constituting 73% of the Bank's loan portfolio. (Dec'18: Domestic Portfolio Rs. 571 billion, 74% of the Bank's loans and advances). Domestic NPLs were contained at Rs. 27.1 billion at Mar'19, largely in line with Dec'18. Asset quality for domestic stood at 5.3% as at Mar'19 (Dec'18: 4.9%), marginally higher as a result of reduction in the overall portfolio size with minimal new NPL formation in the current year. Specific coverage stood at 93.9% in Mar'19 (Dec'18: 92.5%).

International

Given the challenging economic environment across GCC, International NPLs increased from USD 292.8 million at Dec'18 to USD 301.7 million at Mar'19. In order to further strengthen coverage a provision charge of USD 8.9 million was taken within International during Q1'19 against USD 24.5 million in Q1'18. Specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral stood at 92.0% at Mar'19. (Dec'18: 92.1%, refer to note 10.3.2 to the financial statements).

Cost management

Our focus remains on optimizing the cost base by enhancing cost discipline and building greater synergies across functions. Overall, administrative expenses during the current quarter were recorded 3% higher year on year at Rs. 9.0 billion. Personnel cost reduced by 5% compared to last year as we maintain a leaner and more efficient structure. Premises cost remained constant year on year with an enhanced focus to reduce running expenses across the estate. IT expenses saw a 19% growth contributed by increased investment in IT platforms, devaluation of PKR and the Bank's digital initiatives. Other expenses are up 14% in line with the aggressive expansion in business volumes.

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Balance Sheet management

The Bank's average balance sheet stood at Rs. 1.7 trillion in Q1'19 compared to Rs. 1.9 trillion during the corresponding period last year.

Domestic deposits averaged Rs. 1.1 trillion during the current quarter, depicting a growth of 12% over Q1'18. The growth was contributed by the Branch Banking Group, the key pillar of our domestic franchise. Our market share closed at 8.1% at the end of Mar'19 compared to 8.3% at Dec'18. As opposed to aggressive market share acquisition, our priority is to efficiently manage cost of deposits by maintaining optimal CASA levels. Our strategy is geared towards aggressive acquisition of new to bank CASA accounts as well as deepening existing relationships. The average current accounts portfolio stood at Rs. 468.1 billion in Q1'19. (Q1'18: Rs. 415.2 billion) with a year on year growth of 13%.

The net advances portfolio in Mar'19 stood at Rs. 635.6 billion, down 11% against Dec'18. Credit acquisition remains selective across both, the Domestic and International businesses, with focus on asset quality and efficient deployment of capital.

Investments closed at Rs. 758.8 billion at Mar'19 (Dec'18: Rs. 786.4 billion). The portfolio is concentrated mainly in government securities. Our strategy is to deploy fresh liquidity towards the shorter end of the curve to position the portfolio to capture the NII upside from higher interest rates. The Bank maintained an equity portfolio of Rs. 17.8 billion at the end of Mar'19 with investments in top tier corporates across diversified industries with a view to generate a steady stream of dividend income.

Capital Ratios

The Bank seeks to maintain a sound capital position to provide a solid foundation for future growth initiatives. During the quarter, the Bank completed the Initial Public Offering (IPO) of its Additional Tier-1 TFCs amounting to Rs. 1 billion, thus closing the total issue size of Rs. 10 billion. This is the largest publicly traded such instrument to date.

With UBL being designated as a Domestic Systemically Important Bank (D-SIB) by the SBP, its minimum capital requirement has increased by 1.5% from 11.90% in Dec'18 to 13.40% with effect from Mar'19 on both a standalone and consolidated basis. Despite the increase, UBL's capital position remains well above the regulatory requirement. The Common Equity Tier 1 (CET-1) ratio improved by 20 bps to 12.6% at Mar'19 (Dec'18: 12.4%). Total Tier 1 Ratio closed at 13.7%, compared to 13.4% at Dec'18. Overall Capital Adequacy Ratio (CAR) stood at 17.6% (Dec'18: 17.7%), with a buffer of 4.2% over the regulatory requirement of 13.40% as at March 31st 2019.

UNITED BANK LIMITED

DIRECTORS' REPORT TO THE MEMBERS



The Board of Directors of UBL declared an interim dividend of 25 % (Rs. 2.5 per share) in their meeting in Islamabad held on April 24th, 2019, along with the results for the three months ended March 31, 2019.

Economy Review

Economic challenges dominated much of 2018 with pressures on the fiscal and external account severely impacting growth momentum. However, the economy is now on the path towards stabilization as Pakistan's expected re-entry into the IMF program would initiate much needed structural reforms.

The current account deficit (CAD) is beginning to show signs of improvement as it closed at USD 8.8 billion during 8M FY'19, a reduction of 22.6% over the same period last year. This was contributed mainly by a decline in the trade deficit that was recorded at USD 21.5 billion during 8M FY'19, down 11.0% over 8M FY'18. While exports posted 1.9% growth over last year, imports were down by 6.1% over the same period. In addition, strong growth in home remittances also supported the current account as remittance volumes increased by nearly 12% to reach USD 14.35 billion in 8M FY'19.

FX reserves increased from USD 13.8 billion at the end of Dec'18 to USD 17.4 billion at Mar'19, backed by bilateral inflows from friendly countries. The large, albeit declining, current account deficit continues to maintain pressure on the exchange rate as the PKR / USD parity shed 1.4% of its value, falling from Rs. 138.86 / USD at Dec'18 to Rs. 140.78 at Mar'19. This marks a cumulative 27.5% depreciation since the beginning of 2018.

The PKR devaluation and increase in power tariffs have added to inflationary pressures as CPI stood at 8.3% year on year during Q1'19 against 3.8% in Q1'18 (Q4'18: 6.5%). Keeping in view the rising core inflation, high current account deficit and slow pace of fiscal consolidation, the SBP, in its latest monetary policy announcement in Mar'19, raised the target interest rate by 50 basis points to 10.75%. With this latest rate hike, the SBP's base rate has seen a cumulative 75 basis points increase during the current year. Stock market activity remained subdued as the KSE 100 Index closed at 38.6K points, a 4% return for Q1'19.

Banking sector deposits stood at Rs. 13.5 trillion at Mar'19, in line with Dec'18. Sector net advances ended the current quarter at Rs. 7.4 trillion, marginally lower than the Dec'18 level as the high rate environment has impacted credit expansion. Non-performing loans for the banking industry increased by 7% over Sep'18 to Rs. 679.7 billion at Dec'18 while the gross infection ratio remained relatively constant quarter on quarter at 8.0%.

UBL International

The business environment continues to be difficult in the GCC region. Although some pick up in international oil prices and expansionary fiscal policies in the UAE have provided stimulus to economic activity, recovery remains slower than expected.

Within International, we are seeking to de-risk the balance sheet. Asset booking is constrained with funding channeled to only top quality, capital efficient assets. In view of the PKR depreciation in the last one year, we aim to reduce foreign currency denominated risk-weighted assets in order to maintain our CAR at the Bank level.

We are revitalizing the Retail franchise in order to build sustainable core deposits and reduce deposit concentration. Our Special Assets Management Division is aggressively pursuing recovering efforts against non-performing names. Additionally, we have further strengthened the risk and compliance functions for active vigilance of stressed accounts to curtail further portfolio infection.

UBL International reported average deposits of USD 1.79 billion during Q1'19 (Q1'18: USD 2.25 billion). Cost of deposits stood at 2.2% in Q1'19, the same level as Q1'18 despite an increase in LIBOR of 100bps over the last one year. Net advances closed at USD 1.10 billion (Dec'18: USD 1.24 billion).

NPLs increased by USD 8.9 million during this quarter and stood at USD 301.7 million at Mar'19. A provision charge of USD 11.7 million was taken during the quarter in order to further enhance coverage. Net investments, consisted primarily of foreign bonds, closed at USD 661.7 million (Dec'18: USD 635.5 million) at a yield of 6.3% (Dec'18: 6.5%).

Credit Rating

JCR-VIS Credit Rating Company Limited (JCR-VIS) re-affirmed the entity ratings of United Bank Limited (UBL) at 'AAA/A-1+' (Triple A/A-One Plus) on June 29, 2018. Outlook on the assigned ratings is 'Stable'.

Future Outlook

UBL is committed to playing a leading role in the nation's development as the country emerges from its economic challenges to return on a path of growth and stability.

We shall seek to enhance financial inclusion to ensure that every Pakistani citizen has easy access to banking services. Branch Banking shall remain the core driver of our franchise. Instead of expanding branch presence, the focus will be on investing in the existing network to scale up new client acquisitions and uplift service standards. A key priority is to invest in the technologies of tomorrow

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DIRECTORS' REPORT TO THE MEMBERS



in order to transform customer experiences and set new industry benchmarks. Credit expansion will remain highly selective given the prevailing high interest rate scenario. Lending shall be directed mainly to new public sector expansion projects with a view to preserving asset quality. We are committed to further strengthening our compliance program to align ourselves to global best practices.

Acknowledgements

In conclusion, we would like to express our gratitude to our customers and shareholders for their continued patronage. We highly appreciate the commitment and efforts of the UBL team in making the Bank one of the leading financial institutions in the country. We would also like to extend our thanks to the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission and other regulatory bodies for their direction and support.

For and on behalf of the Board,

A handwritten signature in black ink, appearing to read 'S. Kamil', with a large, stylized flourish at the end.

Sima Kamil
President & CEO
Islamabad,
April 24th, 2019

A handwritten signature in black ink, appearing to read 'Amar Zafar Khan', with a long, sweeping flourish extending to the left.

