

Secretary's Department

UBL/PSX/Transmission QTR ACC/19
October 29, 2019

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

Dear Sir,

TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2019

We have to inform you that the Condensed Interim Financial Statements of the United Bank Limited for the Third Quarter ended September 30, 2019 have been transmitted through PUCARS and are also available on Bank's website on the following link.

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

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

Yours faithfully,



Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel



Reforming Banking with Technology

QUARTERLY REPORT (UN-AUDITED)
As of September 30, 2019

#THENEWYOU

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COMPANY INFORMATION

Board of Directors

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

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

Mr. Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Arshad Ahmad Mir
Non-Executive Director

Mr. Khalid A. Sherwani
Independent Director

Mr. Amar Zafar Khan
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Sima Kamil
President & CEO

Committees of the Board

Board Audit Committee (BAC)

Mr. Amar Zafar Khan
Chairman

Mr. Haider Zameer Choudrey
Member

Mr. Khalid A. Sherwani
Member

Mr. Rizwan Pervez
Member

Mr. Aqeel Ahmed Nasir
Secretary

Board Human Resource & Compensation Committee (HRCC)

Mr. Arshad Ahmad Mir
Chairman

Mr. Khalid A. Sherwani
Member

Mr. Amar Zafar Khan
Member

Ms. Sadia Saeed
Secretary

Board IT Committee (BITC)

Mr. Tariq Rashid
Chairman

Mr. Haider Zameer Choudrey
Member

Ms. Sima Kamil
Member

Mr. Muhammad Faisal Anwar
Secretary

Board Risk & Compliance Committee (BRCC)

Lord Zameer M. Choudrey, CBE, SI Pk
Chairman

Mr. Arshad Ahmad Mir
Member

Ms. Sima Kamil
Member

Mr. Imran Sarwar
Secretary

Chief Financial Officer

Mr. Aameer Karachiwalla

Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

Registered Office:

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

Share Registrar

THK Associates (Pvt) Limited
1ST Floor, 40-C
Block-6 P.E.C.H.S
Karachi.
Phone No.021-34168270
UAN # 021-111-000-322
Fax No.021-34168271
Email : sfc@thk.com.pk

UBL Head Office

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

Auditors

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

Legal Advisors

M/s. Mehmood Abdul Ghani & Co
Advocates

Contacts

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

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 nine months ended September 30, 2019.

Performance Overview

On a standalone basis, UBL recorded profit before tax (PBT) of Rs. 26.3 billion for the nine months ended September 30, 2019, against a PBT of Rs. 16.5 billion for the corresponding period last year, an increase of 59%.

Net Interest Income (NII) was recorded at Rs. 45.3 billion, increasing by 8% over the corresponding period last year. The State Bank of Pakistan (SBP) raised the policy rate by 475 bps in the last one year, increasing the benchmark rate from 8.50% at Sep'18 to 13.25% at Sep'19. Active buildup in the low cost deposits base, repricing of earning assets in line with the rising interest rates and an efficient deposits mix has enabled the bank to improve its NII in the period under review.

UBL recorded Non-Fund Income (NFI) of Rs. 17.4 billion for 9M'19, an ex. capital gains growth of 14% over the corresponding period of last year.

During 2019, we further enhanced our "UBL Digital" proposition, to deliver a more holistic user experience. Equipped with a unique and friendly user interface, the UBL Digital app. brings simple and intuitive design features that make everyday transactions fast and efficient. We have 20% of our active customer base interacting and conducting transactions with the bank through our Digital Banking platforms. With over 750,000 registered users, we are looking to expand and grow one of the largest portfolios of mobile banking users in Pakistan.

The Bank's administrative expenses remained well-contained as they increased by 4% compared to the previous period, recorded at Rs. 29.2 billion during 9M'19. The cost to income ratio was measured at 46.6% for 9M'19 (9M'18: 45.9%).

Provision and loan loss expenses stood at Rs. 6.7 billion for 9M'19 (9M'18: Rs. 7.4 billion). The expense includes an impairment charge against investments of Rs. 3.8 billion. The provisioning against non-performing loans stood at Rs. 3.0 billion, mainly against the international advances portfolio. Asset quality was measured at 11.4% at Sep'19 (Dec'18: 8.8%). This ratio was impacted by lower credit growth in 2019.

Financial Highlights

UBL recorded Profits After Tax (PAT) of Rs. 14.4 billion in 9M'19, a growth of 48% against the 9M'18's PAT of Rs. 9.7 billion. Earnings per share (EPS) stood at Rs. 11.77 (9M'18: Rs. 7.95). On a consolidated basis, UBL posted a PAT of Rs. 14.2 billion (9M'18: Rs. 9.5 billion).

Net Markup Income

Net markup income was recorded at Rs. 45.3 billion for 9M'19, a growth of 8% over the corresponding period last year. The earning asset base of the Bank averaged at Rs. 1.5 trillion for 9M'19 (9M'18: Rs. 1.6 trillion). The Bank's net interest margins (NIMs) improved by 50 bps, from 3.7% for 9M'18 to 4.2% for 9M'19 due to better yields across the Banks's treasury and advances portfolios, well supported by a cost-efficient deposits profile.

The Bank's average domestic deposits were measured at Rs. 1.1 trillion for 9M'19, a growth of 9% over the corresponding nine months of last year. This was driven by active mobilization as average CASA deposits grew from Rs. 863 billion to Rs. 945 billion, a year on year increase of 10%. The average domestic CASA ratio remained strong at 86.8% for 9M'19 (86.6% for 9M'18). The Bank continued to expand its customer base, as it added 337,000 new to bank (NTB) current accounts in the nine months of the year. The domestic cost of deposits was maintained at 5.2% during 9M'19 compared to 2.8% in the corresponding period last year. This is despite an increase of 475 bps in the SBP's benchmark rate in the last one year.

The Bank's overall performing advances averaged at Rs. 625 billion, down 3% YoY. Average domestic advances closed 9M'19 at Rs. 475 billion, in line with the level maintained in the corresponding period of last year. The average Corporate loan book was recorded at Rs. 424 billion, with a growth of Rs. 3 billion year on year. The consumer portfolio recorded a 27% growth in averages, closing at Rs. 17 billion, as the bank continued with secured asset acquisitions mainly within autos. In line with the de-risking strategy within International, the average loan book was reduced by 30% YoY, to be recorded at USD 1.0 billion for 9M'19.

The Bank's earning investments averaged at Rs. 807 billion for 9M'19 (9M'18: Rs. 883 billion). The investments mix shifted to the shorter end of the yield curve in the rising rate environment. The overall yield on the earning portfolio improved from 7.5% in 9M'18 to 9.6% in 9M'19.

Non-Markup Income

Non-Markup income was recorded at Rs. 17.4 billion, down 10% YoY owing to capital gains of Rs. 4.7 billion realized in the corresponding period of last year. Non-markup income contributed 28% to the bank's gross revenue in 9M'19 (9M'18: 32%).

The Bank recorded fees and commissions income of Rs. 10.6 billion, an increase of 6% over 9M'18. Fee income contributed 61% of the total non-markup income in 9M'19 (9M'18: 51%). Branch banking fees grew by 13% over the corresponding period last year, as the bank's customer base continues to expand. Fee income from consumer financing grew by 20% over 9M'18, in line with the growth in the portfolio. The bank continued its strong momentum in the bancassurance space as premium volumes grew by 13% over 9M'18. The bank recorded commission revenues of Rs. 1.0 billion for 9M'19, up 2% YoY. UBL continues to be the dominant player in the home remittances business with a market share of 28%. Our leadership position resulted in revenues of Rs. 1.3 billion for 9M'19, a strong growth of 24% over the corresponding period of last year. Fee revenues from UBL Omni, the bank's flagship branchless banking proposition, were recorded at Rs. 879 million for 9M'19, registering a strong

growth of 78% year on year. Cash management commissions were recorded at Rs. 583 million for 9M'19, an increase of 8% over 9M'18, with strong growth in volumes across all business lines.

FX earnings registered a 26% year on year increase to close at Rs. 3.4 billion during 9M'19 (9M'18: Rs. 2.7 billion). This performance is based on active build up in volumes by the Corporate and Institutional Sales Desk and proactive positioning of the foreign currency denominated balance sheet in a period of exchange rate volatility. Dividend income was recorded at Rs. 919 million during the period under review, down 34% compared to 9M'18.

Provisions and loan losses

UBL recorded a net provisioning expense of Rs. 6.7 billion in 9M'19 vs. a charge of Rs. 7.4 billion taken in the corresponding period of last year. This includes mainly impairment on investments, aggregating Rs. 3.8 billion, due to the significant decline of 13% in the PSX-100 index during 2019.

Bank level non-performing loans (NPLs) were recorded at Rs. 79.0 billion at Sep'19, increasing by Rs. 10.4 billion over Dec'18, mainly as a result of further classification within the International business. Asset quality at the Bank level was recorded at 11.4% at Sep'19 (Dec'18: 8.8%). Domestic NPLs stood at Rs. 30.0 billion at Sep'19, increasing by Rs. 2.1 billion over Dec'18. Domestic Bank's asset quality was recorded at 5.9% (Dec'18: 4.9%). Specific coverage for domestic NPLs was measured at 83.8% at Sep'19 (Dec'18: 92.5%).

The economic slowdown in the GCC continues to persist, albeit with some signs of recovery with increase in oil prices and stimulus measures taken by regional governments. However, the prevailing economic situation requires prudent build up in loss reserves. NPLs increased by USD 29 million over Dec'18 to reach USD 313 million at Sep'19. A net provision charge of USD 29.4 million was taken during 9M'19 as against a charge of USD 58.7 million taken for the corresponding period last year. Asset quality for UBL International was recorded at 26.0% as at Sep'19 (Dec'18: 19.8%). Specific coverage, after taking into account Forced Sale Value (FSV) of mortgaged properties and cash collateral, stood at 92.4% at Sep'19 (Dec'18: 92.1%, refer to note 10.3.2 to the financial statements).

Cost management

UBL remains focused on optimizing the cost base by promoting a culture of cost discipline across the network and building greater synergies across business and support functions. Expenses growth was restricted to 4% over 9M'18, as administrative expenses were recorded at Rs. 29.2 billion for the period under review (9M'18: Rs. 28.2 billion). Employee compensation expense was recorded at Rs. 11.0 billion for 9M'19, in line 9M'18. IT expenses witnessed a 18% growth owing to investments in technology platforms, PKR devaluation resulting in higher foreign currency denominated licensing fees and expenses incurred on the bank's digital transformation program.

Balance Sheet Management

The bank's asset base closed at Rs. 2.0 trillion at Sep'19, compared to Rs. 1.9 trillion at Dec'19, a growth of 6% over Dec'19.

The Branch Banking Group remains the cornerstone of the UBL franchise as domestic deposits closed at Rs. 1.2 trillion at Sep'19, growing by 4% over Dec'18. We maintain one of the highest current to total deposits ratio in the banking industry, with the metric measured at 45.1% at Sep'19 (Dec'18: 45.8%). The focus remains on acquiring new to bank relationships and deepening our wallet share from the low cost customer base. The resultant efficient mix has allowed the bank to maintain an efficient cost of deposits, measured at 5.2% for 9M'19 (9M'18: 2.8%), despite the increase in the SBP policy rate of 475 bps since Sep'18.

UBL's net advances stood at Rs. 625.7 billion at Sep'19, down 13% over Dec'18. Our loan growth strategy is focused on the acquisition of quality advances, enhancing overall customer profitability and maintaining an efficient risk weighted assets profile. Within International, we are actively de-risking the balance sheet, with further acquisitions focused more on clients with good credit histories and more FI lendings.

Investments closed at Rs. 1.0 trillion at Sep'19, up 28% over Dec'18. The portfolio remains concentrated within government securities, with more deployments in shorter tenor treasury bills. Our equity book stands at Rs. 18.1 billion at Sep'19, consisting of investments in diverse industries and established companies with a view to earn stable dividends.

Capital Ratios

The bank aims to maintain a strong capital base to support future business expansion. During 2019, UBL completed the issuance of its Additional Tier-1 TFCs. With a total issue size of Rs. 10 billion, this remains the largest such transaction in the market to-date.

UBL has been designated as a Domestic Systemically Important Bank (D-SIB) by the SBP. As a result, the Bank is required to hold an additional 1.5% Higher Loss Absorbency (HLA) Surcharge, over and above its minimum CAR limit in 2019, on both a standalone and consolidated basis. Resultantly, the minimum overall CAR requirement for UBL increased from 11.9% to 13.4% effective Mar'19. However, the HLA surcharge has been reduced by 50 bps to 1.0% effective Mar 2020 as per SBP's latest D-SIB designation.

UBL's Common Equity Tier 1 (CET-1) ratio improved by 147 bps to 13.8% at Sep'19 (Dec'18: 12.4%). Total Tier 1 Ratio closed at 15.0%, compared to 13.4% at Dec'18. Overall Capital Adequacy Ratio (CAR) was recorded at 19.4% (Dec'18: 17.7%), with an excess of 6.0% over the regulatory requirement as at Sep'19.

The Board of Directors of UBL declared an interim dividend of 30% (Rs. 3.0 per share) in their meeting in Islamabad held on October 16, 2019, along with the results for the nine months ended September 30, 2019.

UBL Digital

UBL remains an industry leader for innovation, catering to the ever changing needs of our customers. We are committed to providing futuristic technological solutions aimed at making banking easier and accessible.

During the year, UBL Omni launched the UBL Omni Debit Card, a personalized card that is in line with latest security standards. The card offers customers the utility and convenience to transact across ATMs or on any local online platform in the country. Customers can perform e-commerce transactions, funds transfers, utility bill payments and all other standardized services.

Economy Review

The macro economic challenges persist within the overall economy. In light of the deteriorating twin deficits, corrective fiscal and monetary policy measures are being taken. The overall economic slow-down, along with specific import compression measures, led to a substantial contraction in the country's import bill which declined by 23% 2MFY'20 vs 2MFY'19. The country's exports for the two months of 2MFY'20 were recorded at USD 4.1 billion, posting a muted growth of 1.4% compared to 2MFY'19, while worker's remittances were recorded at USD 3.7 billion for 2MFY'20, declining by 8% over the corresponding period last year. However, the sizeable reduction in imports led to the Current Account Deficit (CAD) reducing by 55%, closing 2MFY'20 at USD 1.3 billion (2MFY'19: USD 2.9 billion).

The country's FX reserves closed at USD 15.0 billion at Sep'19, up 9% over Dec'18, when the reserves position stood at USD 13.8 billion. The widening trade deficit exerted pressures on the exchange rate for much of the year. This resulted in the PKR declining by 12.6% in value to the USD, closing at Rs. 156.37 / USD at Sep'19 (Dec'18: Rs. 138.86 / USD). The PKR devaluation, coupled with increase in power tariffs to meet revenue targets, added inflationary pressures as the CPI averaged 9.2% during 8M'19, almost double the 4.5% level recorded during the corresponding period of last year. SBP in its monetary policy statement on 16th September 2019, maintained the policy rate at 13.25%.

Banking sector deposits stood at Rs. 14.0 trillion at Sep'19, a growth of 5% over Dec'18 while sector gross advances ended Sep'19 at Rs. 8.0 trillion, growing by 7% over Dec'18 levels. Non-performing loans for the banking industry increased by 13% over Dec'18 to Rs. 768 billion at Jun'19 while the gross infection ratio increased by 50 bps quarter on quarter to close at 8.8% at Jun'19 (Dec'18: 8.0%).

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 28, 2019. Outlook on the assigned ratings is 'Stable'.

Future Outlook

UBL remains committed to helping the country in realizing its true potential through the provision of banking services to the mass market, including the underserved, and deeper penetration in core segments which are at the forefront of economic development.

Branch Banking remains the engine that drives the UBL franchise. We aim to further enhance our visibility by enhancing our presence in key urban geographies. We will continue to invest in talent acquisition and development to further improve our service standards. Our Digital Banking Group is mandated to build the bank of the future through data driven offerings and building harmonious payment ecosystems. Given subdued credit demand, we are looking at selective loan disbursements at acceptable risk levels. Improving compliance standards to industry best practices is one of our top

most priorities. We aim to further consolidate our International business with enhanced risk vigilance and aggressive focus on recoveries.

Acknowledgements

In conclusion, we would like to extend our sincere gratitude to our customers and shareholders for their continued trust and support. We appreciate the dedication and tireless work ethic of the entire UBL team in establishing the bank as one of the leading financial brands in the industry. We would also like to express our sincere appreciation to the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission and other regulatory bodies for their continued direction and support.

For and on behalf of the Board,



Sima Kamil
President & CEO
Islamabad,
October 16th, 2019



Amar Zafar Khan
Director



*where **you** come **first***

UNITED BANK LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019
(UNAUDITED)**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	186,122,512	183,467,358
Balances with other banks	7	25,140,715	23,345,698
Lendings to financial institutions	8	20,120,720	33,941,546
Investments	9	1,008,390,517	786,375,326
Advances	10	625,659,119	715,936,731
Fixed assets	11	52,239,661	45,799,099
Intangible assets	12	1,927,838	1,757,033
Deferred tax assets	13	5,953,642	7,807,084
Other assets	14	84,104,572	91,169,271
		2,009,659,296	1,889,599,146
LIABILITIES			
Bills payable	16	23,089,672	27,249,136
Borrowings	17	325,235,303	268,124,033
Deposits and other accounts	18	1,419,385,881	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	66,634,909	67,895,981
		1,844,345,765	1,738,329,198
NET ASSETS		<u>165,313,531</u>	<u>151,269,948</u>
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		60,517,283	54,439,238
Surplus on revaluation of assets	21	20,413,190	16,587,066
Unappropriated profit		<u>72,141,260</u>	<u>68,001,846</u>
		<u>165,313,531</u>	<u>151,269,948</u>
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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



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	July - September 2019	July - September 2018	January - September 2019	January - September 2018
----- (Rupees in '000) -----					
Mark-up / return / interest earned	24	45,421,959	29,720,048	111,986,740	83,884,857
Mark-up / return / interest expensed	25	29,997,032	15,892,166	66,639,029	42,001,398
Net mark-up / interest income		15,424,927	13,827,882	45,347,711	41,883,459
Non mark-up / interest income					
Fee and commission income	26	3,491,060	3,262,631	10,567,323	9,990,302
Dividend income		144,874	236,410	918,799	1,395,348
Foreign exchange income		1,149,745	1,241,892	3,374,623	2,688,646
(loss) / Income from derivatives		(35,128)	(7,668)	50,298	(8,958)
Gain on securities - net	27	383,444	132,976	585,182	4,676,091
Other income	28	137,739	266,996	1,919,380	677,797
Total non mark-up / interest income		5,271,734	5,133,237	17,415,605	19,419,226
Total Income		20,696,661	18,961,119	62,763,316	61,302,685
Non mark-up / Interest expenses					
Operating expenses	29	10,031,237	9,638,728	29,243,956	28,155,442
Workers' Welfare Fund		174,652	135,351	527,757	417,386
Other charges	30	727	39,339	2,945	43,358
Total non mark-up / interest expenses		10,206,616	9,813,418	29,774,658	28,616,186
Profit before provisions		10,490,045	9,147,701	32,988,658	32,686,499
Provisions and write-offs - net	31	2,188,569	2,913,932	6,682,594	7,446,034
Extra ordinary / unusual item - charge in respect of pension liability		-	341,972	-	8,746,607
PROFIT BEFORE TAXATION		8,301,476	5,891,797	26,306,064	16,493,858
Taxation	32	3,440,919	2,431,037	11,902,730	6,762,394
PROFIT AFTER TAXATION		4,860,557	3,460,760	14,403,334	9,731,464
----- (Rupees) -----					
Earnings per share - basic and diluted	33	3.97	2.83	11.77	7.95

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


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	July - September 2019	July - September 2018 (Restated)	January - September 2019	January - September 2018 (Restated)
	----- (Rupees in '000) -----			
Profit after taxation for the period	4,860,557	3,460,760	14,403,334	9,731,464
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	(1,199,040)	7,749	5,970,338	4,219,163
Movement in surplus / (deficit) on revaluation of investments - net of tax	2,765,544	(926,822)	4,214,249	(8,795,071)
	1,566,504	(919,073)	10,184,587	(4,575,908)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Remeasurement gain on defined benefit obligations - net of tax	-	-	679,587	-
Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(1,207)	(351,631)	(82,836)	(357,402)
Movement in deficit on revaluation of non-banking assets - net of tax	-	(6,686)	(15,026)	(25,269)
	(1,207)	(358,317)	581,725	(382,671)
Total comprehensive income for the period	6,425,854	2,183,370	25,169,646	4,772,885

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


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	12,241,798	14,107,139	29,739,738	6,228,784	25,964,654	112,528	70,912,406	159,307,047
Effect of adoption of IFRS 9 by overseas branches	-	-	-	-	-	-	(1,590,688)	(1,590,688)
Balance as at January 01, 2018	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 nine months ended September 30, 2018								
Profit after taxation for the nine months ended September 30, 2018	-	-	-	-	-	-	9,731,464	9,731,464
Other comprehensive income - net of tax - as restated	-	4,219,163	-	(8,795,071)	(357,402)	(25,269)	-	(4,958,579)
Total comprehensive income for the nine months ended September 30, 2018	-	4,219,163	-	(8,795,071)	(357,402)	(25,269)	9,731,464	4,772,885
Transfer to statutory reserve	-	-	973,146	-	-	-	(973,146)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(41,704)	-	41,704	-
Transactions with owners for the nine months ended September 30, 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)
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)
Balance as at September 30, 2018 (Un-audited) - as restated	12,241,798	18,326,302	30,712,884	(2,566,287)	25,565,548	87,259	65,879,943	150,247,447
Total comprehensive income for the three months ended December 31, 2018								
Profit after taxation for the three months ended December 31, 2018	-	-	-	-	-	-	5,494,631	5,494,631
Other comprehensive income - net of tax	-	4,850,588	-	(6,504,426)	1,127	18,597	(389,657)	(2,023,771)
Total comprehensive income for the three months ended December 31, 2018	-	4,850,588	-	(6,504,426)	1,127	18,597	5,104,974	3,470,860
Transfer to statutory reserve	-	-	549,464	-	-	-	(549,464)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(14,752)	-	14,752	-
Transactions with owners for the three months ended December 31, 2018								
Interim cash dividend - September 30, 2018 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,359)	(2,448,359)
	-	-	-	-	-	-	(2,448,359)	(2,448,359)
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 nine months ended September 30, 2019								
Profit after taxation for the nine months ended September 30, 2019	-	-	-	-	-	-	14,403,334	14,403,334
Other comprehensive income - net of tax	-	5,970,338	-	4,214,249	(82,836)	(15,026)	679,587	10,766,312
Total comprehensive income for the nine months ended September 30, 2019	-	5,970,338	-	4,214,249	(82,836)	(15,026)	15,082,921	25,169,646
Transfer to statutory reserve	-	-	1,440,333	-	-	-	(1,440,333)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(290,263)	-	290,263	-
Transactions with owners for the nine months ended September 30, 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)
Interim cash dividend - March 31, 2019 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Interim cash dividend - June 30, 2019 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Realization of exchange translation reserve - Note 28.1	-	(1,332,626)	-	-	-	-	-	(1,332,626)
Balance as at September 30, 2019 (Un-audited)	12,241,798	27,814,602	32,702,681	(4,856,464)	25,178,824	90,830	72,141,260	165,313,531