Amar Zafar Khan
Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

Note	(Un-audited)	(Audited)
	March 31, 2019	December 31, 2018
	----- (Rupees in '000) -----	

ASSETS

Cash and balances with treasury banks	6	142,103,518	183,467,358
Balances with other banks	7	28,803,855	23,345,698
Lendings to financial institutions	8	44,332,356	33,941,546
Investments	9	758,809,159	786,375,326
Advances	10	635,622,358	715,936,731
Fixed assets	11	53,006,235	45,799,099
Intangible assets	12	1,747,585	1,757,033
Deferred tax assets	13	8,279,272	7,807,084
Other assets	14	81,080,191	91,169,271
		1,753,784,529	1,889,599,146

LIABILITIES

Bills payable	16	22,850,060	27,249,136
Borrowings	17	139,842,353	268,124,033
Deposits and other accounts	18	1,344,354,393	1,366,060,048
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	10,000,000	9,000,000
Deferred tax liabilities		-	-
Other liabilities	20	81,674,110	67,895,981
		1,598,720,916	1,738,329,198

NET ASSETS

	155,063,613	151,269,948
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REPRESENTED BY:

Share capital		12,241,798	12,241,798
Reserves		56,044,701	54,439,238
Surplus on revaluation of assets	21	18,686,521	16,587,066
Unappropriated profit		68,090,593	68,001,846
		155,063,613	151,269,948

CONTINGENCIES AND COMMITMENTS

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

 Aameer Karachiwalla Chief Financial Officer	 Sima Kamil President & Chief Executive Officer	 Amar Zafar Khan Director	 Tariq Rashid Director	 Sir Mohammed Anwar Pervez, OBE, HPK Chairman
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**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	March 31, 2019	March 31, 2018
----- (Rupees in '000) -----			
Mark-up / return / interest earned	24	31,400,113	28,146,657
Mark-up / return / interest expensed	25	16,741,531	14,291,835
Net mark-up / interest income		14,658,582	13,854,822
Non mark-up / interest income			
Fee and commission income	26	3,612,868	2,946,665
Dividend income		226,422	570,910
Foreign exchange income		907,911	535,561
Income / (loss) from derivatives		51,482	(21,850)
Gain on securities - net	27	5,098	3,066,389
Other income	28	170,643	211,612
Total non mark-up / interest income		4,974,424	7,309,287
Total income		19,633,006	21,164,109
Non mark-up / interest expenses			
Operating expenses	29	8,950,871	8,654,926
Workers' Welfare Fund		181,489	123,827
Other charges	30	1,985	432
Total non mark-up / interest expenses		9,134,345	8,779,185
Profit before provisions		10,498,661	12,384,924
Provisions and write-offs - net	31	1,323,158	1,912,370
Extra ordinary / unusual item - charge in respect of pension liability		-	6,404,635
Profit before taxation		9,175,503	4,067,919
Taxation	32	5,011,702	1,422,666
Profit after taxation		4,163,801	2,645,253
----- (Rupees) -----			
Earnings per share - basic and diluted	33	3.40	2.16

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

 Aameer Karachiwalla Chief Financial Officer	 Sima Kamil President & Chief Executive Officer	 Amar Zafar Khan Director	 Tariq Rashid Director	 Sir Mohammed Anwar Pervez, OBE, HPk Chairman
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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	March 31, 2019	March 31, 2018 Restated
	----- (Rupees in '000) -----	
Profit after taxation for the period	4,163,801	2,645,253
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	1,189,083	2,106,196
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,197,177	(3,974,016)
	3,386,260	(1,867,820)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Movement in surplus on revaluation of fixed assets - net of tax	(83,617)	95
Movement in surplus on revaluation of non-banking assets - net of tax	(240)	(25,269)
	(83,857)	(25,174)
Total comprehensive income for the period	7,466,204	752,259

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

 Aameer Karachiwalla Chief Financial Officer	 Sima Kamil President & Chief Executive Officer	 Amar Zafar Khan Director	 Tariq Rashid Director	 Sir Mohammed Anwar Pervez, OBE, HPk Chairman
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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
(Rupees in '000)								
Balance as at December 31, 2017 - as restated	12,241,798	14,107,139	29,739,738	6,228,784	25,964,654	112,528	70,912,406	159,307,047
Change in accounting policy as at January 1, 2018	-	-	-	-	-	-	(1,590,688)	(1,590,688)
Balance as at January 01, 2018 - as restated	12,241,798	14,107,139	29,739,738	6,228,784	25,964,654	112,528	69,321,718	157,716,359
Total comprehensive income for the quarter ended March 31, 2018 - as restated								
Profit after taxation for the quarter ended March 31, 2018	-	-	-	-	-	-	2,645,253	2,645,253
Other comprehensive income - net of tax - as restated	-	2,106,196	-	(3,974,016)	95	(25,269)	-	(1,892,994)
Total comprehensive income for the quarter ended March 31, 2018 - as restated	-	2,106,196	-	(3,974,016)	95	(25,269)	2,645,253	752,259
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(13,679)	-	13,679	-
Transfer to statutory reserve	-	-	264,525	-	-	-	(264,525)	-
Transactions with owners for the quarter ended March 31, 2018								
Final cash dividend - December 31, 2017 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Balance as at March 31, 2018 (Un-audited) - as restated	12,241,798	16,213,335	30,004,263	2,254,768	25,951,070	87,259	66,819,406	153,571,899
Total comprehensive income for the nine months ended December 31, 2018								
Profit after taxation for the nine months ended December 31, 2018	-	-	-	-	-	-	12,580,842	12,580,842
Other comprehensive income - net of tax	-	6,963,555	-	(11,325,481)	(356,370)	18,597	(389,657)	(5,089,356)
Total comprehensive income for the nine months ended December 31, 2018	-	6,963,555	-	(11,325,481)	(356,370)	18,597	12,191,185	7,491,486
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(42,777)	-	42,777	-
Transfer to statutory reserve	-	-	1,258,085	-	-	-	(1,258,085)	-
Transactions with owners for the nine months ended December 31, 2018								
Interim cash dividend - March 31, 2018 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - June 30, 2018 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - September 30, 2018 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,359)	(2,448,359)
	-	-	-	-	-	-	(9,793,437)	(9,793,437)
Balance as at December 31, 2018 (Audited)	12,241,798	23,176,890	31,262,348	(9,070,713)	25,551,923	105,856	68,001,846	151,269,948
Total comprehensive income for the quarter ended March 31, 2019								
Profit after taxation for the quarter ended March 31, 2019	-	-	-	-	-	-	4,163,801	4,163,801
Other comprehensive income - net of tax	-	1,189,083	-	2,197,177	(83,617)	(240)	-	3,302,403
Total comprehensive income for the quarter ended March 31, 2019	-	1,189,083	-	2,197,177	(83,617)	(240)	4,163,801	7,466,204
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(13,865)	-	13,865	-
Transfer to statutory reserve	-	-	416,380	-	-	-	(416,380)	-
Transactions with owners for the quarter ended March 31, 2019								
Final cash dividend - December 31, 2018 declared subsequent to the year end at Rs. 3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Balance as at March 31, 2019 (Un-audited)	12,241,798	24,365,973	31,678,728	(6,873,536)	25,454,441	105,616	68,090,593	155,063,613

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

Aameer Karachiwalla Chief Financial Officer	Sima Kamil President & Chief Executive Officer	Amar Zafar Khan Director	Tariq Rashid Director	Sir Mohammed Anwar Pervez, OBE, HPk Chairman

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,175,503	4,067,919
Less: Dividend income	226,422	(570,910)
	<u>8,949,081</u>	<u>3,497,009</u>
Adjustments:		
Depreciation on fixed assets	626,685	528,079
Depreciation on Islamic financing against leased assets (Ijarah)	50,445	50,012
Depreciation on right of use assets	499,308	-
Amortization	145,612	90,382
Workers' Welfare Fund	181,489	123,827
Provision for retirement benefits	193,773	6,582,031
Provision for compensated absences	39,493	43,550
Provision against loans and advances - net	492,449	2,010,470
Reversal of provision against lendings to financial institutions - net	(21)	(57,600)
Provision for diminution in value of investments - net	648,917	18,633
Interest expense on lease liability	230,193	-
Gain on sale of operating fixed assets - net	(2,926)	(11,436)
Gain on sale of ijarah assets - net	(312)	(945)
Gain on sale of associate	(75,294)	-
Bad debts written-off directly	12,824	13,905
Unrealized loss on revaluation of investments classified as held for trading	37,535	705
Other provisions / write-offs - net	31,251	(73,038)
	<u>3,111,421</u>	<u>9,318,575</u>
	12,060,502	12,815,584
(Increase) / decrease in operating assets		
Lendings to financial institutions	(10,390,768)	(18,950,716)
Held for trading securities	(80,870,056)	22,359,597
Advances	79,746,585	(21,804,091)
Other assets (excluding advance taxation)	6,400,616	5,033,858
	<u>(5,113,623)</u>	<u>(13,361,352)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(4,399,076)	(208,036)
Borrowings	(128,281,680)	(248,990,055)
Deposits and other accounts	(21,705,655)	12,140,873
Other liabilities (excluding current taxation)	2,817,116	(3,690,697)
	<u>(151,569,295)</u>	<u>(240,747,915)</u>
	(144,622,416)	(241,293,683)
Payments on account of staff retirement benefits	(1,188,457)	(120,907)
Income taxes paid	(1,530,694)	(2,833,572)
Net cash flows used in operating activities	<u>(147,341,567)</u>	<u>(244,248,162)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	130,562,260	189,259,349
Net investments in held to maturity securities	(19,990,056)	48,163,330
Net investments in subsidiaries and associates	(267,718)	101,422
Dividend income received	80,451	117,353
Investment in fixed assets and intangible assets	(768,730)	(1,033,236)
Sale proceeds from disposal of fixed assets	4,305	20,483
Sale proceeds from disposal of ijarah assets	12,382	17,057
Effect of translation of net investment in foreign branches	1,189,083	2,106,196
Net cash flows generated from investing activities	<u>110,821,977</u>	<u>238,751,954</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts of subordinated debts	1,000,000	-
Lease Liability	(371,855)	-
Dividends paid	(14,238)	(400,997)
Net cash flows from / (used in) financing activities	<u>613,907</u>	<u>(400,997)</u>
Decrease in cash and cash equivalents	<u>(35,905,683)</u>	<u>(5,897,205)</u>
Cash and cash equivalents at the beginning of the period	206,813,056	177,098,885
Cash and cash equivalents at the end of the period	<u><u>170,907,373</u></u>	<u><u>171,201,680</u></u>

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

Aameer Karachiwalla Chief Financial Officer	Sima Kamil President & Chief Executive Officer	Amar Zafar Khan Director	Tariq Rashid Director	Sir Mohammed Anwar Pervez, OBE, MPk Chairman

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

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 1361 (December 31, 2018: 1,364) branches inside Pakistan including 94 (December 31, 2018: 94) Islamic Banking branches and 2 (December 31, 2018: 2) branches in Export Processing Zones. The Bank also operates 14 (December 31, 2018: 15) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

- 3.2 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2018.
- 3.5 These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are presented separately.
- 3.6 **Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IFRS 9 – Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank has already adopted IFRS 9 in respect of certain overseas branches.

The Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

- 3.7 **Standards, interpretations and amendments to approved accounting standards that are effective in the current year**
- The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

During the current period, IFRS 16, Leases, became applicable for the Bank. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 4.1.1

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either not to be relevant or not to have any significant impact on the Bank's unconsolidated interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2018, except for the following:

4.1.1 Impact of IFRS 16 - Leases

The Bank has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Bank recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The uniform borrowing rate applied to the lease liabilities on 1 January 2019.

The change in accounting policy affected the following items in the balance sheet on 31 March 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets – increase by Rs 7,194.818 million;
- Lease liabilities recognized as Other liabilities – increase by Rs 7,265.760 million

The impact on profit and loss account for the period January 1, 2019 to March 31, 2019 was a decrease of Rs 127.434 million.

In applying IFRS 16 for the first time, the Bank has used the following expedients permitted by the standard:

- the use of a single discount rate to the total portfolio of leases;
- Lease term considered to the extent of define period mentioned in lease agreements;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

4.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

5. BASIS OF MEASUREMENT

5.1 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes and lease liability under IFRS 16 are carried at their present values.

5.2 Judgments and estimates

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

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		12,086,263	11,659,464
Foreign currency		4,405,535	4,042,891
		16,491,798	15,702,355
With State Bank of Pakistan in			
Local currency current accounts		42,086,565	46,699,046
Foreign currency current accounts		3,066,562	3,209,866
Foreign currency deposit account		8,742,250	8,304,054
		53,895,377	58,212,966
With other central banks in			
Foreign currency current accounts		27,628,296	30,452,713
Foreign currency deposit accounts		7,802,781	12,103,156
		35,431,077	42,555,869
With National Bank of Pakistan in local currency current accounts		36,223,239	66,936,342
Prize Bonds		62,027	59,826
		<u>142,103,518</u>	<u>183,467,358</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts		7,438,007	4,600,007
Outside Pakistan			
In current accounts		8,472,110	5,866,022
In deposit accounts		12,893,738	12,879,669
		21,365,848	18,745,691
		<u>28,803,855</u>	<u>23,345,698</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending		12,300,000	7,000,000
Repurchase agreement lendings (reverse repo)		25,110,030	23,500,000
Bai Muajjal receivable with other financial institutions		6,922,326	3,066,732
Other lendings to financial institutions		-	443,067
		44,332,356	34,009,799
Less: provision against lendings to financial institutions		-	(68,253)
Lendings to Financial Institutions - net of provision		<u>44,332,356</u>	<u>33,941,546</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

9. INVESTMENTS	(Un-audited)				(Audited)			
	March 31, 2019				December 31, 2018			
9.1 Investments by type	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Held for trading securities								
Market Treasury Bills	182,443,193	-	(37,535)	182,405,658	99,942,759	-	954	99,943,713
Pakistan Investment Bonds	-	-	-	-	1,621,854	-	7,570	1,629,424
	182,443,193	-	(37,535)	182,405,658	101,564,613	-	8,524	101,573,137
Available for sale securities								
Market Treasury Bills	-	-	-	-	139,865,800	-	(22,440)	139,843,360
Pakistan Investment Bonds	146,283,642	-	(13,182,603)	133,101,039	133,585,814	-	(14,268,873)	119,316,941
Government of Pakistan Eurobonds	17,954,264	(206,763)	208,851	17,956,352	17,736,778	(203,676)	(701,525)	16,831,577
Government of Pakistan Sukuk	9,179,476	(50,524)	(28,591)	9,100,361	15,145,060	(49,844)	(176,154)	14,919,062
Sukuks	105,000	-	-	105,000	105,000	-	-	105,000
Ordinary shares of listed companies	17,817,782	(3,281,147)	1,171,166	15,707,801	18,018,211	(3,047,963)	1,747,978	16,718,226
Preference shares	488,849	(452,182)	-	36,667	482,687	(446,023)	-	36,664
Ordinary shares of unlisted companies	753,603	(121,751)	-	631,852	753,562	(121,751)	-	631,811
Investment in REIT	458,590	-	18,344	476,934	458,590	-	41,273	499,863
Investment in Mutual Fund	250,000	-	(6,102)	243,898	-	-	-	-
Term Finance Certificates	941,273	(97,278)	(212)	843,783	941,297	(97,278)	(891)	843,128
Foreign bonds - sovereign	37,379,316	(383,055)	606,987	37,603,248	35,080,096	(378,288)	(459,301)	34,242,507
Foreign bonds - others	6,983,769	(42,802)	(40,986)	6,899,981	6,997,292	(46,622)	(110,867)	6,839,803
	238,595,564	(4,635,502)	(11,253,146)	222,706,916	369,170,187	(4,391,445)	(13,950,800)	350,827,942
Held to maturity securities								
Market Treasury Bills	2,870,976	-	-	2,870,976	2,885,435	-	-	2,885,435
Pakistan Investment Bonds	274,524,857	-	-	274,524,857	275,079,334	-	-	275,079,334
Government of Pakistan Eurobonds	8,352,247	(129,557)	-	8,222,690	8,251,048	(127,994)	-	8,123,054
Government of Pakistan Sukuk	728,937	(11,417)	-	717,520	719,499	(11,264)	-	708,235
Bai Muajjal with Government of Pakistan	24,094,931	-	-	24,094,931	8,300,566	-	-	8,300,566
Term Finance Certificates	5,660,321	(11,384)	-	5,648,937	6,023,053	(11,384)	-	6,011,669
Sukuks	16,774,480	(103,278)	-	16,671,202	11,921,801	(107,743)	-	11,814,058
Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
Debentures	2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign	14,607,316	(173,610)	-	14,433,706	14,460,187	(171,247)	-	14,288,940
Foreign bonds - others	1,518,378	(351,227)	-	1,167,151	1,497,873	(347,246)	-	1,150,627
Recovery note	433,921	(433,905)	-	16	428,008	(427,992)	-	16
CDC SAARC Fund	306	-	-	306	302	-	-	302
	349,569,373	(1,217,081)	-	348,352,292	329,569,809	(1,207,573)	-	328,362,236
Associates								
UBL Financial Sector Fund	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
Oman United Exchange Company, Muscat	-	-	-	-	15,998	(51)	-	15,947
DHA Cogen Limited	-	-	-	-	-	-	-	-
	1,222,485	-	-	1,222,485	1,088,483	(51)	-	1,088,432
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
UBL Bank (Tanzania) Limited	-	-	-	-	1,831,006	(882,587)	-	948,419
United Executors and Trustees Company Limited	30,100	-	-	30,100	30,100	-	-	30,100
	3,575,160	-	-	3,575,160	5,406,166	(882,587)	-	4,523,579
Investment held for Sale								
UBL Bank (Tanzania) Limited	1,831,006	(1,284,358)	-	546,648	-	-	-	-
Total Investments	777,236,781	(7,136,941)	(11,290,681)	758,809,159	806,799,258	(6,481,656)	(13,942,276)	786,375,326

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
9.1.1 Investments given as collateral - at market value			
Market Treasury Bills		39,903,326	104,483,301
Pakistan Investment Bonds		4,482,219	55,064,705
Government of Pakistan Eurobonds		-	1,457,053
Government of Pakistan Sukuk		1,416,894	-
Foreign bonds - sovereign		-	2,938,477
Foreign bonds - others		-	1,167,508
		<u>45,802,439</u>	<u>165,111,044</u>
9.2 Provision for diminution in value of investments			
9.2.1 Opening balance		6,481,656	3,768,660
Impact on adoption of IFRS 9		-	871,640
Exchange adjustments		6,368	373,968
Charge / (reversals)			
Charge for the period / year		653,381	1,567,939
Reversals for the period / year		(4,464)	(12,388)
		648,917	1,555,551
Reversal on disposal		-	(60,438)
Amounts written off		-	(27,725)
Closing balance	9.7	<u>7,136,941</u>	<u>6,481,656</u>
9.2.2 Particulars of provision against debt securities			
Category of classification		(Un-audited) March 31, 2019	(Audited) December 31, 2018
		Non performing investment (NPI)	Non performing investment (NPI)
		Provision	Provision
----- (Rupees in '000) -----			
Domestic			
Loss		1,868,644	214,466
			2,136,944
Overseas			
Overdue by:			
> 365 days		739,253	739,253
			729,205
Total		<u>2,607,897</u>	<u>953,719</u>
			<u>2,866,149</u>
9.3	The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs.309,633.764 million (December 31, 2018: Rs. 304,643.471 million).		
9.4	This represents the Bank's subscription towards the paid-up capital of Khushhali Bank Limited. Pursuant to section 10 of the Khushhali Bank Ordinance, 2000 strategic investors including the Bank cannot sell or transfer their investment before a period of five years that has expired on October 10, 2005. Thereafter, such sale / transfer would be subject to the prior approval of the SBP. However, these shares are still appearing as frozen as no approval has been obtained by the Bank to unfreeze these shares.		