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


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	January - September 2019	January - September 2018
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	26,306,064	16,493,858
Less: Dividend income	(918,799)	(1,395,348)
	<u>25,387,265</u>	<u>15,098,510</u>
Adjustments:		
Depreciation on fixed assets	1,952,006	1,720,067
Depreciation on Islamic financing against leased assets (Ijarah)	161,482	139,980
Depreciation on right of use assets	1,776,705	-
Amortization	455,542	346,896
Workers' Welfare Fund	527,757	417,386
Provision for retirement benefits	662,164	9,277,984
Provision for compensated absences	134,202	83,868
Provision against loans and advances - net	2,552,632	5,634,702
(Reversal) of / provision against off balance sheet items	10,489	451,430
Provision for diminution in value of investments - net	3,827,031	818,177
Interest expense on lease liability against right of use assets	767,054	-
Gain on sale of operating fixed assets - net	(37,412)	(27,286)
(Gain) / Loss on sale of ijarah assets - net	(725)	1,721
Gain on sale of associate	(75,294)	-
Gain on sale of non-banking asset	(32,747)	-
Bad debts written-off directly	56,666	99,965
Unrealized loss on revaluation of investments classified as held for trading	20,028	(6)
Realization of exchange translation reserve - UBL New York branch	(1,332,626)	-
Other provisions & write-offs	235,776	441,760
	<u>11,660,730</u>	<u>19,406,644</u>
	<u>37,047,995</u>	<u>34,505,154</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	13,820,826	(25,568,166)
Held for trading securities	(24,204,241)	104,069,522
Advances	87,482,106	(75,304,367)
Other assets (excluding advance taxation)	2,743,507	(535,970)
	<u>79,842,198</u>	<u>2,661,019</u>
Increase / (Decrease) in operating liabilities		
Bills payable	(4,159,464)	5,118,913
Borrowings	57,111,270	(208,553,813)
Deposits and other accounts	53,325,833	45,429,535
Other liabilities (excluding current taxation)	(8,602,543)	1,091,449
	<u>97,675,096</u>	<u>(156,913,916)</u>
	<u>214,565,289</u>	<u>(119,747,743)</u>
Payments on account of staff retirement benefits	(2,764,745)	(1,150,247)
Income taxes paid	(5,482,791)	(11,947,128)
Net cash flows generated from / (used in) operating activities	<u>206,317,753</u>	<u>(132,845,118)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(210,373,004)	81,770,529
Net investments in held to maturity securities	12,904,069	39,833,320
Net investments in subsidiaries and associates	(58,708)	(72,210)
Dividend income received	830,879	1,238,544
Investment in fixed assets and intangible assets	(1,710,679)	(3,575,115)
Sale proceeds from disposal of fixed assets	311,399	39,107
Sale proceeds from disposal of ijarah assets	25,451	1,721
Effect of translation of net investment in foreign branches	5,970,338	4,219,163
Net cash flows (used in) / generated from investing activities	<u>(192,100,255)</u>	<u>123,455,059</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from subordinated debts	1,000,000	-
Payment of lease liability against right of use assets	(1,353,593)	-
Dividends paid	(9,413,734)	(9,330,654)
Net cash used in financing activities	<u>(9,767,327)</u>	<u>(9,330,654)</u>
	<u>4,450,171</u>	<u>(18,720,713)</u>
Increase in cash and cash equivalents	<u>206,813,056</u>	<u>177,098,885</u>
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at the end of the period	<u>211,263,227</u>	<u>158,378,172</u>

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


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Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


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Chairman

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 1,360 (December 31, 2018: 1,364) branches inside Pakistan including 98 (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 condensed interim 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 condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark - up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

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

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements 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 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 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 accounting and reporting standards that are not yet effective**

The following new standards and interpretations of and amendments to existing accounting and reporting 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
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these unconsolidated condensed interim financial statements.

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 unconsolidated condensed interim financial statements.

3.7 Standards, interpretations and amendments to accounting and reporting standards that have become effective in the current period

During the current period, IFRS 16, Leases, became effective from annual periods beginning on or after January 01, 2019. The impact of the adoption of IFRS 16 on the Bank's unconsolidated condensed interim financial statements is disclosed in note 4.1.1.

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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate of 14.03% per annum at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	September 30, 2019	January 01, 2019
	------(Rupees in '000)-----	
Total lease liability recognised	<u>7,277,909</u>	<u>7,577,402</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:

	September 30, 2019	January 01, 2019
	------(Rupees in '000)-----	
Land and building	<u>6,809,289</u>	<u>7,828,194</u>

The effect of this change in accounting policy is as follows:

	September 30, 2019	January 01, 2019
	------(Rupees in '000)-----	
Impact on Unconsolidated Condensed Interim Statement of Financial Position		
Increase in fixed assets - right-of-use assets	6,809,289	7,828,194
Decrease in other assets - advances, deposits, advance rent and other prepayments	(317,221)	(250,792)
Increase in other assets - advance taxation	306,478	-
Increase in total assets	6,798,546	7,577,402
Increase in other liabilities - lease liability against right-of-use assets	(7,277,909)	(7,577,402)
(Decrease) / increase in net assets	<u>(479,363)</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

**January -
September
2019**
(Rupees in '000)

Impact on Unconsolidated Condensed Interim Profit and Loss account

Increase in mark-up expense - lease liability against right-of-use assets	(768,538)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(1,780,550)
- Rent expense	1,763,247
Decrease in profit before tax	(785,841)
Decrease in tax	306,478
Decrease in profit after tax	(479,363)

Earnings per share for the nine months ended September 30, 2019 are Re 0.39 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Bank has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

- 4.1.2** The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly 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 unconsolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

- Unconsolidated Condensed Interim Profit and Loss Account

As a result of adoption of the revised format, the figures for the quarter and nine months ended September 30, 2019 in the unconsolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

- Unconsolidated Condensed Interim Statement of Comprehensive Income

As a result of adoption of the revised format, the figures for the quarter and nine months ended September 30, 2019 in the unconsolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

- 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 accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	14,085,025	11,659,464
Foreign currency	4,876,608	4,042,891
	18,961,633	15,702,355
With State Bank of Pakistan in		
Local currency current accounts	50,086,682	46,699,046
Foreign currency current accounts	3,723,933	3,209,866
Foreign currency deposit account	10,808,130	8,304,054
	64,618,745	58,212,966
With other central banks in		
Foreign currency current accounts	23,321,266	30,452,713
Foreign currency deposit accounts	20,709,610	12,103,156
	44,030,876	42,555,869
With National Bank of Pakistan in local currency current accounts	58,003,470	66,936,342
Prize Bonds	507,788	59,826
	<u>186,122,512</u>	<u>183,467,358</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	3,000,007	4,600,007
Outside Pakistan		
In current accounts	9,916,841	5,866,022
In deposit accounts	12,223,867	12,879,669
	22,140,708	18,745,691
	<u>25,140,715</u>	<u>23,345,698</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	2,000,000	7,000,000
Repurchase agreement lendings (reverse repo)	7,300,000	23,500,000
Bai Muajjal receivable with other financial institutions	10,820,720	3,066,732
Other lendings to financial institutions	-	443,067
	20,120,720	34,009,799
Less: Provision against lendings to financial institutions	-	(68,253)
Lendings to Financial Institutions - net of provision	<u>20,120,720</u>	<u>33,941,546</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

9. INVESTMENTS		(Un-audited)				(Audited)			
		September 30, 2019				December 31, 2018			
9.1 Investments by type	Note	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		125,797,405	-	(20,027)	125,777,378	99,942,759	-	954	99,943,713
Pakistan Investment Bonds		-	-	-	-	1,621,854	-	7,570	1,629,424
		125,797,405	-	(20,027)	125,777,378	101,564,613	-	8,524	101,573,137
Available for sale securities									
Market Treasury Bills		248,291,724	-	106,811	248,398,535	139,865,800	-	(22,440)	139,843,360
Pakistan Investment Bonds		230,006,042	-	(10,629,107)	219,376,935	133,585,814	-	(14,268,873)	119,316,941
Government of Pakistan Eurobonds		19,031,185	(253,006)	489,905	19,268,084	17,736,778	(203,676)	(701,525)	16,831,577
Government of Pakistan Sukuk		9,248,260	(47,691)	(128,559)	9,072,010	15,145,060	(49,844)	(176,154)	14,919,062
Sukuks		770,000	-	-	770,000	105,000	-	-	105,000
Ordinary shares of listed companies		18,081,920	(5,568,190)	121,268	12,634,998	18,018,211	(3,047,963)	1,747,978	16,718,226
Preference shares		538,932	(502,269)	-	36,663	482,687	(446,023)	-	36,664
Ordinary shares of unlisted companies		753,933	(121,733)	-	632,200	753,562	(121,751)	-	631,811
Investment in REIT		458,590	-	(49,611)	408,979	458,590	-	41,273	499,863
Investment in Mutual Fund		250,000	-	-	250,000	-	-	-	-
Term Finance Certificates		791,519	(97,278)	(42,526)	651,715	941,297	(97,278)	(891)	843,128
Foreign bonds - sovereign		41,857,735	(545,694)	1,975,052	43,287,093	35,080,096	(378,288)	(459,301)	34,242,507
Foreign bonds - others		7,619,963	(42,774)	195,351	7,772,540	6,997,292	(46,622)	(110,867)	6,839,803
		577,699,803	(7,178,635)	(7,961,416)	562,559,752	369,170,187	(4,391,445)	(13,950,800)	350,827,942
Held to maturity securities									
Market Treasury Bills		2,971,890	-	-	2,971,890	2,885,435	-	-	2,885,435
Pakistan Investment Bonds		238,564,783	-	-	238,564,783	275,079,334	-	-	275,079,334
Government of Pakistan Eurobonds		9,250,947	(149,676)	-	9,101,271	8,251,048	(127,994)	-	8,123,054
Government of Pakistan Sukuk		808,997	(12,674)	-	796,323	719,499	(11,264)	-	708,235
Bai Muajjal with Government of Pakistan		25,657,916	-	-	25,657,916	8,300,566	-	-	8,300,566
Term Finance Certificates		5,403,266	(11,384)	-	5,391,882	6,023,053	(11,384)	-	6,011,669
Sukuks		15,316,628	(96,577)	-	15,220,051	11,921,801	(107,743)	-	11,814,058
Participation Term Certificates		436	(436)	-	-	437	(437)	-	-
Debentures		2,267	(2,267)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		16,520,653	(293,542)	-	16,227,111	14,460,187	(171,247)	-	14,288,940
Foreign bonds - others		1,685,657	(385,738)	-	1,299,919	1,497,873	(347,246)	-	1,150,627
Recovery note		481,960	(481,960)	-	-	428,008	(427,992)	-	16
CDC SAARC Fund		340	-	-	340	302	-	-	302
		316,665,740	(1,434,254)	-	315,231,486	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	(1,806,750)	-	24,256	1,831,006	(882,587)	-	948,419
United Executors and Trustees Company Limited		30,100	-	-	30,100	30,100	-	-	30,100
		5,406,166	(1,806,750)	-	3,599,416	5,406,166	(882,587)	-	4,523,579
Total Investments		1,026,791,599	(10,419,639)	(7,981,443)	1,008,390,517	806,799,258	(6,481,656)	(13,942,276)	786,375,326

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	Note	(Un-audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018
9.1.1 Investments given as collateral - at market value			
Market Treasury Bills		148,521,002	104,483,301
Pakistan Investment Bonds		103,532,461	55,064,705
Government of Pakistan Eurobonds		4,503,942	1,457,053
Government of Pakistan Sukuk		1,211,063	-
Foreign bonds - sovereign		-	2,938,477
Foreign bonds - others		-	1,167,508
		<u>257,768,468</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	305,776	373,968
	Charge / (reversals)		
	Charge for the period / year	3,838,335	1,567,939
	Reversals for the period / year	(11,304)	(12,388)
		3,827,031	1,555,551
	Reversal on disposal	(194,824)	(60,438)
	Amounts written off	-	(27,725)
	Closing balance	<u>10,419,639</u>	<u>6,481,656</u>
	9.7		

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non performing investment (NPI)	Provision	Non performing investment (NPI)	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	1,862,118	207,940	2,136,944	219,107
Overseas				
Overdue by:				
> 365 days	821,131	821,131	729,205	729,179
Total	<u>2,683,249</u>	<u>1,029,071</u>	<u>2,866,149</u>	<u>948,286</u>

9.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 300,457.053 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.

9.5 United Bank Limited has divested its 25% shareholding in Oman United Exchange Company Limited to a local Omani business group. The transaction was completed on March 31, 2019.

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- 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: 1,391.626 million.
- 9.8** Investments include amounts aggregating to Rs. 1,536.840 million (December 31, 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** UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited (UBL). UBL and UBTL have entered into an "Assets and Liabilities Purchase Agreement" with EXIM Bank Tanzania Limited 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.

10.	ADVANCES	Note	Performing		Non-performing		Total	
			(Un-audited) September 30. 2019	(Audited) December 31. 2018	(Un-audited) September 30. 2019	(Audited) December 31, 2018	(Un-audited) September 30, 2019	(Audited) December 31, 2018
			----- (Rupees in '000) -----					
	Loans, cash credits, running finances, etc.	560,627,630	628,104,826	75,494,251	65,480,873	636,121,881	693,585,699	
	Net investment in finance lease	109,331	77,361	-	-	109,331	77,361	
	Islamic financings and related assets	38.3	9,255,051	22,595,094	97,232	97,156	9,352,283	22,692,250
	Bills discounted and purchased		44,511,733	56,933,339	3,360,000	2,983,692	47,871,733	59,917,031
	Advances - gross		614,503,745	707,710,620	78,951,483	68,561,721	693,455,228	776,272,341
	Provision against advances	10.3						
	- Specific		-	-	(63,964,278)	(55,893,025)	(63,964,278)	(55,893,025)
	- General		(3,831,831)	(4,442,585)	-	-	(3,831,831)	(4,442,585)
			(3,831,831)	(4,442,585)	(63,964,278)	(55,893,025)	(67,796,109)	(60,335,610)
	Advances - net of provision		610,671,914	703,268,035	14,987,205	12,668,696	625,659,119	715,936,731
							(Un-audited) September 30, 2019	(Audited) December 31, 2018
							----- (Rupees in '000) -----	
10.1	Particulars of advances - gross							
	In local currency						498,164,175	579,185,614
	In foreign currencies						195,291,053	197,086,727
							693,455,228	776,272,341

- 10.2** Advances include Rs. 78,951.483 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) September 30, 2019		(Audited) December 31, 2018	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned*	2,841,130	8,670	89,546	1,113
Substandard	1,037,431	257,135	969,495	240,790
Doubtful	319,812	158,682	428,909	202,116
Loss	25,808,054	24,717,369	26,432,231	25,394,410
	30,006,427	25,141,856	27,920,181	25,838,429
Overseas				
Not past due but impaired**	5,190,238	2,780,741	3,623,373	3,073,362
Overdue by:				
Upto 90 days	1,651,896	775,324	7,986,841	2,722,248
91 to 180 days	4,733,187	3,222,737	2,057,618	2,027,258
181 to 365 days	7,115,105	5,075,789	2,090,931	1,904,536
> 365 days	30,254,630	26,967,831	24,882,777	20,327,192
	48,945,056	38,822,422	40,641,540	30,054,596
Total	78,951,483	63,964,278	68,561,721	55,893,025

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

** Not past due but impaired category mainly represents restructured exposure which has not been declassified.

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10.3 Particulars of provision against advances

Note	September 30, 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	4,090,052	384,929	4,474,981	4,669,656	753,690	5,423,346
Charge / (reversals)						
Charge for the period / year	5,629,288	-	5,629,288	14,490,257	6,721	14,496,978
Reversals for the period / year	(1,657,805)	(995,683)	(2,653,488)	(2,314,390)	(845,352)	(3,159,742)
31	3,971,483	(995,683)	2,975,800	12,175,867	(838,631)	11,337,236
Transfers in - net	68,253	-	68,253	-	-	-
Amounts written off	(58,535)	-	(58,535)	(394,108)	-	(394,108)
Closing balance	63,964,278	3,831,831	67,796,109	55,893,025	4,442,585	60,335,610

10.3.1 General provision represents provision amounting to Rs. 323.841 million (December 31, 2018: Rs. 303.132 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 3,507.990 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. 27.338 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. 4,927.544 million (December 31, 2018: Rs. 5,769.930 million) for the overseas branches.

Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress	11.1	1,054,949
Property and equipment		44,854,866
Right of use assets	4.1.1	6,809,289
		52,239,661
		45,799,099
11.1 Capital work-in-progress		
Civil works		548,836
Equipment		506,113
		1,054,949
		944,233

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		(Un-audited)	
		January - September 2019	January - September 2018
		----- (Rupees in '000) -----	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		206,895	-
Property and equipment			
Leasehold land		-	244,774
Building on freehold land		-	2,042,243
Building on leasehold land		4,091	1,246,377
Leasehold Improvement		569,435	743,162
Furniture and fixture		108,853	363,888
Electrical office and computer equipment		947,848	2,076,798
Vehicles		2,374	68,484
		1,632,601	6,785,726
Total		1,839,496	6,785,726
11.3 Disposal of fixed assets			
Capital work-in-progress		-	-
Leasehold land		252,050	12,800
Building on leasehold land		19,950	456
Leasehold Improvement		12,451	43,212
Furniture and fixture		2,065	122,348
Electrical office and computer equipment		28,235	481,542
Vehicles		57,695	105,670
		372,446	766,028
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS			
Capital work-in-progress		452,450	211,160
Intangible assets		1,475,388	1,545,873
		1,927,838	1,757,033
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	5,953,642	7,807,084

13.1 Movement in temporary differences during the period

	September 30, 2019 (Un-Audited)			
	At January 01, 2019	Recognized in profit and loss account	Recognised in OCI	At September 30, 2019
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Post retirement employee benefits	672,290	70,214	-	742,504
- Provision against advances, off balance sheet etc.	2,292,249	49,122	-	2,341,371
- Deficit on revaluation of investments	4,880,087	-	(1,775,137)	3,104,950
- Others	1,603,854	205,825	(320,319)	1,489,360
	9,448,480	325,161	(2,095,456)	7,678,185
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(734,307)	24,589	(76,204)	(785,922)
- Accelerated tax depreciation	(907,089)	(31,532)	-	(938,621)
	(1,641,396)	(6,943)	(76,204)	(1,724,543)
	7,807,084	318,218	(2,171,660)	5,953,642

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	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
	(1,150,052)	1,375,358	9,223,174	9,448,480
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)
	(1,461,889)	(217,383)	37,876	(1,641,396)
	(2,611,941)	1,157,975	9,261,050	7,807,084

14. OTHER ASSETS

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
Income / mark-up accrued in local currency - net of provision		24,924,391	22,186,193
Income / mark-up accrued in foreign currency - net of provision		6,121,573	4,292,424
		31,045,964	26,478,617
Advance taxation - net of provision for taxation	14.1	18,086,114	24,824,271
Receivable from staff retirement fund		1,470,542	321,349
Receivable from other banks against telegraphic transfers and demand drafts		-	88,354
Branch adjustment account		971,648	-
Unrealized gain on forward foreign exchange contracts		5,715,611	5,114,010
Rebate receivable - net		1,832,384	1,055,900
Unrealized gain on derivative financial instruments		-	5,868
Suspense accounts		548,518	607,698
Stationery and stamps on hand		233,395	98,828
Non-banking assets acquired in satisfaction of claims		1,374,529	1,369,282
Advances, deposits, advance rent and other prepayments		1,132,972	1,320,756
Acceptances		19,331,337	28,157,111
Others		3,377,024	2,640,158
		85,120,038	92,082,202
Provision held against other assets	14.2	(1,164,367)	(1,086,072)
Other assets - net of provisions		83,955,671	90,996,130
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	148,901	173,141
Other assets - total		84,104,572	91,169,271

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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.11,591 million (December 31 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 favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto 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 favor of the Bank.

The tax returns for Yemen, Qatar and UAE branches have been filed upto 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: 42.946 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) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
14.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	573,955	571,597
Non-banking assets acquired in satisfaction of claims	85,200	104,512
Receivable from insurance companies against fraud and forgery	505,212	409,963
	<u>1,164,367</u>	<u>1,086,072</u>

15. CONTINGENT ASSETS

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

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
16. BILLS PAYABLE		
In Pakistan	22,543,852	26,724,282
Outside Pakistan	545,820	524,854
	<u>23,089,672</u>	<u>27,249,136</u>

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	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,283,690	28,120,012
Refinance facility for modernization of SME	84,780	11,204
Long term financing facility	23,392,380	21,871,486
	52,760,850	50,002,702
Repurchase agreement borrowings	258,647,693	131,492,844
Bai Muajjal payable to other financial institutions	-	49,878,076
	311,408,543	231,373,622
Unsecured		
Call borrowings	8,580,605	18,850,439
Overdrawn nostro accounts	594,861	1,836,701
Money market deals	4,651,294	16,063,271
	13,826,760	36,750,411
	<u>325,235,303</u>	<u>268,124,033</u>

18. DEPOSITS AND OTHER ACCOUNTS

	September 30, 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	130,192,804	159,782,811	289,975,615	126,191,096	172,243,714	298,434,810
Savings deposits	445,036,237	15,366,493	460,402,730	393,093,910	42,398,195	435,492,105
Sundry deposits	16,044,562	1,120,102	17,164,664	11,768,321	990,212	12,758,533
Margin deposits	2,361,767	3,159,642	5,521,409	2,962,920	3,378,441	6,341,361
Current accounts - remunerative	1,809,765	5,678,974	7,488,739	965,509	6,200,072	7,165,581
Current accounts - non-remunerative	485,416,721	76,591,952	562,008,673	449,939,963	88,903,450	538,843,413
	1,080,861,856	261,699,974	1,342,561,830	984,921,719	314,114,084	1,299,035,803
Financial Institutions						
Current deposits	15,986,024	953,751	16,939,775	21,804,360	936,185	22,740,545
Savings deposits	35,781,365	-	35,781,365	30,509,483	-	30,509,483
Term deposits	22,803,402	1,299,509	24,102,911	12,065,814	1,708,403	13,774,217
	74,570,791	2,253,260	76,824,051	64,379,657	2,644,588	67,024,245
	<u>1,155,432,647</u>	<u>263,953,234</u>	<u>1,419,385,881</u>	<u>1,049,301,376</u>	<u>316,758,672</u>	<u>1,366,060,048</u>

18.1 Total Deposits includes eligible deposits under deposit protection mechanism amounting to Rs. 827,309.611 million (December 31, 2018; Rs. 813,924.260 million).

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.

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

Issue Size	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank, including depositors and general creditors, but 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.

Note **(Un-audited)** **(Audited)**
September 30, **December**
2019 **31, 2018**

----- (Rupees in '000) -----

20. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		14,358,815	12,345,658
Mark-up / return / interest payable in foreign currencies		2,389,501	2,368,783
		16,748,316	14,714,441
Accrued expenses		3,523,217	4,105,975
Payable to other banks against telegraphic transfers and demand drafts		1,675	-
Branch adjustment account		-	848,267
Deferred income		661,122	617,099
Unearned commission and income on bills discounted		916,346	1,168,936
Provision against off - balance sheet obligations	20.1	481,593	833,397
Unrealized loss on forward foreign exchange contracts		4,743,275	3,485,261
Trading liabilities		1,365,084	3,750,654
Payable to staff retirement fund		-	962,984
Deferred liabilities		3,829,795	3,685,997
Unrealized loss on derivative financial instruments		16,841	82,047
Workers' Welfare Fund payable		3,623,041	3,095,285
Insurance payable against consumer assets		471,532	410,466
Dividend payable		901,315	521,612
Acceptances		19,331,337	28,157,111
Charity fund balance		3,647	2,597
Lease Liability	4.1.1	7,277,909	-
Others		2,738,864	1,453,852
		<u>66,634,909</u>	<u>67,895,981</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
20.1 Provision against off-balance sheet obligations			
Opening balance		833,397	65,982
Impact on adoption of IFRS 9		-	211,244
Exchange adjustment		42,347	92,871
Charge for the period / year	31	10,489	463,300
Transfer out		(404,640)	-
Closing balance		<u>481,593</u>	<u>833,397</u>
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) arising on revaluation of assets			
Fixed assets		25,906,675	26,218,945
Available for sale securities	9.1	(7,961,414)	(13,950,800)
Non-banking assets acquired in satisfaction of claims	14	148,901	173,141
		18,094,162	12,441,286
Less: Deferred tax (asset) / liability on revaluation of:			
Fixed assets		727,851	667,022
Available for sale securities		(3,104,950)	(4,880,087)
Non-banking assets acquired in satisfaction of claims		58,071	67,285
		(2,319,028)	(4,145,780)
		<u>20,413,190</u>	<u>16,587,066</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	170,580,896	200,297,992
Commitments	22.2	1,103,739,941	903,024,912
Other contingent liabilities	22.3	15,517,493	15,576,591
		<u>1,289,838,330</u>	<u>1,118,899,495</u>
22.1 Guarantees:			
Financial guarantees		36,521,025	22,776,228
Performance guarantees		134,059,871	177,521,764
		<u>170,580,896</u>	<u>200,297,992</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		167,444,441	169,538,695
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	800,346,347	583,708,769
- forward government securities transactions	22.2.3	-	15,946,089
- derivatives			
Interest rate swaps	22.2.4	316,500	1,674,764
FX options	22.2.4	876,524	1,159,752
- forward lending	22.2.5	133,656,206	129,068,240
Commitments for acquisition of:			
- Fixed Assets		1,092,930	1,925,086
- Intangible		6,993	3,517
		<u>1,103,739,941</u>	<u>903,024,912</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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22.2.1 Commitments to extend credit

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

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		429,316,209	313,860,505
Sale		371,030,138	269,848,264
22.2.3 Commitments in respect of forward government securities transactions			
Purchase		-	13,619,209
Sale		-	2,326,880
22.2.4 Commitments in respect of derivatives			
Interest rate swaps		316,500	1,674,764
FX options - purchased		438,262	579,876
FX options - sold		438,262	579,876
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	57,064,961	65,695,154
Others		76,591,245	63,373,086
		133,656,206	129,068,240

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) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
22.2.6 Commitments in respect of capital expenditure	1,099,923	1,928,603

22.3 Other contingent liabilities

22.3.1 Claims against the Bank not acknowledged as debts	11,459,904	11,519,002
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These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security).

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

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

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.

23. DERIVATIVE INSTRUMENTS

Product analysis

September 30, 2019 (Un-Audited)									
Counterparties	Interest rate swaps		FX options		Forward purchase contract 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	-	-	438,262	-	-	-	-	-	438,262 -
Market making	316,500	(16,841)	438,262	-	-	-	-	-	754,762 (16,841)
	316,500	(16,841)	876,524	-	-	-	-	-	1,193,024 (16,841)

December 31, 2018 (Audited)									
Counterparties	Interest rate swaps		FX options		Forward purchase contract 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)
	1,674,764	(22,082)	1,159,752	-	13,619,209	(53,425)	2,326,880	(672)	18,780,605 (76,179)

----- (Un-audited) -----
Note **January -** **January -**
 September **September**
 2019 **2018**
 ----- (Rupees in '000) -----

24. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	48,291,756	31,941,554
Investments	57,779,058	49,848,645
Lend ings to financial institutions	4,790,807	1,491,559
Balances with banks	1,125,119	603,099
	<u>111,986,740</u>	<u>83,884,857</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	46,627,100	24,911,741
On borrowings	14,947,920	16,035,718
On subordinated debts	959,512	50,840
Cost of foreign currency swaps against foreign currency deposits / borrowing s	3,335,959	1,003,099
On lease liability against right of use assets	768,538	-
	<u>66,639,029</u>	<u>42,001,398</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

			----- (Un-audited) -----	
	Note		January - September 2019	January - September 2018
			----- (Rupees in '000) -----	
26.	FEE AND COMMISSION INCOME			
		Branch banking customer fee	1,477,570	1,305,565
		Consumer finance related fee	771,713	641,169
		Card related fees (debit and credit cards)	1,208,386	1,200,008
		Investment banking fee	299,435	531,618
		Financial Institution rebate / commission	238,316	300,116
		Corporate service charges / facility fee	513,052	441,237
		Commission on trade	725,939	794,789
		Commission on guarantees	620,566	527,317
		Commission on cash management	582,640	541,828
		Commission on remittances including home remittances - net	2,242,465	1,967,960
		Commission on bancassurance	1,016,755	999,571
		Commission on Benazir Income Support Program	597,482	360,723
		Others	273,004	378,401
			<u>10,567,323</u>	<u>9,990,302</u>
27.	GAIN ON SECURITIES - NET			
		Realised	27.1 605,210	4,676,085
		Unrealised - held for trading	(20,028)	6
			<u>585,182</u>	<u>4,676,091</u>
27.1	Realised gain on:			
		Federal Government securities	321,532	4,050,325
		Shares	122,358	379,967
		Foreign securities	166,208	-
		Associates	-	-
		Other Securities	(4,888)	245,793
			<u>605,210</u>	<u>4,676,085</u>
28.	OTHER INCOME			
		Charges recovered	210,524	341,460
		Rent on properties	176,248	151,736
		Gain on sale of operating fixed assets - net	37,412	27,286
		Gain on sale of associate	75,294	-
		Gain on sale of Ijarah assets - net	725	1,721
		Gain on disposal of non-banking assets - net	32,747	39,161
		Gain on trading liabilities - net	53,804	116,433
		Realization of exchange translation reserve - UBL New York branch	28.1 1,332,626	-
			<u>1,919,380</u>	<u>677,797</u>
28.1	The Bank voluntarily closed its New York Branch (NY Branch) on January 28, 2019 and surrendered the license to the New York State Department of Financial Services (NYDFS). Further, the Federal Reserve Bank of New York (FRBNY) has informed the Bank that Written Agreement dated July 2, 2018 signed by and among FRBNY, UBL and NY Branch has been terminated. The termination of Written Agreement marks the completion of UBL NY Branch winding down process. As a result, the assets of New York Branch were liquidated during the current period and exchange translation reserve previously recognised as "Capital Reserve" in respect of UBL NY Branch has been reclassified to unconsolidated condensed interim profit and loss account in accordance with paragraph 48 of IAS 21 "Effect of changes in foreign exchange rates".			

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

		(Un-audited)	
		January - September 2019	January - September 2018
		(Rupees in '000)	
29. OPERATING EXPENSES			
Total compensation expense		11,043,878	11,188,665
Property expense			
Rent and taxes		506,671	2,276,227
Insurance		141,887	154,321
Utilities cost		1,247,603	1,170,176
Security		711,078	882,285
Repair and maintenance		196,516	313,890
Depreciation		567,138	480,750
Depreciation - Right of Use Assets		1,776,705	-
Others		29,405	29,374
		5,177,003	5,307,023
Information technology expenses			
Software maintenance		922,877	764,430
Hardware maintenance		183,393	119,254
Depreciation		517,275	454,264
Amortisation		455,542	346,896
Network charges		523,072	517,605
		2,602,159	2,202,449
Other operating expenses			
Directors' fees and allowances		63,610	37,149
Fees and allowances to Shariah Board		4,639	3,523
Legal and professional charges		446,409	668,949
Outsourced service costs including sales commission		2,785,452	2,711,914
Travelling and conveyance		162,255	176,279
Clearing charges		143,670	131,857
Depreciation		867,593	785,053
Depreciation on Islamic financing against leased assets		161,482	139,980
Training and development		58,519	87,240
Postage and courier charges		232,442	231,120
Communication		340,531	312,137
Stationery and printing		489,577	506,517
Marketing, advertisement and publicity		631,429	486,937
Donations		97,079	82,400
Auditors' remuneration		94,313	73,187
Insurance		101,497	69,965
Deposit Protection Premium		976,709	287,343
Cash transportation and sorting charges		630,204	740,889
Entertainment		115,225	129,135
Vehicle expenses		77,708	127,206
Subscription		77,022	74,773
Office running expenses		122,915	128,908
Banking service charges		1,259,354	930,259
Repairs and maintenance		354,791	311,404
Cartage, freight and conveyance		45,831	58,238
Zakat paid by overseas branch		4,217	50,063
Brokerage expenses		12,859	13,625
Miscellaneous expenses		63,584	101,255
		10,420,916	9,457,305
		29,243,956	28,155,442
30. OTHER CHARGES			
Penalties imposed by the SBP		2,742	26,514
Other penalties		203	16,844
		2,945	43,358

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

		(Un-audited)	
	Note	January - September 2019	January - September 2018
		(Rupees in '000)	
31. PROVISIONS AND WRITE-OFFS - NET			
Provision against loans and advances - net	10.3	2,975,800	7,740,205
Reversal of provision against lendings to financial institutions - net		-	-
Provision for diminution in value of investments - net	9.2	3,827,031	818,177
Bad debts written off directly		56,666	99,965
Reversal of provision against other assets		(4,429)	(31,696)
Reversal / provision against off - balance sheet obligations	20.1	10,489	451,430
Recovery of written-off / charged off bad debts		(423,168)	(2,105,503)
Other reversal / other provisions & write-offs		240,205	473,456
		<u>6,682,594</u>	<u>7,446,034</u>
32. TAXATION			
Current		10,571,193	8,272,967
Prior years		1,649,755	(172,200)
Deferred		(318,218)	(1,338,373)
		<u>11,902,730</u>	<u>6,762,394</u>
		(Un-audited)	
		January - September 2019	January - September 2018
		(Rupees in '000)	
33. EARNINGS PER SHARE			
Profit after taxation for the period		<u>14,403,334</u>	<u>9,731,464</u>
		(Number of shares)	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		(Rupees)	
Earnings per share - basic and diluted		<u>11.77</u>	<u>7.95</u>
There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2019 and September 30, 2018.			
34. FAIR VALUE MEASUREMENTS			
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.			
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.			
In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.			
34.1	The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
	Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).		

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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:

September 30, 2019 (Un-audited)					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	621,892,942	-	621,892,942	-	621,892,942
Foreign Bonds - Sovereign	43,287,093	-	43,287,093	-	43,287,093
Foreign Bonds - others	7,772,540	-	7,772,540	-	7,772,540
Ordinary shares of listed companies	12,634,998	12,634,998	-	-	12,634,998
Investment in Mutual funds	250,000	-	250,000	-	250,000
Debt securities (TFCs , Sukuks)	1,421,715	-	1,421,715	-	1,421,715
Investment in REIT	408,979	408,979	-	-	408,979
Investment held for sale	-	-	-	-	-
	687,668,267	13,043,977	674,624,290	-	687,668,267
Off-balance sheet financial instruments -measured at fair value					
Forward purchase and sale of foreign exchange contracts	800,346,347	-	972,336	-	972,336
Interest rate swaps	316,500	-	(16,841)	-	(16,841)
Cross currency swaps	-	-	-	-	-
FX options - purchased and sold	876,524	-	-	-	-
Forward purchase of government securities	-	-	-	-	-
Forward sale of government securities	-	-	-	-	-
December 31, 2018 (Audited)					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	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
Off-balance sheet financial instruments - measured at fair value					
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)
Cross currency swaps	-	-	-	-	-
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)

34.2 Fair Value of non-financial assets

September 30, 2019 (Un-audited)					
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Fixed Assets	39,274,054	-	-	39,274,054	39,274,054
Non-banking assets acquired in satisfaction of claims	1,523,430	-	-	1,523,430	1,523,430
	40,797,484	-	-	40,797,484	40,797,484
December 31, 2018 (Audited)					
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Fixed Assets	39,617,694	-	-	39,617,694	39,617,694
Non-banking assets acquired in satisfaction of claims	1,542,423	-	-	1,542,423	1,542,423
	41,160,117	-	-	41,160,117	41,160,117

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

34.3 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.

34.4 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.

Units of mutual fund

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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 nine months ended September 30, 2019 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	34,158,608	36,358,723	(32,706,149)	2,435,411	6,645,267	(1,544,149)	45,347,711
Inter segment (expense) / revenue - net	(29,898,007)	(45,393,094)	70,991,674	-	-	4,299,427	-
Non mark-up / return / interest income	1,864,174	3,829,180	7,231,525	207,230	2,447,961	1,835,535	17,415,605
Total Income	<u>6,124,775</u>	<u>(5,205,191)</u>	<u>45,517,050</u>	<u>2,642,641</u>	<u>9,093,228</u>	<u>4,590,813</u>	<u>62,763,316</u>
Segment direct expenses	1,041,131	98,777	18,089,153	1,260,985	4,487,609	4,797,003	29,774,658
Inter segment expense allocation	426,275	53,107	3,499,758	-	499,755	(4,478,895)	-
Total expenses	<u>1,467,406</u>	<u>151,884</u>	<u>21,588,911</u>	<u>1,260,985</u>	<u>4,987,364</u>	<u>318,108</u>	<u>29,774,658</u>
Provision reversals / (charge)	175,380	(2,580,394)	690,276	(8,929)	(3,982,736)	(976,191)	(6,682,594)
Profit / (loss) before tax	<u>4,832,749</u>	<u>(7,937,469)</u>	<u>24,618,415</u>	<u>1,372,727</u>	<u>123,128</u>	<u>3,296,514</u>	<u>26,306,064</u>
	As at September 30, 2019 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
Cash & Bank balances	396,454	51,853,074	73,553,752	18,725,007	65,057,720	1,677,220	211,263,227
Investments	6,546,279	846,273,238	-	46,145,488	104,088,064	5,337,448	1,008,390,517
Net inter segment lending	6,679,067	-	929,082,180	-	1,305,978	58,158,028	995,225,253
Lendings to financial institutions	-	7,300,000	-	12,820,720	-	-	20,120,720
Advances - performing	424,980,411	19,826	35,354,131	9,248,458	135,496,564	5,572,524	610,671,914
Advances - non-performing net of provision	3,115,406	-	1,718,066	-	10,122,746	30,987	14,987,205
Others	28,712,568	19,688,069	13,802,072	1,561,001	17,626,403	62,835,600	144,225,713
Total Assets	<u>470,430,185</u>	<u>925,134,207</u>	<u>1,053,510,201</u>	<u>88,500,674</u>	<u>333,697,475</u>	<u>133,611,807</u>	<u>3,004,884,549</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

As at September 30, 2019 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Borrowings	51,760,447	263,704,926	402	1,000,000	8,769,528	-	325,235,303
Subordinated debts	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	65,678,114	141,461	1,010,402,868	78,483,784	263,953,233	726,421	1,419,385,881
Net inter segment borrowing	326,475,121	665,564,751	-	3,185,381	-	-	995,225,253
Others	23,666,255	6,935,501	30,671,410	1,968,169	9,113,982	17,369,264	89,724,581
Total Liabilities	467,579,937	936,346,639	1,041,074,680	84,637,334	281,836,743	28,095,685	2,839,571,018
Equity	2,850,248	(11,212,432)	12,435,521	3,863,340	51,860,732	105,516,122	165,313,531
Total Equity & liabilities	470,430,185	925,134,207	1,053,510,201	88,500,674	333,697,475	133,611,807	3,004,884,549
Contingencies and Commitments	402,236,234	465,307,851	12,319,896	270,422	408,602,658	1,101,269	1,289,838,330

For the nine months ended September 30, 2018 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	20,838,681	28,356,780	(15,343,282)	1,618,461	6,264,162	148,657	41,883,459
Inter segment (expense) / revenue - net	(17,453,674)	(21,864,083)	37,774,547	-	-	1,543,210	-
Non mark-up / return / interest income	2,305,484	7,536,379	6,867,977	127,596	2,032,733	549,057	19,419,226
Total Income	5,690,491	14,029,076	29,299,242	1,746,057	8,296,895	2,240,924	61,302,685
Segment direct expenses	1,210,987	493,108	16,982,656	1,179,332	4,932,972	12,563,738	37,362,793
Inter segment expense allocation	415,777	46,526	3,063,674	-	484,680	(4,010,657)	-
Total expenses	1,626,764	539,634	20,046,330	1,179,332	5,417,652	8,553,081	37,362,793
Provision reversals / (charge)	(742,169)	(644,988)	708,735	(5,786)	(6,903,758)	141,932	(7,446,034)
Profit / (loss) before tax	3,321,558	12,844,454	9,961,647	560,939	(4,024,515)	(6,170,225)	16,493,858

As at December 31, 2018 (Audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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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:

	September 30, 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	-	-	1,522,410	-	-	-	-	-	-	-
In deposit accounts	-	-	5,693,835	-	-	-	-	1,145,818	-	-
	-	-	7,216,245	-	-	-	-	4,393,498	-	-
								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	-	-	1,806,750	-	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	-	65,961	-	-	50,740	13,479	190,046	-	-	4,123,007
Repaid during the period / year	(2,204)	(24,951)	-	-	(2,695,937)	(16,561)	(115,139)	-	-	(1,341)
Transfer out - net	-	-	-	-	-	-	(48,061)	-	-	(23)
Closing balance	17	201,415	-	2,155,149	4,102,552	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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	September 30, 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	-	-	-	636	155,176	-	-	-	3,646	146,300
Receivable from staff retirement fund	-	-	-	-	1,470,542	-	-	-	-	321,349
Prepaid insurance	-	-	-	70,323	-	-	-	-	107,151	-
Dividend Receivable	-	-	-	-	-	-	-	45,855	-	-
Other receivable	-	-	28,097	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	-	579,400	-	-	814,511	2,364,689	244,000
Settled during the period / year	-	-	(1,978,187)	-	(519,100)	-	-	(778,629)	(2,839,221)	(231,600)
Closing balance	-	-	-	-	72,700	-	-	1,364,695	-	12,400
Deposits and other accounts										
Opening balance	6,375,281	66,302	420,451	11,638,644	8,251,444	5,700,563	39,106	470,751	7,423,431	3,069,783
Received during the period / year	103,103,826	682,207	11,704,657	105,848,409	524,475,660	60,624,991	1,320,796	16,972,541	160,790,083	163,877,912
Withdrawn during the period / year	(87,961,606)	(679,877)	(11,804,110)	(110,980,175)	(485,955,708)	(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	21,517,501	68,632	320,998	6,506,878	46,771,396	6,375,281	66,302	420,451	11,638,644	8,251,444
Other Liabilities										
Interest / mark-up payable on deposits and borrowings	62,262	192	32,070	25,233	443,451	40,343	59	48,388	53,416	49,821
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	962,984
Unearned income	-	-	410	-	1,261	-	-	248	-	12,608
Contingencies and Commitments										
Letter of guarantee	-	-	247,197	-	-	-	-	165,220	-	-
Forward foreign exchange contracts purchase	-	-	1,554,255	-	-	-	-	3,206,246	-	-
Forward foreign exchange contracts sale	-	-	1,563,654	-	-	-	-	3,193,824	-	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	For nine months ended September 30, 2019 (Un-audited)					For nine months ended September 30, 2018 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Income										
Mark-up / return / interest earned	-	9,036	99,262	14,526	495,237	-	6,812	66,420	6,966	87,025
Commission / charges recovered	62	1,151	546	5,416	11,569	83	467	5,508	85,256	12,583
Dividend Income	-	-	134,311	91,518	134,775	-	-	321,350	26,833	362,457
Net gain on sale of securities	-	-	-	-	28,515	-	-	-	32,691	18,868
Other Income	-	-	1,130	3,996	-	-	942	903	12,192	171,679
Switch revenue	-	-	-	-	202,739	-	-	-	-	-
Management fee	-	-	3,650	-	-	-	-	72,524	-	-
Expense										
Mark-up / return / interest paid	311,883	795	43,987	528,634	903,389	109,109	1,279	42,078	420,417	95,817
Remuneration paid	-	354,087	-	-	-	-	572,283	-	-	-
Post employment benefits	-	15,315	-	-	-	-	14,606	-	-	-
Non-executive directors' fee	64,286	-	-	-	-	40,025	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	248,288	-	-	-	-	229,049
Charge for defined benefit plans	-	-	-	-	179,957	-	-	-	-	8,847,194
Other expenses	-	-	2,195	-	-	-	-	1,961	-	-
Clearing Charges	-	-	-	-	97,953	-	-	-	-	78,211
Seminar and Membership fees	-	-	-	-	3,590	-	-	-	-	5,675
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	-	-	-	-	-	-
Custody Charges	-	-	-	-	13,331	-	-	-	-	4,226
Insurance premium paid	-	-	-	280,660	-	-	-	-	470,510	-
Insurance claims settled	-	-	-	261,496	-	-	-	-	172,803	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----	
12,241,798	12,241,798

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

114,588,854	109,026,135
9,834,770	8,875,000
124,423,624	117,901,135
36,076,743	38,449,649
160,500,367	156,350,784

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

645,555,159	729,807,059
40,641,628	9,991,738
141,621,143	141,621,143
827,817,930	881,419,940

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

13.84%	12.37%
15.03%	13.38%
19.39%	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 September 30, 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 September 30, 2019. As at September 30, 2019 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.39% whereas CET 1 and Tier 1 ratios stood at 13.84% and 15.03% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the 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 1.00% with effect from March 2020 till next announcement 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.

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----	
124,423,625	117,901,135
2,688,148,543	2,423,130,058
4.63%	4.87%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

544,002,259	404,144,218
207,918,124	212,338,866
261.64%	190.33%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

1,356,751,239	1,489,318,075
1,053,974,463	1,181,920,887
128.73%	126.01%

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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38. ISLAMIC BANKING BUSINESS

The Bank operates 98 (December 31, 2018: 94) Islamic Banking branches and 163 (December 31, 2018: 158) Islamic Banking windows.