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

- 9.5 United Bank limited has divested its 25% shareholding in Oman United Exchange Company Limited to a local Omni business group. The transaction was completed on March 31, 2019.
- 9.6 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.
- 9.7 Provision against investments includes collective impairment under IFRS 9 amounting to Rs: 1,043.623 million.
- 9.8 Investments include amounts aggregating to Rs. 1,536.840 million (2018: Rs 1,792.177 million) which have been classified as loss in accordance with the requirements of Prudential Regulations prescribed by the SBP. Provision has however, not been made against them as these investments are secured by way of guarantee from the Government of Pakistan.
- 9.9 United Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited (UBL). UBL and UBTL have entered into a Letter of Intent (LOI) with EXIM Bank Tanzania Limited for the sale of the undertaking of UBTL as an asset / liabilities sale subject to all applicable corporate compliances and the regulatory approvals at both places, i.e. Pakistan and Tanzania. The entity of UBTL and its banking license will remain intact for the time being. Accordingly the investment in UBL Bank (Tanzania) is classified under "assets held for sale" at lower of carrying amount and Fair value less cost of disposal.

10. ADVANCES	Note	Performing		Non-performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March	December	March	December	March	December
		31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		566,859,247	628,104,826	66,524,039	65,480,873	633,383,286	693,585,699
Net investment in finance lease		98,401	77,361	-	-	98,401	77,361
Islamic financings and related assets	38.3	9,590,665	22,595,094	91,142	97,156	9,681,807	22,692,250
Bills discounted and purchased		51,346,710	56,933,339	2,926,162	2,983,692	54,272,872	59,917,031
Advances - gross		627,895,023	707,710,620	69,541,343	68,561,721	697,436,366	776,272,341
Provision against advances	10.3						
- Specific		-	-	(57,362,100)	(55,893,025)	(57,362,100)	(55,893,025)
- General		(4,451,908)	(4,442,585)	-	-	(4,451,908)	(4,442,585)
		(4,451,908)	(4,442,585)	(57,362,100)	(55,893,025)	(61,814,008)	(60,335,610)
Advances - net of provision		623,443,115	703,268,035	12,179,243	12,668,696	635,622,358	715,936,731

		(Un-audited)	(Audited)
		March	December
		31, 2019	31, 2018
		(Rupees in '000)	
10.1	Particulars of advances - gross		
	In local currency	501,535,601	579,185,614
	In foreign currencies	195,900,765	197,086,727
		697,436,366	776,272,341

- 10.2 Advances include Rs. 69,541.343 million (December 31, 2018: Rs. 68,561.721 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited)		(Audited)	
	March 31, 2019		December 31, 2018	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	281,991	4,451	89,546	1,113
Substandard	266,783	65,187	969,495	240,790
Doubtful	245,555	121,088	428,909	202,116
Loss	26,267,055	25,224,606	26,432,231	25,394,410
	27,061,384	25,415,332	27,920,181	25,838,429
Overseas				
Not past due but impaired**	5,530,894	2,998,879	3,623,373	3,073,362
Overdue by:				
Upto 90 days	4,281,248	2,375,556	7,986,841	2,722,248
91 to 180 days	5,796,994	2,931,187	2,057,618	2,027,258
181 to 365 days	2,613,958	2,613,958	2,090,931	1,904,536
> 365 days	24,256,865	21,027,188	24,882,777	20,327,192
	42,479,959	31,946,768	40,641,540	30,054,596
Total	69,541,343	57,362,100	68,561,721	55,893,025

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

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

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
10.3 Particulars of provision against advances

Note	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	55,893,025	4,442,585	60,335,610	39,441,610	3,255,254	42,696,864
Impact on adoption of IFRS 9	-	-	-	-	1,272,272	1,272,272
Exchange adjustments	880,194	(8,311)	871,883	4,669,656	753,690	5,423,346
Charge / (reversals)						
Charge for the period / year	1,745,010	17,634	1,762,644	14,490,257	6,721	14,496,978
Reversals for the period / year	(1,156,129)	-	(1,156,129)	(2,314,390)	(845,352)	(3,159,742)
31	588,881	17,634	606,515	12,175,867	(838,631)	11,337,236
Amounts written off	-	-	-	(394,108)	-	(394,108)
Closing balance	57,362,100	4,451,908	61,814,008	55,893,025	4,442,585	60,335,610

10.3.1 General provision represents provision amounting to Rs. 310.495 million (December 31, 2018: Rs. 303.132 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 4,141.413 million (December 31, 2018: Rs. 4,139.453 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of adoption of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing 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. 26.650 million (December 31, 2018: Rs. 20.009 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs.5,866.809 million (December 31, 2018: Rs. 5,769.930 million) for the overseas branches.

10.3.3 Exposure amounting to Rs. 3,339.483 million relating to certain facilities of Power Holding (Pvt.) Limited, which is a government guaranteed loan, has not been classified as non-performing, pursuant to a relaxation given by SBP in this respect. The relaxation is valid upto March 31, 2019.

Note	(Un-audited)	(Audited)	
	March 31, 2019	December 31, 2018	
	----- (Rupees in '000) -----		
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,184,161	944,233
Property and equipment		44,627,256	44,854,866
Right-of-use Assets	4.1.1	7,194,818	-
		<u>53,006,235</u>	<u>45,799,099</u>
11.1 Capital work-in-progress			
Civil works		728,491	585,087
Equipment		455,670	359,146
		<u>1,184,161</u>	<u>944,233</u>

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		(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS			
Capital work-in-progress		243,768	211,160
Intangible assets		1,503,817	1,545,873
		<u>1,747,585</u>	<u>1,757,033</u>
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	<u>8,279,272</u>	<u>7,807,084</u>
13.1 Movement in temporary differences during the period			

March 31, 2019 (Un-Audited)				
At January 1, 2019	Recognized in profit and loss account	Recognised in OCI	At March 31, 2019	
----- (Rupees in '000) -----				
Deductible temporary differences on				
- Post retirement employee benefits	672,290	60,098	-	732,388
- Provision against advances, off balance sheet etc.	2,292,249	261,971	-	2,554,220
- Surplus on revaluation of investment	4,880,087	-	(500,478)	4,379,609
- Others	1,603,854	70,781	809,633	2,484,268
	<u>9,448,480</u>	<u>392,850</u>	<u>309,155</u>	<u>10,150,485</u>
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(734,307)	8,197	(84,834)	(810,944)
- Accelerated tax depreciation	(907,089)	(153,180)	-	(1,060,269)
	<u>(1,641,396)</u>	<u>(144,983)</u>	<u>(84,834)</u>	<u>(1,871,213)</u>
	<u>7,807,084</u>	<u>247,867</u>	<u>224,321</u>	<u>8,279,272</u>

December 31, 2018 (Audited)				
At January 1, 2018	Recognized in profit and loss account	Recognised in OCI	At December 31, 2018	
----- (Rupees in '000) -----				
Deductible temporary differences on				
- Tax losses carried forward	115,854	(115,854)	-	-
- Post retirement employee benefits	337,102	125,373	209,815	672,290
- Provision against advances, off balance sheet etc.	1,107,929	1,184,320	-	2,292,249
- Surplus on revaluation of investment	(3,353,961)	-	8,234,048	4,880,087
- Others	643,024	181,519	779,311	1,603,854
	<u>(1,150,052)</u>	<u>1,375,358</u>	<u>9,223,174</u>	<u>9,448,480</u>
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(772,183)	-	37,876	(734,307)
- Accelerated tax depreciation	(689,706)	(217,383)	-	(907,089)
	<u>(1,461,889)</u>	<u>(217,383)</u>	<u>37,876</u>	<u>(1,641,396)</u>
	<u>(2,611,941)</u>	<u>1,157,975</u>	<u>9,261,050</u>	<u>7,807,084</u>

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		19,956,939	22,186,193
Income / mark-up accrued in foreign currency - net of provision		5,293,420	4,292,424
		<u>25,250,359</u>	<u>26,478,617</u>
Advance taxation - net of provision for taxation	14.1	20,977,970	24,824,271
Receivable from staff retirement fund		301,964	321,349
Receivable from other banks against telegraphic transfers and demand drafts		4,202	88,354
Unrealized gain on forward foreign exchange contracts		2,402,307	5,114,010
Rebate receivable - net		1,301,462	1,055,900
Unrealized gain on derivative financial instruments		379	5,868
Suspense accounts		650,993	607,698
Stationery and stamps on hand		102,063	98,828
Non-banking assets acquired in satisfaction of claims		1,451,782	1,369,282
Advances, deposits, advance rent and other prepayments		1,960,168	1,320,756
Acceptances		25,035,808	28,157,111
Others		2,562,892	2,640,158
		<u>82,002,349</u>	<u>92,082,202</u>
Provision held against other assets	14.2	(1,095,299)	(1,086,072)
Other assets - net of provisions		<u>80,907,050</u>	<u>90,996,130</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	173,141	173,141
Other assets - total		<u>81,080,191</u>	<u>91,169,271</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- 14.1 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2018, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.13,119 million (2018: Rs.13,119 million), which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favour of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed up to the tax year 2018 (financial year 2017) 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 2007 to 2017. Consequently various addbacks and demands were raised creating a total demand of Rs. 889 million (2018: Rs. 995 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 and Qatar branches have been filed up to the year ended December 31, 2017 and for UAE branches up to the year ended December 31, 2018 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 1 M (Rs: 38.668 million) from the General tax Authority (GTA) in respect of tax year 2004 with no supporting calculations from GTA. Management has requested details for 2004 assessment from GTA, however to date no response has been received. Management is confident that the matters will be decided in favour of the Bank and the possibility of any outcome against it is remote.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
14.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	573,484	571,597
Non-banking assets acquired in satisfaction of claims	104,512	104,512
Receivable from insurance companies against fraud and forgery	417,303	409,963
	<u>1,095,299</u>	<u>1,086,072</u>
15. CONTINGENT ASSETS		
There were no contingent assets as at the statement of financial position date.		
16. BILLS PAYABLE		
In Pakistan	21,488,011	26,724,282
Outside Pakistan	1,362,049	524,854
	<u>22,850,060</u>	<u>27,249,136</u>
17. BORROWINGS		
Details of borrowings		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,696,681	28,120,012
Refinance facility for modernization of SME	9,896	11,204
Long term financing facility	22,809,624	21,871,486
	52,516,201	50,002,702
Repurchase agreement borrowings	59,890,779	131,492,844
Bai Muajjal payable to other financial institutions	-	49,878,076
	<u>112,406,980</u>	<u>231,373,622</u>
Unsecured		
Call borrowings	5,931,216	18,850,439
Overdrawn nostro accounts	550,668	1,836,701
Money market deals	20,953,489	16,063,271
	27,435,373	36,750,411
	<u>139,842,353</u>	<u>268,124,033</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
18. DEPOSITS AND OTHER ACCOUNTS