The statement of financial position of the Bank's Islamic Banking branches as at September 30, 2019 is as follows:

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		14,833,162	8,000,891
Balances with other banks		3,891,845	5,482,264
Due from financial institutions	38.1	12,820,720	10,066,732
Investments	38.2	46,145,488	30,746,758
Islamic financing and related assets	38.3	9,248,458	22,596,064
Fixed assets		955,326	337,390
Intangible assets		7,889	2,468
Due from Head Office		-	-
Other assets		597,786	285,392
Total Assets		88,500,674	77,517,959
LIABILITIES			
Bills payable		791,528	430,122
Due to financial institutions		1,000,000	143,000
Deposits and other accounts	38.4	78,483,784	73,434,945
Due to Head Office		3,185,381	488,694
Other liabilities		1,176,641	492,291
		84,637,334	74,989,052
NET ASSETS		3,863,340	2,528,907
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(173,576)	(135,282)
Accumulated profit		1,855,916	483,189
		3,863,340	2,528,907
CONTINGENCIES AND COMMITMENTS	38.5		

The profit and loss account of the Bank's Islamic Banking branches for the nine months ended September 30, 2019 is as follows:

		(Un-audited) January - September 2019	(Un-audited) January - September 2018
		----- (Rupees in '000) -----	
Profit / return earned	38.6	5,699,337	3,191,258
Profit / return expensed	38.7	(3,263,926)	(1,572,797)
Net profit / return		2,435,411	1,618,461
Other income			
Fee and Commission Income		172,288	68,162
Foreign Exchange Income		21,867	219
Loss on securities		(4,888)	-
Other Income		17,963	11,760
Total Other Income		207,230	80,141
Total Income		2,642,641	1,698,602
Operating expenses		1,260,985	778,821
Profit before provisions		1,381,656	919,781
Provisions and write-offs - net		(8,929)	(3,202)
Profit for the period		1,372,727	916,579

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

38.1 Due from Financial Institutions

	September 30, 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	2,000,000	-	2,000,000	7,000,000	-	7,000,000
Bai Muajjal Receivable from other Financial Institutions	10,820,720	-	10,820,720	3,066,732	-	3,066,732
	<u>12,820,720</u>	<u>-</u>	<u>12,820,720</u>	<u>10,066,732</u>	<u>-</u>	<u>10,066,732</u>

38.2 Investments by segments

	September 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost (Rupees in '000)	Provision for diminution	Deficit	Carrying Value
Federal Government Securities								
-Ijarah Sukuks	5,901,296	-	(173,576)	5,727,720	11,910,472	-	(135,282)	11,775,190
-Bai Muajjal with Govt. of Pakistan	25,657,916	-	-	25,657,916	8,300,566	-	-	8,300,566
	<u>31,559,212</u>	<u>-</u>	<u>(173,576)</u>	<u>31,385,636</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	14,609,852	-	-	14,609,852	10,521,002	-	-	10,521,002
	<u>14,759,852</u>	<u>-</u>	<u>-</u>	<u>14,759,852</u>	<u>10,671,002</u>	<u>-</u>	<u>-</u>	<u>10,671,002</u>
Total Investments	<u>46,319,064</u>	<u>-</u>	<u>(173,576)</u>	<u>46,145,488</u>	<u>30,882,040</u>	<u>-</u>	<u>(135,282)</u>	<u>30,746,758</u>

(Un-audited) (Audited)
September December
30, 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	(7,373,084)	(3,119,434)
Bai Muajjal Investment - net	<u>25,657,916</u>	<u>8,300,566</u>

38.3 Islamic financing and related assets

Ijarah	603,618	446,792
Murabaha	632,435	742,302
Musharaka	83,040	-
Diminishing Musharaka	5,852,126	19,902,278
Istisna	20,846	-
Islamic Export Refinance scheme - Musharaka	999,544	126,849
Advances against Islamic assets		
Advances against Ijara	117,527	215,091
Advances for Diminishing Musharaka	114,161	520,448
Advances for Murabaha	125,467	101,115
Advances for Murabaha - IERS	204,456	18,000
Advances for Istisna	320,994	48,321
Inventory related to Islamic financing		
Istisna	140,036	13,411
Profit and other receivables against financings	138,034	557,643
Gross Islamic financing and related assets	<u>9,352,284</u>	<u>22,692,250</u>
Less: Provision against Islamic financings		
- Specific	(85,745)	(82,088)
- General	(18,081)	(14,098)
	<u>(103,826)</u>	<u>(96,186)</u>
Islamic financing and related assets - net of provision	<u>9,248,458</u>	<u>22,596,064</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

38.4 Deposits and other accounts	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
Customers		
Current deposits	32,341,944	31,434,627
Savings deposits	13,129,072	14,925,879
Term deposits	<u>9,460,291</u>	<u>6,776,543</u>
	<u>54,931,307</u>	<u>53,137,049</u>
Financial Institutions		
Current deposits	1,339,842	1,768,824
Savings deposits	8,997,635	11,144,072
Term deposits	<u>13,215,000</u>	<u>7,385,000</u>
	<u>23,552,477</u>	<u>20,297,896</u>
	<u>78,483,784</u>	<u>73,434,945</u>
38.5 Contingencies and commitments		
- Guarantees	60,119	56,416
- Commitments	<u>477,117</u>	<u>406,643</u>
	<u>537,236</u>	<u>463,059</u>
	----- (Un-audited) -----	
	January - September 2019	January - September 2018
38.6 Profit / Return Earned on Financing, Investments and Placements	----- (Rupees in '000) -----	
Profit earned on:		
Financing	798,826	1,019,766
Investments	3,545,296	1,253,516
Placements	1,155,463	751,790
Rental Income from Ijarah	<u>199,752</u>	<u>166,186</u>
	<u>5,699,337</u>	<u>3,191,258</u>
38.7 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	3,170,866	1,562,215
Due to Financial Institutions	18,827	10,582
Return expense on leases	<u>74,233</u>	<u>-</u>
	<u>3,263,926</u>	<u>1,572,797</u>
	(Un-audited) September 30, 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>1,372,727</u>	<u>845,691</u>
Closing Balance	<u>1,855,916</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.

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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.

	September 30, 2019 (Un-Audited)								
	No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	9	Mudarbaha	Monthly	5.08%	50.00%	5,972	2.81%	10.55%	630
Special Pools	100	Mudarbaha	Monthly	11.45%	7.46%	146,675	10.77%	19.87%	29,144
IERS Pools	28	Musharkah	Monthly	3.95%	74.98%	43,250	2.00%	0.00%	-
General Pools	9	Mudarbaha	Monthly	11.54%	50.00%	1,002,172	7.64%	32.40%	324,691
Treasury Pools	2	Musharkah	As required	12.93%	25.77%	1,278,366	9.60%	0.00%	-

September 30, 2018 (Un- Audited)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudarbaha	Monthly	4.62%	50.00%	5,926	2.82%	22.10%	1,308
Special Pools	78	Mudarbaha	Monthly	6.63%	12.60%	138,164	6.09%	34.40%	57,437
IERS Pools	7	Musharkah	Monthly	3.49%	71.80%	2,997	2.00%	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	10	Musharkah	As required	7.40%	17.23%	1,180	6.12%	0.00%	-
General Pools	9	Mudarbaha	Monthly	6.15%	50.00%	309,930	3.50%	13.80%	42,740

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	-----Rupees in '000-----	
38.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	887,357	650,754
Agri business	426,513	1,226,202
Textile	1,478,640	365,599
Financial	17,325,059	15,486,630
Food industries	516,089	516,697
Plastic	243,043	169,124
Individuals	1,416,670	1,134,008
Production and Transmission of energy	16,155,019	26,712,710
Government of Pakistan Securities	31,385,636	20,023,620
Others	2,184,473	1,768,268
	<u>72,018,499</u>	<u>68,053,612</u>

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 16, 2019 has declared an interim cash dividend in respect of the quarter ended September 30, 2019 of Rs. 3.0 per share (September 30, 2018: Rs. 2.0 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 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. The Comparative information has been reclassified and / or restated as a result of revised format of interim financial statement as more fully explained in note 4.1.2 to these unconsolidated condensed interim financial statements.

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 October 16, 2019 by the Board of Directors of the Bank.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman



*where **you** come **first***

UNITED BANK LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019
(UNAUDITED)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	190,509,731	187,915,671
Balances with other banks	7	41,659,032	41,747,060
Lendings to financial institutions	8	23,159,560	35,346,551
Investments	9	1,043,326,735	831,159,100
Advances	10	671,641,511	754,551,722
Fixed assets	11	57,668,144	50,898,280
Intangible assets	12	2,048,539	1,876,094
Deferred tax assets	13	4,486,347	6,685,952
Assets held for sale	14	3,709,827	-
Other assets	15	85,181,945	92,312,444
		2,123,391,371	2,002,492,874
LIABILITIES			
Bills payable	17	23,118,757	27,272,967
Borrowings	18	333,869,058	279,918,125
Deposits and other accounts	19	1,498,574,721	1,448,324,041
Liabilities against assets subject to finance lease	20	21,480	10,000
Subordinated debts	21	10,000,000	9,000,000
Deferred tax liabilities		-	-
Liabilities held for sale	14	3,685,571	-
Other liabilities	22	68,706,245	69,343,882
		1,937,975,832	1,833,869,015
NET ASSETS		185,415,539	168,623,859
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		67,278,462	60,078,870
Surplus on revaluation of assets	23	21,575,750	16,992,906
Unappropriated profit		77,692,115	73,749,955
Total equity attributable to the equity holders of the Bank		178,788,125	163,063,529
Non-controlling interest		6,627,414	5,560,330
		185,415,539	168,623,859
CONTINGENCIES AND COMMITMENTS			
	24		

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

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

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	July - September 2019	July - September 2018	January - September 2019	January - September 2018
----- (Rupees in '000) -----					
Mark-up / return / interest earned	26	46,381,062	30,832,964	114,622,747	86,991,106
Mark-up / return / interest expensed	27	30,509,464	16,457,861	68,165,602	43,553,484
Net mark-up / interest income		15,871,598	14,375,103	46,457,145	43,437,622
Non mark-up / interest income					
Fee and commission income	28	3,954,774	3,752,592	12,054,092	11,447,163
Dividend income		144,874	235,059	784,488	1,045,814
Foreign exchange income		1,197,991	1,293,657	3,484,894	2,843,801
Income / (loss) from derivatives		(35,128)	(2,686)	50,298	(8,958)
Gain on securities - net	29	462,449	59,050	772,386	4,793,274
Other income	30	146,665	262,311	1,874,038	641,432
Total non mark-up / interest income		5,871,625	5,599,983	19,020,196	20,762,526
Total income		21,743,223	19,975,086	65,477,341	64,200,148
Non mark-up / interest expenses					
Operating expenses	31	10,909,380	10,471,099	31,811,389	30,733,737
Workers' Welfare Fund		175,575	138,020	532,237	424,918
Other charges	32	727	39,339	2,945	43,358
Total non mark-up / interest expenses		11,085,682	10,648,458	32,346,571	31,202,013
Share of profit of associates		79,116	154,595	427,840	455,007
Profit before provisions		10,736,657	9,481,223	33,558,610	33,453,142
Provisions and write-offs - net	33	2,028,937	3,243,096	5,706,877	7,988,618
Extra ordinary / unusual item - charge in respect of pension liability		-	341,972	-	8,746,607
Profit before taxation from continuing operations		8,707,720	5,896,155	27,851,733	16,717,917
Taxation	34	3,516,912	2,514,770	12,163,304	7,224,512
Profit after taxation from continuing operations		5,190,808	3,381,385	15,688,429	9,493,405
Discontinued operations					
Loss from discontinued operations - net of tax	14	(137,818)	-	(1,468,330)	-
Profit after taxation		5,052,990	3,381,385	14,220,099	9,493,405
Attributable to:					
Equity holders of the Bank					
from continuing operations		5,192,045	3,554,175	15,698,858	9,747,927
from discontinued operations		(137,818)	-	(1,468,330)	-
		5,054,227	3,554,175	14,230,528	9,747,927
Non-controlling interest		(1,237)	(172,790)	(10,429)	(254,522)
		5,052,990	3,381,385	14,220,099	9,493,405
----- (Rupees) -----					
Earnings per share - basic and diluted					
from continuing operations		4.24	2.90	12.82	7.96
from discontinued operations		(0.11)	-	(1.20)	-
	35	4.13	2.90	11.62	7.96

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


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmed Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	July - September 2019	July - September 2018	January - September 2019	January - September 2018
	----- (Rupees in '000) -----			
Profit after tax for the period attributable to:				
Equity holders of the Bank				
from continuing operations	5,192,045	3,554,175	15,698,858	9,747,927
from discontinued operations	(137,818)	-	(1,468,330)	-
	5,054,227	3,554,175	14,230,528	9,747,927
Non-controlling interest	(1,237)	(172,790)	(10,429)	(254,522)
	5,052,990	3,381,385	14,220,099	9,493,405
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 and subsidiaries				
Equity holders of the Bank	(2,039,621)	836,967	7,066,718	5,354,371
Non-controlling interest	(306,050)	239,409	460,960	584,659
	(2,345,671)	1,076,376	7,527,678	5,939,030
Movement in deficit on revaluation of investments - net of tax				
Equity holders of the Bank	2,953,930	(1,120,292)	4,759,698	(9,296,553)
Non-controlling interest	152,591	-	444,647	(251,821)
	3,106,521	(1,120,292)	5,204,345	(9,548,374)
	760,850	(43,916)	12,732,023	(3,609,344)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Remeasurement gain on defined benefit obligations - net of tax	-	-	679,587	-
Movement in surplus on revaluation of fixed assets - net of tax				
Equity holders of the Bank	(97,299)	(401,433)	129,743	(321,678)
Non-controlling interest	(78,940)	14,685	172,857	84,025
	(176,239)	(386,748)	302,600	(237,653)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(6,686)	(15,026)	(25,269)
	(176,239)	(393,434)	967,161	(262,922)
Total comprehensive income for the period	5,637,601	2,944,035	27,919,283	5,621,139
Attributable to:				
Equity holders of the Bank				
from continuing operations	6,009,055	2,862,731	28,319,578	5,458,798
from discontinued operations	(137,818)	-	(1,468,330)	-
	5,871,237	2,862,731	26,851,248	5,458,798
Non-controlling interest	(233,636)	81,304	1,068,035	162,341
	5,637,601	2,944,035	27,919,283	5,621,139

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



Aameer Karachiwalla
Chief Financial Officer



Sima Kamil
President &
Chief Executive Officer



Amar Zafar Khan
Director



Arshad Ahmed Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Attributable to equity shareholders of the Bank								Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus/(Deficit) on revaluation of			Unappropriated profit			Sub total
					Investments	Fixed Assets	Non Banking Assets				
(Rupees in '000)											
Balance as at December 31, 2017 - as restated	12,241,798	3,000	29,857,453	17,343,063	5,897,359	27,136,589	112,528	76,410,128	169001918	5,491,844	174,493,762
Change in accounting policy as at January 1, 2018	-	-	-	-	-	-	-	(1,640,563)	(1,640,563)	-	(1,640,563)
Balance as at January 01, 2018 - as restated	12,241,798	3,000	29,857,453	17,343,063	5,897,359	27,136,589	112,528	74,769,565	167361355	5,491,844	172,853,199
Total comprehensive income for the nine months ended September 30, 2018											
Profit after taxation for the nine months ended September 30, 2018	-	-	-	-	-	-	-	9,747,927	9,747,927	(254,522)	9,493,405
Other comprehensive income - net of tax	-	-	-	5,354,371	(9,296,553)	(321,678)	(25,269)	-	(4,289,129)	416,863	(3,872,266)
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	5,354,371	(9,296,553)	(321,678)	(25,269)	9,747,927	5,458,798	162,341	5,621,139
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(532)	(532)	532	-
Transfer to statutory reserve	-	-	953,308	-	-	-	-	(953,308)	-	-	-
Transactions with owners for the nine months ended September 30, 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)	-	(4,896,719)
Interim cash dividend - March 31, 2018 declared subsequent to the period end at Rs.3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - June 30, 2018 declared subsequent to the period end at Rs.3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Balance as at September 30, 2018 (Un-audited) - as restated	12,241,798	3,000	30,810,761	22,697,434	(3,399,194)	26,814,911	87,259	71,321,855	160577824	5,654,717	166,232,541
Total comprehensive income for the three months ended December 31, 2018											
Profit after taxation for the three months ended December 31, 2018	-	-	-	-	-	-	-	5,735,124	5,735,124	(178,975)	5,556,149
Other comprehensive income - net of tax	-	-	-	6,024,914	(6,831,083)	360,591	18,597	(373,837)	(800,818)	85,927	(714,891)
Total comprehensive income for the three months ended December 31, 2018	-	-	-	6,024,914	(6,831,083)	360,591	18,597	5,361,287	4,934,306	(93,048)	4,841,258
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,581)	(1,581)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(58,175)	-	57,933	(242)	242	-
Transfer to statutory reserve	-	-	542,761	-	-	-	-	(542,761)	-	-	-
Transactions with owners for the three months ended December 31, 2018											
Interim cash dividend - September 30, 2018 declared subsequent to the period end at Rs.2.0 per share	-	-	-	-	-	-	-	(2,448,359)	(2,448,359)	-	(2,448,359)
Balance as at December 31, 2018	12,241,798	3,000	31,353,522	28,722,348	(10,230,277)	27,117,327	105,856	73,749,955	163063529	5,560,330	168,623,859
Total comprehensive income for the nine months ended September 30, 2019											
Profit after taxation for the nine months ended September 30, 2019	-	-	-	-	-	-	-	14,230,528	14,230,528	(10,429)	14,220,099
Other comprehensive income - net of tax	-	-	-	7,066,718	4,759,698	129,743	(15,026)	679,587	12,620,720	1,078,464	13,699,184
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	7,066,718	4,759,698	129,743	(15,026)	14,910,115	26,851,248	1,068,035	27,919,283
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,540)	(1,540)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(291,571)	-	290,982	(589)	589	-
Transfer to statutory reserve	-	-	1,465,500	-	-	-	-	(1,465,500)	-	-	-
Transactions with owners for the nine months ended September 30, 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)	-	(3,672,539)
Interim cash dividend - March 31, 2019 declared subsequent to the period end at Rs.2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Interim cash dividend - June 30, 2019 declared subsequent to the period end at Rs.2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Realization of exchange translation reserve - Note 30.1	-	-	-	(1,332,626)	-	-	-	-	(1,332,626)	-	(1,332,626)
Balance as at June 30, 2019 (Un-audited)	12,241,798	3,000	32,819,022	34,456,440	(5,470,579)	26,955,499	90,830	77,692,115	178788125	6,627,414	185,415,539

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

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

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	January - September 2019	January - September 2018
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinuing operations	26,628,627	16,717,917
Less: Dividend income	(784,488)	(1,045,814)
Less: Share of profit of associates	(427,840)	(455,007)
	<u>25,416,299</u>	<u>15,217,096</u>
Adjustments:		
Depreciation on fixed assets	2,051,081	1,834,584
Depreciation on Islamic financing against leased assets (Ijarah)	161,482	139,980
Depreciation on right of use assets	1,776,705	-
Amortization	484,353	387,201
Workers' Welfare Fund	532,237	424,918
Provision for retirement benefits	811,663	9,414,083
Charge for compensated absences	134,202	83,868
Provision against loans and advances - net	3,197,419	6,190,069
Reversal of provision against lendings to financial institutions - net	-	(124,118)
Provision for diminution in value of investments - net	3,144,805	1,344,757
Interest expense on lease liability	767,054	198
Gain on sale of fixed assets - net	(37,431)	(27,286)
Gain on sale of ijarah assets - net	(725)	1,721
Bad debts written off directly	56,401	104,454
Unrealized loss on revaluation of investments classified as held for trading	20,027	(6)
Realization of exchange translation reserve - UBL New York branch	(1,332,626)	-
Other (reversals) / provisions and write-offs	373,098	473,456
	<u>12,139,745</u>	<u>20,247,879</u>
	<u>37,556,044</u>	<u>35,464,975</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	12,186,991	(23,948,849)
Held for trading securities	(24,184,214)	104,079,773
Advances	77,410,094	(75,347,092)
Other assets (excluding advance taxation)	1,252,341	3,506,595
	<u>66,665,212</u>	<u>8,290,427</u>
Increase / (decrease) in operating liabilities		
Bills payable	(4,153,377)	5,124,536
Borrowings	56,268,473	(204,259,198)
Deposits and other accounts	51,526,768	48,894,126
Other liabilities (excluding current taxation)	(7,907,591)	7,486,723
	<u>95,734,273</u>	<u>(142,753,813)</u>
	<u>199,955,529</u>	<u>(98,998,411)</u>
Payments on account of staff retirement benefits	(2,933,238)	(1,294,735)
Income taxes paid	(5,546,253)	(12,711,760)
Net cash flows generated from / (used in) operating activities	<u>191,476,038</u>	<u>(113,004,906)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(197,570,867)	60,525,529
Net investments in held to maturity securities	12,113,509	40,061,436
Net investments in associates	315,013	339,841
Dividend income received	696,568	889,011
Investment in fixed assets and intangible assets	(2,074,283)	(3,641,230)
Sale proceeds from disposal of fixed assets	311,399	39,107
Sale proceeds from disposal of ijarah assets	25,451	43,529
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	7,066,718	5,354,371
- Non-controlling interest	460,960	416,863
Net cash flows (used in) / generated from investing activities	<u>(178,655,532)</u>	<u>104,028,457</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts of subordinated debts	1,000,000	-
Payment of lease liability against right of use assets	(1,353,593)	7,197
Dividends paid to:		
- Equity holders of the Bank	(9,415,274)	(9,330,654)
- Non-controlling interest	(1,540)	(1,581)
Net cash flows used in financing activities	<u>(9,770,407)</u>	<u>(9,325,038)</u>
Increase / (decrease) in cash and cash equivalents during the period	<u>3,050,099</u>	<u>(18,301,487)</u>
Cash and cash equivalents at the beginning of the period	229,662,731	196,668,282
Cash and cash equivalents at the end of the period	<u>232,712,830</u>	<u>178,366,795</u>

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



Aameer Karachiwalla
Chief Financial Officer



Sima Kamil
President &
Chief Executive Officer



Amar Zafar Khan
Director



Arshad Ahmed Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

- United Bank Limited (the Bank)

Subsidiary Companies

- United National Bank Limited, United Kingdom (UBL UK) - 55% holding
- UBL (Switzerland) AG, Switzerland (USAG) - 100% holding
- UBL Bank (Tanzania) Limited, Tanzania (UBTL) - 100% holding
- United Executors and Trustees Company Limited, Pakistan (UET) - 100% holding
- UBL Fund Managers Limited, Pakistan (UBLFM) - 98.87% holding
- Al Ameen Financial Services (Pvt.) Limited (AFSL) - effective holding 98.87%

The Group is engaged in commercial banking, asset management, investment advisory and investments business. United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,360 (December 31, 2018: 1,364) branches inside Pakistan including 98 (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 (Holding) 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. Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UBL UK and 1.13% shares held by past and present employees of UBLFM in the net asset value of UBLFM.

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

3.1 These consolidated condensed interim financial statements of the Group have been prepared in accordance with the 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 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).

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

- 3.2** The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from 30 June 2014. However, vide its notification SRO 56 (I)/2016 dated 28 January 2016, it has been notified that the requirements of IFRS 10 and section 237 of the repealed Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2018.
- 3.5 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective**

The following new standards and interpretations of and amendments to existing accounting and reporting 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
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Group in preparation of these consolidated condensed interim financial statements.

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 Group which are exposed to credit risk. The Group has already adopted IFRS 9 in respect of certain overseas branches and a subsidiary.