	March 31 2019 (Un-audited)			December 31 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Fixed deposits	103,884,065	174,856,104	278,740,169	126,191,096	172,243,714	298,434,810
Savings deposits	408,328,395	31,937,735	440,266,130	393,093,910	42,398,195	435,492,105
Sundry deposits	15,769,682	363,143	16,132,825	11,768,321	990,212	12,758,533
Margin deposits	3,470,368	3,822,277	7,292,645	2,962,920	3,378,441	6,341,361
Current accounts - remunerative	5,304,710	5,685,805	10,990,515	965,509	6,200,072	7,165,581
Current accounts - non-remunerative	450,998,048	96,584,144	547,582,192	449,939,963	88,903,450	538,843,413
	987,755,268	313,249,208	1,301,004,476	984,921,719	314,114,084	1,299,035,803
Financial Institutions						
Current deposits	9,902,378	4,762,367	14,664,745	21,804,360	936,185	22,740,545
Savings deposits	17,170,106	-	17,170,106	30,509,483	-	30,509,483
Term deposits	9,801,747	1,713,319	11,515,066	12,065,814	1,708,403	13,774,217
	36,874,231	6,475,686	43,349,917	64,379,657	2,644,588	67,024,245
	1,024,629,499	319,724,894	1,344,354,393	1,049,301,376	316,758,672	1,366,060,048

19. SUBORDINATED DEBTS

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

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

Issue Size	Up to Rs. 7,000 million with an upside option / green shoe option of an additional Rs. 3,000 million aggregating to Rs. 10,000 million
Rating	*AA+ (Double A Plus) by JCR-VIS Credit Rating Company Limited
Tenor	Perpetual (i.e. no fixed or final redemption date)
Security	The TFCs shall be unsecured and subordinated to all other indebtedness of the Bank, including depositors and general creditors. However, they shall rank senior to the claims of ordinary shareholders.
Mark-up rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Mark-up payment frequency	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis
Call option	The Bank may, at its sole discretion, call the TFCs, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	Mark-up on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss absorbency clause	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20. OTHER LIABILITIES

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		14,578,374	12,345,658
Mark-up / return / interest payable in foreign currencies		2,036,805	2,368,783
		16,615,179	14,714,441
Accrued expenses		2,961,176	4,105,975
Branch adjustment account		1,002,401	848,267
Deferred income		606,220	617,099
Unearned commission and income on bills discounted		1,221,248	1,168,936
Provision against off - balance sheet obligations	20.1	695,733	833,397
Unrealized loss on forward foreign exchange contracts		1,641,336	3,485,261
Trading liabilities		10,256,030	3,750,654
Payable to staff retirement fund		13,965	962,984
Deferred liabilities		3,660,440	3,685,997
Unrealized loss on derivative financial instruments		27,326	82,047
Workers' Welfare Fund payable		3,276,773	3,095,285
Insurance payable against consumer assets		455,337	410,466
Dividend payable		4,179,913	521,612
Acceptances		25,035,808	28,157,111
Charity fund balance		3,288	2,597
Lease Liability	4.1.1	7,265,764	-
Others		2,756,173	1,453,852
		81,674,110	67,895,981

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	Note	(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
20.1 Provision against off-balance sheet obligations			
Opening balance		833,397	65,982
Impact on adoption of IFRS 9		-	211,244
Exchange adjustments		11,355	92,871
Charge for the period / year	31	137,738	463,300
Transfer out		(286,757)	-
Closing balance		<u>695,733</u>	<u>833,397</u>
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) arising on revaluation of assets			
Fixed assets		26,198,451	26,218,945
Available for sale securities	9.1	(11,253,145)	(13,950,800)
Non-banking assets acquired in satisfaction of claims	14	173,141	173,141
		<u>15,118,447</u>	<u>12,441,286</u>
Less: Deferred tax (asset) / liability on revaluation of:			
Fixed assets		744,010	667,022
Available for sale securities		(4,379,609)	(4,880,087)
Non-banking assets acquired in satisfaction of claims		67,525	67,285
		<u>(3,568,074)</u>	<u>(4,145,780)</u>
		<u>18,686,521</u>	<u>16,587,066</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	177,733,668	202,634,998
Commitments	22.2	987,590,380	900,687,906
Other contingent liabilities	22.3	15,049,250	15,576,591
		<u>1,180,373,298</u>	<u>1,118,899,495</u>
22.1 Guarantees:			
Financial guarantees		37,120,693	32,658,652
Performance guarantees		133,638,837	160,269,664
Others guarantees		6,974,138	9,706,682
		<u>177,733,668</u>	<u>202,634,998</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		174,082,634	167,201,689
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	639,030,347	583,708,769
- forward government securities transactions	22.2.3	35,876,850	15,946,089
- derivatives			
Interest rate swaps		1,498,107	1,674,764
FX options		2,023,272	1,159,752
- forward lending	22.2.5	131,092,372	129,068,240
Commitments for acquisition of operating fixed assets		3,986,798	1,928,603
		<u>987,590,380</u>	<u>900,687,906</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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018 ----- (Rupees in '000) -----
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		<u>348,863,057</u>	<u>313,860,505</u>
Sale		<u>290,167,290</u>	<u>269,848,264</u>
22.2.3 Commitments in respect of forward government securities transactions			
Purchase		<u>32,909,487</u>	<u>13,619,209</u>
Sale		<u>2,967,363</u>	<u>2,326,880</u>
22.2.4 Commitments in respect of derivatives			
Interest rate swaps		<u>1,498,107</u>	<u>1,674,764</u>
FX options - purchased		<u>1,011,636</u>	<u>579,876</u>
FX options - sold		<u>1,011,636</u>	<u>579,876</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	<u>69,226,653</u>	<u>65,695,154</u>
Others		<u>61,865,719</u>	<u>63,373,086</u>
		<u>131,092,372</u>	<u>129,068,240</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.			
		(Un-audited) March 31, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018 ----- (Rupees in '000) -----
22.2.6 Commitments in respect of capital expenditure		<u>3,986,798</u>	<u>1,928,603</u>
22.3 Other contingent liabilities			
22.3.1 Claims against the Bank not acknowledged as debts		<u>10,991,661</u>	<u>11,519,002</u>
These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security).			
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.			
22.3.2 Penalties amounting to Rs. 4.058 billion have been levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.			
22.3.3 For contingencies relating to taxation, refer note 14.1.			

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
23. Derivative Instruments
Product analysis

		March 31, 2019 (Un-Audited)									
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 / (Loss)	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Gain / (Loss)	
----- (Rupees in '000) -----											
Total											
Hedging	90,803	379	1,011,636	-	-	-	-	-	1,102,439	379	
Market making	1,407,304	(22,436)	1,011,636	-	32,909,487	(4,593)	2,967,363	(297)	38,295,790	(27,326)	
	<u>1,498,107</u>	<u>(22,057)</u>	<u>2,023,272</u>	<u>-</u>	<u>32,909,487</u>	<u>(4,593)</u>	<u>2,967,363</u>	<u>(297)</u>	<u>39,398,229</u>	<u>(26,947)</u>	

		December 31, 2018 (Audited)									
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 / (Loss)	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Gain / (Loss)	
----- (Rupees in '000) -----											
Total											
Hedging	179,132	1,170	579,876	-	-	-	-	-	759,008	1,170	
Market making	1,495,632	(23,252)	579,876	-	13,619,209	(53,425)	2,326,880	(672)	18,021,597	(77,349)	
	<u>1,674,764</u>	<u>(22,082)</u>	<u>1,159,752</u>	<u>-</u>	<u>13,619,209</u>	<u>(53,425)</u>	<u>2,326,880</u>	<u>(672)</u>	<u>18,780,605</u>	<u>(76,179)</u>	

24. MARK-UP / RETURN / INTEREST EARNED

	----- (Un-audited) -----		
	Note	March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
Loans and advances		14,943,737	9,480,270
Investments		13,746,087	18,161,963
Lendings to financial institutions		2,377,074	326,341
Balances with banks		333,215	178,083
		<u>31,400,113</u>	<u>28,146,657</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	13,862,344	7,975,595
On borrowings	2,367,936	6,316,240
On subordinated debts	281,058	-
Others	230,193	-
	<u>16,741,531</u>	<u>14,291,835</u>

26. FEE AND COMMISSION INCOME

Branch banking customer fee	475,336	428,657
Consumer finance related fee	242,496	177,775
Card related fees (debit and credit cards)	396,593	384,549
Investment banking fee	68,019	45,429
Financial Institution rebate / commission	74,276	91,974
Corporate service charges / facility fee	309,601	136,892
Commission on trade	238,137	310,102
Commission on guarantees	280,857	168,101
Commission on cash management	188,284	173,783
Commission on remittances including home remittances - net	724,477	634,285
Commission on bancassurance	333,182	276,992
Commission on Benazir Income Support Program	178,787	-
Others	102,823	118,126
	<u>3,612,868</u>	<u>2,946,665</u>

27. GAIN ON SECURITIES - NET

Realised	27.1	42,633	3,067,094
Unrealised - held for trading		(37,535)	(705)
		<u>5,098</u>	<u>3,066,389</u>

27.1 Realised gain on:

Federal Government securities	16,215	2,491,623
Shares	34,967	371,985
Foreign securities	(8,549)	185,142
Associates	-	18,344
	<u>42,633</u>	<u>3,067,094</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