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 Group'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 Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

- 3.6 Standards, interpretations and amendments to accounting and reporting standards that have become effective in the current period**

During the current period, IFRS 16, Leases, became effective from annual periods beginning on or after January 01, 2019. The impact of the adoption of IFRS 16 on the Group's consolidated condensed interim financial statements is disclosed in note 4.1.1.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Group 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 Group's condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

4.1.1 Impact of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate of 14.03% per annum at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	September 30, 2019	January 01, 2019
	------(Rupees in '000)-----	
Total lease liability recognised	<u>7,277,909</u>	<u>7,577,402</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:

	September 30, 2019	January 01, 2019
	------(Rupees in '000)-----	
Land and building	<u>6,809,289</u>	<u>7,828,194</u>

The effect of this change in accounting policy is as follows:

Impact on Consolidated Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use assets	6,809,289	7,828,194
Decrease in other assets - advances, deposits, advance rent and other prepayments	(317,221)	(250,792)
Increase in other assets - advance taxation	306,478	-
Increase in total assets	6,798,546	7,577,402
Increase in other liabilities - lease liability against right-of-use assets	(7,277,909)	(7,577,402)
Decrease in net assets	<u>(479,363)</u>	<u>-</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	January - September 2019 (Rupees in '000)
Impact on Consolidated Condensed Interim Profit and Loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(768,538)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(1,780,550)
- Rent expense	1,763,247
Decrease in profit before tax	(785,841)
Decrease in tax	306,478
Decrease in profit after tax	(479,363)

Earnings per share for the nine months ended September 30, 2019 are Re 0.39 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Group has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Group has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

- 4.1.2** The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly 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 Group has prepared these consolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

- Consolidated Condensed Interim Profit and Loss Account

As a result of adoption of the revised format, the figures for the quarter and nine months ended September 30, 2018 in the consolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

- Consolidated Condensed Interim Statement of Comprehensive Income

As a result of adoption of the revised format, the figures for the quarter and nine months ended September 30, 2018 in the consolidated condensed interim statement of comprehensive income have been restated to incorporate the effect of movement in surplus on revaluation of fixed assets and non-banking assets.

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

5. BASIS OF MEASUREMENT

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

5.2 Judgements and estimates

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	14,085,025	11,659,464
Foreign currency	4,935,084	4,182,154
	19,020,109	15,841,618
With State Bank of Pakistan in		
Local currency current accounts	50,086,682	46,699,046
Foreign currency current accounts	3,723,933	3,209,866
Foreign currency deposit account	10,808,130	8,304,054
	64,618,745	58,212,966
With other central banks in		
Foreign currency current accounts	27,650,009	34,761,763
Foreign currency deposit accounts	20,709,610	12,103,156
	48,359,619	46,864,919
With National Bank of Pakistan in local currency current accounts	58,003,470	66,936,342
Prize Bonds	507,788	59,826
	<u>190,509,731</u>	<u>187,915,671</u>
7. BALANCES WITH OTHER BANKS		
Inside Pakistan		
In current accounts	3,347	3,216
In deposit accounts	2,871,559	4,492,852
	2,874,906	4,496,068
Outside Pakistan		
In current accounts	17,405,384	11,914,322
In deposit accounts	21,378,742	25,336,670
	38,784,126	37,250,992
	<u>41,659,032</u>	<u>41,747,060</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	2,000,000	7,000,000
Repurchase agreement lendings (reverse repo)	7,300,000	23,500,000
Bai Muajjal receivable from other financial institutions	10,820,720	3,066,732
Other lendings to financial institutions	3,038,840	1,848,072
	23,159,560	35,414,804
Less: provision against lendings to financial institutions	-	(68,253)
Lendings to financial institutions - net of provision	<u>23,159,560</u>	<u>35,346,551</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

9. INVESTMENTS

9.	INVESTMENTS		(Un-audited) September 30, 2019				(Audited) December 31, 2018			
9.	Investments by type	Note	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			125,797,405	-	(20,027)	125,777,378	99,942,759	-	954	99,943,713
Pakistan Investment Bonds			-	-	-	-	1,621,854	-	7,570	1,629,424
			125,797,405	-	(20,027)	125,777,378	101,564,613	-	8,524	101,573,137
Available for sale securities										
Market Treasury Bills			248,291,724	-	106,811	248,398,535	139,865,800	-	(22,440)	139,843,360
Pakistan Investment Bonds			230,006,042	-	(10,629,107)	219,376,935	133,585,814	-	(14,268,873)	119,316,941
Government of Pakistan Eurobonds			20,317,686	(253,006)	474,927	20,539,607	19,793,232	(203,676)	(867,162)	18,722,394
Government of Pakistan Sukuk			9,248,260	(47,691)	(128,559)	9,072,010	15,145,060	(49,844)	(176,154)	14,919,062
Sukuks			770,000	-	-	770,000	105,000	-	-	105,000
Ordinary shares of listed companies			18,081,956	(5,568,216)	121,268	12,635,008	18,018,247	(3,047,999)	1,747,978	16,718,226
Preference shares			538,932	(502,269)	-	36,663	482,687	(446,023)	-	36,664
Ordinary shares of unlisted companies			754,183	(121,983)	-	632,200	753,812	(121,989)	-	631,823
Investment in REIT			458,590	-	(49,611)	408,979	458,590	-	41,273	499,863
Investment in Mutual Fund			250,000	-	-	250,000	-	-	-	-
Term Finance Certificates			791,519	(97,278)	(42,526)	651,715	941,297	(97,278)	(891)	843,128
Foreign bonds - sovereign			59,966,213	(545,694)	1,531,964	60,952,483	67,706,652	(378,288)	(1,266,323)	66,062,041
Foreign bonds - others			18,825,794	(42,774)	(536,227)	18,246,793	15,675,281	(46,622)	(1,320,309)	14,308,350
			608,300,899	(7,178,911)	(9,151,060)	591,970,928	412,531,472	(4,391,719)	(16,132,901)	392,006,852
Held to maturity securities										
Market Treasury Bills			2,971,890	-	-	2,971,890	3,124,601	-	-	3,124,601
Pakistan Investment Bonds			238,564,783	-	-	238,564,783	275,079,334	-	-	275,079,334
Government of Pakistan Eurobonds			10,254,067	(149,676)	-	10,104,391	8,788,340	(127,994)	-	8,660,346
Government of Pakistan Sukuk			1,575,968	(12,674)	-	1,563,294	1,399,305	(11,264)	-	1,388,041
Bai Muajjal with Government of Pakistan			25,657,916	-	-	25,657,916	8,300,566	-	-	8,300,566
Term Finance Certificates			5,403,266	(11,384)	-	5,391,882	6,023,053	(11,384)	-	6,011,669
Sukuks			15,316,628	(96,577)	-	15,220,051	11,921,801	(107,743)	-	11,814,058
Participation Term Certificates			436	(436)	-	-	437	(437)	-	-
Debentures			2,267	(2,267)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign			20,014,934	(293,542)	-	19,721,392	17,251,054	(171,247)	-	17,079,807
Foreign bonds - others			1,685,657	(385,738)	-	1,299,919	1,497,873	(347,246)	-	1,150,627
Recovery note			481,960	(481,960)	-	-	428,009	(427,993)	-	16
CDC SAARC Fund			340	-	-	340	302	-	-	302
			321,930,112	(1,434,254)	-	320,495,858	333,816,941	(1,207,574)	-	332,609,367
Associates										
UBL Liquidity Plus Fund			1,155,980	-	-	1,155,980	11,700	-	-	11,700
UBL Money Market Fund			5,315	-	-	5,315	32,069	-	-	32,069
UBL Stock Advantage Fund			165,000	-	-	165,000	207,469	-	-	207,469
UBL Growth and Income Fund			-	-	-	-	-	-	-	-
UBL Financial Sector Fund			236,942	-	-	236,942	119,529	-	-	119,529
UBL Income Opportunity Fund			-	-	-	-	1,542,968	-	-	1,542,968
UBL Cash Fund			200,423	-	-	200,423	-	-	-	-
UBL Insurers Limited			475,457	-	-	475,457	414,884	-	-	414,884
Khushhali Bank Limited			2,843,454	-	-	2,843,454	2,572,719	-	-	2,572,719
Oman United Exchange Company, Muscat			-	-	-	-	68,406	-	-	68,406
DHA Cogen Limited			-	-	-	-	-	-	-	-
			5,082,571	-	-	5,082,571	4,969,744	-	-	4,969,744
Total Investments			1,061,110,987	(8,613,165)	(9,171,087)	1,043,326,735	852,882,770	(5,599,293)	(16,124,377)	831,159,100

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
----- (Rupees in '000) -----			
9.1.1 Investments given as collateral - at market value			
Market Treasury Bills		148,521,002	104,483,301
Pakistan Investment Bonds		103,532,461	55,064,705
Government of Pakistan Eurobonds		4,503,942	1,457,053
Government of Pakistan Sukuk		1,211,063	-
Foreign bonds - sovereign		-	2,938,477
Foreign bonds - others		-	1,167,508
		<u>257,768,468</u>	<u>165,111,044</u>
9.2 Provision for diminution in value of investments			
9.2.1 Opening balance		5,599,293	3,149,523
Impact on adoption of IFRS 9		-	871,640
Exchange adjustments		305,828	373,917
Charge / (reversals)			
Charge for the period / year		2,914,172	1,851,005
Reversals for the period / year		(11,304)	(19,957)
		2,902,868	1,831,048
Reversed on disposal		(194,824)	(599,110)
Amounts written off		-	(27,725)
Closing balance	9.7	<u>8,613,165</u>	<u>5,599,293</u>
9.2.2 Particulars of provision against debt securities			
Category of classification		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		Non- Performing Investment (NPI)	Non- Performing Investment (NPI)
		Provision	Provision
----- (Rupees in '000) -----			
Domestic			
Loss		1,862,118	2,136,944
		207,940	219,107
Overseas			
Overdue by:			
365 days		821,131	729,205
		821,131	729,179
Total		<u>2,683,249</u>	<u>2,866,149</u>
		<u>1,029,071</u>	<u>948,286</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 9.3 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. 305,721.425 million (December 31, 2018: Rs. 308,890.603 million).
- 9.4 This represents the Bank's subscription towards the paid-up capital of Khushhali Bank Limited. Pursuant to section 10 of the Khushhali Bank Ordinance, 2000 strategic investors including the Bank cannot sell or transfer their investment before a period of five years that has expired on October 10, 2005. Thereafter, such sale / transfer would be subject to the prior approval of the SBP. However these shares are still appearing as frozen as no approval has been obtained by the Bank to unfreeze these shares.
- 9.5 The Bank 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. 1,391.626 million.
- 9.8 Investments include amounts aggregating to Rs. 1,536.840 million (December 31, 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.

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
		2019	2018	2019	2018	2019	2018
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.		604,702,034	662,493,705	75,755,191	66,422,459	680,457,225	728,916,164
Net Investment in finance lease		109,331	77,361	-	-	109,331	77,361
Islamic financings and related ass		9,255,051	22,595,094	97,232	97,156	9,352,283	22,692,250
Bills discounted and purchased		46,575,115	60,902,866	3,360,000	2,983,692	49,935,115	63,886,558
Advances - gross		660,641,531	746,069,026	79,212,423	69,503,307	739,853,954	815,572,333
Provision against advances	10.3						
- Specific		-	-	(64,216,134)	(56,377,680)	(64,216,134)	(56,377,680)
- General		(3,996,309)	(4,642,931)	-	-	(3,996,309)	(4,642,931)
		(3,996,309)	(4,642,931)	(64,216,134)	(56,377,680)	(68,212,443)	(61,020,611)
Advances - net of provision		656,645,222	741,426,095	14,996,289	13,125,627	671,641,511	754,551,722

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
10.1	Particulars of advances - gross		
10.1.1	In local currency	498,164,175	579,185,614
	In foreign currencies	241,689,779	236,386,719
		<u>739,853,954</u>	<u>815,572,333</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

10.2 Advances include Rs. 76,846.560 million (December 31, 2018: Rs. 69,503.307 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned*	2,841,130	8,670	89,546	1,113
Substandard	1,037,431	257,135	969,495	240,790
Doubtful	532,456	363,018	428,909	202,116
Loss	25,856,350	24,765,001	26,432,231	25,394,410
	30,267,367	25,393,824	27,920,181	25,838,429
Overseas				
Not past due but impaired**	5,190,238	2,780,741	3,623,373	3,064,280
Overdue by:				
Upto 90 days	1,651,896	775,324	7,986,841	2,731,329
91 to 180 days	4,733,187	3,222,737	2,152,622	2,090,614
181 to 365 days	7,115,105	5,075,789	2,327,966	2,000,233
>365 days	30,254,630	26,967,719	25,492,324	20,652,795
	48,945,056	38,822,310	41,583,126	30,539,251
Total	79,212,423	64,216,134	69,503,307	56,377,680

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

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

10.3 Particulars of provision against advances

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	56,377,680	4,642,931	61,020,611	40,932,306	3,506,469	44,438,775
Impact on adoption of IFRS 9	-	-	-	-	1,322,147	1,322,147
Exchange adjustments	4,113,644	398,323	4,511,967	4,846,402	797,076	5,643,478
Charge / (reversals)						
Charge for the period / year	5,629,288	-	5,629,288	14,490,257	6,721	14,496,978
Reversals for the period / year	(1,709,257)	(995,683)	(2,704,940)	(2,310,364)	(989,482)	(3,299,846)
	3,920,031	(995,683)	2,924,348	12,179,893	(982,761)	11,197,132
Transfers out - net	(136,686)	(49,262)	(185,948)	-	-	-
Amounts written off	(58,535)	-	(58,535)	(1,580,921)	-	(1,580,921)
Closing balance	64,216,134	3,996,309	68,212,443	56,377,680	4,642,931	61,020,611

10.3.1 General provision represents provision amounting to Rs. 323.841 million (December 31, 2018: Rs. 303.132 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 3,507.990 million (December 31, 2018: Rs. 4,339.796 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate 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 no. 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. 27.338 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. 4,927.544 million (December 31, 2018: Rs. 5,769.930 million) for the overseas branches.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,054,949	944,233
Property and equipment		49,803,906	49,954,047
Right-of-use Assets	4.1.1	6,809,289	-
		<u>57,668,144</u>	<u>50,898,280</u>
11.1 Capital work-in-progress			
Civil works		548,836	585,087
Equipment		506,113	359,146
		<u>1,054,949</u>	<u>944,233</u>
		(Un-audited)	
		January -	January -
		September	September
		2019	2018
		----- (Rupees in '000) -----	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		209,885	-
Property and equipment			
Leasehold land		-	244,774
Building on freehold land		1,354	2,042,803
Building on leasehold land		4,091	1,246,377
Leasehold Improvement		569,435	743,162
Furniture and fixture		125,067	375,949
Electrical office and computer equipment		953,555	2,084,505
Vehicles		2,374	68,484
		<u>1,655,876</u>	<u>6,806,054</u>
Total		<u>1,865,761</u>	<u>6,806,054</u>
11.3 Disposal of fixed assets			
Leasehold land		252,050	12,800
Building on leasehold land		19,950	456
Leasehold Improvement		12,451	43,212
Furniture and fixture		2,065	122,348
Electrical office and computer equipment		28,249	481,542
Vehicles		57,695	105,670
		<u>372,460</u>	<u>766,028</u>
		(Un-audited)	
		September 30,	December 31,
		2019	2018
		----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS	Note		
Capital work-in-progress		460,189	224,823
Intangible assets		1,588,350	1,651,271
		<u>2,048,539</u>	<u>1,876,094</u>
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	<u>4,486,347</u>	<u>6,685,952</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

13.1 Movement in temporary differences during the year

September 30, 2019 (Audited)				
	At January 1, 2019	Recognised in profit and loss account	Recognised in OCI	At September 30, 2019
(Rupees in '000)				
Deductible temporary differences on				
- Tax losses carried forward	233,360	-	(233,360)	-
- Post retirement employee benefits	672,542	70,214	-	742,756
- Provision against advances, off balance sheet etc.	2,292,249	49,122	-	2,341,371
- Surplus on revaluation of investments	4,960,471	-	(1,771,660)	3,188,811
- Others	1,123,872	205,745	46,385	1,376,002
	9,282,494	325,081	(1,958,635)	7,648,940
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,412,044)	24,589	61,033	(1,326,422)
- Post retirement employee benefits	-	-	(434,430)	(434,430)
- Share of profit from Associates	(680,832)	(185,711)	-	(866,543)
- Accelerated tax depreciation and others	(503,666)	(31,532)	-	(535,198)
	(2,596,542)	(192,654)	(373,397)	(3,162,593)
	<u>6,685,952</u>	<u>132,427</u>	<u>(2,332,032)</u>	<u>4,486,347</u>
December 31, 2018 (Audited)				
	At January 1, 2018	Recognised in profit and loss account	Recognised in OCI	At December 31, 2018
(Rupees in '000)				
Deductible temporary differences on				
- Tax losses carried forward	559,243	(409,576)	83,693	233,360
- Post-retirement employee benefits	341,176	125,241	205,992	672,409
- Provision against advances, off-balance sheet etc.	1,107,929	1,184,320	-	2,292,249
- Surplus on revaluation of investments	(3,673,530)	-	8,634,001	4,960,471
- Others	640,615	181,651	301,739	1,124,005
	(1,024,567)	1,081,636	9,225,425	9,282,494
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,209,979)	-	(202,065)	(1,412,044)
- Share of profit from Associates	(462,443)	(218,389)	-	(680,832)
- Accelerated tax depreciation and others	(283,477)	(217,383)	(2,806)	(503,666)
	(1,955,899)	(435,772)	(204,871)	(2,596,542)
	<u>(2,980,466)</u>	<u>645,864</u>	<u>9,020,554</u>	<u>6,685,952</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

- 14.1 UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited (UBL). UBL and UBTL have entered into an "Assets and Liabilities Purchase Agreement" with EXIM Bank Tanzania Limited 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 UBTL is classified as "held for sale" at lower of carrying amount and fair value less cost of disposal.

14.2 Assets and liabilities held for sale

	(Un-audited) September 30, 2019 Rupees in '000
Assets	
Cash and balances with treasury banks	543,045
Balances with other banks	1,022
Lendings to financial institutions	-
Investments	1,105,672
Advances	2,060,088
	<u>3,709,827</u>
Liabilities	
Bills payable	833
Borrowings from financial institutions	2,317,540
Deposits and other accounts	1,276,089
Other liabilities	91,109
	<u>3,685,571</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		(Un-audited) September 30, 2019 Rupees in '000
14.3	Discontinued operations	
	Mark-up / return / interest earned	363,346
	Mark-up / return / interest expensed	133,977
	Net mark-up / interest income	229,369
	Non mark-up / interest income	
	Fee and commission income	16,507
	Foreign exchange loss	(9,679)
	Loss on securities - net	(15,004)
	Other income	1,619
	Total non mark-up / interest income	(6,557)
	Total income	222,812
	Non mark-up / interest expenses	
	Operating expenses	370,583
	Total non mark-up / interest expenses	370,583
	Loss before provisions	(147,771)
	Provisions and write-offs - net	1,075,335
	Loss before taxation	(1,223,106)
	Taxation	245,224
	Loss after taxation	(1,468,330)
	Note	(Un-audited) September 30, 2019 ----- (Rupees in '000) -----
15.	OTHER ASSETS	(Audited) December 31, 2018
	Income / mark-up accrued in local currency - net of provision	24,923,840
	Income / mark-up accrued in foreign currency - net of provision	6,311,839
		31,235,679
	Advance taxation - net of provision for taxation	15.1
	Receivable from staff retirement fund	18,188,529
	Receivable from other banks against telegraphic transfers and demand drafts	1,479,936
	Unrealized gain on forward foreign exchange contracts	-
	Rebate receivable - net	88,354
	Branch adjustment account	5,789,369
	Unrealized gain on derivative financial instruments	5,205,860
	Suspense accounts	1,832,384
	Stationery and stamps on hand	971,648
	Non-banking assets acquired in satisfaction of claims	-
	Advances, deposits, advance rent and other prepayments	5,868
	Acceptances	680,677
	Others	781,887
		233,395
		1,473,884
		1,539,158
		19,331,337
		3,533,222
		86,197,411
		93,225,375
		(1,164,367)
		(1,086,072)
		85,033,044
		92,139,303
		148,901
		173,141
		85,181,945
		92,312,444

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 15.1** 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.11,591 million (December 31 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 favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto 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 favor of the Bank.

The tax returns for Yemen, Qatar and UAE branches have been filed upto 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: 42.946 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.

For UBL UK, UBL, UBL FM and UET income tax returns have been filed up to the accounting year ended December 31, 2018 and for USAG these returns have been filed up to the accounting year ended December 31, 2017 under the provisions of the laws prevailing in the respective countries and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, tax clearance has been issued for UBL UK, UBL and USAG till the accounting year 2016, 2015 and 2017 respectively. There are no material tax contingencies in any of the subsidiaries.

15.2 Provision held against other assets

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
Advances, deposits, advance rent and other prepayments	573,955	571,597
Non banking assets acquired in satisfaction of claims	85,200	104,512
Receivable from insurance companies against fraud and forgery	505,212	409,963
	<u>1,164,367</u>	<u>1,086,072</u>

16. CONTINGENT ASSETS

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

17. BILLS PAYABLE

In Pakistan	22,543,852	26,724,282
Outside Pakistan	574,905	548,685
	<u>23,118,757</u>	<u>27,272,967</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
18. BORROWINGS		
18.1 Details of borrowings		----- (Rupees in '000) -----
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,283,690	28,120,012
Refinance facility for modernization of SMEs	84,780	11,204
Long term financing facility	23,392,380	21,871,486
	52,760,850	50,002,702
Repurchase agreement borrowings	262,371,405	133,315,545
Bai Muajjal payable to other financial institutions	-	49,878,076
	<u>315,132,255</u>	<u>233,196,323</u>
Unsecured		
Call borrowings	8,580,605	18,936,178
Overdrawn nostro accounts	597,056	1,936,041
Money market deals	9,559,142	25,849,583
	<u>18,736,803</u>	<u>46,721,802</u>
	<u>333,869,058</u>	<u>279,918,125</u>

19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 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	130,192,804	213,142,876	343,335,680	126,191,096	231,511,195	357,702,291
Savings deposits	444,854,792	18,239,111	463,093,903	392,861,499	45,176,640	438,038,139
Sundry deposits	16,044,562	1,188,202	17,232,764	11,768,321	1,055,683	12,824,004
Margin deposits	2,361,767	3,189,265	5,551,032	2,962,920	3,404,673	6,367,593
Current accounts - remunerative	1,809,765	8,063,457	9,873,222	965,509	7,089,695	8,055,204
Current accounts - non-remunerative	485,321,107	95,809,678	581,130,785	449,938,039	106,392,768	556,330,807
	<u>1,080,584,797</u>	<u>339,632,589</u>	<u>1,420,217,386</u>	<u>984,687,384</u>	<u>394,630,654</u>	<u>1,379,318,038</u>
Financial Institutions						
Current deposits	15,986,024	2,888,747	18,874,771	21,804,360	3,840,911	25,645,271
Savings deposits	35,781,365	-	35,781,365	30,509,483	-	30,509,483
Term deposits	22,803,402	897,797	23,701,199	11,301,901	1,549,348	12,851,249
	<u>74,570,791</u>	<u>3,786,544</u>	<u>78,357,335</u>	<u>63,615,744</u>	<u>5,390,259</u>	<u>69,006,003</u>
	<u>1,155,155,588</u>	<u>343,419,133</u>	<u>1,498,574,721</u>	<u>1,048,303,128</u>	<u>400,020,913</u>	<u>1,448,324,041</u>

19.1 Total Deposits include eligible deposits under deposit protection mechanism amounting to Rs. 827,309.611 million (December 31, 2018; Rs. 813,924.260 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 30, 2019 (Un-audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	(Rupees in '000)		
Not later than one year	8,589	2,643	5,946
Later than one year and not later than five years	15,329	2,249	13,080
Over five years	2,455	1	2,454
	<u>26,373</u>	<u>4,893</u>	<u>21,480</u>
	December 31, 2018 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	(Rupees in '000)		
Not later than one year	4,955	733	4,222
Later than one year and not later than five years	6,748	970	5,778
	<u>11,703</u>	<u>1,703</u>	<u>10,000</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

21. 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	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank, including depositors and general creditors, but 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.