		----- (Un-audited) -----	
		March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
28. OTHER INCOME			
Charges recovered		73,790	123,323
Rent on properties		56,103	50,859
Gain on sale of operating fixed assets - net		2,926	11,436
Gain on sale of associate		75,294	-
Gain on sale of Ijarah assets - net		312	945
Gain on disposal of non-banking assets - net		-	39,161
Loss on trading liabilities - net		<u>(37,782)</u>	<u>(14,112)</u>
		<u>170,643</u>	<u>211,612</u>
29. OPERATING EXPENSES			
Total compensation expense		3,398,846	3,576,810
Property expense			
Rent and taxes		178,616	698,698
Insurance		41,769	46,213
Utilities cost		289,647	265,192
Security		234,720	303,095
Repair and maintenance		97,683	105,798
Depreciation		177,838	145,810
Depreciation - Right of Use Assets		499,308	-
Others		27,370	24,985
		1,546,951	1,589,791
Information technology expenses			
Software maintenance		271,595	221,983
Hardware maintenance		46,387	57,444
Depreciation		164,497	136,305
Amortisation		145,612	90,382
Network charges		172,438	168,039
		800,529	674,153
Other operating expenses			
Directors' fees and allowances		19,522	6,938
Fees and allowances to Shariah Board		1,200	1,287
Legal and professional charges		141,640	150,231
Outsourced service costs including sales commission		951,116	862,673
Travelling and conveyance		36,309	49,783
Clearing charges		48,077	38,975
Depreciation		284,350	245,963
Depreciation on Islamic financing against leased assets		50,445	50,012
Training and development		12,960	25,364
Postage and courier charges		67,041	72,813
Communication		93,262	101,853
Stationery and printing		157,946	162,617
Marketing, advertisement and publicity		121,443	127,775
Donations		-	3,418
Auditors' remuneration		35,634	21,210
Insurance (including deposit protection)		314,216	16,680
Cash transportation and sorting charges		254,162	257,544
Entertainment		41,308	47,653
Vehicle expenses		23,318	48,440
Subscription		28,500	26,626
Office running expenses		41,807	39,894
Banking service charges		343,218	317,883
Repairs and maintenance		88,440	91,239
Cartage, freight and conveyance		14,990	18,911
Zakat paid by overseas branch		1,486	16,275
Brokerage expenses		4,412	3,638
Miscellaneous expenses		27,743	8,477
		3,204,545	2,814,172
		<u>8,950,871</u>	<u>8,654,926</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

		----- (Un-audited) -----	
		March 31, 2019	March 31, 2018
		----- (Rupees in '000) -----	
30.	OTHER CHARGES		
	Penalties imposed by the SBP	1,577	389
	Other penalties	408	43
		<u>1,985</u>	<u>432</u>
31.	PROVISIONS AND WRITE-OFFS - NET		
	Provision against loans and advances - net	606,515	2,134,476
	Reversal of provision against lendings to financial institutions - net	(21)	(57,600)
	Provision for diminution in value of investments - net	648,917	18,633
	Bad debts written off directly	12,824	13,905
	Provision / (reversal of provision) against other assets - net	16,585	(83,980)
	Provision against off - balance sheet obligations	137,738	-
	Recovery of written-off / charged off bad debts	(114,066)	(124,006)
	Other provisions / write-offs	14,666	10,942
		<u>1,323,158</u>	<u>1,912,370</u>
32.	TAXATION		
	Current	3,609,813	2,209,199
	Prior years	1,649,756	(172,200)
	Deferred	(247,867)	(614,333)
		<u>5,011,702</u>	<u>1,422,666</u>
33.	EARNINGS PER SHARE		
	Profit after taxation for the period	4,163,801	2,645,253
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
	Earnings per share - basic and diluted	<u>3.40</u>	<u>2.16</u>
	There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2019 and March 31, 2018.		
34.	FAIR VALUE OF FINANCIAL INSTRUMENTS		
	The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.		
	The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.		

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

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

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

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

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

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:

	March 31, 2019 (Un-audited)				
	Carrying / Notional 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					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	342,563,410	-	342,563,410	-	342,563,410
Foreign Bonds - Sovereign	37,603,248	-	37,603,248	-	37,603,248
Foreign Bonds - others	6,899,981	-	6,899,981	-	6,899,981
Ordinary shares of listed companies	15,707,801	15,707,801	-	-	15,707,801
Investment in Mutual funds	243,898	-	243,898	-	243,898
Debt securities (TFCs, Sukuks)	948,783	-	948,783	-	948,783
Investment in REIT	476,934	476,934	-	-	476,934
Investment held for sale	546,648	-	546,648	-	546,648
	404,990,703	16,184,735	388,805,968	-	404,990,703
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares, subsidiaries and associates)					
	353,818,456	-	-	-	-
	758,809,159	16,184,735	388,805,968	-	404,990,703
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	639,030,347	-	760,971	-	760,971
Interest rate swaps	1,498,107	-	(22,057)	-	(22,057)
FX options - purchased and sold	2,023,272	-	-	-	-
Forward purchase of government securities	32,909,487	-	(4,593)	-	(4,593)
Forward sale of government securities	2,967,363	-	(297)	-	(297)
December 31, 2018 (Audited)					
	Carrying / Notional 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					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	392,484,077	-	392,484,077	-	392,484,077
Foreign Bonds - Sovereign	34,242,507	-	34,242,507	-	34,242,507
Foreign Bonds - others	6,839,803	-	6,839,803	-	6,839,803
Ordinary shares of listed companies	16,718,226	16,718,226	-	-	16,718,226
Debt securities (TFCs)	948,128	-	948,128	-	948,128
Investment in REIT	499,863	499,863	-	-	499,863
	451,732,604	17,218,089	434,514,515	-	451,732,604
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares, subsidiaries and associates)					
	334,642,722	-	-	-	-
	786,375,326	17,218,089	434,514,515	-	451,732,604
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	583,708,769	-	1,628,749	-	1,628,749
Interest rate swaps	1,674,764	-	(22,082)	-	(22,082)
FX options - purchased and sold	1,159,752	-	-	-	-
Forward purchase of government securities	13,619,209	-	(53,425)	-	(53,425)
Forward sale of government securities	2,326,880	-	(672)	-	(672)

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

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

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

Debt Securities

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

Derivatives

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

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

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

35. SEGMENT INFORMATION
35.1 Segment details with respect to business activities

	For the three months ended March 31, 2019 (Un-audited)						Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	10,513,857	11,483,798	(9,672,498)	548,111	2,244,403	(459,089)	14,658,582
Inter segment (expense) / revenue - net	(9,166,705)	(14,397,728)	22,264,933	-	-	1,299,500	-
Non mark-up / return / interest income	570,516	922,962	2,397,717	56,415	891,544	135,270	4,974,424
Total Income	1,917,668	(1,990,968)	14,990,152	604,526	3,135,947	975,681	19,633,006
Segment direct expenses	343,396	59,709	5,576,213	364,111	1,423,084	1,367,832	9,134,345
Inter segment expense allocation	144,071	17,709	1,016,262	21,777	138,729	(1,338,548)	-
Total expenses	487,467	77,418	6,592,475	385,888	1,561,813	29,284	9,134,345
Provision reversals / (charge)	324,274	(206,949)	195,816	683	(1,245,084)	(391,898)	(1,323,158)
Profit / (loss) before tax	1,754,475	(2,275,335)	8,593,493	219,321	329,050	554,499	9,175,503

	For the three months ended March 31, 2018 (Un-audited)						Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	6,110,902	9,995,894	(4,740,861)	475,697	1,944,007	69,183	13,854,822
Inter segment (expense) / revenue - net	(4,859,261)	(6,966,042)	11,320,016	-	-	505,287	-
Non mark-up / return / interest income	614,525	3,847,077	2,058,533	39,776	647,316	102,060	7,309,287
Total Income	1,866,166	6,876,929	8,637,688	515,473	2,591,323	676,530	21,164,109
Segment direct expenses	413,500	211,018	5,332,437	365,338	1,560,046	7,301,481	15,183,820
Inter segment expense allocation	136,148	13,746	934,254	14,607	153,307	(1,252,062)	-
Total expenses	549,648	224,764	6,266,691	379,945	1,713,353	6,049,419	15,183,820
Provision reversals / (charge)	118,833	(18,633)	155,877	(286)	(2,725,086)	556,925	(1,912,370)
Profit / (loss) before tax	1,435,351	6,633,532	2,526,874	135,242	(1,847,116)	(4,815,964)	4,067,919

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
Segment details with respect to business activities

As at March 31, 2019 (Un-audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Balance Sheet							
Cash & Bank balances	84,670	48,730,205	49,645,643	15,342,691	56,400,262	703,902	170,907,373
Investments	6,836,796	607,488,388	-	45,464,154	93,159,980	5,859,841	758,809,159
Net inter segment lending	450,765	-	888,021,124	-	3,299,559	62,573,990	954,345,438
Lendings to financial institutions	-	25,110,030	-	19,222,326	-	-	44,332,356
Advances - performing	429,074,709	26,019	34,555,394	9,586,494	144,986,278	5,214,221	623,443,115
Advances - non-performing net of provision	1,218,907	-	403,430	-	10,533,192	23,714	12,179,243
Others	27,858,373	15,805,608	11,668,820	1,688,436	20,361,820	66,730,226	144,113,283
Total Assets	465,524,220	697,160,250	984,294,411	91,304,101	328,741,091	141,105,894	2,708,129,967
Borrowings	51,325,898	74,640,145	115,303	1,075,000	12,686,007	-	139,842,353
Subordinated debts	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	52,360,277	183,887	952,107,709	83,409,240	255,545,752	747,528	1,344,354,393
Net inter segment borrowing	336,137,148	615,989,128	-	2,219,162	-	-	954,345,438
Others	24,693,071	14,823,072	29,319,397	1,787,204	13,541,601	20,359,825	104,524,170
Total Liabilities	464,516,394	705,636,232	981,542,409	88,490,606	281,773,360	31,107,353	2,553,066,354
Equity	1,007,826	(8,475,982)	2,752,002	2,813,495	46,967,731	109,998,541	155,063,613
Total Equity & liabilities	465,524,220	697,160,250	984,294,411	91,304,101	328,741,091	141,105,894	2,708,129,967
Contingencies and Commitments	393,506,609	329,949,073	15,256,986	168,944	437,506,623	3,985,063	1,180,373,298

As at December 31, 2018 (Audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Balance Sheet							
Cash & Bank balances	117,748	51,299,328	79,855,206	13,483,155	60,363,310	1,694,309	206,813,056
Investments	7,213,391	653,902,739	-	30,746,758	88,243,845	6,268,593	786,375,326
Net inter segment lending	2,249,966	-	880,425,313	-	1,202,781	37,278,794	921,156,854
Lendings to financial institutions	-	23,499,887	-	10,066,732	374,927	-	33,941,546
Advances - performing	479,351,435	26,411	35,761,733	22,580,996	160,439,827	5,107,633	703,268,035
Advances - non-performing net of provision	1,777,079	-	262,540	15,068	10,586,944	27,065	12,668,696
Others	28,443,235	21,515,106	11,796,127	625,250	19,888,592	64,264,177	146,532,487
Total Assets	519,152,854	750,243,471	1,008,100,919	77,517,959	341,100,226	114,640,571	2,810,756,000
Borrowings	49,743,368	196,540,422	116,333	143,000	21,580,910	-	268,124,033
Subordinated debts	-	-	-	-	-	9,000,000	9,000,000
Deposits and other accounts	54,745,181	35,170	976,852,311	73,434,945	259,572,141	1,420,300	1,366,060,048
Net inter segment borrowing	377,589,646	543,078,514	-	488,694	-	-	921,156,854
Others	34,173,625	10,691,578	24,184,744	922,413	14,528,536	10,644,221	95,145,117
Total Liabilities	516,251,820	750,345,684	1,001,153,388	74,989,052	295,681,587	21,064,521	2,659,486,052
Equity	2,901,034	(102,213)	6,947,531	2,528,907	45,418,639	93,576,050	151,269,948
Total Equity & liabilities	519,152,854	750,243,471	1,008,100,919	77,517,959	341,100,226	114,640,571	2,810,756,000
Contingencies and Commitments	415,595,186	252,604,420	21,489,804	340,264	426,945,992	1,923,829	1,118,899,495

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

36. RELATED PARTY TRANSACTIONS

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

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	March 31, 2019 (Un-Audited)					December 31, 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Balances with other banks										
In current accounts	-	-	421,768	-	-	-	-	1,145,818	-	-
In deposit accounts	-	-	4,437,693	-	-	-	-	4,393,498	-	-
	-	-	4,859,461	-	-	-	-	5,539,316	-	-
Investments										
Opening balance	-	-	5,406,167	1,238,483	4,183,880	-	-	4,897,174	1,624,317	3,895,328
Investment made during the period / year	-	-	-	150,000	-	-	-	508,993	151,846	510,075
Investment redeemed / disposed off during the period / year	-	-	-	(15,998)	(240,353)	-	-	-	(537,680)	(221,523)
Closing balance	-	-	5,406,167	1,372,485	3,943,527	-	-	5,406,167	1,238,483	4,183,880
Provision for diminution in value of investments	-	-	1,284,358	-	91,143	-	-	882,587	-	91,007
Advances										
Opening balance	2,221	160,405	-	2,155,149	6,747,749	5,303	133,559	-	2,155,149	2,626,106
Addition during the period / year	153	49,251	-	-	6,522	13,479	190,046	-	-	4,123,007
Repaid during the period / year	(2,339)	(19,336)	-	-	(1,549,099)	(16,561)	(115,139)	-	-	(1,341)
Transfer out - net	-	-	-	-	-	-	(48,061)	-	-	(23)
Closing balance	35	190,320	-	2,155,149	5,205,172	2,221	160,405	-	2,155,149	6,747,749
Provision held against advances	-	-	-	2,155,149	-	-	-	-	2,155,149	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	March 31, 2019 (Un-Audited)					December 31, 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
Other Assets										
Interest mark-up accrued	-	-	-	550	141,484	-	-	-	3,646	146,300
Receivable from staff retirement fund	-	-	-	-	301,964	-	-	-	-	321,349
Prepaid insurance	-	-	-	262,172	-	-	-	-	107,151	-
Dividend Receivable	-	-	-	-	-	-	-	45,855	-	-
Other receivable	-	-	19,036	12,507	30,164	-	-	17,141	7,992	30,164
Provision against other assets	-	-	-	-	30,164	-	-	-	-	30,164
Borrowings										
Opening balance	-	-	1,364,695	-	12,400	-	-	1,328,813	474,532	-
Borrowings during the period / year	-	-	613,492	-	514,800	-	-	814,511	2,364,689	244,000
Settled during the period / year	-	-	(1,364,695)	-	(12,400)	-	-	(778,629)	(2,839,221)	(231,600)
Closing balance	-	-	613,492	-	514,800	-	-	1,364,695	-	12,400
Deposits and other accounts										
Opening balance	6,245,369	66,302	420,451	11,638,644	8,381,356	5,700,563	39,106	470,751	7,423,431	3,069,783
Received during the period / year	8,730,842	233,449	3,452,523	29,588,410	80,189,804	60,495,079	1,320,796	16,972,541	160,790,083	164,007,824
Withdrawn during the period / year	(8,959,826)	(206,886)	(3,517,179)	(33,081,324)	(82,740,368)	(59,950,273)	(1,357,397)	(17,022,841)	(156,544,689)	(158,692,710)
Transfer (out) / in - net	-	-	-	-	-	-	63,797	-	(30,181)	(3,541)
Closing balance	6,016,385	92,865	355,795	8,145,730	5,830,792	6,245,369	66,302	420,451	11,638,644	8,381,356
Other Liabilities										
Interest / mark-up payable on deposits and borrowings	36,540	160	6,227	41,057	32,503	40,343	59	48,388	53,416	49,821
Payable to staff retirement fund	-	-	-	-	13,965	-	-	-	-	962,984
Unearned income	-	-	621	-	8,826	-	-	248	-	12,608
Contingencies and Commitments										
Letter of guarantee	-	-	81,846	-	-	-	-	165,220	-	-
Forward foreign exchange contracts purchase	-	-	2,078,025	28,154	-	-	-	3,206,246	-	-
Forward foreign exchange contracts sale	-	-	2,114,009	28,156	-	-	-	3,193,824	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2019

	For the three months ended March 31, 2019 (Un-audited)					For the three months ended March 31, 2018 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
Income										
Mark-up / return / interest earned	-	8,610	33,842	15,985	3,940	-	166	23,627	455	38,966
Commission / charges recovered	27	337	141	2,448	3,728	31	154	163	9,755	3,603
Dividend income	-	-	-	-	23,760	-	-	-	-	342,730
Net gain on sale of securities	-	-	-	-	28,515	-	-	-	18,344	11,754
Other income	-	-	373	3,996	-	-	-	338	3,232	3,439
Switch revenue	-	-	-	-	61,983	-	-	-	-	53,232
Management fee	-	-	3,663	-	-	-	-	38,520	-	-
Expense										
Mark-up / return / interest paid	51,927	164	8,708	203,331	62,977	36,165	354	12,459	105,346	11,271
Remuneration paid	-	161,410	-	-	-	-	314,063	-	-	-
Post employment benefits	-	5,047	-	-	-	-	4,908	-	-	-
Non-executive directors' fee	19,522	-	-	-	-	7,285	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	85,372	-	-	-	-	74,801
Charge for defined benefit plans	-	-	-	-	42,098	-	-	-	-	6,436,597
Other expenses	-	-	2,195	-	966	-	-	1,961	-	-
Clearing Charges	-	-	-	-	39,203	-	-	-	-	24,855
Seminar and Membership fees	-	-	-	-	2,315	-	-	-	-	697
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	5,485	-	-	-	-	4,000
Custody Charges	-	-	-	-	1,866	-	-	-	-	-
Insurance premium paid	-	-	-	200,692	-	-	-	-	226,179	-
Insurance claims settled	-	-	-	71,305	-	-	-	-	52,381	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----		
37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,798	12,241,798
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	109,450,932	109,026,135
Eligible Additional Tier 1 (ADT 1) Capital	9,834,770	8,875,000
Total Eligible Tier 1 Capital	119,285,702	117,901,135
Eligible Tier 2 Capital	33,308,783	38,449,649
Total Eligible Capital (Tier 1 + Tier 2)	152,594,485	156,350,784
Risk Weighted Assets (RWAs):		
Credit Risk	716,190,854	729,807,059
Market Risk	10,124,827	9,991,738
Operational Risk	141,621,143	141,621,143
Total	867,936,824	881,419,940
Common Equity Tier 1 Capital Adequacy Ratio	12.61%	12.37%
Tier 1 Capital Adequacy Ratio	13.74%	13.38%
Total Capital Adequacy Ratio	17.58%	17.74%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended March 31, 2019 stood at Rs.12,241.798 million (2018: Rs.12,241.798 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0%, capital conservation buffer of 1.90% and High Loss Absorbency Requirement of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at March 31, 2019. As at March 31, 2019 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 17.58% whereas CET 1 and Tier 1 ratios stood at 12.61% and 13.74% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the period / year.

Furthermore, under the SBP's Framework for Domestic Systematically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB. Under this framework, the Bank is required to meet the Higher Loss Absorbency capital charge of 1.5%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level with effect from March 2019 and applicable till next D-SIB designation is announced by the State Bank of Pakistan.

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

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	119,285,702	117,901,135
Total Exposures	2,226,720,773	2,423,130,058
Leverage Ratio	5.36%	4.87%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	428,096,937	404,144,218
Total Net Cash Outflow	137,084,409	212,338,866
Liquidity Coverage Ratio	312.29%	190.33%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,759,817,554	1,489,318,075
Total Required Stable Funding	1,108,216,144	1,181,920,887
Net Stable Funding Ratio	158.80%	126.01%

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
38. ISLAMIC BANKING BUSINESS

The Bank operates 94 (2018: 94) Islamic Banking branches and 158 (2018: 158) Islamic Banking windows.