22. OTHER LIABILITIES

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		14,359,271	12,352,461
Mark-up / return / interest payable in foreign currency		2,383,436	2,403,423
		16,742,707	14,755,884
Accrued expenses		3,708,037	4,443,787
Payable to other banks against telegraphic transfers and demand drafts		1,675	-
Branch adjustment account		-	848,267
Deferred income		661,122	617,099
Unearned commission and income on bills discounted		980,608	1,297,833
Provision against off-balance sheet obligations	22.1	491,552	842,545
Unrealized loss on forward foreign exchange contracts		5,569,138	3,743,347
Trading liability		1,365,084	3,750,654
Payable to staff retirement fund		-	972,584
Deferred liabilities		3,829,795	3,685,997
Unrealized loss on derivative financial instruments		16,841	82,047
Workers' Welfare Fund payable		3,662,746	3,130,511
Insurance payable against consumer assets		471,532	410,466
Dividend payable		901,315	521,612
Acceptances		19,331,337	28,157,111
Charity fund balance		3,647	2,597
Lease Liability		7,277,909	-
Others		3,691,200	2,081,541
		<u>68,706,245</u>	<u>69,343,882</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
22.1 Provision against off-balance sheet obligations			
Opening balance		842,545	73,692
Impact on adoption of IFRS 9		-	211,244
Exchange adjustments		43,158	94,309
Charge for the period / year		10,489	463,300
Transfers out - net		(404,640)	-
		<u>491,552</u>	<u>842,545</u>
23. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus / (deficit) arising on revaluation of assets - net of tax			
Fixed assets	23.1	26,955,499	27,117,327
Available for sale securities	23.2	(5,470,440)	(10,230,180)
Non-banking assets acquired in satisfaction of claims	23.3	90,830	105,856
Deficit arising on revaluation of assets of associates		(139)	(97)
		<u>21,575,750</u>	<u>16,992,906</u>
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1			
		29,742,871	29,234,547
Revaluation against fixed assets during the year		(312,963)	74,294
Exchange adjustments		313,495	522,604
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(41,685)	(58,175)
Related deferred tax liability on incremental depreciation charged during the period / year		(24,226)	(30,399)
		(65,379)	508,324
		<u>29,677,492</u>	<u>29,742,871</u>
Less: Related deferred tax liability			
Revaluation as on January 1		1,344,759	1,139,102
Super Tax		71,851	-
Revaluation of fixed assets during the period / year		(184,711)	152,745
Exchange adjustments		60,678	83,311
Incremental depreciation charged on related assets		(24,226)	(30,399)
		<u>1,268,351</u>	<u>1,344,759</u>
		<u>28,409,141</u>	<u>28,398,112</u>
Share of Non-controlling interest		(1,453,642)	(1,280,785)
Group's share		<u>26,955,499</u>	<u>27,117,327</u>
23.2 (Deficit) / surplus on revaluation of available for sale securities			
Market Treasury Bills		106,811	(22,440)
Pakistan Investment Bonds		(10,629,108)	(14,268,873)
Listed shares		104,676	1,747,980
REIT Scheme		(49,611)	41,273
Term Finance Certificates, Sukuks, other bonds etc.		(199,516)	(136,173)
Foreign bonds		1,509,894	(3,494,668)
		(9,156,854)	(16,132,901)
Related deferred tax		3,188,811	4,960,471
		<u>(5,968,043)</u>	<u>(11,172,430)</u>
Share of Non-controlling interest		497,603	942,250
Group's share		<u>(5,470,440)</u>	<u>(10,230,180)</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
23.3 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at January 1		173,141	183,405
Revaluation of non-banking assets during the period / year		-	28,611
Reversal on disposal / transfer of non-banking assets		(24,240)	(38,875)
		<u>(24,240)</u>	<u>(10,264)</u>
		148,901	173,141
Less: Related deferred tax liability			
Revaluation as at January 1		67,285	70,877
Super Tax		240	
Revaluation of non-banking assets during the period / year		-	10,014
Reversal on disposal / transfer of non-banking assets		(9,454)	(13,606)
		<u>58,071</u>	<u>67,285</u>
		<u>90,830</u>	<u>105,856</u>
24. CONTINGENCIES AND COMMITMENTS			
- Guarantees	24.1	170,864,329	200,504,069
- Commitments	24.2	1,185,157,545	982,779,237
- Other contingent liabilities	24.3	15,530,400	15,592,385
		<u>1,371,552,274</u>	<u>1,198,875,691</u>
24.1 Guarantees			
Financial guarantees		36,804,458	22,982,305
Performance guarantees		134,059,871	177,521,764
		<u>170,864,329</u>	<u>200,504,069</u>
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		186,513,535	182,425,343
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	862,694,857	650,576,446
- forward government securities transactions	24.2.3	-	15,946,089
- derivatives			
Interest rate swaps	24.2.4	316,500	1,674,764
FX options	24.2.4	876,524	1,159,752
- forward lending	24.2.5	133,656,206	129,068,240
Commitments for acquisition of:			
- operating fixed assets	24.2.6	1,092,930	1,928,603
- intangible asset	24.2.6	6,993	-
		<u>1,185,157,545</u>	<u>982,779,237</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

24.2.1 Commitments to extend credit

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

	Note	(Un-audited) September 30, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018 -----
24.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		<u>460,133,868</u>	<u>347,426,249</u>
Sale		<u>402,560,989</u>	<u>303,150,197</u>
24.2.3 Commitments in respect of forward government securities transactions			
Forward purchase of government securities		<u>-</u>	<u>13,619,209</u>
Forward sale of government securities		<u>-</u>	<u>2,326,880</u>
24.2.4 Commitments in respect of derivatives			
Interest rate swaps		<u>316,500</u>	<u>1,674,764</u>
FX options - purchased		<u>438,262</u>	<u>579,876</u>
FX options - sold		<u>438,262</u>	<u>579,876</u>
24.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	57,064,961	65,695,154
Others		<u>76,591,245</u>	<u>63,373,086</u>
		<u>133,656,206</u>	<u>129,068,240</u>
24.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.			

	Note	(Un-audited) June 30, 2019 ----- (Rupees in '000) -----	(Audited) December 31, 2018 -----
24.2.6 Commitments in respect of capital expenditure		<u>1,099,923</u>	<u>1,928,603</u>
24.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	24.3.1	<u>11,472,811</u>	<u>11,534,796</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

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

24.3.2 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.

24.3.3 Punjab Revenue Authority issued show cause notice to UBL Fund Managers Limited requiring them to pay sales tax under Punjab sales tax on service act 2012 on management fee earned in Punjab from May 22, 2013. The Company has filed a petition on July 8, 2015 in the High Court of Sindh. A favorable outcome of this petition is expected.

24.4 For contingencies relating to taxation, refer note 15.1.

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

September 30, 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	-	-	438,262	-	-	-	-	-	438,262
Hedging	-	-	438,262	-	-	-	-	-	-
Market making	316,500	(16,841)	-	-	-	-	-	-	754,762
	316,500	(16,841)	876,524	-	-	-	-	-	1,193,024

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 / loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss	Notional principal / Mark to Market Gain (loss)
(Rupees in 000)									
Total	179,132	1,170	579,876	-	-	-	-	-	759,008
Hedging	179,132	1,170	579,876	-	-	-	-	-	1,170
Market making	1,495,632	(23,252)	-	-	13,619,209	(53,425)	2,326,880	(672)	18,021,597
	1,674,764	(22,082)	1,159,752	-	13,619,209	(53,425)	2,326,880	(672)	18,780,605

Note (Un-audited) (Un-audited)
January - January -
September September
2019 2018

26. MARK-UP / RETURN / INTEREST EARNED

(Rupees in '000)		
Loans and advances	49,672,389	33,215,847
Investments	58,861,692	51,114,269
Lendings to financial institutions	5,068,479	2,065,859
Balances with banks	1,020,187	595,131
	114,622,747	86,991,106

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) January - September 2019	(Un-audited) January - September 2018
27. MARK-UP / RETURN / INTEREST EXPENSED		----- (Rupees in '000) -----	
On deposits		47,439,611	26,249,878
Borrowings		15,277,122	16,249,667
Subordinated Debt		959,512	50,840
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,720,819	1,003,099
On lease liability against right of use assets		768,538	-
		<u>68,165,602</u>	<u>43,553,484</u>
28. FEE AND COMMISSION INCOME			
Branch banking customer fee		1,567,645	1,385,791
Consumer finance related fee		841,775	675,863
Card related fees (debit and credit cards)		1,794,753	1,663,588
Investment banking fee		299,435	531,618
Financial Institution rebate / commission		238,316	300,116
Corporate service charges / facility fee		513,052	441,237
Commission on trade		729,581	815,877
Commission on guarantees		621,956	528,306
Commission on cash management		582,640	541,828
Commission on remittances including home remittances - net		2,316,283	2,015,969
Commission on bancassurance		1,016,755	999,571
Commission on Benazir Income Support Program		597,482	360,723
Management fee		614,816	712,484
Others		319,603	474,192
		<u>12,054,092</u>	<u>11,447,163</u>
29. GAIN ON SECURITIES - NET			
Realised	29.1	792,414	4,793,268
Unrealised - held for trading		(20,028)	6
		<u>772,386</u>	<u>4,793,274</u>
29.1 Realised gain on:			
Federal Government Securities		325,040	4,057,156
Shares		122,358	379,967
Foreign Securities		349,904	142,309
Other Securities		(4,888)	213,836
		<u>792,414</u>	<u>4,793,268</u>
30. OTHER INCOME			
Charges recovered		206,622	268,953
Rent on properties		210,083	187,878
Gain on sale of operating fixed assets - net		37,431	27,286
Gain on sale of Ijarah assets		725	1,721
Income from sale of non-banking asset		32,747	39,161
Gain on trading liabilities - net		53,804	116,433
Realization of exchange translation reserve - UBL New York branch	30.1	1,332,626	-
		<u>1,874,038</u>	<u>641,432</u>
30.1	The Bank voluntarily closed its New York Branch (NY Branch) on January 28, 2019 and surrendered the license to the New York State Department of Financial Services (NYDFS). Further, the Federal Reserve Bank of New York (FRBNY) has informed the Bank that Written Agreement dated July 2, 2018 signed by and among FRBNY, UBL and NY Branch has been terminated. The termination of Written Agreement marks the completion of UBL NY Branch winding down process. As a result, the assets of New York Branch were liquidated during the current period and exchange translation reserve previously recognised as "Capital Reserve" in respect of UBL NY Branch has been reclassified to consolidated condensed interim profit and loss account in accordance with paragraph 48 of IAS 21 "Effect of changes in foreign exchange rates".		

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) January - September 2019	(Un-audited) January - September 2018
	----- (Rupees in '000) -----	
31. OPERATING EXPENSES		
Total compensation expense	12,580,239	12,890,971
Property expense		
Rent and taxes	625,370	2,427,777
Insurance	152,024	161,195
Utilities cost	1,248,049	1,170,824
Security (including guards)	711,078	886,069
Repair and maintenance (including janitorial charges)	216,570	336,145
Depreciation	614,649	534,341
Depreciation - Right of Use Assets	1,776,705	-
Others	45,004	35,021
	5,389,449	5,551,372
Information technology expenses		
Software maintenance	923,932	764,430
Hardware maintenance	332,235	247,148
Depreciation	535,496	474,269
Amortisation	484,353	403,207
Network charges	555,730	541,712
	2,831,746	2,430,766
Other operating expenses		
Directors' fees and allowances	63,610	37,149
Fees and allowances to Shariah Board	4,639	3,523
Legal and professional charges	541,530	760,946
Outsourced service costs including sales commission	2,844,063	2,563,692
Travelling and conveyance	174,903	197,670
Clearing charges	143,670	131,857
Depreciation others	900,936	809,969
Depreciation on Islamic financing against leased assets	161,482	139,980
Training and development	65,501	94,630
Postage and courier charges	232,442	231,120
Communication	379,068	370,012
Stationery and printing	499,269	520,156
Marketing, advertisement and publicity	657,667	540,230
Auditors' remuneration	117,785	95,809
Donations	97,470	82,581
Insurance	108,180	86,844
Deposit Protection Premium	976,709	287,343
Cash transportation and sorting charges	636,881	746,466
Entertainment	126,135	139,406
Vehicle expenses	77,708	127,206
Subscription	156,451	133,479
Office running expenses	122,915	128,908
Banking service charges	1,365,481	1,006,357
Repairs and maintenance	399,821	354,174
Cartage, freight and conveyance	47,155	60,378
Zakat paid by overseas branch	4,217	50,063
Brokerage expenses	12,933	13,650
Miscellaneous expenses	91,334	147,030
	11,009,955	9,860,628
	31,811,389	30,733,737
32. OTHER CHARGES		
Penalties imposed by the SBP	2,742	26,514
Other penalties	203	16,844
	2,945	43,358

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-audited) January - September 2019	(audited) January - September 2018
33.	PROVISIONS AND WRITE-OFFS - NET	----- (Rupees in '000) -----	
	Provision against loans and advances - net	10.3	2,924,348
	Reversal of provision against lendings to financial institutions - net		-
	Provision for diminution in value of investments - net	9.2.1	2,902,868
	Bad debts written off directly		56,401
	Reversal of provision against other assets - net		(4,266)
	Provision against off-balance sheet obligations	22.1	10,489
	Recovery of written off / charged off bad debts		(423,168)
	(Other reversal) / other provisions & write-offs		240,205
			473,456
			5,706,877
			7,988,618
34.	TAXATION		
	Current		10,704,994
	Prior years		1,590,737
	Deferred		(132,427)
			12,163,304
			7,224,512
		(Un-audited) September 2019	(Un-audited) September 2018
35.	EARNINGS PER SHARE	----- (Rupees in '000) -----	
	Profit after tax attributable to equity shareholders of the Bank		14,230,528
			9,747,927
		----- (Number of shares) -----	
	Weighted average number of ordinary shares		1,224,179,687
			1,224,179,687
		----- (Rupees) -----	
	Earnings per share - basic and diluted		11.62
			7.96
35.1	There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2019 and September 30, 2018.		
36.	FAIR VALUE OF FINANCIAL INSTRUMENTS		
	The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.		
	The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.		
	In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.		
36.1	The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
	Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).		

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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:

September 30, 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)	623,164,465	-	623,164,465	-	623,164,465
Foreign Bonds - Sovereign	60,952,483	-	60,952,483	-	60,952,483
Foreign Bonds - others	18,246,793	-	18,246,793	-	18,246,793
Ordinary shares of listed companies	12,635,008	12,635,008	-	-	12,635,008
Investment in Mutual Fund	250,000	-	250,000	-	250,000
Debt securities (TFCs and Sukuks)	1,421,715	-	1,421,715	-	1,421,715
Investment in REIT	408,979	408,979	-	-	408,979
	717,079,443	13,043,987	704,035,456	-	717,079,443
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares and associates)	326,247,292	-	-	-	-
	1,043,326,735	13,043,987	704,035,456	-	717,079,443
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	862,694,857	-	220,231	-	220,231
Interest rate swaps	316,500	-	(16,841)	-	(16,841)
FX options - purchased and sold (net)	876,524	-	-	-	-
Forward purchase of government securities	-	-	-	-	-
Forward sale of government securities	-	-	-	-	-
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)	394,374,894	-	394,374,894	-	394,374,894
Foreign Bonds - Sovereign	66,062,041	-	66,062,041	-	66,062,041
Foreign Bonds - others	14,308,350	-	14,308,350	-	14,308,350
Ordinary shares of listed companies	16,718,226	16,718,226	-	-	16,718,226
Debt securities (TFCs)	843,128	-	843,128	-	843,128
Investment in REIT	499,863	499,863	-	-	499,863
	338,352,598	-	-	-	-
- Investments (HTM, unlisted ordinary shares, preference shares and associates)	831,159,100	17,218,089	475,588,413	-	492,806,502
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	650,576,446	-	1,462,513	-	1,462,513
Interest rate swaps	1,674,764	-	(22,101)	-	(22,101)
FX options - purchased and sold (net)	1,159,752	-	-	-	-
Forward purchase of government securities	13,619,209	-	(22,401)	-	(22,401)
Forward sale of government securities	2,326,880	-	(34,172)	-	(34,172)

36.2 Fair Value of non-financial assets

September 30, 2019 (Un-audited)					
Carrying / Notional value	Fair value				Total
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
Fixed Assets	44,557,973	-	-	44,557,973	44,557,973
Non-banking assets acquired in satisfaction of claims	1,622,785	-	-	1,622,785	1,622,785
	46,180,758	-	-	46,180,758	46,180,758
December 31, 2018 (Audited)					
Carrying / Notional value	Fair value				Total
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
Fixed Assets	44,535,337	-	-	44,535,337	44,535,337
Non-banking assets acquired in satisfaction of claims	1,770,265	-	-	1,770,265	1,770,265
	46,305,602	-	-	46,305,602	46,305,602

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

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

Debt Securities

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

Units of mutual fund

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

Derivatives

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

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

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

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

For the nine months ended September 30, 2019 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
Profit and Loss	(Rupees in '000)							
Net mark-up / return / profit (loss)	34,158,608	36,358,723	(32,706,149)	2,435,411	6,645,267	1,109,434	(1,544,149)	46,457,145
Inter segment (expense) / revenue - net	(29,898,007)	(45,393,094)	70,991,674	-	-	-	4,299,427	-
Non mark-up / return / interest income	1,864,174	3,822,090	7,225,134	207,230	2,447,961	1,967,043	1,914,404	19,448,036
Total Income	6,124,775	(5,212,281)	45,510,659	2,642,641	9,093,228	3,076,477	4,669,682	65,905,181
Segment direct expenses	1,041,131	98,777	18,089,153	1,260,985	4,490,515	2,571,917	4,794,093	32,346,571
Inter segment expense allocation	426,275	53,107	3,499,758	-	499,755	-	(4,478,895)	-
Total expenses	1,467,406	151,884	21,588,911	1,260,985	4,990,270	2,571,917	315,198	32,346,571
Provision reversals / (charge)	175,380	(2,580,394)	690,276	(8,929)	(3,982,736)	51,554	(52,028)	(5,706,877)
Profit before taxation from continuing operations	4,832,749	(7,944,559)	24,612,024	1,372,727	120,222	556,114	4,302,456	27,851,733

For the nine months ended September 30, 2018 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
Profit and Loss	(Rupees in '000)							
Net mark-up / return / profit (loss)	20,838,681	28,356,780	(15,343,282)	1,618,461	6,264,162	1,554,163	148,657	43,437,622
Inter segment (expense) / revenue - net	(17,453,674)	(21,864,083)	37,774,547	-	-	-	1,543,210	-
Non mark-up / return / interest income	2,305,484	7,510,554	6,789,104	127,596	2,032,733	1,886,720	565,342	21,217,533
Total Income	5,690,491	14,003,251	29,220,369	1,746,057	8,296,895	3,440,883	2,257,209	64,655,155
Segment direct expenses	1,210,987	493,108	16,982,656	1,179,332	4,932,972	2,585,827	12,563,738	39,948,620
Inter segment expense allocation	415,777	46,526	3,063,674	-	484,680	-	(4,010,657)	-
Total expenses	1,626,764	539,634	20,046,330	1,179,332	5,417,652	2,585,827	8,553,081	39,948,620
Provision reversals / (charge)	(742,169)	(644,988)	708,735	(5,786)	(6,903,758)	(542,584)	141,932	(7,988,618)
Profit before taxation from continuing operations	3,321,558	12,818,629	9,882,774	560,939	(4,024,515)	312,472	(6,153,940)	16,717,917

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

As at September 30, 2019 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and Bank balances	396,454	51,853,074	72,989,569	18,725,007	58,361,717	28,165,723	1,677,219	232,168,763
Investments	6,546,279	846,248,180	-	46,145,488	104,088,064	36,313,731	3,984,993	1,043,326,735
Net inter segment lending	6,679,067	-	929,082,180	-	-	-	58,158,028	995,225,253
Lendings to financial institutions	-	7,300,000	-	12,820,720	-	3,038,840	-	23,159,560
Advances - performing	424,980,411	19,826	35,354,131	9,248,458	135,496,564	45,973,308	5,572,524	656,645,222
Advances - non-performing (net of provision)	3,115,406	-	1,718,066	-	10,122,746	9,085	30,986	14,996,289
Assets held for sale	-	-	-	-	-	3,709,827	-	3,709,827
Others	28,712,568	19,688,069	13,788,867	1,561,001	17,611,511	6,053,903	61,969,056	149,384,975
Total Assets	470,430,185	925,109,149	105,293,2813	88,500,674	326,986,580	123,264,417	131,392,806	3,118,616,624
Borrowings	51,760,447	263,704,926	402	1,000,000	8,769,528	8,633,755	-	333,869,058
Subordinated debts	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	65,678,114	141,461	1010125809	78,483,784	263,953,233	79,465,899	726,421	1,498,574,721
Net inter segment borrowing	326,475,121	665,564,751	-	3,185,381	-	-	-	995,225,253
Liabilities held for sale	-	-	-	-	-	3,685,571	-	3,685,571
Others	23,666,255	6,935,501	30,666,942	1,968,169	9,085,970	2,154,380	17,369,265	91,846,482
Total Liabilities	467,579,937	936,346,639	1040793153	84,637,334	281,808,731	93,939,605	28,095,686	2,933,201,085
Equity	2,850,248	(11,212,432)	12,435,521	3,863,340	51,860,732	22,346,074	103,272,056	185,415,539
Total Equity and liabilities	470,430,185	925,134,207	1053,228,674	88,500,674	333,669,463	116,285,679	131,367,742	3,118,616,624
Contingencies and Commitments	402,236,234	459,072,033	12,319,896	270,422	408,602,658	87,949,762	1,101,269	1,371,552,274
As at December 31, 2018 (Audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and Bank balances	25,660	51,299,328	78,569,366	13,483,155	55,969,812	28,621,101	1,694,309	229,662,731
Investments	7,213,391	653,902,739	-	30,746,758	88,243,845	47,339,783	3,712,584	831,159,100
Net inter segment lending	2,249,966	-	880,425,313	-	-	-	37,278,794	919,954,073
Lendings to financial institutions	-	23,500,000	-	10,066,732	374,814	1,405,005	-	35,346,551
Advances - performing	449,219,279	26,411	65,893,889	22,580,996	160,439,336	38,158,060	5,108,124	741,426,095
Advances - non-performing (net of provision)	1,777,079	-	262,540	15,068	10,587,435	456,931	26,574	13,125,627
Others	27,761,067	21,514,992	12,412,517	625,250	19,888,705	5,986,891	63,583,348	151,772,770
Total Assets	488,246,442	750,243,470	1037563625	77,517,959	335,503,947	121,967,771	111,403,733	2,922,446,947
Borrowings	45,688,288	195,175,727	4,171,413	143,000	21,580,910	13,158,787	-	279,918,125
Subordinated debts	-	-	-	-	-	-	9,000,000	9,000,000
Deposits and other accounts	38,238,653	35,170	993,358,839	73,434,945	259,572,141	82,263,993	1,420,300	1,448,324,041
Net inter segment borrowing	377,589,646	541,875,733	-	488,694	-	-	-	919,954,073
Others	24,033,549	11,894,358	34,259,041	922,413	13,325,755	1,547,511	10,644,222	96,626,849
Total Liabilities	485,550,136	748,980,988	1031789293	74,989,052	294,478,806	96,970,291	21,064,522	2,753,823,088
Equity	2,696,306	(102,213)	7,152,259	2,528,907	45,418,639	17,353,911	93,576,050	168,623,859
Total Equity and liabilities	488,246,442	748,878,775	1038941552	77,517,959	339,897,445	114,324,202	114,640,572	2,922,446,947
Contingencies and Commitments	415,595,186	246,204,352	21,489,804	340,262	426,945,992	86,376,266	1,923,829	1,198,875,691

38. RELATED PARTY TRANSACTIONS

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

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

38.1 RELATED PARTY TRANSACTIONS

	September 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,119,744	4,183,880	-	-	4,243,644	3,895,328
Investment made during the period / year	-	-	10,097,645	-	-	-	6,148,157	510,075
Investment redeemed / disposed off during the period / year	-	-	(10,347,985)	(240,353)	-	-	(5,699,007)	(221,523)
Equity method adjustments	-	-	363,165	-	-	-	426,950	-
Closing balance	-	-	5,232,569	3,943,527	-	-	5,119,744	4,183,880
Provision for diminution in value of investments	-	-	-	91,143	-	-	-	91,007
Advances								
Opening balance	2,221	280,911	2,155,149	6,747,749	5,303	205,368	2,155,149	2,626,106
Addition during the period / year	-	68,211	-	50,740	13,479	245,272	-	4,123,007
Repaid during the period / year	(2,204)	(6,987)	-	(2,695,937)	(16,561)	(121,668)	-	(1,341)
Transfer out	-	-	-	-	-	(48,061)	-	(23)
Closing balance	17	342,135	2,155,149	4,102,552	2,221	280,911	2,155,149	6,747,749
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
Other Assets								
Interest mark-up accrued	-	-	636	155,176	-	-	3,646	143,767
Receivable from staff retirement funds	-	-	-	1,479,936	-	-	-	321,349
Prepaid insurance	-	-	70,965	-	-	-	107,566	-
Remuneration receivable from management of funds	-	-	69,066	-	-	-	87,358	-
Sales load receivable	-	-	21,029	-	-	-	19,154	-
Formation cost receivable	-	-	6,843	-	-	-	7,039	-
Dividend receivable	-	-	-	-	-	-	-	-
Other receivable	-	-	42,967	30,164	-	-	59,146	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
Borrowings								
Opening balance	-	-	-	12,400	-	-	474,532	-
Borrowings during the year	-	-	-	579,400	-	-	2,364,689	244,000
Settled during the year	-	-	-	(519,100)	-	-	(2,839,221)	(231,600)
Closing balance	-	-	-	72,700	-	-	-	12,400
Deposits and other accounts								
Opening balance	6,375,281	165,303	11,638,646	8,254,030	5,700,563	66,247	7,426,100	3,072,390
Received during the period / year	103,103,826	772,546	105,848,409	524,475,660	60,624,991	1,629,709	160,790,083	163,877,912
Withdrawn during the period / year	(87,961,606)	(795,244)	(110,980,175)	(485,957,955)	(59,950,273)	(1,594,450)	(156,547,356)	(158,692,731)
Transfer (out) / in - net	-	-	-	-	-	63,797	(30,181)	(3,541)
Closing balance	21,517,501	142,605	6,506,880	46,771,735	6,375,281	165,303	11,638,646	8,254,030
Other Liabilities								
Interest / mark-up payable on deposits and borrowings	62,262	192	25,233	443,451	40,343	67	53,416	49,821
Payable to staff retirement fund	-	-	-	-	-	-	-	972,584
Unearned income	-	-	-	1,261	-	-	-	12,608
Contingencies and Commitments								
Forward foreign exchange contracts purchase	-	-	-	-	-	-	-	-
Forward foreign exchange contracts sale	-	-	-	-	-	-	-	-
	September 30, 2019 (Un-audited)				September 30, 2018 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	10,916	14,526	496,180	-	9,627	6,966	87,025
Commission / charges recovered	62	1,151	5,416	11,569	83	467	85,256	12,583
Dividend income	-	-	91,518	134,775	-	-	43,243	362,457
Net gain on sale of securities	-	-	11,715	28,515	-	-	82,280	18,868
Remuneration from management of fund	-	-	614,816	-	-	-	687,207	-
Sales load	-	-	36,926	-	-	-	82,279	-
Other income	-	-	5,939	-	-	942	12,192	171,679
Switch revenue	-	-	-	202,739	-	-	-	-
Expenses								
Mark-up / return / interest paid	311,883	993	528,634	904,332	109,109	1,322	420,417	95,817
Remuneration paid	-	687,165	-	-	-	1,049,535	-	-
Post employment benefits	-	15,315	-	-	-	18,702	-	-
Non-executive directors' fee	64,286	-	-	-	40,025	-	-	-
Net charge for defined contribution plans	-	-	-	387,495	-	10,554	-	354,396
Net charge for defined benefit plans	-	-	-	190,249	-	-	-	8,857,946
Other expenses	-	-	-	-	-	-	-	88,112
Clearing charges	-	-	-	97,953	-	-	-	-
Seminar and Membership fees	-	-	-	3,590	-	-	-	-
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	13,331	-	-	-	-
Custody charges	-	-	-	5,739	-	-	-	-
Insurance premium paid	-	-	280,660	-	-	-	471,603	-
Insurance claims settled	-	-	261,496	-	-	-	172,803	-

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
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	122,508,482	116,182,214
Eligible Additional Tier 1 (ADT 1) Capital	10,142,169	8,305,439
Total Eligible Tier 1 Capital	132,650,651	124,487,653
Eligible Tier 2 Capital	37,944,536	40,708,238
Total Eligible Capital (Tier 1 + Tier 2)	170,595,187	165,195,891
Risk Weighted Assets (RWAs):		
Credit Risk	720,285,138	795,066,075
Market Risk	56,863,050	30,089,441
Operational Risk	147,604,598	147,604,598
Total	924,752,786	972,760,114
Common Equity Tier 1 Capital Adequacy Ratio	13.25%	11.94%
Tier 1 Capital Adequacy Ratio	14.34%	12.80%
Total Capital Adequacy Ratio	18.45%	16.98%

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 as at September 30, 2019 stood at Rs. 12,241.798 million (December 31, 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 September 30, 2019. As at September 30, 2019, the Bank is fully compliant with prescribed ratios as the Bank's CAR is 18.45% whereas CET 1 and Tier 1 ratios stood at 13.25% and 14.34% 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 (HLA) 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 1.00% with effect from March 2020 till next announcement 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) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	132,650,651	124,487,653
Total Exposures	2,823,356,289	2,550,548,720
Leverage Ratio	4.70%	4.88%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	544,002,259	404,144,218
Total Net Cash Outflow	207,918,124	212,338,866
Liquidity Coverage Ratio	261.64%	190.33%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,360,427,689	1,489,318,075
Total Required Stable Funding	1,053,974,463	1,181,920,887
Net Stable Funding Ratio	129.08%	126.01%

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

40. ISLAMIC BANKING BUSINESS

The Bank operates 98 (December 31, 2018: 94) Islamic Banking branches and 163 (December 31, 2018: 158) Islamic Banking windows.

The statement of financial position of the Bank's Islamic Banking branches as at September 30, 2019 is as follows:

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		14,833,162	8,000,891
Balances with other banks		3,891,845	5,482,264
Due from financial institutions	40.1	12,820,720	10,066,732
Investments	40.2	46,145,488	30,746,758
Islamic financing and related assets	40.3	9,248,458	22,596,064
Fixed assets		955,326	337,390
Intangible assets		7,889	2,468
Due from Head Office		-	-
Other assets		597,786	285,392
Total Assets		88,500,674	77,517,959
LIABILITIES			
Bills payable		791,528	430,122
Due to financial institutions		1,000,000	143,000
Deposits and other accounts	40.4	78,483,784	73,434,945
Due to Head Office		3,185,381	488,694
Other liabilities		1,176,641	492,291
		84,637,334	74,989,052
NET ASSETS		3,863,340	2,528,907
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(173,576)	(135,282)
Accumulated profit		1,855,916	483,189
		3,863,340	2,528,907
CONTINGENCIES AND COMMITMENTS	40.5		

The profit and loss account of the Bank's Islamic Banking branches for the nine months ended September 30, 2019 is as follows:

		----- (Un-audited) -----	
		January - September 2019	January - September 2018
		----- (Rupees in '000) -----	
Profit / return earned	40.6	5,699,337	3,191,258
Profit / return expensed	40.7	(3,263,926)	(1,572,797)
Net profit / return		2,435,411	1,618,461
Other income			
Fee and Commission Income		172,288	68,162
Foreign Exchange Income		21,867	219
Loss on securities		(4,888)	-
Other Income		17,963	11,760
Total Other Income		207,230	80,141
Total Income		2,642,641	1,698,602
Operating expenses		1,260,985	778,821
Profit before provisions		1,381,656	919,781
Provisions and write-offs - net		(8,929)	(3,202)
Profit for the period		1,372,727	916,579

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

40.1 Due from Financial Institutions

	September 30, 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	2,000,000	-	2,000,000	7,000,000	-	7,000,000
Bai Muajjal Receivable from other Financial Institutions	10,820,720	-	10,820,720	3,066,732	-	3,066,732
	12,820,720	-	12,820,720	10,066,732	-	10,066,732

40.2 Investments by segments

	September 30, 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	5,901,296	-	(173,576)	5,727,720	11,910,472	-	(135,282)	11,775,190
-Bai muajjal with Govt. of Pakistan	25,657,916	-	-	25,657,916	8,300,566	-	-	8,300,566
	31,559,212	-	(173,576)	31,385,636	20,211,038	-	(135,282)	20,075,756
Non Government Debt Securities								
-Listed	150,000	-	-	150,000	150,000	-	-	150,000
-Unlisted	14,609,852	-	-	14,609,852	10,521,002	-	-	10,521,002
	14,759,852	-	-	14,759,852	10,671,002	-	-	10,671,002
Total Investments	46,319,064	-	(173,576)	46,145,488	30,882,040	-	(135,282)	30,746,758

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
40.2.1 Bai Muajjal with Government of Pakistan		
Bai Muajjal Investment	33,031,000	11,420,000
Less: Deferred Income	(7,373,084)	(3,119,434)
Bai Muajjal Investment - net	25,657,916	8,300,566

40.3 Islamic financing and related assets

Ijarah	603,618	446,792
Murabaha	632,435	742,302
Diminishing Musharaka	5,852,126	19,902,278
Istisna	20,846	-
Islamic Export Refinance scheme - Murabaha	1,082,584	126,849
Advances against Islamic assets		
Advances against Ijara	117,527	215,091
Advances for Diminishing Musharika	114,161	520,448
Advances for Murabaha	125,467	101,115
Advances for Murabaha - IERS	204,456	18,000
Advances for Istisna	320,994	48,321
Inventory related to Islamic financing		
Istisna	140,036	13,411
Profit and other receivables against financings	138,034	557,643
Gross Islamic financing and related assets	9,352,284	22,692,250
Less: Provision against Islamic financings		
- Specific	(85,745)	(82,088)
- General	(18,081)	(14,098)
	(103,826)	(96,186)
Islamic financing and related assets - net of provision	9,248,458	22,596,064

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

40.4 Deposits and other accounts		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
Customers			
Current deposits		32,341,944	31,434,627
Savings deposits		13,129,072	14,925,879
Term deposits		9,460,291	6,776,543
		<u>54,931,307</u>	<u>53,137,049</u>
Financial Institutions			
Current deposits		1,339,842	1,768,824
Savings deposits		8,997,635	11,144,072
Term deposits		13,215,000	7,385,000
		<u>23,552,477</u>	<u>20,297,896</u>
		<u>78,483,784</u>	<u>73,434,945</u>
40.5 Contingencies and commitments			
- Guarantees		60,119	56,416
- Commitments		477,117	406,643
		<u>537,236</u>	<u>463,059</u>
		----- (Un-audited) -----	
		January - September 2019	January - September 2018
		----- (Rupees in '000) -----	
40.6 Profit / Return Earned on Financing, Investments and Placements			
Profit earned on:			
Financing		798,826	1,019,766
Investments		3,545,296	1,253,516
Placements		1,155,463	751,790
Rental Income from Ijarah		199,752	166,186
		<u>5,699,337</u>	<u>3,191,258</u>
40.7 Profit on Deposits and other Dues Expensed			
Deposits and other accounts		3,170,866	1,562,215
Due to Financial Institutions		18,827	10,582
Return expense on leases		74,233	-
		<u>3,263,926</u>	<u>1,572,797</u>
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
40.8 Islamic Banking Business Unappropriated Profit			
Opening Balance		483,189	(362,502)
Add: Islamic Banking profit for the period / year		1,372,727	845,691
Closing Balance		<u>1,855,916</u>	<u>483,189</u>
40.9 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.			
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 THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.

September 30, 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	9	Mudarbaha	Monthly	5.08%	50.00%	5,972	2.81%	10.55%	630
Special Pools	100	Mudarbaha	Monthly	11.45%	7.46%	146,675	10.77%	19.87%	29,144
IERS Pools	28	Musharkah	Monthly	3.95%	74.98%	43,250	2.00%	0.00%	-
General Pools	9	Mudarbaha	Monthly	11.54%	50.00%	1,002,172	7.64%	32.40%	324,691
Treasury Pools	2	Musharkah	As required	12.93%	25.77%	1,278,366	9.60%	0.00%	-

September 30, 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	9	Mudarbaha	Monthly	4.62%	50.00%	5,926	2.82%	22.10%	1,308
Special Pools	78	Mudarbaha	Monthly	6.63%	12.60%	138,164	6.09%	34.40%	57,437
IERS Pools	7	Musharkah	Monthly	3.49%	71.80%	2,997	2.00%	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	10	Musharkah	As required	7.40%	17.23%	1,180	6.12%	0.00%	-
General Pools	9	Mudarbaha	Monthly	6.15%	50.00%	309,930	3.50%	13.80%	42,740

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	-----Rupees in '000-----	
40.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	887,357	650,754
Agri business	426,513	1,226,202
Textile	1,478,640	365,599
Financial	17,325,059	15,486,630
Food industries	516,089	516,697
Plastic	243,043	169,124
Individuals	1,416,670	1,134,008
Production and Transmission of energy	16,155,019	26,712,710
Government of Pakistan Securities	31,385,636	20,023,620
Others	2,184,473	1,768,268
	<u>72,018,499</u>	<u>68,053,612</u>

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 16, 2019 has declared an interim cash dividend in respect of the nine months ended September 30, 2019 of Rs. 3.0 per share (September 30, 2018: Rs. 2.0 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42. GENERAL

42.1 Comparatives

Comparative information has been reclassified, rearranged or additionally incorporated in these consolidated condensed interim financial statements for the purposes of better presentation. The Comparative information has been reclassified and / or restated as a result of revised format of interim financial statements as more fully explained in note 4.1.2 to these consolidated condensed interim financial statements.

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

43. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on October 16, 2019 by the Board of Directors of the Bank.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

مستقبل کی توقعات (Future Outlook)


پاکستان کے بڑے مالیاتی شعبوں کے مابین ایک اہم ادارہ ہونے کے ناطے، یو بی ایل اپنی صلاحیتوں کو بروئے کار لاتے ہوئے ملکی معاشی ترقی میں اپنا متحرک کردار ادا کرنے کے لئے پر عزم ہے۔ ہم اپنی بینکنگ سہولیات ہر پاکستانی بشمول خدمات سے محروم اور کلیدی طبقات کی دسترس میں لا کر ملک میں مالیاتی شمولیت کو وسعت دینے میں سرگرم عمل ہیں جو ہماری معاشی ترقی میں پیش پیش ہیں۔ برانچ بینکنگ ہمارے فریچائز کا بنیادی جزو ہے جہاں ہمارا نصب العین مختلف شہری حدود میں اپنی موجودگی کو وسعت دیتے رہنا ہے۔ ہم اپنی خدمات کے معیار میں مزید بہتری کے لئے باصلاحیت افراد کی خدمات حاصل کرنے اور ان کی ڈویلپمنٹ پر مزید سرمایہ کاری جاری رکھیں گے۔ ہمارا ڈیجیٹل بینکنگ گروپ یو بی ایل کو مستقبل کی جدید بینک اور ٹیکنالوجی سے ہم آہنگ ادائیگیوں کے ایکو سسٹم تعمیر کے لئے کوشاں ہے۔

قرضوں کی طلب میں کمی کے پیش نظر ہم رسک کی محدود سطح پر رہتے ہوئے مخصوص قرضہ جات کی فراہمی کی جستجو رکھتے ہیں۔ ہمارا نصب العین انٹرینشل بزنس میں رسک پر زیادہ محتاط رویہ اختیار کرنا اور وصولیوں پر جارحانہ انداز میں توجہ مرکوز کرنا ہے۔

الفاظِ تشکر (Acknowledgements)

آخر میں ہم اپنے معزز کسٹمرز اور حصص داران کے تہ دل سے مشکور ہیں جو مسلسل ہم پر بھروسہ اور اعتماد کر رہے ہیں۔ ہم یو بی ایل ٹیم کے بھی شکر گزار ہیں جن کی ان تھک محنت اور لگن کی بدولت آج یو بی ایل ملک کے بہترین مالیاتی اداروں کی صف میں کھڑا ہے۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے مسلسل رہنمائی اور معاونت پر ان کا بھی شکریہ ادا کرتے ہیں۔


عامر ظفر خان
ڈائریکٹر

برائے وائس پرف بورڈ

سیما کامل
پریذیڈنٹ اور سی ای او
اسلام آباد

16 اکتوبر 2019

معاشی جائزہ (Economy Review)

معاشی چیلنجز مجموعی طور پر معیشت میں اب بھی موجود ہیں۔ دوسرے خسارے کی روشنی میں مالی اور موئٹری پالیسی میں اصلاحی اقدامات کئے جا رہے ہیں۔ مجموعی معاشی مندی کے ساتھ درآمدات میں کمی کے مخصوص اقدامات کی بدولت ملک کی درآمدات میں نمایاں کمی دیکھنے میں آئی ہے جو کہ مالی سال 2018-19 کے پہلے 2 ماہ کے مقابلہ میں مالی سال 2019-20 میں 23 فیصد تک کم ہو گئی ہے۔ مالی سال 2019-20 کے پہلے 2 ماہ کے دوران ملکی ایکسپورٹ 4.1 ارب امریکی ڈالر رہی جو کہ گزشتہ مالی سال کے 2 ماہ کے مقابلے میں محض 1.4 فیصد زیادہ ہیں۔ اسی طرح بیرون ملک مقیم پاکستانیوں کی جانب سے بھیجی گئی رقم مالی سال 2019-20 کے 2 ماہ میں 3.7 ارب امریکی ڈالر ریکارڈ کی گئیں جو کہ گزشتہ مالی سال کے دو ماہ کے دوران بھیجی گئی رقم سے 8 فی صد کم ہیں۔ تاہم درآمدات میں زبردستی کمی کی وجہ سے کرنٹ اکاؤنٹ خسارے (CAD) میں 55 فی صد کمی ہوئی ہے اور مالی سال 2019-20 کے پہلے دو ماہ کے دوران 1.3 ارب ڈالر کی درآمدات ریکارڈ کی گئیں جو گزشتہ مالی سال کی اسی مدت کے دوران 2.9 ارب ڈالر تھیں۔

دسمبر 2018 میں زرمبادلہ کے ذخائر 13.8 ارب امریکی ڈالر کے مقابلے میں 9 فیصد اضافے سے ستمبر 2019 میں 15.0 ارب امریکی ڈالر کے قریب ریکارڈ کئے گئے۔ سال کے دوران زیادہ تر بڑھتے ہوئے تجارتی خسارے کے سبب امریکی ڈالر کی نسبت روپے کی قدر دباؤ کا شکار رہی جس کی وجہ سے امریکی ڈالر کی نسبت روپے کی قدر میں 12.6 فیصد کمی ہوئی اور ستمبر 2019 میں روپے کی قیمت 156.37 روپے فی امریکی ڈالر ہو گئی جو گزشتہ دسمبر 2018 میں 138.86 روپے تھی۔ روپے کی قدر میں کمی اور ریونیو اہداف پورے کرنے کے لئے بجلی کے ٹیرف میں اضافے کی بدولت مہنگائی میں اضافہ ہوا۔ اس طرح 2019 کے پہلے 8 ماہ کے دوران سی پی آئی (CPI) کی اوسط 9.2 فیصد ریکارڈ کی گئی جو کہ گزشتہ سال کی اسی مدت کے دوران ریکارڈ شدہ 4.5 فیصد مہنگائی سے تقریباً دو گنا ہے۔ اسٹیٹ بینک آف پاکستان نے 16 ستمبر 2019 کو اپنی مائٹری پالیسی کے بیان میں پاکسی ریٹ کو 13.25 فیصد کی سطح پر برقرار رکھا ہے۔

ستمبر 2019 میں بینکنگ کے شعبے میں ڈیپازٹس 14.0 ٹریلین روپے ریکارڈ کئے گئے جو کہ 5 فیصد نمو کو ظاہر کرتے ہیں۔ اسی طرح بینکنگ سیکٹر میں مجموعی ایڈوانسز ستمبر 2019 کے اختتام پر گزشتہ دسمبر 2018 کے مقابلے میں 7 فیصد اضافے کے ساتھ 8 ٹریلین روپے ریکارڈ کئے گئے۔ دسمبر 2018 کی نسبت بینکنگ سیکٹر کے غیر فعال قرضہ جات (NPL) 13 فیصد اضافے کے ساتھ جون 2019 میں 768 ارب روپے ریکارڈ کئے گئے جب کہ گراس انفیکشن کی شرح سہ ماہی بہ سہ ماہی 50bps اضافے کے ساتھ جون 2019 میں 8.8 فیصد تک پہنچ گئی جو گزشتہ دسمبر 2018 میں 8 فیصد تھی۔

کریڈٹ ریٹنگ (Credit Rating)

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کی اینٹیٹی ریٹنگ AAA/A-1+ (ٹرپل اے، اے ون پلس) کی 28 جون 2019 کو دوبارہ توثیق کی ہے۔ یہ ریٹنگ مستحکم متوقع حیثیت کی مظہر ہے۔

انویسٹمنٹس 2019 کے اختتام پر 1.0 ٹریلین روپے رہیں جو کہ دسمبر 2018 کے مقابلے میں 28 فیصد زیادہ ہیں۔ پورٹ فولیو زیادہ تر گورنمنٹ سکیورٹیز پر مشتمل ہے۔ جس میں ہم نے حکومتی مختصر مدتی ٹریڈری بلز میں سرمایہ کاری کی ہے۔ ہماری ایکویٹی بک ستمبر 2019 میں 18.1 بلین روپے رہی جو مختلف صنعتوں اور مستحکم کمپنیوں میں سرمایہ کاری پر مشتمل ہے جس کا مقصد مستحکم ڈیویڈنڈز کمانا ہے۔

مالیاتی تناسب (Capital Ratios)

بینک مستقبل کے ترقی کے اقدامات و اہداف کے لئے ٹھوس بنیاد فراہم کرنے کی غرض سے مستحکم مالی حیثیت برقرار رکھنا چاہتا ہے۔ سال 2019 میں بینک نے اضافی ٹیئر - ون کی ٹی ایف سیز (TFCs) کا اجراء مکمل کر لیا ہے جس کی مالیت 10 ارب روپے ہے۔ یہ مارکیٹ میں اب تک کی سب سے بڑی آفر ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے یو بی ایل کو ڈومیسٹک نظام کا ایک اہم بینک (D-SIB) نامزد کیا گیا ہے۔ اس کے نتیجے میں 2019 کے دوران CAR limit کی کم سے کم حد کے علاوہ بینک کو 1.5 فیصد اضافی (HLA) Higher Loss Absorbency Surcharge بطور غیر مجتمع اور مجتمع بنیادوں پر برقرار رکھنا پڑے گا۔ اس سے مجموعی طور پر CAR کی حد 11.9 فیصد سے بڑھ کر 13.4 فیصد ہو گئی جو مارچ 2019 سے موثر ہے۔ تاہم مارچ 2020 کے لئے HLA سرچارج کو 50 bps کم کر کے 1.0 فیصد کر دیا گیا جو کہ 2019 میں اسٹیٹ بینک کی جانب سے D-SIBs کے لئے مقرر کیا گیا ہے۔

یو بی ایل کی کامن ایکویٹی ٹیئر - I (CET-1) کی شرح 147bps بہتر ہو کر ستمبر 2019 میں 13.8 فیصد ہو گئی جو کہ دسمبر 2018 میں 12.4 فیصد تھی۔ دسمبر 2018 میں Tier I Ratio 13.4 فیصد کے مقابلے میں 15 فیصد رہا۔ مجموعی کپیٹل ایڈوکیسی کی شرح (CAR) 19.4 فیصد رہی (دسمبر 2018 میں 17.7 فیصد) جو کہ ستمبر 2019 میں ریگولیٹری رکوئرمنٹ کے مقابلے میں 6 فیصد زیادہ ہے۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے اسلام آباد میں 16 اکتوبر 2019 کو منعقد ہونے والے اجلاس میں 30 فیصد نقد عبوری منافع یعنی 3 روپے فی شیئر کا اعلان کیا۔ اس اجلاس میں 30 ستمبر 2019 کو ختم ہونے والے 9 ماہ کی کارکردگی کے نتائج کا بھی اعلان کیا گیا۔

یو بی ایل ڈیجیٹل (UBL Digital)

یو بی ایل پاکستان میں بینکاری کی صنعت میں نئی خدمات کی فراہمی سے کسٹمرز کی مسلسل بدلتی ہوئی ضروریات پوری کرنے میں اپنی قائدانہ پوزیشن برقرار رکھے ہوئے ہے۔ ہم مستقبل کی ٹیکنالوجی سے ہم آہنگ سلوشن فراہم کرنے کا پختہ عزم رکھتے ہیں تاکہ بینکاری کی خدمات آسان اور سب کی پہنچ میں ہوں۔ سال 2019 کے دوران یو بی ایل نے یو بی ایل اوٹمی ڈیٹ کارڈ جاری کیا ہے جو کہ ایک پرسنلائزڈ کارڈ ہے اور جدید ترین سکیورٹی خصوصیات کا حامل ہے۔ یہ کارڈ کسٹمرز کو ملک بھر میں کسی بھی مقامی آن لائن پلیٹ فارم یا ای ٹی ایم سے رقم کے حصول میں سہولت فراہم کرتا ہے۔ کسٹمرز اس کارڈ کی مدد سے ای کامرس (E-Commerce) کی ٹرانزیکشن، فنڈز ٹرانسفرز، یوٹیلیٹی بل پے منٹس اور دیگر تمام معیاری خدمات حاصل کر سکتے ہیں۔

خلیج تعاون کونسل (GCC) میں اقتصادی سرگرمیاں بدستورست روی کا شکار ہیں جبکہ تیل کی قیمتوں میں کچھ اضافے اور علاقائی حکومتوں کی جانب سے بعض اقدامات کے سبب اب کچھ بہتری نظر آنے لگی ہے۔ تاہم موجودہ معاشی صورتحال میں نقصانات کے ازالے کے لئے محتاط انداز میں آگے بڑھنے کی ضرورت ہے۔

دسمبر 2018 کی نسبت غیر فعال قرضہ جات 29 ملین امریکی ڈالر اضافے کے ساتھ ستمبر 2019 میں 313 ملین ڈالر ہو گئے۔ 2019 کے پہلے 9 ماہ کے دوران 29.4 ملین امریکی ڈالر کا نیٹ پرویشن چارج لیا گیا جب کہ گزشتہ سال کی اسی مدت کے دوران 58.7 ملین امریکی ڈالر کا چارج لیا گیا تھا۔ یو بی ایل انٹرنیشنل کی ایسٹ کوالٹی 26 فیصد ریکارڈ کی گئی (دسمبر 2018 میں 19.8 فیصد)۔ غیر فعال قرضوں کی مخصوص کوریج فورسڈ سیل ویلیو (FSV) اور کیش کولیٹرل (Cash Collateral) کے ساتھ بمطابق ستمبر 2019 92.4 فیصد رہی (دسمبر 2018 92.1 فیصد، تفصیلات مالیاتی گوشوارے کے نوٹ 10.3.2 میں ملاحظہ کریں)۔

اخراجات کا نظم و نسق (Cost Management)

بینک نے نیٹ ورک کے اخراجات میں کمی کے کلچر اور تمام شعبوں میں بہتر ہم آہنگی کی بدولت کاسٹ بیس کو مناسب سطح پر برقرار رکھا۔ اس مقصد کے لئے کاروبار اور معاون امور میں زیادہ مضبوط synergies کو فعال بنایا گیا۔

2019 کے پہلے 9 ماہ کے دوران مجموعی انتظامی اخراجات سال بہ سال کی بنیاد پر 4 فیصد کے معمولی اضافے کے ساتھ 29.2 ارب روپے رہے جو کہ گزشتہ سال کی اسی مدت میں 28.2 ارب روپے تھے۔ افرادی اخراجات گزشتہ سال کی طرح اس سال کے 9 ماہ میں بھی 11 ارب روپے رہے۔ انفارمیشن ٹیکنالوجی سے وابستہ اخراجات میں 18 فیصد اضافہ ہوا جس کی بنیادی وجہ انفارمیشن ٹیکنالوجی پلیٹ فارم میں مزید سرمایہ کاری، روپے کی قدر میں کمی کے سبب غیر ملکی کرنسی میں لائسنسنگ کی فیس اور دیگر اخراجات کی ادائیگی اور بینک کے ڈیجیٹل ٹرانس فارمیشن پروگرام ہیں۔

بیلنس شیٹ کا نظم و نسق (Balance Sheet Managment)

بینک کی اوسط بیلنس شیٹ ستمبر 2019 کے اختتام پر 2 ٹریلین رہی۔ جو کہ گزشتہ سال دسمبر میں 1.9 ٹریلین روپے ریکارڈ کی گئی تھی جو کہ 6 فیصد نمو کو ظاہر کرتی ہے۔ ہماری بیلنس شیٹ کا محور اور محرک ہماری ڈومیسٹک برانچ بینکنگ گروپ ہے جہاں ڈومیسٹک ڈیپازٹس ستمبر 2019 میں 1.2 ٹریلین روپے ریکارڈ کئے گئے جو دسمبر 2018 کے مقابلے میں 4 فیصد زیادہ ہیں۔ ہم نے بینکنگ کی تاریخ میں کرنٹ سے کل ڈیپازٹس کی شرح 45.1 فیصد کی بلند ترین سطح برقرار رکھی ہے جو کہ دسمبر 2018 میں 45.8 فیصد تھی۔ ہماری توجہ بینک میں نئے کسٹمرز کا اضافہ کرنے اور کم آمدنی والے طبقہ میں ہمارے والٹ شیئر کو بڑھانے پر مرکوز رہی ہے۔ نتیجتاً ملٹی پلی بہترین کارکردگی نے بینک کو کم لاگتی ڈیپازٹس برقرار رکھنے کا موقع فراہم کیا جس کی لاگت 5.2 فیصد رہی جو کہ گزشتہ سال ستمبر میں 2.8 فیصد تھی حالانکہ اسٹیٹ بینک آف پاکستان نے ستمبر 2018 کی پالیسی ریٹ میں 475bps کا اضافہ کیا تھا۔

یو بی ایل کے نیٹ ایڈوانسز پورٹ فولیو دسمبر 2018 کے مقابلے میں 13 فی صد کم ہو کر ستمبر 2019 میں 625.7 ارب روپے رہا۔ ہماری قرضوں کی فراہمی کی سٹرٹیج کوالٹی ایڈوانسز کے حصول، مجموعی طور پر کسٹمر کی نفع پذیری اور ایسٹس پریریک کے پروفائل کا بہترین جائزہ برقرار رکھنے پر مرکوز رہی۔ انٹرنیشنل بزنس میں، ہم فعال انداز سے اپنی بیلنس شیٹ کو رسک سے نکال رہے ہیں اور مزید ایکویزیشن میں ایسے کلائنٹس جن کے کریڈٹ کار ریکارڈ اچھا ہے اور اس کے علاوہ مالیاتی اداروں کو قرضہ جات کی فراہمی پر توجہ دی جا رہی ہے۔

10 فیصد کی رہی جس کی بنیادی وجہ گزشتہ سال بانڈز اور ایکویٹیز پر کمائے گئے 4.7 ارب روپے کے کیپٹل گینز ہیں۔ 2019 کے پہلے 9 ماہ کے دوران نان مارک اپ آمدنی کا کل ریونیو میں حصہ 28 فیصد ہے جو گزشتہ سال کی اسی مدت میں 32 فیصد تھا۔

گزشتہ سال کے مقابلے میں 6 فیصد اضافے کے ساتھ فیس اور کمیشن 2019 کے پہلے 9 ماہ کے دوران 10.6 ارب روپے رہے۔ 2019 کے پہلے 9 ماہ کے دوران نان مارک اپ کم فیس کا حصہ 61 فیصد رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 51 فیصد تھا۔

بینک کے بڑھتے ہوئے کسٹمر فیس کی بدولت، برانچ بینکنگ فیس میں 13 فیصد اضافہ ہوا۔ کنزیومر فنانسنگ کی فیس کی مد میں حاصل ہونے والی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 20 فیصد اضافہ ہوا۔

بینک نے اپنے بینک اشورنس بزنس کی وسعت میں اضافہ کرنے کا سلسلہ بھی جاری رکھا جس کی بنا پر پریمیم میں 2018 کے پہلے 9 ماہ کے مقابلے میں 13 فیصد اضافہ ہوا اور بینک نے 2019 کے پہلے 9 ماہ کے دوران اس مد میں 1.0 ارب روپے کا کمیشن حاصل کیا جو کہ سال بہ سال کی بنیاد پر 2 فیصد زیادہ ہے۔ یو بی ایل ہوم ریٹنس میں بھی 28 فیصد مارکیٹ شیئر کے ساتھ ایک طاقت ور پلیئر کی حیثیت رکھتا ہے۔ ہماری قائدانہ پوزیشن کے سبب سال 2019 کے پہلے 9 ماہ میں بینک نے 1.3 ارب روپے کا ریونیو حاصل کیا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 24 فیصد زیادہ ہے۔ برانچ لیس بینکنگ میں بینک کی ممتاز سروس اوٹمی نے سال 2019 کے پہلے 9 ماہ کے دوران 879 ملین روپے ریونیو ریکارڈ کیا جو کہ سال بہ سال 78 فیصد کی زبردست نمو کو ظاہر کرتا ہے۔ سال 2019 کے پہلے 9 ماہ کے دوران کیشن منیجمنٹ کمیشن 583 ملین روپے ریکارڈ کئے گئے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد زیادہ ہیں۔ یہ کارکردگی تمام کاروباری شعبوں میں حجم میں بہت اچھے نمو کی کو ظاہر کرتی ہے۔

غیر ملکی زرمبادلہ سے حاصل ہونے والی آمدنی سال بہ سال کی بنیاد پر 26 فیصد اضافے کے ساتھ 2019 کے پہلے 9 ماہ کے دوران 3.4 ارب روپے رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 2.7 ارب روپے تھی۔ یہ کارکردگی کارپوریٹ اور انسٹی ٹیوشنل سیلز ڈیسک کے حجم میں فعال اضافے اور فارن کرنسی کی بیلنس شیٹ میں وسعت اور زرمبادلہ کے ریٹ میں ردوبدل کے ماحول میں فعال پوزیشننگ کی بدولت ممکن ہوئی۔ ڈیویڈنڈ کی آمدنی 2018 کے پہلے 9 ماہ کے مقابلے میں 34 فیصد کم ہو کر 919 ملین روپے رہی۔

قرضوں پر ممکنہ نادہندگی اور خسارے کے لئے مختص رقوم (Provisions and loan losses)

پروویژن چارج 2019 کے پہلے 9 ماہ میں 6.7 ارب روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 7.4 ارب روپے تھا۔ جس میں 3.8 ارب روپے کی انویسٹمنٹس پر Impairment چارج بھی شامل ہے جس کی وجہ سال 2019 کے دوران پاکستان سٹاک ایکسچینج میں 13 فیصد کمی ہے۔

بینک کی سطح پر غیر فعال قرضے (NPLs) ستمبر 2019 کیا ختم پر 79 ارب روپے رہے جو کہ دسمبر 2018 کے مقابلے میں 10.4 ارب روپے زیادہ ہیں جس کی بڑی وجہ انٹرنیشنل بزنس میں غیر فعال قرضاجات میں اضافہ ہے۔ ستمبر 2019 کے اختتام پر بینک کی ایسٹ کوالٹی 11.4 فیصد ریکارڈ کی گئی (دسمبر 2018 میں 8.8 فیصد)۔ ڈومیسٹک غیر فعال قرضہ جات 30 ارب روپے ریکارڈ کئے گئے جو کہ دسمبر 2018 کی نسبت 2.1 فیصد زیادہ ہیں۔ ڈومیسٹک بینک کی ایسٹ کوالٹی 5.9 فیصد ریکارڈ کی گئی (دسمبر 2018 میں 4.9 فیصد)۔ ستمبر 2019 میں غیر فعال قرضوں کی مخصوص کوریج 83.8 فیصد رہی (دسمبر 2018 میں 92.5 فیصد)۔

مالیاتی اہم نکات (Financial Highlights)

یو بی ایل نے ستمبر 2019 کے 9 ماہ کے دوران 14.4 ارب روپے کا بعد از ٹیکس منافع (PAT) ریکارڈ کیا جو گزشتہ سال کی اسی مدت میں 9.7 ارب روپے کے مقابلے میں 48 فیصد زیادہ ہے۔ فی شیئر آمدنی 11.77 روپے رہی جو گزشتہ سال 7.95 روپے تھی۔ یو بی ایل نے 14.2 ارب روپے کا مجتمع منافع بعد از ٹیکس کمایا جو گزشتہ سال کی اسی مدت کے دوران 9.5 ارب روپے تھا۔

نیٹ مارک اپ آمدنی (Net Markup Income)

2019 کے پہلے 9 ماہ کے دوران خالص مارک اپ آمدن گزشتہ مالی سال کی اسی مدت کی نسبت 8 فیصد اضافے کے ساتھ 45.3 ارب روپے رہی۔ اوسط منافع بخش اثاثے 1.5 ٹریلین روپے رہے جو کہ سال 2018 کے پہلے 9 ماہ کے دوران 1.6 ٹریلین روپے تھے۔ نیٹ انٹرسٹ مارجن 50bps (NIMs) اضافے کے ساتھ بہتر رہا جو 2018 کے پہلے 9 ماہ میں 3.7 فیصد کے مقابلے میں سال 2019 میں 4.2 فیصد ہو گیا۔ یہ بینک کی قرضہ جات اور ٹریشری پورٹ فولیو پر شرح آمدن میں اضافے کے ساتھ ساتھ پائیدار اور کم لاگتی ڈیپازٹس کا مشترکہ نتیجہ ہے۔

بینک کے اوسط ڈومیسٹک ڈیپازٹس 2018 کے پہلے 9 ماہ کے مقابلے میں 9 فیصد اضافے کے ساتھ 2019 کے پہلے 9 ماہ کے دوران 1.1 ٹریلین روپے رہے۔ جس کی وجہ ڈومیسٹک CASA ڈیپازٹ میں فعالیت ہے جو سال بہ سال 10 فیصد اضافے کے ساتھ 2019 کے دوران 863 ارب روپے سے بڑھ کر 945 ارب روپے ہو گئے۔ 2019 کے پہلے 9 ماہ کے دوران اوسط ڈومیسٹک CASA کی شرح 86.8 فیصد کی بہت اچھی سطح پر رہی۔ سال 2019 کے پہلے 9 ماہ کے دوران بینک کے کسٹمرز میں وسعت جاری رہی اور 337,000 نئے کرنٹ اکاؤنٹ کسٹمرز (NTB) کا اضافہ ہوا۔ ڈومیسٹک ڈیپازٹس کی لاگت 2019 کے پہلے 9 ماہ کے دوران 5.2 فیصد رہی جو کہ گزشتہ سال کی اسی مدت میں 2.8 فیصد تھی جو گزشتہ ایک سال کے دوران اسٹیٹ بینک آف پاکستان کی جانب سے بیج مارک ریٹ میں 475bps اضافے کے باوجود رہی۔

بینک کے اوسط فعال ایڈوانسز 2019 کے پہلے 9 ماہ کے دوران 625 ارب روپے رہے جس میں سال بہ سال 3 فیصد کمی ہوئی۔ اوسط ڈومیسٹک ایڈوانسز 2019 کے پہلے 9 ماہ کے دوران 475 ارب روپے ریکارڈ کئے گئے جو کہ گزشتہ سال کی اسی مدت کی سطح پر قرار رہے۔ اوسط کارپوریٹ لون بک 424 ارب روپے ریکارڈ کی گئی جو کہ سال بہ سال 3 ارب روپے کا اضافہ ظاہر کرتی ہے۔ کنزیومر پورٹ فولیو 17 ارب روپے رہا جس میں اوسط نمو 27 فیصد ریکارڈ کی گئی۔ بینک فعال ایسٹ میں زیادہ تر آٹوز کے حصول میں مشغول رہا۔ انٹرنیشنل قرضہ جات کو خطرات سے نکالنے کی سٹرٹیجی کے تحت اوسط قرضہ جات کے حجم میں سال بہ سال 30 فیصد تک کمی ہوئی اور یہ سال 2019 کے 9 ماہ کے دوران 1 ارب امریکی ڈالر رہے۔

سال 2019 کے پہلے نو ماہ کے دوران بینک کی انویسٹمنٹ آمدنی اوسط 807 ارب روپے رہی جو کہ 2018 کے پہلے 9 ماہ کے دوران 883 ارب روپے تھی۔ شرح سود میں اضافے کے ماحول میں سرمایہ کاری کا رجحان کم مدت کی سرمایہ کاری کی جانب زیادہ رہا۔ 2019 کے پہلے 9 ماہ کے دوران منافع بخش پورٹ فولیو کی آمدن 9.6 فیصد ہو گئی جو کہ گزشتہ سال کی اسی مدت کے دوران 7.5 فیصد تھی۔

نان مارک اپ آمدن (Non-Markup Income)

سال 2019 کے پہلے 9 ماہ کے دوران بینک کی نان مارک اپ آمدن 17.4 ارب روپے رہی۔ جو گزشتہ سال کی اسی مدت کے مقابلے میں

ارکان کوڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو ختم ہونے والے 9 ماہ کے لئے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کے مالیاتی گوشوارے پیش کرنا میرے لئے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Overview)

یو بی ایل نے انفرادی بنیادوں پر 30 ستمبر 2019 کو ختم ہونے والے 9 ماہ کے دوران 26.3 ارب روپے کا منافع قبل از ٹیکس ریکارڈ کیا جو گزشتہ سال 2018 کی اسی مدت کے دوران 16.5 ارب روپے منافع قبل از ٹیکس تھا اس طرح رواں 9 ماہ کے دوران بینک کے منافع میں 59 فیصد اضافہ ہوا ہے۔

نیٹ انٹرسٹ آمدنی 45.3 ارب روپے ریکارڈ کی گئی جو گزشتہ سال کی اسی مدت کی نسبت 8 فیصد اضافہ ظاہر کرتی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے گزشتہ 1 سال میں پالیسی ریٹ میں 475bps کا اضافہ کیا اور ستمبر 2018 میں بیچ مارک ریٹ 8.50% سے بڑھا کر ستمبر 2019 کے اختتام تک 13.25 فیصد کیا گیا۔ زیر بحث مدت کے دوران کم لاگتی ڈیپازٹس کے فعال حصول کے ساتھ ساتھ بنیادی شرح سود میں اضافے کے مطابق اثاثوں کی repricing کے نتیجے میں بینک کی نیٹ انٹرسٹ آمدنی میں بہتری آئی۔

یو بی ایل کی نان فنڈ انکم (Non Fund Income) 2019 کے پہلے 9 ماہ کے دوران 17.4 روپے رہی جو کمپیوٹل گینز کے اثر کو نکال کر گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد اضافے کو ظاہر کرتی ہے۔

سال 2019 کے دوران ہم نے ”یو بی ایل ڈیجیٹل“ کو مزید فروغ دیتے ہوئے کسٹمرز کو زیادہ باسہولت خدمات سے استفادہ حاصل کرنے کا موقع فراہم کیا۔ صارفین دوست اور منفرد خصوصیات سے لیس یو بی ایل ڈیجیٹل ایپ کی بدولت صارفین روزمرہ ٹرانزیکشن آسان، محفوظ اور تیزی کے ساتھ انجام دے سکتے ہیں۔ ہمارے صارفین میں 20 فیصد صارفین باقاعدگی کے ساتھ ٹرانزیکشن کے لئے بینک کی ڈیجیٹل ایپ کا پلیٹ فارم استعمال کرتے ہیں 750,000 سے زائد رجسٹرڈ ڈیجیٹل صارفین کے ساتھ ہم پاکستان میں موبائل بینکاری کے صارفین کا ایک بڑا نیٹ ورک شیئر حاصل کرنے کے لئے کوشاں ہیں۔

بینک کے انتظامی اخراجات قابو میں رہے اور گزشتہ سال کی اسی مدت کی نسبت سال 2019 کے پہلے 9 ماہ میں 4 فیصد اضافے کے ساتھ 29.2 ارب روپے کے انتظامی اخراجات ہوئے۔ اخراجات اور آمدنی کا تناسب موجودہ سال کے پہلے 9 ماہ کے دوران 46.6 فیصد رہا جو گزشتہ سال کے اسی عرصے میں 45.9 فیصد تھا۔

بینک کا پرویژن چارج سال 2019 کے پہلے 9 ماہ کے دوران 6.7 ارب روپے ریکارڈ کیا گیا (جو کہ گزشتہ سال کے پہلے 9 ماہ کے دوران 7.4 ارب روپے تھا)۔ اس پرویژن چارج میں 3.8 ارب روپے کی غیر فعال انویسٹمنٹس پر Impairment چارج بھی شامل ہے۔ غیر فعال قرضوں کی مد میں 3 ارب روپے کا چارج ریکارڈ کیا گیا جس میں بڑا حصہ انٹرنیشنل ایڈوانسز پورٹ فولیو کا ہے۔ ستمبر 2019 میں ایسٹ کوالٹی 11.4 فیصد رہی (دسمبر 2018 میں 8.8 فیصد) جو 2019 کے دوران کریڈٹ میں نمو کی شرح میں کمی کی وجہ سے اثر انداز ہوئی۔

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