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

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		6,928,863	8,000,891
Balances with other banks		8,413,828	5,482,264
Due from financial institutions	38.1	19,222,326	10,066,732
Investments	38.2	45,464,154	30,746,758
Islamic financing and related assets	38.3	9,586,494	22,596,064
Fixed assets		1,060,045	337,390
Intangible assets		9,161	2,468
Due from Head Office		-	-
Other assets		619,230	285,392
Total Assets		91,304,101	77,517,959
LIABILITIES			
Bills payable		546,899	430,122
Due to financial institutions		1,075,000	143,000
Deposits and other accounts	38.4	83,409,240	73,434,945
Due to Head Office		2,219,162	488,694
Other liabilities		1,240,305	492,291
		<u>88,490,606</u>	<u>74,989,052</u>
NET ASSETS		<u>2,813,495</u>	<u>2,528,907</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(70,015)	(135,282)
Accumulated profit		702,510	483,189
		<u>2,813,495</u>	<u>2,528,907</u>
CONTINGENCIES AND COMMITMENTS	38.5		

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

		----- (Un-audited) -----	
		March 31, 2019	March 31, 2018
----- (Rupees in '000) -----			
Profit / return earned	38.6	1,552,345	872,625
Profit / return expensed	38.7	(1,004,234)	(396,928)
Net profit / return		548,111	475,697
Other income			
Fee and Commission Income		57,144	35,042
Foreign Exchange Income		229	127
Loss on securities		(4,888)	-
Other Income		3,930	4,607
Total Other Income		56,415	39,776
Total Income		604,526	515,473
Operating expenses		385,888	379,945
Profit before provisions		218,638	135,528
Provisions and write-offs - net		683	(286)
Profit for the period		<u>219,321</u>	<u>135,242</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**
38.1 Due from Financial Institutions

	March 31, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Call money lending	12,300,000	-	12,300,000	7,000,000	-	7,000,000
Bai Muajjal Receivable from other Financial Institutions	6,922,326	-	6,922,326	3,066,732	-	3,066,732
	<u>19,222,326</u>	<u>-</u>	<u>19,222,326</u>	<u>10,066,732</u>	<u>-</u>	<u>10,066,732</u>

38.2 Investments by segments

	March 31, 2019 (Un-Audited)				December 31, 2018 (Audited)			
	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	5,902,165	-	(70,015)	5,832,150	11,910,472	-	(135,282)	11,775,190
-Bai muajjal with Govt. of Pakistan	24,094,931	-	-	24,094,931	8,300,566	-	-	8,300,566
	<u>29,997,096</u>	<u>-</u>	<u>(70,015)</u>	<u>29,927,081</u>	<u>20,211,038</u>	<u>-</u>	<u>(135,282)</u>	<u>20,075,756</u>
Non Government Debt Securities								
-Listed	150,000	-	-	150,000	150,000	-	-	150,000
-Unlisted	15,387,073	-	-	15,387,073	10,521,002	-	-	10,521,002
	<u>15,537,073</u>	<u>-</u>	<u>-</u>	<u>15,537,073</u>	<u>10,671,002</u>	<u>-</u>	<u>-</u>	<u>10,671,002</u>
Total Investments	<u>45,534,169</u>	<u>-</u>	<u>(70,015)</u>	<u>45,464,154</u>	<u>30,882,040</u>	<u>-</u>	<u>(135,282)</u>	<u>30,746,758</u>

(Un-audited) (Audited)
March 31, December
2019 31, 2018
----- (Rupees in '000) -----

38.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	33,031,000	11,420,000
Less: Deferred Income	(8,936,069)	(3,119,434)
Bai Muajjal Investment - net	<u>24,094,931</u>	<u>8,300,566</u>

38.3 Islamic financing and related assets

Ijarah	623,242	446,792
Murabaha	1,030,170	742,302
Diminishing Musharaka	5,694,746	19,902,278
Islamic Export Refinance scheme - Murabaha	1,202,951	126,849
Advances against Islamic assets		
Advances against Ijara	61,357	215,091
Advances for Diminishing Musharika	655,122	520,448
Advances for Murabaha	58,060	101,115
Advances for Murabaha - IERS	-	18,000
Advances for Istisna	167,227	48,321
Inventory related to Islamic financing		
Istisna	81,181	13,411
Profit and other receivables against financings	107,751	557,643
Gross Islamic financing and related assets	<u>9,681,807</u>	<u>22,692,250</u>
Less: Provision against Islamic financings		
- Specific	(80,252)	(82,088)
- General	(15,061)	(14,098)
	<u>(95,313)</u>	<u>(96,186)</u>
Islamic financing and related assets - net of provision	<u>9,586,494</u>	<u>22,596,064</u>

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

38.4 Deposits and other accounts	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
Customers		
Current deposits	35,908,655	31,434,627
Savings deposits	14,885,765	14,925,879
Term deposits	<u>15,070,121</u>	<u>6,776,543</u>
	<u>65,864,541</u>	<u>53,137,049</u>
Financial Institutions		
Current deposits	816,443	1,768,824
Savings deposits	10,482,521	11,144,072
Term deposits	<u>6,245,735</u>	<u>7,385,000</u>
	<u>17,544,699</u>	<u>20,297,896</u>
	<u>83,409,240</u>	<u>73,434,945</u>
38.5 Contingencies and commitments		
- Guarantees	57,553	56,416
- Commitments	<u>192,407</u>	<u>406,643</u>
	<u>249,960</u>	<u>463,059</u>
	----- (Un-audited) -----	
	March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----	
38.6 Profit / Return Earned on Financing, Investments and Placements		
Profit earned on:		
Financing	267,452	307,634
Investments	863,212	374,289
Placements	359,935	132,898
Rental Income from Ijarah	<u>61,746</u>	<u>57,804</u>
	<u>1,552,345</u>	<u>872,625</u>
38.7 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	976,567	388,322
Due to Financial Institutions	4,509	8,606
Others	<u>23,158</u>	<u>-</u>
	<u>1,004,234</u>	<u>396,928</u>
	(Un-audited) March 31, 2019	(Audited) December 31, 2018
38.8 Islamic Banking Business Unappropriated Profit	----- (Rupees in '000) -----	
Opening Balance	483,189	(362,502)
Add: Islamic Banking profit for the period / year	<u>219,321</u>	<u>845,691</u>
Closing Balance	<u>702,510</u>	<u>483,189</u>
38.9 Disclosures for profit and loss distribution and pool management		

UBL Ameen (the Mudarib) Operates different pools which accept deposits on the basis of Mudaraba from depositors (Rabbulmaal) and accepts funds from inter-bank under Mudaraba, Musharakah and Wakalah modes. Pool funds are invested in Islamic modes of financing and investments. The profit earned on the pool is therefore susceptible to the same market and credit risks as discussed in note 47 to the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

Ameen Daily Munafa Account (ADMA) Pool

The ADMA pool consists of deposits for the ADMA product. 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.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

Special Pool(s)

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

Islamic Export Refinance Pool(s)

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Modaraba modes.

Treasury Pool(s)

Treasury Pools are managed on the basis of Musharakah, Mudarabah and Wakalah, wherein UBL Ameen and FI share actual return earned by the pool according to pre-defined profit sharing ratio and Wakalah fee.

General Pool

The General pool consists of all other remunerative deposits. UBL Ameen (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The Bank managed following pools during the period.

March 31, 2019 (Un-Audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / 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	3	Mudarbaha	Monthly	5.21%	50.00%	2,015	3%	7.50%	151
Special Pools	34	Mudarbaha	Monthly	10.45%	6.30%	42,288	9.96%	23.30%	9,854
IERS Pools	10	Musharkah	Monthly	4.00%	72.88%	13,055	2.00%	0.00%	-
General Pools	3	Mudarbaha	Monthly	9.99%	50.00%	271,769	6.53%	30.46%	82,777

March 31, 2018 (Un- Audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / 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	3	Mudarbaha	Monthly	4.40%	50.00%	1,887	2.80%	23.05%	435
Special Pools	22	Mudarbaha	Monthly	6.25%	19.40%	66,058	2.84%	29.52%	19,500
IERS Pools	1	Musharkah	Monthly	4.32%	70.93%	653	2.52%	0.00%	-
Treasury Pools	3	Wakalah	As required	7.27%	17.78%	212	5.97%	0.00%	-
Treasury Pools	2	Mudarbaha	As required	7.17%	25.46%	325	5.86%	0.00%	-
Treasury Pools	9	Musharkah	As required	7.39%	16.73%	908	6.13%	0.00%	-
General Pools	3	Mudarbaha	Monthly	5.06%	50.00%	75,265	3.76%	12.45%	9,372

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	-----Rupees in '000-----	
38.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	849,910	650,754
Agri business	511,776	1,226,202
Textile	1,542,655	365,599
Financial	27,472,953	15,486,630
Food industries	682,806	516,697
Plastic	200,749	169,124
Individuals	1,262,352	1,134,008
Production and Transmission of energy	17,060,361	26,712,710
Government of Pakistan Securities	29,927,081	20,023,620
Others	2,295,644	1,768,268
	<u>81,806,287</u>	<u>68,053,612</u>

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 24, 2019 has declared an interim cash dividend in respect of the quarter ended March 31, 2019 of Rs. 2.5 per share (March 31, 2018: Rs. 3.0 per share). The unconsolidated condensed interim financial statements for the quarter ended March 31, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40. GENERAL

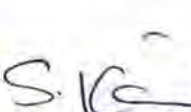
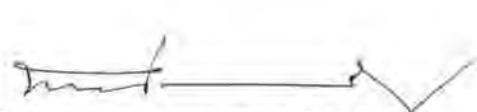
40.1 Comparatives

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

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

41. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorised for issue on April 24, 2019 by the Board of Directors of the Bank.

				
Aameer Karachiwalla Chief Financial Officer	Sima Kamil President & Chief Executive Officer	Amar Zafar Khan Director	Tariq Rashid Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman