United Bank Limited

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 (UNAUDITED)

UBL
where you come first

UNITED BANK LIMITED
DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the financial statements of United Bank Limited (UBL) for the nine months ended September 30, 2020.

Introduction

The spread of the COVID-19 pandemic has slowed down in Pakistan during the current quarter. The positive impact on the business environment is now evident with overall improvement in commercial and industrial activity. The country has done relatively better in terms of containing the spread of the virus and has emerged as a resilient nation in the circumstances. UBL has been taking all necessary steps to ensure seamless and continued services across all touchpoints. The bank has constituted a committee comprising of its senior management who have been actively monitoring on ground developments and taking immediate precautionary measures to protect its employees and customers. Further, the bank is working closely with the regulator to ensure uninterrupted services while also providing any required regulatory relief to our customers.

Performance Overview

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 26.4 billion for the nine months ended September 30, 2020, as against a PBT of Rs. 26.3 billion in the corresponding period of last year.

UBL's gross revenues were recorded at Rs. 71.2 billion for 9M'20, growing by 14% over 9M'19. The bank recorded strong growth of 28% in net interest income (NII), which stood at Rs. 58.2 billion for 9M'20 (9M'19: Rs. 45.3 billion). Non-fund income (NFI) stood at Rs. 13.0 billion for 9M'20 (9M'19: Rs. 17.2 billion), lower mainly due to the COVID-19 related slowdown in fee revenues and lower foreign exchange income. The bank's administrative expenses were well controlled, at Rs. 29.0 billion, remaining flat versus last year. The cost to income ratio was measured at 40.8% for 9M'20, improving considerably from 46.7% in 9M'19. Provisions and loan losses stood at Rs. 14.9 billion for 9M'20 (9M'19: Rs. 6.5 billion), mainly arising from a buildup in coverage against the banks' International's advances portfolio.

Financial Highlights

UBL recorded Profit After Tax (PAT) of Rs. 16.1 billion for 9M'20 versus a PAT of Rs. 14.4 billion for 9M'19, an increase of 12% year on year. Earnings per share (EPS) was measured at Rs. 13.13 (9M'19: Rs. 11.77). On a consolidated basis, UBL recorded a PAT of Rs. 15.4 billion (9M'19: Rs. 14.2 billion). The consolidated EPS was recorded at Rs. 12.80 for 9M'20 (9M'19: Rs. 11.62).

Net Markup Income

UBL's net markup for the nine months ending September 30, 2020 stood at Rs. 58.2 billion, a strong growth of 28% over 9M'19. Monetary easing to counter the impact of the COVID-19 related slowdown, led to a cumulative reduction in the policy rate by 625 bps by the SBP in 2020. The benchmark policy rate is currently at 7.00% at Sep'20 (Dec'19: 13.25%). The bank's interest earning asset base averaged Rs. 1.6 trillion for 9M'20, with a growth of 7% year on year. Net interest margins improved from 4.2% in 9M'19 to 4.9% in 9M'20, with strong asset yields, well supported by a decline in the cost of funding.

Domestic deposits averaged Rs. 1.2 trillion in 9M'20, up 14% over 9M'19. The increase is mainly due to a growth of 12% in average CASA deposits, which stood at Rs. 1.1 trillion, a net increase of Rs. 116 billion year on year. The bank continued its momentum in acquiring new to bank (NTB) customers, as it added approx. 400,000 new current account relationships in 9M'20 (9M'19: 335,000). This resulted in the average current deposits growing by 10% to Rs. 526 billion in 9M'20. Led by our "Mahana Amdani" savings proposition, domestic average savings deposits are up 14%, with the portfolio measuring Rs. 535 billion for 9M'20. Domestic term deposits averaged Rs. 182 billion for 9M'20 as against Rs. 143 billion in 9M'19. Resultantly, the average CASA ratio was measured at 85.4% for 9M'20 (9M'19: 86.8%). The active buildup in low cost deposits enabled the bank to reduce its domestic cost of deposits from 5.2% in 9M'19 to 4.8% in 9M'20. The cost of deposits has sharply come down to 3.5% in Q3'20 versus 4.7% in Q2'20.

On the asset side, bank level performing advances averaged Rs. 584 billion for 9M'20 (9M'19: Rs. 631 billion). Domestic corporate loans averaged Rs. 406 billion for 9M'20, down 4% year on year. The consumer portfolio averaged Rs. 17 billion for 9M'20, in line with last year, mainly within auto financing. Within UBL International, the bank continued to de-risk its balance sheet as the performing loan book averaged USD 702 million for 9M'20, with a sharp year on year reduction of 31%.

The bank's markup earning investments averaged Rs. 1.0 trillion for 9M'20, a growth of 24% over 9M'20. The government securities portfolio averaged Rs. 828 billion for 9M'20, growing by 26% year on year, earning the bank a healthy yield close to 11%.

Non-Markup Income

The bank earned non-markup income of Rs. 13.0 billion for 9M'20 as against Rs. 17.2 billion earned in the corresponding period last year. Non-markup income in 9M'19 included a major one-off in the form of exchange translation reserve realization. Non-markup accounted for 18% of the total revenues of the bank in 9M'20 (9M'19: 28%).

Fees and commission income of Rs. 7.8 billion was earned in 9M'20, a decline of 26% year on year. Fee income constituted 60% of the total non-markup income in 9M'20 (9M'19: 61%). The reduction in fee revenues is mainly due to the business impact of lock downs during the peak of the COVID-19 cycle in the earlier part of the year. However, business momentum has picked up well in the latter part of 9M'20, with a 23% growth in fee revenues in Q3'20 versus Q2'20. Customer fees from branch banking operations stood at Rs. 1.2 billion for 9M'20, a decline of 18% year on year, mainly on account of lower footfall in branches as compared to last year. UBL maintained its leadership position in the home remittances space with a market share of approx. 24%, with income of Rs. 1.2 billion for 9M'20 (9M'19: Rs. 1.3 billion). Commission income from cash management was recorded at Rs. 593 million for 9M'20, growing by 2% year on year. The bank earned bancassurance commissions of Rs. 756 million in 9M'20 (9M'19: Rs. 1.0 billion).

Foreign exchange income of Rs. 2.9 billion was earned for 9M'20 (9M'19: Rs. 3.4 billion). Dividend income of Rs. 906 million was recorded for 9M'20, largely in line with last year. The bank also earned capital gains of Rs. 789 million in 9M'20 (9M'20: Rs. 390 million), mainly arising on timely realization of gains on the foreign bonds portfolio.

Provisions and loan losses

UBL recorded a net provision charge of Rs. 14.9 billion for 9M'20 as against a net provision charge of Rs. 6.5 billion in the corresponding period of last year.

Bank level non-performing loans (NPLs) increased from Rs. 76.6 billion at Dec'19 to Rs. 87.1 billion at Sep'20. The increase in NPLs includes an amount of approximately Rs. 3.6 billion on account of devaluation in the PKR during the nine months ending September 30, 2020. Bank level asset quality was recorded at 14.1% at Sep'20 (Dec'19: 10.9%), while specific coverage stood at 85.0% at Sep'20 (Dec'19: 82.5%).

UBL Domestic

Gross advances for the domestic bank stood at Rs. 466 billion at Sep'20 (Dec'19: Rs. 525 billion), constituting over 75% of the bank's portfolio. Domestic NPLs have increased by Rs. 2.3 billion since Dec'19, from Rs. 27.2 billion at Dec'19 to Rs. 29.5 billion at Sep'20.

The domestic bank recorded a net provision charge of Rs. 1.7 billion for 9M'20 versus a net charge of Rs. 2.5 billion in 9M'19. Asset quality for the domestic bank stood at 6.3% at Sep'20 vs 5.2% in Dec'19. Specific coverage stood at 83.2% at Sep'20 (Dec'19: 92.1%).

UBL International

The overall economic climate of the GCC has remained challenging in recent years with the COVID-19 pandemic further impacting the region's business environment. UBL International's NPLs have increased by USD 28.7 million since Dec'19 to USD 347.9 million at Sep'20 (Jun'20: USD 352.9

million). A provision charge of USD 81.5 million was taken for 9M'20, versus a charge of USD 27.9 million for 9M'19. Specific coverage was further enhanced from 77% at Dec'19 to 86% at Sep'20. Furthermore, specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral stood at 96% at Sep'20 (Dec'19: 91%, refer to note 10.3.2 to the financial statements).

Cost management

UBL continues to efficiently manage its cost base, maximizing on cross functional synergies between front offices and operations, while improving service delivery. Administrative expenses were recorded at Rs. 29.0 billion for 9M'20, maintained at the same level as last year. Employee compensation expense was recorded at Rs. 11.6 billion for 9M'20, with a growth of 5% over 9M'19. Property expenses were recorded at Rs. 5.0 billion for 9M'20, down 3% year on year. IT related expenses witnessed an increase of 16%, as the bank continues to invest in innovative technologies as part of its overall digital strategy. Other costs were recorded at Rs. 9.4 billion for 9M'20, a 10% decline year on year, mainly on account of lower sales commission as new business acquisition remained affected by COVID -19.

Balance Sheet management

UBL's balance sheet grew by 5% since Dec'19, standing at Rs. 2.0 trillion at Sep'20. Bank level deposits stood at Rs. 1.6 trillion at Sep'20, growing by 8% over Dec'19. In the period post the outbreak of the pandemic, the bank's focus has been on maintaining sound liquidity across the network. Deposits mobilization strategy is aimed at maintaining an optimal funding profile with a strong focus on acquiring new relationships as well as further deepening within core deposits. Branch Banking Group continued its strong momentum as domestic deposits closed at Rs. 1.35 trillion, a growth of 11% over Dec'19 i.e. a net increase of Rs. 134 billion. This performance enabled the bank to maintain a market share of 8.2% of the total banking sector deposits at Sep'20 (Dec'19: 8.3%). Domestic current deposits stood at Rs. 606 billion at Sep'20, a strong growth of 17% over Dec'19. The domestic portfolio of savings accounts grew by 10% over Dec'19, closing at Rs. 554 billion at Sep'20, while fixed deposits were reduced by 1% over Dec'19, closing Sep'20 at Rs. 190 billion. Resultantly, the domestic CASA ratio improved from 84% at Dec'19 to 86% at Sep'20, while the current to total deposits ratio improved from 43% at Dec'19 to nearly 45% at Sep'20. UBL International's deposits stood at USD 1.4 billion as at Sep'20 (Dec'19: USD 1.6 billion).

Bank level net advances closed at Rs. 538 billion as at Sep'20 (Dec'19: Rs. 636 billion). Lending continues to be affected by the impact of COVID on demand for new credit. The bank aims to ensure efficient allocation of capital as well as maximizing overall return from lending relationships. Within UBL International, in line with our de-risking strategy, the performing portfolio was reduced by 32% since Dec'19 to close at USD 568 million.

Bank level investments stood at Rs. 1.1 trillion at Sep'20, an increase of 30% over Dec'19. Funding is primarily deployed in government securities, with Rs. 279 billion invested in fixed rated PIBs, Rs. 317 billion invested in floating rate PIBs and Rs. 295 billion in treasury bills. In the current interest rate environment, the investments strategy is aimed at maintaining stable margins across a well-diversified holding.

Capital Ratios

The bank seeks to maintain a strong capital base that provides a solid foundation for future growth initiatives as well as maintaining adequate buffers over regulatory requirements.

UBL has been designated a Domestic Systemically Important Bank (D-SIB) by the SBP. This designation initially required the bank to hold an additional 1.5% Higher Loss Absorbency (HLA) Surcharge, over and above the applicable minimum capital adequacy ratio (CAR) limit in 2019, on both a standalone and consolidated basis. However, SBP reduced the HLA surcharge by 50 bps to 1.0% effective March 2020 as per their latest D-SIB designation.

SBP has also provided regulatory relief post COVID-19 to support the banking sector in extending credit facilities to its customers. In this respect, SBP has reduced the Capital Conservation Buffer (CCB) from its existing level of 2.5% to 1.5%, for the time being till further instructions are issued. Thus, the minimum CAR requirement for UBL stood at 12.5% (including the HLA Surcharge of 1.0%) as at September 30, 2020. This is lower by 150 bps from the minimum regulatory CAR requirement applicable for the bank (including the HLA Surcharge of 1.5%) of 14.0% at Dec'19.

The overall CAR stood at 22.8% at Sep'20 (Dec'19: 18.9%), a buffer of 10.3% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 15.9% at Sep'20 (Dec'19: 13.7%). Total Tier 1 Capital ratio was measured at 17.2% at Sep'20 (Dec'19: 14.9%).

The Board of Directors of UBL declared an interim cash dividend Rs. Nil per share in their meeting in Karachi held on October 23rd, 2020, along with the results for the nine months ended September 30, 2020.

Economy Review

COVID-19 continues to disrupt global economic activities. On the domestic front, business confidence is gradually improving with a reduction in the number of COVID cases and subsequent ease in lockdown measures. The government initiated timely support to stimulate the economy including disbursements under the Ehsaas emergency cash program to low income households most affected by the pandemic. Furthermore, targeted measures by the SBP including the lowering of interest rates by a cumulative 625 bps since Mar'20, deferment and restructuring of loans, refinance

schemes for wages to prevent layoffs, as well as schemes for promoting new investments. These policy changes have been very effective in supporting businesses and households. Looking ahead, the recovery is expected to be slow and steady and this would be driven largely by pick up in Large Scale Manufacturing (LSM).

CPI was measured at 9.0% for Sep'20 (Sep'19: 11.4%), with the average inflation levels measured at 9.9% for 9M'20 versus 8.4% for 9M'19. The rising food and energy prices, upward movement in oil prices as global demand picks up and supply side shocks will impact the inflation outlook in the medium term. On the external front, the economy has displayed significant resilience in the face of tough challenges. Lower global oil prices, curtailment in imports, a gradual recovery in exports and the move to a more market driven exchange rate regime, have all helped in curtailing the country's current account deficit significantly in the last one year. The current account recorded a surplus of USD 805 million for 2M FY'21 versus a deficit of USD 1.2 billion for the corresponding period of last year. The country's imports stood at USD 11.3 billion for 3M FY'21, in line with the level of imports for the corresponding period of last year while exports for 3M FY'21 also remained flat at USD 5.5 billion. Home remittance flows were recorded at USD 7.1 billion for 3M FY'21, an increase of 31% over 3M FY'20. FX reserves stood at USD 19.5 billion at Sep'20, an increase of 8% over Dec'19. The exchange rate closed at Rs. 165.7 at Sep'20, depreciating by 7% over Dec'19 (Jun'20: Rs. 168.1)

The country's capital markets have improved significantly in the current quarter, up 18% since Jun'20. KSE-100 closed at 40,571 points at September 30, 2020, at the same levels as December 31, 2019 after falling to a low of 27,229 points in the month of Mar'20.

Banking sector deposits stood at Rs. 16.5 trillion at Sep'20, growing by 13% over Dec'19. Sector advances were recorded at Rs. 8.0 trillion at Sep'20, marginally above the levels of Dec'19. Non-performing loans for the banking industry stood at Rs. 847 billion at June 30, 2020, 11% above Dec'19, as the asset quality deteriorated from 8.6% at Dec'19 to 9.7% at Jun'20.

UBL International

The overall economic environment remains distressed within the GCC with the COVID-19 pandemic further impacting the region's capacity and resilience. Sharp decline in oil prices, together with production cuts by oil exporting countries as well as disruptions to trade and tourism have resulted in a slower pace of recovery. The GCC governments implemented economic reform initiatives and social programs aimed at providing liquidity buffers to support economic sectors most affected by the pandemic.

UBL continues to de-risk its exposures within its International branches. Credit quality remains the key consideration for all loan disbursement decisions. Excess liquidity is primarily deployed in

sovereign debt, trade financing arrangements and placements with financial institutions. The liabilities strategy is aimed at increasing the stable base of CASA deposits and reducing concentration levels.

UBL International's deposits averaged USD 1.5 billion for 9M'20 (9M'19: USD 1.8 billion). Cost of deposits was reduced from 2.2% in 9M'19 to 1.7% in 9M'20. Performing advances averaged USD 702 million for 9M'20, declining by 31% over 9M'19. The investment portfolio comprising mainly of sovereign bonds averaged USD 676 million, earning the bank a healthy yield of 5.8% in 9M'20.

Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of UBL at ''AAA / A-1+" (Triple A / A-One Plus) on June 29, 2020. Furthermore, UBL's Additional Tier-1 (ADT-1) TFC has also been re-affirmed at 'AA+' (Double A plus). Outlook on the assigned ratings are 'Stable'.

UBL Digital

UBL was declared Pakistan's Best Digital Bank for 2020 by Asiamoney, an associate of Euromoney. The award recognizes UBL's contribution in extending financial services through digital channels and its leading role as one of the most progressive and innovative banks in the country.

The bank continues to build on its digital strategy which seeks to transform our products, processes and customer interactions with an end state of developing wider payment ecosystems enabling customers to manage their end-to-end banking needs. Our UBL Digital app has been gaining a very positive response as our digital customer base stands at 1.2 million as at September 30, 2020, with around 20% of our branch customers now conducting transactions through our Digital Banking platform.

Future Outlook

The outbreak of the COVID-19 pandemic and the ensuing health crisis has caused unprecedented damage, both in terms of human lives lost and the economic hardship around the world. In these difficult times, UBL shall continue to play a prominent role in the economic recovery of the country, as we constantly strive to ensure availability of banking services across all channels. Intermediation activity is expected to remain subdued, however, we will work closely with the regulators to ensure relief schemes are easily accessible and promptly disbursed to our customers.

The domestic business remains the cornerstone of the UBL franchise, led by the Branch Banking Group, which aims to expand its ever growing customer base through leveraging one of the largest branch networks in the country. UBL remains one of the leaders in the digital banking space and we

will continue to invest in and develop innovative and technologically superior solutions. Strengthening compliance and control standards in line with international best practices is an ongoing initiative where we remain fully committed as an organization. While we reinvest and grow the domestic business, consolidating international is a strategic priority.

The current quarter has already witnessed a rebound across all core segments with the resumption of business activity. We have a strong capital base, a very able work force and well diversified business model that positions us to face the challenges of the business environment with resilience. We believe that our growth will be driven by our customers as we strive every day to serve in the true spirit of "where you come first".

Acknowledgements

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

For and on behalf of the Board,

Shazad G. Dada
President & CEO
Karachi,
October 23rd, 2020

Arshad Ahmad Mir
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	216,085,263	235,861,767
Balances with other banks	7	19,268,879	20,729,005
Lendings to financial institutions	8	8,244,564	20,183,118
Investments	9	1,096,200,646	840,448,487
Advances	10	538,287,374	636,219,771
Fixed assets	11	51,094,983	52,396,877
Intangible assets	12	1,924,696	1,951,002
Deferred tax assets	13	7,273,685	3,300,164
Other assets	14	53,682,167	82,541,058
		1,992,062,257	1,893,631,249
LIABILITIES			
Bills payable	16	30,092,722	22,926,596
Borrowings	17	130,262,662	154,484,000
Deposits and other accounts	18	1,580,950,910	1,467,063,461
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	10,000,000	10,000,000
Deferred tax liabilities		-	-
Other liabilities	20	61,826,934	70,088,309
		1,813,133,228	1,724,562,366
NET ASSETS		178,929,029	169,068,883
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		63,181,141	59,319,610
Surplus on revaluation of assets	21	26,517,325	25,837,143
Unappropriated profit		76,988,765	71,670,332
		178,929,029	169,068,883
CONTINGENCIES AND COMMITMENTS	22		

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	July - September 2020	July - September 2019	January - September 2020	January - September 2019
		---------- (Rupees in '000) ----------			
Mark-up / return / interest earned	24	34,570,719	45,582,208	120,915,352	112,146,989
Mark-up / return / interest expensed	25	15,479,419	30,157,281	62,703,242	66,799,278
Net mark-up / interest income		19,091,300	15,424,927	58,212,110	45,347,711
Non mark-up / interest income					
Fee and commission income	26	2,664,110	3,491,060	7,816,466	10,567,323
Dividend income		112,680	144,874	906,008	918,799
Foreign exchange income		1,211,353	1,149,745	2,943,970	3,374,623
(Loss) / income from derivatives		(148,696)	(35,128)	(162,204)	50,298
Gain on securities - net	27	112,555	188,623	788,892	390,361
Other income	28	152,120	137,739	737,450	1,919,380
Total non mark-up / interest income		4,104,122	5,076,913	13,030,582	17,220,784
Total Income		23,195,422	20,501,840	71,242,692	62,568,495
Non mark-up / Interest expenses					
Operating expenses	29	9,887,339	10,031,237	29,048,422	29,243,956
Workers' Welfare Fund		200,734	174,652	700,009	527,757
Other charges - net	30	7,995	727	160,328	2,945
Total non mark-up / interest expenses		10,096,068	10,206,616	29,908,759	29,774,658
Profit before provisions		13,099,354	10,295,224	41,333,933	32,793,837
Provisions and write-offs - net	31	5,456,793	1,993,748	14,886,614	6,487,773
PROFIT BEFORE TAXATION		7,642,561	8,301,476	26,447,319	26,306,064
Taxation	32	2,973,997	3,440,919	10,377,977	11,902,730
PROFIT AFTER TAXATION		4,668,564	4,860,557	16,069,342	14,403,334
			---------- (Rupees) ----------		
Earnings per share - basic and diluted	33	3.81	3.97	13.13	11.77

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

Aameer Karachiwalla	**Shazad G. Dada**	**Haider Zameer Choudrey**	**Arshad Ahmad Mir**	**Sir Mohammed Anwar Pervez, OBE, HPk**
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	July - September 2020	July - September 2019	January - September 2020	January - September 2019
	(Rupees in '000)			
Profit after taxation for the period	4,668,564	4,860,557	16,069,342	14,403,334
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branches	(516,745)	(1,199,040)	2,254,597	5,970,338
Movement in surplus / (deficit) on revaluation of investments - net of tax	(1,056,814)	2,765,543	848,854	4,214,248
	(1,573,559)	1,566,503	3,103,451	10,184,586
Items that will not be reclassified to profit and loss account in subsequent periods				
Remeasurement (loss) /gain on defined benefit obligations - net of tax	-	-	(1,355,438)	679,587
Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(242)	(1,207)	881	(82,836)
Movement in deficit on revaluation of non-banking assets - net of tax	(2)	-	(922)	(15,026)
	(244)	(1,207)	(1,355,479)	581,725
Total comprehensive income for the period	3,094,761	6,425,853	17,817,314	25,169,645

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

Aameer Karachiwalla	**Shazad G. Dada**	**Haider Zameer Choudrey**	**Arshad Ahmad Mir**	**Sir Mohammed Anwar Pervez, OBE, HPk**
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share Capital	Capital reserve exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappro-priated profit	Total
				Investments	Fixed assets	Non-banking assets		
	(Rupees in '000)							
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	-	4,214,248	(82,836)	(15,026)	679,587	10,766,311
Total comprehensive income for the nine months ended September 30, 2019	-	5,970,338	-	4,214,248	(82,836)	(15,026)	15,082,921	25,169,645
Transfer to statutory reserve	-	-	1,440,333	-	-	-	(1,440,333)	-
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(249,887)		249,887	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(40,376)	-	40,376	-
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	-	(1,332,626)	-	-	-	-	-	(1,332,626)
Balance as at September 30, 2019 (Un-audited)	12,241,798	27,814,602	32,702,681	(4,856,465)	25,178,824	90,830	72,141,260	165,313,530
Total comprehensive income for the three months ended December 31, 2019								
Profit after taxation for the three months ended December 31, 2019	-	-	-	-	-	-	4,730,440	4,730,440
Other comprehensive income - net of tax	-	(1,670,716)	-	5,509,967	(313)	54,625	(1,196,111)	2,697,452
Total comprehensive income for the three months ended December 31, 2019	-	(1,670,716)	-	5,509,967	(313)	54,625	3,534,329	7,427,892
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(12,422)	(114,384)	126,806	-
Transfer to statutory reserve	-	-	473,043	-	-	-	(473,043)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(13,519)	-	13,519	-
Transactions with owners for the three months ended December 31, 2019								
Interim cash dividend - September 30, 2019 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Balance as at December 31, 2019 (Audited)	12,241,798	26,143,886	33,175,724	653,502	25,152,570	31,071	71,670,332	169,068,883
Total comprehensive income for the nine months ended September 30, 2020								
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	16,069,342	16,069,342
Other comprehensive income - net of tax	-	2,254,597	-	848,854	881	(922)	(1,355,438)	1,747,972
Total comprehensive income for the nine months ended September 30, 2020	-	2,254,597	-	848,854	881	(922)	14,713,904	17,817,314
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(110,838)	(19,995)	130,833	-
Transfer to statutory reserve	-	-	1,606,934	-	-	-	(1,606,934)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(37,798)	-	37,798	-
Transactions with owners for the nine months ended September 30, 2020								
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Balance as at September 30, 2020 (Un-audited)	12,241,798	28,398,483	34,782,658	1,502,356	25,004,815	10,154	76,988,765	178,929,029

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	January - September 2020	January - September 2019
	---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	26,447,319	26,306,064
Less: Dividend income	(906,008)	(918,799)
	25,541,311	25,387,265
Adjustments:		
Depreciation on fixed assets	2,090,599	1,952,006
Depreciation on Islamic financing against leased assets (Ijarah)	178,680	161,482
Depreciation on right-of-use assets	1,403,204	1,776,705
Amortization	588,094	455,542
Workers' Welfare Fund	700,009	527,757
Provision for retirement benefits	749,158	662,164
Provision for compensated absences	137,017	134,202
Provision against loans and advances - net	13,912,413	2,552,632
Provision against off-balance sheet items	200,965	10,489
(Reversal) / Provision for diminution in value of investments - net	433,135	3,632,210
Mark-up / return / Interest expense on lease liability against right of use assets	774,591	767,054
Gain on sale of operating fixed assets - net	(63,135)	(37,412)
Gain on sale of ijarah assets - net	(730)	(725)
Gain on sale of associate	-	(75,294)
Gain on sale of non-banking asset	(226,277)	(32,747)
Bad debts written-off directly	58,865	56,666
Unrealized loss on revaluation of investments classified as held for trading	7,833	20,028
Realization of exchange translation reserve - UBL New York branch	-	(1,332,626)
Other provisions and write-offs - net	281,236	235,776
	21,225,657	11,465,909
	46,766,968	36,853,174
Decrease / (Increase) in operating assets		
Lendings to financial institutions	11,938,554	13,820,826
Held for trading securities	50,375,284	(24,204,241)
Advances	83,716,321	87,482,106
Other assets (excluding advance taxation)	15,945,700	2,743,507
	161,975,859	79,842,198
Increase / (Decrease) in operating liabilities		
Bills payable	7,166,126	(4,159,464)
Borrowings	(24,221,338)	57,111,270
Deposits and other accounts	113,887,449	53,325,833
Other liabilities (excluding current taxation)	(10,772,354)	(8,602,543)
	86,059,883	97,675,096
	294,802,710	214,370,468
Payments on account of staff retirement benefits	(1,155,939)	(2,764,745)
Income taxes paid	(1,173,186)	(5,482,791)
Net cash flows generated from operating activities	292,473,585	206,122,932
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(347,489,536)	(210,178,183)
Net investments in held to maturity securities	42,312,690	12,904,069
Net investments in subsidiaries and associates	-	(58,708)
Dividend income received	859,818	830,879
Investment in fixed assets and intangible assets	(2,989,744)	(1,710,679)
Sale proceeds from disposal of fixed assets	189,788	311,399
Sale proceeds from disposal of ijarah assets	66,848	25,451
Effect of translation of net investment in foreign branches	2,254,597	5,970,338
Net cash flows used in investing activities	(304,795,539)	(191,905,434)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from subordinated debt	-	1,000,000
Payment of lease liability against right-of-use assets	(778,062)	(1,353,593)
Dividends paid	(8,136,614)	(9,413,734)
Net cash used in financing activities	(8,914,676)	(9,767,327)
(Decrease) / Increase in cash and cash equivalents	(21,236,630)	4,450,171
Cash and cash equivalents at the beginning of the period	256,590,772	206,813,056
Cash and cash equivalents at the end of the period	235,354,142	211,263,227

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

Aameer Karachiwalla	**Shazad G. Dada**	**Haider Zameer Choudrey**	**Arshad Ahmad Mir**	**Sir Mohammed Anwar Pervez, OBE, HPk**
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

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 1,363 (December 31, 2019: 1,362) branches inside Pakistan including 100 (December 31, 2019: 100) Islamic Banking branches and 2 (December 31, 2018: 2) branches in Export Processing Zones. The Bank also operates 14 (December 31, 2019: 14) 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 Letter 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.

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, 2019.

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 standards that have become effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these condensed interim financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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, 2019.

4.2 Regulatory reliefs due to COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year and / or mark-up with no reflection on credit history; and Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

4.3 Operational Risk Management

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

4.4 Credit Risk Management

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

IFRS 9 is applicable to the overseas branches of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Bank has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in ECL estimates. The Bank is assessing the situation as it develops and is in the process of accounting for the same in its ECL estimates.

4.5 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

4.6 Equity Risk Management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs. 11.236 billion as at September 30, 2020. During the period, SBP via BPRD Circular Letter No. 13 of 2020 Para 4 (c) has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as “Available for Sale” (AFS), in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 14.895 million, resulting from the valuation of listed equity securities held under the AFS category as of September 30, 2020 has not been recognized in the unconsolidated condensed interim profit and loss account and has been taken to 'Deficit arising on revaluation of available for sale securities' as disclosed in note 21 of these unconsolidated condensed interim financial statements.

The recognition of remaining impairment loss based on market values as at September 30, 2020 would have had the following effect on these unconsolidated condensed interim financial statements:

	September 30, 2020 (Rupees in '000)
Impact on Unconsolidated Condensed Interim Statement of Financial Position	
- Increase in provision for diminution in value of investments	14,895
- Decrease in deficit arising on revaluation of Available for sale securities - net of tax	9,086
- Decrease in Unappropriated Profit	8,178
Impact on Unconsolidated Condensed Interim Profit and Loss account	
- Decrease in Profit after tax	9,086
- Decrease in taxation charge	5,809

Earnings per share for the period ended September 30, 2020 would have been lower by Re. 0.01 per share.

4.7 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

4.8 Suspension of Dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

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 Critical accounting estimates and judgments

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, 2019.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	---------- (Rupees in '000) ----------	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	21,722,763	12,394,957
Foreign currency	10,014,408	5,095,923
	31,737,171	17,490,880
With State Bank of Pakistan in		
Local currency current accounts	70,082,043	77,855,915
Foreign currency current accounts	4,178,966	3,431,095
Foreign currency deposit account	7,962,861	10,081,214
	82,223,870	91,368,224
With other central banks in		
Foreign currency current accounts	27,399,120	28,806,149
Foreign currency deposit accounts	7,471,148	8,694,038
	34,870,268	37,500,187
With National Bank of Pakistan in local currency current accounts	67,230,679	89,136,038
Prize Bonds	23,275	366,438
	216,085,263	235,861,767
7. BALANCES WITH OTHER BANKS		
Outside Pakistan		
In current accounts	7,169,516	9,401,214
In deposit accounts	12,099,363	11,327,791
	19,268,879	20,729,005
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	1,950,000	9,450,000
Bai Muajjal receivable		
- with State Bank of Pakistan	6,294,564	-
- with other financial institutions	-	10,733,118
Lendings to Financial Institutions	8,244,564	20,183,118

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

9. INVESTMENTS

9.1 Investments by type

	Note	(Un-audited) September 30, 2020				(Audited) December 31, 2019			
		Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Held for trading (HFT) securities									
Market Treasury Bills		15,647,458	-	(2,407)	15,645,051	71,095,652	-	(7,121)	71,088,531
Pakistan Investment Bonds		5,030,739	-	(4,094)	5,026,645	47,107	-	(265)	46,842
Pakistan Investment Bonds - Floaters		81,892	-	(1,332)	80,560	-	-	-	-
		20,760,089	-	(7,833)	20,752,256	71,142,759	-	(7,386)	71,135,373
Available for sale (AFS) securities									
Market Treasury Bills		279,130,073	-	814,775	279,944,848	182,898,327	-	149,496	183,047,823
Pakistan Investment Bonds		114,062,339	-	(974,926)	113,087,413	107,776,079	-	(8,446,273)	99,329,806
Pakistan Investment Bonds - Floaters		317,183,505	-	(835,734)	316,347,771	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Eurobonds		23,460,059	(96,069)	(56,719)	23,307,271	19,657,993	(271,160)	1,291,623	20,678,456
Government of Pakistan Sukuk		21,035,162	(19,264)	51,676	21,067,574	9,056,189	(32,577)	23,973	9,047,585
Corporate Sukuks		1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies		14,137,715	(5,457,595)	2,555,732	11,235,852	15,583,291	(5,372,540)	3,199,996	13,410,747
Preference shares		105,861	(69,194)	-	36,667	101,365	(64,698)	-	36,667
Ordinary shares of unlisted companies		754,130	(129,817)	37	624,350	753,900	(129,779)	-	624,121
Investment in REIT		458,590	-	(8,338)	450,252	458,590	-	62,118	520,708
Investment in Mutual Fund		250,000	-	(28,808)	221,192	250,000	-	2,931	252,931
Term Finance Certificates		662,335	(97,278)	-	565,057	791,519	(97,278)	-	694,241
Foreign bonds - sovereign		53,580,079	(1,031,151)	769,802	53,318,730	43,173,559	(582,836)	2,767,552	45,358,275
Foreign bonds - others		6,887,827	(27,436)	175,383	7,035,774	6,875,693	(39,741)	247,823	7,083,775
		832,927,675	(6,927,804)	2,462,880	828,462,751	485,534,079	(6,590,609)	1,071,315	480,014,785
Held to maturity (HTM) securities									
Market Treasury Bills		2,828,547	-	-	2,828,547	3,458,029	-	-	3,458,029
Pakistan Investment Bonds		160,281,715	-	-	160,281,715	206,994,945	-	-	206,994,945
Government of Pakistan Eurobonds		9,743,582	(47,232)	-	9,696,350	9,147,510	(147,920)	-	8,999,590
Government of Pakistan Sukuk		855,475	(4,178)	-	851,297	800,728	(12,536)	-	788,192
Bai Muajjal with Government of Pakistan	38.2.1	28,783,885	-	-	28,783,885	26,443,679	-	-	26,443,679
Term Finance Certificates		4,516,533	(8,835)	-	4,507,698	5,355,210	(8,835)	-	5,346,375
Corporate Sukuks		12,726,485	(68,214)	-	12,658,271	13,725,143	(87,870)	-	13,637,273
Participation Term Certificates		437	(437)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		21,744,191	(669,317)	-	21,074,874	17,762,050	(332,446)	-	17,429,604
Foreign bonds - others		1,412,579	(49,679)	-	1,362,900	1,321,635	(61,085)	-	1,260,550
Recovery note		63,251	(63,251)	-	-	59,157	(59,141)	-	16
CDC SAARC Fund		362	-	-	362	336	-	-	336
		242,959,308	(913,409)	-	242,045,899	285,071,125	(712,536)	-	284,358,589
Associates									
UBL Financial Sector Fund		150,000	-	-	150,000	150,000	-	-	150,000
UBL Insurers Limited		240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	9.4	832,485	-	-	832,485	832,485	-	-	832,485
DHA Cogen Limited	9.5	-	-	-	-	-	-	-	-
		1,222,485	-	-	1,222,485	1,222,485	-	-	1,222,485
Subsidiaries									
United National Bank Limited (UBL UK)		2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL (Switzerland) AG		589,837	-	-	589,837	589,837	-	-	589,837
UBL Fund Managers Limited		100,000	-	-	100,000	100,000	-	-	100,000
United Executors and Trustees Company Limited	9.7	30,100	-	-	30,100	30,100	-	-	30,100
		3,575,160	-	-	3,575,160	3,575,160	-	-	3,575,160
Discontinued operation									
UBL Bank (Tanzania) Limited	9.8	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
Total Investments		1,103,275,723	(9,530,124)	2,455,047	1,096,200,646	848,376,614	(8,992,056)	1,063,929	840,448,487

		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
9.1.1	**Investments given as collateral - at market value**		------- (Rupees in '000) -------	
	Market Treasury Bills		55,254,924	67,189,682
	Pakistan Investment Bonds		10,114,006	13,499,874
			65,368,930	80,689,556
9.2	**Provision for diminution in value of investments**			
9.2.1	Opening balance		8,992,056	6,481,656
	Exchange adjustments		104,933	241,816
	Charge / (reversals)			
	Charge for the period / year		934,579	4,820,819
	Reversals for the period / year		(501,444)	(1,621,808)
			433,135	3,199,011
	Amounts written off		-	(930,427)
	Closing balance	9.6	9,530,124	8,992,056

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2020		(Audited) December 31, 2019	
	Non performing investment (NPI)	Provision	Non performing investment (NPI)	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	302,864	177,029	714,023	196,685
Overseas				
Overdue by:				
> 365 days	84,259	84,259	78,784	78,784
Total	387,123	261,288	792,807	275,469

9.3 The market value of securities classified as held-to-maturity as at September 30, 2020 amounted to Rs. 246,051.763 million (December 31, 2019: Rs. 281,380.415 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 held 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration paid. DHA Cogen Limited which has been sold during the period for a consideration of Rs. 152.755 million.

9.6 Provision against investments includes collective impairment under IFRS 9 amounting to Rs: 1,923.357 million (December 31, 2019 Rs. 1,460.657 million).

9.7 The Board of Directors in their meeting held on February 19, 2020 have resolved to wind up “United Executors and Trustees Company Limited”, a wholly owned subsidiary of the Bank. The Company is inactive, and will have no impact on the overall profitability of the Bank.

9.8 UBL Bank (Tanzania) Limited (‘UBTL’) is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited (‘Exim’), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The purchase consideration for the sale of assets and liabilities to Exim was Tanzanian Shillings (TZs) 3.3 billion (equivalent to PKR 237.039 million) compared to the book value of equivalent Rs. 142.095 million.The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is currently under winding up and voluntary liquidation.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		491,092,997	573,118,818	84,124,985	73,288,099	575,217,982	646,406,917
Islamic financings and related assets	38.3	17,935,807	9,027,259	107,478	94,043	18,043,285	9,121,302
Bills discounted and purchased		21,966,897	44,205,242	2,843,127	3,218,030	24,810,024	47,423,272
Advances - gross		530,995,701	626,351,319	87,075,590	76,600,172	618,071,291	702,951,491
Provision against advances	10.3						
- Specific		-	-	(73,993,623)	(63,230,361)	(73,993,623)	(63,230,361)
- General		(5,790,294)	(3,501,359)	-	-	(5,790,294)	(3,501,359)
		(5,790,294)	(3,501,359)	(73,993,623)	(63,230,361)	(79,783,917)	(66,731,720)
Advances - net of provision		525,205,407	622,849,960	13,081,967	13,369,811	538,287,374	636,219,771

10.1 Particulars of advances - gross

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
In local currency	460,038,446	516,928,931
In foreign currencies	158,032,845	186,022,560
	618,071,291	702,951,491

10.2 Advances include Rs. 87,075.590 million (December 31, 2019: Rs. 76,600.172 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2020		(Audited) December 31, 2019	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	428,214	4,010	322,139	8,561
Substandard	3,679,835	911,919	764,745	188,848
Doubtful	1,345,342	674,596	325,325	169,274
Loss	23,998,357	22,905,691	25,767,409	24,656,008
	29,451,748	24,496,216	27,179,618	25,022,691
Overseas				
Not past due but impaired**	6,166,363	2,772,020	6,763,366	3,086,501
Overdue by:				
Upto 90 days	1,560,105	692,853	2,804,905	647,984
91 to 180 days	918,608	863,648	1,643,198	987,640
181 to 365 days	11,920,040	10,984,007	5,518,289	4,967,136
> 365 days	37,058,726	34,184,879	32,690,796	28,518,409
	57,623,842	49,497,407	49,420,554	38,207,670
Total	87,075,590	73,993,623	76,600,172	63,230,361

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

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

10.3 Particulars of provision against advances

	Note	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		63,230,361	3,501,359	66,731,720	55,893,025	4,442,585	60,335,610
Exchange adjustments		2,836,850	464,351	3,301,201	3,536,985	261,133	3,798,118
Charge / (reversals)							
Charge for the period / year		13,410,976	1,846,087	15,257,063	9,660,850	25,209	9,686,059
Reversals for the period / year		(925,196)	(21,503)	(946,699)	(3,521,386)	(1,220,012)	(4,741,398)
	31	12,485,780	1,824,584	14,310,364	6,139,464	(1,194,803)	4,944,661
Transfers in - net		-	-	-	415,504	(7,556)	407,948
Amounts written off		(4,559,368)	-	(4,559,368)	(2,754,617)	-	(2,754,617)
Closing balance		73,993,623	5,790,294	79,783,917	63,230,361	3,501,359	66,731,720

10.3.1 General provision represents provision amounting to Rs. 306.839 million (December 31, 2019: Rs. 328.342 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 5,483.455 million (December 31, 2019: Rs. 3,173.017 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing 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. 18.826 million (December 31, 2019: Rs. 35.131 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. 4,164.980 million (December 31, 2019: Rs. 5,180.474 million) for the overseas branches.

		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
11.	**FIXED ASSETS**		(Rupees in '000)	
	Capital work-in-progress	11.1	554,801	541,722
	Property and equipment		43,904,178	44,765,179
	Right of use assets		6,636,004	7,089,976
			51,094,983	52,396,877
11.1	**Capital work-in-progress**			
	Civil works		250,554	370,308
	Equipment		304,247	171,414
			554,801	541,722

		(Un-audited) January - September 2020	January - September 2019
11.2	**Additions to fixed assets**		
	The following additions have been made to fixed assets during the period:	(Rupees in '000)	
	Capital work-in-progress - net	13,081	109,845
	Property and equipment		
	Building on leasehold land	-	4,091
	Leasehold Improvement	338,640	569,435
	Furniture and fixture	66,101	108,853
	Electrical office and computer equipment	925,041	1,011,000
	Vehicles	-	2,374
		1,329,782	1,695,753
	Total	1,342,863	1,805,598

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		(Un-audited)	
		January - September 2020	January - September 2019
11.3	**Disposal of fixed assets**	------- (Rupees in '000) -----	
	Leasehold land	-	252,050
	Building on leasehold land	110,838	19,950
	Leasehold Improvement	20,468	12,451
	Furniture and fixture	948	2,065
	Electrical office and computer equipment	13,792	28,235
	Vehicles	20,775	57,695
		166,821	372,446
11.4	**Additions to right-of-use assets**	1,497,058	8,309,398
11.5	**Derecognition of right-of-use assets**	522,964	-

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
12.	**INTANGIBLE ASSETS**	------- (Rupees in '000) -------	
	Capital work-in-progress	185,510	262,404
	Intangible assets	1,739,186	1,688,598
		1,924,696	1,951,002

		(Un-audited)	
		January - September 2020	January - September 2019
12.1	**Additions to intangible assets**	------- (Rupees in '000) -------	
	(Transfer-out) / additions in Capital work-in-progress - net	(76,895)	97,050
	Additions to directly purchased intangible assets during the period:	623,833	324,604

			(Un-audited) September 30, 2020	(Audited) December 31, 2019
13.	**DEFERRED TAX ASSETS**		------- (Rupees in '000) -------	
	Deferred tax assets	13.1	7,273,685	3,300,164

13.1 Movement in temporary differences during the period

	September 30, 2020 (Un-Audited)			
	At January 01, 2020	Recognized in profit and loss account	Recognized in OCI	At September 30, 2020
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Post retirement employee benefits	837,307	28,213	866,581	1,732,101
- Provision against advances, off balance sheet etc.	3,291,876	2,861,956	-	6,153,832
- Workers' Welfare Fund	1,495,858	273,003	-	1,768,861
- Others	(19,815)	-	68,425	48,610
	5,605,226	3,163,172	935,006	9,703,404
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(739,593)	24,590	10,754	(704,249)
- Surplus on revaluation of investment	(417,813)	-	(542,711)	(960,524)
- Accelerated tax depreciation	(1,147,656)	382,710	-	(764,946)
	(2,305,062)	407,300	(531,957)	(2,429,719)
Net deferred tax assets	3,300,164	3,570,472	403,049	7,273,685

	December 31, 2019 (Audited)			
	At January 1, 2019	Recognized in profit and loss account	Recognized in OCI	At December 31, 2019
	(Rupees in '000)			
Deductible temporary differences on				
- Post retirement employee benefits	403,897	103,173	330,237	837,307
- Provision against advances, off balance sheet etc.	2,292,249	999,627	-	3,291,876
- Workers' Welfare Fund	1,083,350	412,508	-	1,495,858
	3,779,496	1,515,308	330,237	5,625,041
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(734,307)	32,786	(38,072)	(739,593)
- Surplus on revaluation of investment	4,880,087	-	(5,297,900)	(417,813)
- Accelerated tax depreciation	(907,089)	(240,567)	-	(1,147,656)
- Others	788,897	(856,524)	47,812	(19,815)
	4,027,588	(1,064,305)	(5,288,160)	(2,324,877)
Net deferred tax assets	7,807,084	451,003	(4,957,923)	3,300,164

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		20,731,939	28,748,779
Income / mark-up accrued in foreign currencies - net of provision		2,993,945	2,515,758
		23,725,884	31,264,537
Advance taxation - net of provision for taxation	14.1	6,832,060	19,595,118
Receivable from staff retirement fund		77,642	219,006
Receivable from other banks against telegraphic transfers and demand drafts		-	201,592
Unrealized gain on forward foreign exchange contracts		1,244,394	6,652,236
Rebate receivable - net		1,300,806	2,142,484
Unrealized gain on derivative financial instruments		44,943	15,216
Suspense accounts		753,577	682,903
Stationery and stamps on hand		407,525	287,313
Non-banking assets acquired in satisfaction of claims		446,252	1,040,517
Advances, deposits, advance rent and other prepayments		1,672,166	1,100,041
Acceptances		15,152,476	17,366,169
Dividend Receivable		259,202	213,012
Commission Receivable - Branchless Banking		643,806	650,685
Others		2,646,734	2,370,765
		55,207,467	83,801,594
Provision held against other assets	14.2	(1,485,583)	(1,271,877)
Other assets - net of provisions		53,721,884	82,529,717
(Deficit) / surplus on revaluation of non-banking assets acquired in satisfaction of claims		(39,717)	11,341
Other assets - total		53,682,167	82,541,058

14.1 The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2019, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,610 million (2019: Rs.11,610 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 hve been filed upto the tax year 2019 (financial year 2018) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 1,166 million (December 31, 2019: Rs. 889 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 UAE, Yamen and Qatar branches have been filed upto the year ended December 31, 2019 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 1 M (Rs: 45.510 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, 2020	(Audited) December 31, 2019
	---------- (Rupees in '000) ---------	
14.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	785,325	547,536
Non-banking assets acquired in satisfaction of claims	-	85,200
Receivable from insurance companies against fraud and forgery	700,258	639,141
	1,485,583	1,271,877
14.2.1 Movement of provision held against other assets		
Opening balance	1,271,877	1,086,072
Exchange adjustments	2,378	3,093
Charge / (reversals)		
Charge for the period / year	60,795	326,647
Reversals for the period / year	(141,375)	(72,670)
	(80,580)	253,977
Transfers in - net	295,198	(17,000)
Amounts written off	(3,290)	(54,265)
Closing balance	1,485,583	1,271,877

15. CONTINGENT ASSETS

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

16. BILLS PAYABLE

In Pakistan	29,366,199	22,500,509
Outside Pakistan	726,523	426,087
	30,092,722	22,926,596

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	---------- (Rupees in '000) ---------	

17. BORROWINGS

17.1 Particulars of borrowings

Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,996,827	30,354,891
Refinance facility for modernization of SME	10,929	10,022
Long term financing facility	22,471,434	22,959,023
Other Borrowings	3,274,315	-
	55,753,505	53,323,936
Repurchase agreement borrowings	65,234,983	67,233,660
Bai Muajjal payable to other financial institutions	-	13,812,921
	120,988,488	134,370,517
Unsecured		
Call borrowings	1,628,500	4,680,579
Overdrawn nostro accounts	384,556	588,275
Money market deals	7,261,118	14,844,629
	9,274,174	20,113,483
	130,262,662	154,484,000

18. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Fixed deposits	152,653,696	135,091,829	287,745,525	141,228,719	172,661,074	313,889,793
Savings deposits	497,057,466	47,754,744	544,812,210	450,464,549	33,040,464	483,505,013
Sundry deposits	16,367,118	1,161,126	17,528,244	12,592,638	848,530	13,441,168
Margin deposits	2,835,029	3,419,661	6,254,690	2,825,918	2,931,103	5,757,021
Current accounts - remunerative	1,236,490	5,610,779	6,847,269	1,799,190	6,026,771	7,825,961
Current accounts - non-remunerative	535,335,728	114,366,694	649,702,422	449,956,720	100,687,793	550,644,513
	1,205,485,527	307,404,833	1,512,890,360	1,058,867,734	316,195,735	1,375,063,469
Financial Institutions						
Current deposits	20,790,780	294,559	21,085,339	26,897,943	1,873,591	28,771,534
Savings deposits	26,227,074	34,705	26,261,779	36,132,073	25,334	36,157,407
Term deposits	19,229,422	1,484,010	20,713,432	25,783,802	1,287,249	27,071,051
	66,247,276	1,813,274	68,060,550	88,813,818	3,186,174	91,999,992
	1,271,732,803	309,218,107	1,580,950,910	1,147,681,552	319,381,909	1,467,063,461

18.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 913,168.598 million (December 31, 2019: Rs 854,722.801 million).

19. SUBORDINATED DEBT

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

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

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

20. OTHER LIABILITIES

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		------- (Rupees in '000) -------	
Mark-up / return / interest payable in local currency		14,748,584	8,964,301
Mark-up / return / interest payable in foreign currencies		1,500,658	2,142,257
		16,249,242	11,106,558
Accrued expenses		3,310,717	3,969,499
Branch adjustment account		70,209	227,950
Deferred income		1,500,182	878,547
Unearned commission and income on bills discounted		498,632	847,295
Provision against off - balance sheet obligations	20.1	841,506	622,264
Unrealized loss on forward foreign exchange contracts		1,209,874	6,962,186
Trading liabilities		-	6,120,767
Payable to staff retirement fund		2,276,205	736,313
Payable to other banks against telegraphic transfers and demand drafts		23,807	-
Deferred liabilities		4,014,720	3,743,711
Unrealized loss on derivative financial instruments		190,540	18,155
Workers' Welfare Fund payable		4,535,542	3,835,534
Liabilities against IBFT, ATM and other settlements - net		123,843	1,308,571
Insurance payable against consumer assets		644,726	449,263
Dividend payable		359,438	538,884
Acceptances		15,152,476	17,366,169
Charity fund balance		2,939	3,494
Lease liability under IFRS 16		7,757,879	7,761,350
Levies and taxes payable		1,524,313	2,700,232
Others		1,540,144	891,567
		61,826,934	70,088,309

		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
20.1	**Provision against off-balance sheet obligations**		------- (Rupees in '000) -------	
	Opening balance		622,264	833,397
	Exchange adjustment		41,959	81,237
	Charge for the period / year		266,216	288,288
	Reversals		(65,251)	(240,850)
		31	200,965	47,438
	Transfer out		(23,682)	(339,808)
	Closing balance		841,506	622,264
21.	**SURPLUS ON REVALUATION OF ASSETS**			
	Surplus arising on revaluation of assets			
	Available for sale securities	9.1	2,462,880	1,071,315
	Fixed assets		25,702,572	25,872,298
	Non-banking assets acquired in satisfaction of claims		16,646	50,936
			28,182,098	26,994,549
	Less: Deferred tax liability on revaluation of:			
	Available for sale securities		960,524	417,813
	Fixed assets		697,757	719,728
	Non-banking assets acquired in satisfaction of claims		6,492	19,865
			1,664,773	1,157,406
			26,517,325	25,837,143
22.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	22.1	163,513,878	170,495,301
	Commitments	22.2	878,057,561	1,206,093,067
	Other contingent liabilities	22.3	15,656,617	15,075,981
			1,057,228,056	1,391,664,349
22.1	**Guarantees:**			
	Financial guarantees		44,924,719	41,184,047
	Performance guarantees		118,589,159	129,311,254
			163,513,878	170,495,301
22.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		122,403,344	148,263,814
	Commitments in respect of:			
	- forward foreign exchange contracts	22.2.2	598,787,013	910,616,840
	- forward government securities transactions	22.2.3	25,478,000	14,307,720
	- derivatives			
	Interest rate swaps	22.2.4	-	316,500
	FX options	22.2.4	-	122,594
	- forward lending	22.2.5	130,712,805	130,389,022
	- operating leases	22.2.6	43,763	38,278
	Commitments for acquisition of operating fixed assets			
	- Fixed assets		632,636	2,031,196
	- Intangible		-	7,103
			878,057,561	1,206,093,067

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, 2020	(Audited) December 31, 2019
		------- (Rupees in '000) -------	
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		325,948,272	482,798,387
Sale		272,838,741	427,818,453
22.2.3 Commitments in respect of forward government securities transactions			
Purchase		3,000,000	3,043,541
Sale		22,478,000	11,264,179
22.2.4 Commitments in respect of derivatives			
Interest rate swaps		-	316,500
FX options - purchased		-	61,297
FX options - sold		-	61,297
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	58,620,319	71,503,628
Others		72,092,486	58,885,394
		130,712,805	130,389,022

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, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
22.2.6 Commitments in respect of operating leases		
Not later than one year	43,507	31,887
Later than one year and not later than five years	22	3,136
Later than five years	234	3,255
	43,763	38,278
22.2.7 Commitments in respect of capital expenditure	632,636	2,038,299
22.3 Other contingent liabilities		
22.3.1 Claims against the Bank not acknowledged as debts	11,567,313	10,986,678

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

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

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

22.3.3 For contingencies relating to taxation, refer note 14.1.

23. DERIVATIVE INSTRUMENTS

Product analysis

	September 30, 2020 (Un-Audited)									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
Counterparties	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	-	-	-	-	3,000,000	(40,578)	(22,478,000)	(105,019)	(19,478,000)	(145,597)
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	3,000,000	(40,578)	(22,478,000)	(105,019)	(19,478,000)	(145,597)

	December 31, 2019 (Audited)									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
Counterparties	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	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	61,297	-	3,043,541	(94)	11,264,179	14,262	14,685,517	(2,939)
	316,500	(17,107)	122,594	-	3,043,541	(94)	11,264,179	14,262	14,746,814	(2,939)

	Note	------- (Un-audited) -------	
		January - September 2020	January - September 2019
		------- (Rupees in '000) -------	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		42,570,882	48,291,756
Investments		75,906,713	57,779,058
Lendings to financial institutions		1,955,594	4,790,807
Balances with banks		482,163	1,285,368
		120,915,352	112,146,989
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		48,040,046	46,787,349
Borrowings		10,434,568	14,947,920
Subordinated debt		878,674	959,512
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,575,363	3,335,959
Lease liability against right-of-use assets		774,591	768,538
		62,703,242	66,799,278

	Note	------- (Un-audited) -------	
		January - September 2020	January - September 2019
		------- (Rupees in '000) -------	
26. FEE AND COMMISSION INCOME			
Branch banking customer fee		1,204,473	1,477,570
Consumer finance related fee		632,297	771,713
Card related fees (debit and credit cards)		1,041,601	1,239,054
Investment banking fee		138,808	299,435
Financial Institution rebate / commission		212,841	238,316
Corporate service charges / facility fee		337,131	513,051
Commission on trade		470,411	725,939
Commission on guarantees		542,937	620,566
Commission on cash management		593,410	582,640
Commission on remittances including home remittances - net		1,665,388	2,242,465
Commission on bancassurance		756,267	1,016,755
Commission on Benazir Income Support Program		38,145	597,482
Others		182,757	242,337
		7,816,466	10,567,323
27. GAIN ON SECURITIES - NET			
Realised	27.1	796,725	410,389
Unrealised - held for trading	9.1	(7,833)	(20,028)
		788,892	390,361
27.1 Realised gain on:			
Federal Government securities		122,270	321,532
Shares		33,510	(72,463)
Foreign securities		643,760	166,208
Other Securities		(2,815)	(4,888)
		796,725	410,389
28. OTHER INCOME			
Charges recovered		165,975	210,524
Rent on lockers / properties		180,359	176,248
Gain on sale of operating fixed assets - net		63,135	37,412
Gain on sale of associate		-	75,294
Gain on sale of Ijarah assets - net		730	725
Gain on disposal of non-banking assets - net		226,277	32,747
Gain on trading liabilities - net		100,974	53,804
Realization of exchange translation reserve - UBL New York branch		-	1,332,626
		737,450	1,919,380

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		------- (Un-audited) -------	
		January - September 2020	January - September 2019
29.	**OPERATING EXPENSES**	------- (Rupees in '000) -------	
	Total compensation expense	11,566,041	11,025,586
	Property expense		
	Rent and taxes	911,263	506,671
	Insurance	142,607	141,887
	Utilities cost	1,091,038	1,247,603
	Security	764,958	711,078
	Repair and maintenance	103,630	196,516
	Depreciation	598,559	567,138
	Depreciation - Right-of-Use Assets	1,403,204	1,776,705
	Others	28,533	29,405
		5,043,792	5,177,003
	Information technology expenses		
	Software maintenance	1,063,311	922,877
	Hardware maintenance	240,597	183,393
	Depreciation	606,362	517,275
	Amortisation	588,094	455,542
	Network charges	529,968	523,072
		3,028,332	2,602,159
	Other operating expenses		
	Directors' fees and allowances	66,399	63,610
	Fees and allowances to Shariah Board	7,036	4,639
	Legal and professional charges	429,381	446,409
	Commission paid to Branch less banking agents	264,082	831,763
	Commission paid to sales force	769,576	1,059,582
	Outsourced service costs	1,009,762	904,241
	Travelling and conveyance	66,135	162,255
	Clearing charges	175,935	138,351
	Depreciation	885,678	867,593
	Depreciation on Islamic financing against leased assets	178,680	161,482
	Training and development	22,287	58,519
	Postage and courier charges	213,466	232,442
	Communication	327,791	340,531
	Stationery and printing	491,002	489,577
	Marketing, advertisement and publicity	296,886	631,429
	Donations	287,700	97,079
	Auditors' remuneration	58,231	94,313
	Insurance	160,565	101,497
	Deposit Protection Premium	1,025,667	976,709
	Cash transportation and sorting charges	588,697	630,204
	Entertainment	98,212	115,225
	Vehicle expenses	66,380	77,708
	Subscription	82,813	77,022
	Office running expenses	127,180	122,915
	Banking service charges	1,167,734	1,264,673
	Repairs and maintenance	369,110	354,791
	Cartage, freight and conveyance	30,336	45,831
	Brokerage expenses	20,252	12,859
	Miscellaneous expenses	123,284	75,959
		9,410,257	10,439,208
		29,048,422	29,243,956
30.	**OTHER CHARGES**		
	Penalties imposed by the SBP	160,185	2,742
	Other penalties	143	203
		160,328	2,945

	Note	------- (Un-audited) -------	
		January - September 2020	January - September 2019
31. PROVISIONS AND WRITE-OFFS - NET		------- (Rupees in '000) -------	
Provision against loans and advances - net	10.3	14,310,364	2,975,800
Provision for diminution in value of investments - net	9.2	433,135	3,632,210
Bad debts written off directly		58,865	56,666
Reversal of provision against other assets - net		(80,580)	(4,429)
Provision of off - balance sheet obligations	20.1	200,965	10,489
Recovery of written-off / charged off bad debts		(397,951)	(423,168)
Other provisions & write-offs		361,816	240,205
		14,886,614	6,487,773
32. TAXATION			
Current		13,948,449	10,571,193
Prior years		-	1,649,755
Deferred		(3,570,472)	(318,218)
		10,377,977	11,902,730
33. EARNINGS PER SHARE			
Profit after taxation for the period		16,069,342	14,403,334
		------- (Number of shares) -------	
Weighted average number of ordinary shares		1,224,179,687	1,224,179,687
		---------- (Rupees) ----------	
Earnings per share - basic and diluted		13.13	11.77

There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2020 and September 30, 2019.

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).

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, 2020 (Un-audited)				
	Carrying /	Fair value			
On balance sheet financial instruments	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	774,507,133	-	774,507,133	-	774,507,133
Foreign Bonds - Sovereign	53,318,730	-	53,318,730	-	53,318,730
Foreign Bonds - others	7,035,774	-	7,035,774	-	7,035,774
Ordinary shares of listed companies	11,235,852	11,235,852	-	-	11,235,852
Investment in Mutual funds	221,192	-	221,192	-	221,192
Debt securities (TFCs , Sukuks)	1,785,057	-	1,785,057	-	1,785,057
Investment in REIT	450,252	450,252	-	-	450,252
	848,553,990	11,686,104	836,867,886	-	848,553,990
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares, subsidiaries and associates)	247,646,656	-	-	-	-
	1,096,200,646	11,686,104	836,867,886	-	848,553,990
Off-balance sheet financial instruments -measured at fair value					
Forward purchase and sale of foreign exchange contracts	598,787,013	-	34,520	-	34,520
Interest rate swaps	-	-	-	-	-
FX options - purchased and sold	-	-	-	-	-
Forward purchase of government securities	3,000,000	-	(40,578)	-	(40,578)
Forward sale of government securities	22,478,000	-	(105,019)	-	(105,019)
Fair Value of non-financial assets					
Fixed Assets	36,622,782	-	-	36,622,782	36,622,782
Non-banking assets acquired in satisfaction of claims	406,535	-	-	406,535	406,535
	37,029,317	**-**	**-**	**37,029,317**	**37,029,317**

	December 31, 2019 (Audited)				
	Carrying /	Fair value			
On balance sheet financial instruments	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	481,948,693	-	481,948,693	-	481,948,693
Foreign Bonds - Sovereign	45,358,275	-	45,358,275	-	45,358,275
Foreign Bonds - others	7,083,775	-	7,083,775	-	7,083,775
Ordinary shares of listed companies	13,410,747	13,410,747	-	-	13,410,747
Investment in Mutual funds	252,931	-	252,931	-	252,931
Debt securities (TFCs)	1,914,241	-	1,914,241	-	1,914,241
Investment in REIT	520,708	520,708	-	-	520,708
	550,489,370	13,931,455	536,557,915	-	550,489,370
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares, subsidiaries and associates)	289,959,117	-	-	-	-
	840,448,487	13,931,455	536,557,915	-	550,489,370
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	910,616,840	-	(309,950)	-	(309,950)
Interest rate swaps	316,500	-	(17,107)	-	(17,107)
FX options - purchased and sold	122,594	-	-	-	-
Forward purchase of government securities	3,043,541	-	(94)	-	(94)
Forward sale of government securities	11,264,179	-	14,262	-	14,262
Fair Value of non-financial assets					
Fixed Assets	37,003,125	-	-	37,003,125	37,003,125
Non-banking assets acquired in satisfaction of claims	1,051,858	-	-	1,051,858	1,051,858
	38,054,983	**-**	**-**	**38,054,983**	**38,054,983**

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

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

Debt Securities

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

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, 2020 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss Account							
Net mark-up / return / profit	30,305,811	55,188,384	(35,721,442)	3,062,099	5,855,812	(478,554)	58,212,110
Inter segment (expense) / revenue - net	(23,278,533)	(48,598,339)	66,350,028	883,883	-	4,642,961	-
Non mark-up / return / interest income	1,672,084	2,358,950	5,239,140	146,176	2,367,788	1,246,444	13,030,582
Total Income	8,699,362	8,948,995	35,867,726	4,092,158	8,223,600	5,410,851	71,242,692
Segment direct expenses	1,061,620	432,959	18,462,300	1,253,423	3,890,440	4,808,017	29,908,759
Inter segment expense allocation	398,886	52,677	3,397,899	103,497	385,562	(4,338,521)	-
Total expenses	1,460,506	485,636	21,860,199	1,356,920	4,276,002	469,496	29,908,759
Provision reversals / (charge)	(1,433,437)	(99,966)	(107,371)	(8,016)	(13,222,096)	(15,728)	(14,886,614)
Profit / (loss) before tax	5,805,419	8,363,393	13,900,156	2,727,222	(9,274,498)	4,925,627	26,447,319

	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 Account							
Net mark-up / return / profit	33,991,535	36,230,935	(32,482,122)	2,506,240	6,645,267	(1,544,144)	45,347,711
Inter segment (expense) / revenue - net	(29,664,850)	(45,273,680)	70,059,920	579,188	-	4,299,422	-
Non mark-up / return / interest income	1,864,174	3,634,358	6,391,913	1,046,842	2,450,917	1,832,580	17,220,784
Total Income	6,190,859	(5,408,387)	43,969,711	4,132,270	9,096,184	4,587,858	62,568,495
Segment direct expenses	1,080,876	97,029	17,271,004	2,038,477	4,503,097	4,784,175	29,774,658
Inter segment expense allocation	435,073	52,726	3,416,344	74,997	487,180	(4,466,320)	-
Total expenses	1,515,949	149,755	20,687,348	2,113,474	4,990,277	317,855	29,774,658
Provision reversals / (charge)	483,861	(2,389,016)	381,183	(4,891)	(3,982,736)	(976,174)	(6,487,773)
Profit / (loss) before tax	5,158,771	(7,947,158)	23,663,546	2,013,905	123,171	3,293,829	26,306,064

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	As at September 30, 2020 (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	93,758	79,245,678	95,374,734	6,755,528	53,055,932	828,512	235,354,142
Investments	4,862,368	903,079,907	-	58,200,296	124,610,832	5,447,243	1,096,200,646
Net inter segment lending	-	-	1,081,100,271	27,380,186	-	75,403,769	1,183,884,226
Lendings to financial institutions	-	1,950,000	-	6,294,564	-	-	8,244,564
Advances - performing	381,085,305	17,973	31,692,374	17,923,700	88,557,395	5,928,660	525,205,407
Advances - non-performing net of provision	3,963,509	-	951,216	14,864	8,126,435	25,943	13,081,967
Others	21,482,676	11,985,267	16,336,170	1,727,599	15,049,667	47,394,152	113,975,531
Total Assets	411,487,616	996,278,825	1,225,454,765	118,296,737	289,400,261	135,028,279	3,175,946,483
Borrowings	51,344,915	66,221,751	898,838	3,509,752	8,287,406	-	130,262,662
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	67,376,505	110,264	1,175,484,722	106,992,007	230,611,107	376,305	1,580,950,910
Net inter segment borrowing	262,305,524	920,963,871	-	-	614,831	-	1,183,884,226
Others	27,044,826	2,957,978	40,592,533	4,116,528	5,433,327	11,774,464	91,919,656
Total Liabilities	408,071,770	990,253,864	1,216,976,093	114,618,287	244,946,671	22,150,769	2,997,017,454
Equity	3,415,846	6,024,961	8,478,672	3,678,452	44,453,590	112,877,508	178,929,029
Total Equity & liabilities	411,487,616	996,278,825	1,225,454,765	118,296,739	289,400,261	135,028,277	3,175,946,483
Contingencies and Commitments	349,988,556	258,205,099	11,864,525	14,391,300	422,088,790	689,786	1,057,228,056

	As at December 31, 2019 (Audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
Cash & Bank balances	81,168	81,316,915	103,973,001	13,676,734	56,768,716	774,238	256,590,772
Investments	5,709,986	674,283,209	-	46,726,238	108,281,811	5,447,243	840,448,487
Net inter segment lending	-	-	966,089,886	7,455,399	-	54,818,509	1,028,363,794
Lendings to financial institutions	-	9,450,000	-	10,733,118	-	-	20,183,118
Advances - performing	447,168,496	18,964	35,584,682	9,015,164	125,319,182	5,743,472	622,849,960
Advances - non-performing net of provision	1,520,316	-	604,653	6,945	11,212,859	25,038	13,369,811
Others	25,179,372	23,500,874	15,321,969	308,095	14,826,734	61,052,057	140,189,101
Total Assets	479,659,338	788,569,962	1,121,574,191	87,921,693	316,409,302	127,860,557	2,921,995,043
Borrowings	52,257,409	95,592,358	(233,449)	1,299,975	5,567,707	-	154,484,000
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	60,853,340	131,140	1,074,305,614	80,713,661	250,442,809	616,897	1,467,063,461
Net inter segment borrowing	341,540,385	686,617,978	-	-	205,431	-	1,028,363,794
Others	20,710,300	15,525,043	27,569,251	3,775,564	7,619,847	17,814,900	93,014,905
Total Liabilities	475,361,434	797,866,519	1,101,641,416	85,789,200	263,835,794	28,431,797	2,752,926,160
Equity	4,297,904	(9,296,557)	19,932,775	2,132,493	52,573,509	99,428,759	169,068,883
Total Equity & liabilities	479,659,338	788,569,962	1,121,574,191	87,921,693	316,409,303	127,860,556	2,921,995,043
Contingencies and Commitments	380,667,280	586,312,922	11,794,242	5,118,239	405,700,848	2,070,818	1,391,664,349

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, 2020 (Un-Audited)						December 31, 2019 (Audited)					
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	(Rupees in '000)											
Balances with other banks												
In current accounts	-	-	-	1,441,074	-	-	-	-	-	1,614,178	-	-
In deposit accounts	-	-	-	1,325,616	-	-	-	-	-	3,871,626	-	-
	-	-	-	2,766,690	-	-	-	-	-	5,485,804	-	-
Investments												
Opening balance	-	-	-	5,406,166	1,582,485	3,943,527	-	-	-	5,406,166	1,238,483	4,183,880
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	360,000	-
Investment redeemed / disposed off during	-	-	-	-	-	-	-	-	-	-	(15,998)	(240,353)
the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	5,406,166	1,582,485	3,943,527	-	-	-	5,406,166	1,582,485	3,943,527
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,540,280	-	-	-	1,688,911	-	1,126,954
Advances												
Opening balance	-	4,624	220,133	-	2,155,149	12,715,998	-	2,221	160,405	-	2,155,149	6,747,749
Addition during the period / year	-	820	49,792	-	-	16,398,237	-	15,958	145,417	-	-	6,591,282
Repaid during the period / year	-	(5,444)	(52,504)	-	(152,755)	(20,068,635)	-	(13,555)	(85,689)	-	-	(623,033)
Transfer out - net / (write-off)	-	-	(44)	-	(2,002,394)	-	-	-	-	-	-	-
Closing balance	-	-	217,377	-	-	9,045,600	-	4,624	220,133	-	2,155,149	12,715,998
Provision held against advances	-	-	-	-	-	-	-	-	-	-	2,155,149	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	September 30, 2020 (Un-Audited)						December 31, 2019 (Audited)					
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	(Rupees in '000)											
Other Assets												
Interest mark-up accrued	-	-	-	2,695	946	194,920	-	-	-	-	7,289	325,704
Receivable from staff retirement fund	-	-	-	-	-	77,642	-	-	-	-	-	219,006
Advances, Deposits & Prepayments	-	-	-	-	-	113,634	-	-	-	-	-	113,634
Prepaid insurance	-	-	-	-	129,370	-	-	-	-	-	2,167	-
Dividend Receivable	-	-	-	163,176	-	-	-	-	-	-	-	-
Other receivable	-	-	-	12,627	1,505	30,164	-	-	-	21,989	1,505	30,164
Provision against other assets	-	-	-	-	-	30,164	-	-	-	-	-	30,164
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	1,364,695	-	12,400
Borrowings during the period / year	-	-	-	161,779	-	1,538,000	-	-	-	613,492	-	579,400
Settled during the period / year	-	-	-	-	-	(1,494,300)	-	-	-	(1,978,187)	-	(591,800)
Closing balance	-	-	-	161,779	-	43,700	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	8,679,450	49,368	211,870	6,502,931	11,346,752	-	6,245,367	66,302	312,882	11,638,644	8,488,923
Received during the period / year	-	32,518,796	1,203,045	12,218,498	112,863,902	154,641,888	-	38,666,071	913,271	14,227,866	160,641,938	267,658,066
Withdrawn during the period / year	-	(35,862,909)	(1,134,246)	(12,219,527)	(116,094,203)	(149,816,360)	-	(36,231,988)	(930,205)	(14,328,878)	(165,777,647)	(264,800,237)
Transfer (out) / in - net	-	(3,910)	(59,940)	-	-	52,835	-	-	-	-	(4)	-
Closing balance	-	5,331,427	58,227	210,841	3,272,630	16,225,115	-	8,679,450	49,368	211,870	6,502,931	11,346,752
Other Liabilities												
Interest / mark-up payable on deposits and borrowings	-	16,644	466	342	13,157	55,979	-	35,257	-	-	72,233	94,554
Payable to staff retirement fund	-	-	-	-	-	2,276,205	-	-	-	-	-	736,313
Deferred performance bonus – MRTs / MRCs	-	-	95,095	-	-	-	-	-	-	-	-	-
Unearned income	-	-	-	2,042	-	1,536	-	-	-	-	-	13,869
Other Payable	-	9,900	-	-	-	-	-	-	-	24,344	-	-
Contingencies and Commitments												
Letter of guarantee / credit	-	-	-	94,259	-	4,481	-	-	-	220,092	-	-
Forward foreign exchange contracts purchase	-	-	-	3,971,802	-	-	-	-	-	2,035,238	-	-
Forward foreign exchange contracts sale	-	-	-	3,976,850	-	-	-	-	-	2,028,078	-	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	For nine months ended September 30, 2020 (Un-audited)						For nine months ended September 30, 2019 (Un-audited)					
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Other related parties
Profit and loss account	(Rupees in '000)											
Income												
Mark-up / return / interest earned	-	-	12,112	70,171	33,092	987,893	-	-	9,036	99,262	14,526	495,237
Commission / charges recovered	-	54	2,325	722	17,126	16,590	-	62	1,151	546	5,416	11,569
Dividend income	-	-	-	379,039	18,472	148,074	-	-	-	134,311	91,518	134,775
Net gain on sale of securities	-	-	-	-	-	-	-	-	-	-	-	28,515
Other income	-	-	7,166	1,728	-	13,823	-	-	-	1,130	3,996	-
Reserval of Provision	-	-	-	-	152,755	-	-	-	-	-	-	-
Switch revenue	-	-	-	-	-	158,770	-	-	-	-	-	202,739
Management fee	-	-	-	2,017	-	-	-	-	-	3,650	-	-
Expense												
Mark-up / return / interest paid	-	136,411	511	9,356	334,172	285,761	-	311,883	795	43,987	528,634	903,389
Remuneration paid	-	-	457,285	-	-	-	-	-	354,087	-	-	-
Post employment benefits	-	-	17,228	-	-	-	-	-	15,315	-	-	-
Non-executive directors' fee and allowances	-	66,399	-	-	-	-	-	63,610	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	273,500	-	-	-	-	-	248,288
Charge for defined benefit plans	-	-	-	-	-	253,413	-	-	-	-	-	179,957
Other expenses	-	-	-	14,922	-	28,437	-	676	-	10,351	-	966
Clearing Charges	-	-	-	-	-	95,256	-	-	-	-	-	97,953
Seminar and Membership fees	-	-	-	-	-	3,361	-	-	-	-	-	3,590
Membership, Subscription , Sponsorship and maintenance charges	-	-	-	-	-	5,566	-	-	-	-	-	13,331
Custody Charges	-	-	-	-	-	2,860	-	-	-	-	-	5,739
Insurance premium paid	-	-	-	-	519,737	-	-	-	-	-	280,660	-
Insurance claims settled	-	-	-	-	282,421	-	-	-	-	-	261,496	-

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (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	121,494,228	114,847,818
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,834,770
Total Eligible Tier 1 Capital	131,428,998	124,682,588
Eligible Tier 2 Capital	42,655,763	33,900,041
Total Eligible Capital (Tier 1 + Tier 2)	174,084,761	158,582,629
Risk Weighted Assets (RWAs):		
Credit Risk	555,740,648	641,690,286
Market Risk	62,155,719	48,583,248
Operational Risk	146,919,473	146,919,473
Total	764,815,840	837,193,007
Common Equity Tier 1 Capital Adequacy Ratio	15.89%	13.72%
Tier 1 Capital Adequacy Ratio	17.18%	14.89%
Total Capital Adequacy Ratio	22.76%	18.94%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the year ended September 30, 2020 stood at Rs.12,241.798 million (2019: 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% plus capital conservation buffer of 2.5% and a High Loss Absorbency Requirement based on their designation by SBP.

In order to dampen the effects of covid – 19 , the State Bank of Pakistan under BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at September 30, 2020. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 22.8% whereas CET 1 and Tier 1 ratios stood at 15.9% and 17.2% respectively.

As per the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL has been designated as a D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.0%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2020. As per SBP's designation of D-SIBs for the year 2020, the HLA capital charge is required to be maintained by UBL is 1.0% and will remain effective till next D-SIB designation is announced by the State Bank of Pakistan.

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

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	131,428,997	124,682,588
Total Exposures	2,409,535,249	2,377,100,067
Leverage Ratio	5.45%	5.25%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	906,456,781	530,454,588
Total Net Cash Outflow	284,256,769	206,998,861
Liquidity Coverage Ratio	318.89%	256.26%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,450,303,689	1,598,050,689
Total Required Stable Funding	1,193,634,338	1,170,120,900
Net Stable Funding Ratio	121.50%	136.57%

38. ISLAMIC BANKING BUSINESS

The Bank operates 100 (December 31, 2019: 100) Islamic Banking branches and 162 (December 31, 2019: 162) Islamic Banking windows.

The statement of financial position of the Bank's Islamic Banking branches as at September 30, 2020 is as follows:

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		--------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks		6,265,496	13,092,570
Balances with other banks		618,249	804,553
Due from financial institutions	38.1	6,294,564	10,733,118
Investments	38.2	58,200,295	46,726,238
Islamic financing and related assets	38.3	17,934,256	9,017,375
Fixed assets		943,092	1,038,809
Intangible assets		5,294	7,263
Due from Head Office		28,695,673	6,824,821
Other assets		774,563	473,513
Total Assets		119,731,482	88,718,260
LIABILITIES			
Bills payable		1,181,282	924,527
Due to financial institutions		3,509,752	1,299,975
Deposits and other accounts	38.4	107,632,211	81,432,150
Other liabilities		2,745,514	1,532,732
		115,068,759	85,189,384
NET ASSETS		4,662,723	3,528,876
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(56,036)	(59,860)
Accumulated profit		2,537,759	1,407,736
		4,662,723	3,528,876
CONTINGENCIES AND COMMITMENTS	38.5		

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

		-------(Un-audited)-------	
		January - September 2020	January - September 2019
		--------- (Rupees in '000) ---------	
Profit / return earned	38.6	6,608,690	5,699,337
Profit / return expensed	38.7	(3,557,290)	(3,263,926)
Net profit / return		3,051,400	2,435,411
Other income			
Fee and Commission Income		111,090	172,288
Foreign Exchange Income		1,571	21,867
Loss on securities		(5,197)	(4,888)
Other Income		11,300	17,963
Total Other Income		118,764	207,230
Total Income		3,170,164	2,642,641
Operating expenses		(1,309,717)	(1,260,985)
Profit before provisions		1,860,447	1,381,656
Provisions and write-offs - net		(7,951)	(8,929)
Profit before taxation		1,852,496	1,372,727
Taxation		(722,473)	(535,364)
Profit after taxation		1,130,023	837,363

38.1 Due from Financial Institutions

	September 30, 2020 (Un-Audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Call money lending	-	-	-	-	-	-
Bai Muajjal Receivable from other Financial Institutions	-	-	-	10,733,118	-	10,733,118
Bai Muajjal Receivable from State Bank of Pakistan	6,294,564	-	6,294,564	-	-	-
	6,294,564	-	6,294,564	10,733,118	-	10,733,118

38.2 Investments by segments

	September 30, 2020 (Un-Audited)				December 31, 2019 (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	15,992,036	-	(56,036)	15,936,000	5,900,860	-	(59,860)	5,841,000
-Bai muajjal with Govt. of Pakistan 38.2.1	28,783,885	-	-	28,783,885	26,443,679	-	-	26,443,679
	44,775,921	-	(56,036)	44,719,885	32,344,539	-	(59,860)	32,284,679
Non Government Debt Securities								
-Listed	450,000	-	-	450,000	450,000	-	-	450,000
-Unlisted	13,030,410	-	-	13,030,410	13,991,559	-	-	13,991,559
	13,480,410	-	-	13,480,410	14,441,559	-	-	14,441,559
Total Investments	58,256,331	-	(56,036)	58,200,295	46,786,098	-	(59,860)	46,726,238

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
38.2.1 Bai Muajjal with Government of Pakistan		
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(4,247,115)	(6,587,321)
Bai Muajjal Investment - net	28,783,885	26,443,679

38.3 Islamic financing and related assets

Ijarah	478,074	654,998
Murabaha	222,180	421,509
Musharakah	5,784,671	64,199
Diminishing Musharakah	6,713,173	5,554,909
Istisna	329,222	139,105
Islamic Export Refinance scheme-Musharakah	3,139,544	999,544
Islamic Export Refinance scheme - Murabaha	88,264	303,449
Advances against Islamic assets		
Advances against Ijara	1,745	18,939
Advances for Diminishing Musharakah	305,389	114,776
Advances for Murabaha	250,881	153,105
Advances for Istisna-IERS	91,295	-
Advances for Istisna	257,058	416,601
Inventory related to Islamic financing		
Istisna	102,784	166,760
Profit and other receivables against financings	279,005	113,408
Gross Islamic financing and related assets	18,043,285	9,121,302
Less: Provision against Islamic financings		
- Specific	(90,862)	(85,346)
- General	(18,167)	(18,581)
	(109,029)	(103,927)
Islamic financing and related assets - net of provision	17,934,256	9,017,375

38.4 Deposits and other accounts

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	--------- (Rupees in '000) --------	
Customers		
Current deposits	38,466,198	33,257,380
Savings deposits	18,609,576	13,018,167
Term deposits	9,643,827	8,414,762
	66,719,601	54,690,309
Financial Institutions		
Current deposits	3,675,065	2,488,822
Savings deposits	18,211,022	8,772,019
Term deposits	19,026,523	15,481,000
	40,912,610	26,741,841
	107,632,211	81,432,150

38.4.1 Deposits eligible to be covered under insurance arrangements amounting to Rs. 45,716.446 million (December 31, 2019: Rs. 39,534.355 million).

38.5 Contingencies and commitments

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	--------- (Rupees in '000) --------	
- Guarantees	59,267	10,602
- Commitments	14,332,033	5,107,637
	14,391,300	5,118,239

38.6 Profit / Return Earned on Financing, Investments and Placements

	-------(Un-audited)------- January - September 2020	January - September 2019
	--------- (Rupees in '000) --------	
Financing	1,464,201	798,826
Investments	4,024,240	3,545,296
Placements	895,883	1,155,463
Rental Income from Ijarah	224,366	199,752
	6,608,690	5,699,337

38.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	3,432,765	3,170,866
Due to Financial Institutions	37,484	18,827
Return expense on leases	87,041	74,233
	3,557,290	3,263,926

38.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	--------- (Rupees in '000) --------	
Opening Balance	1,407,736	483,189
Add: Islamic Banking profit for the period / year	1,852,496	1,551,564
Taxation	(722,473)	(627,017)
Closing Balance	2,537,759	1,407,736

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.

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.

For nine month ended September 30, 2020 (Un-Audited)

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

For nine month ended September 30, 2019 (Un-Audited)

	No of Pools	Nature of Pool	Profit rate and weightages announce-ment period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	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	1	Musharkah	As required	12.93%	25.77%	1,278,366	9.60%	0.00%	-

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	-------Rupees in '000-----	
38.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	2,387,687	881,578
Agri business	6,194,925	341,340
Textile	2,328,326	1,795,124
Financial	1,176,105	12,480,670
Food industries	354,337	508,003
Plastic	273,013	290,050
Individuals	1,682,329	1,460,332
Production and Transmission of energy	14,178,241	15,341,872
Government of Pakistan Securities	51,014,449	32,284,679
Others	3,566,981	2,065,022
	83,156,393	67,448,670

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In compliance with the SBP's instructions as disclosed in note 4.8 to the condensed interim unconsolidated financial statements, the Board of Directors, in its meeting held on October 23, 2020 has not declared any cash dividend in respect of the quarter ended September 30, 2020 (September 30, 2019: Rs 3.0 per share). Therefore, there is no non-adjusting event after the balance sheet date.

40. GENERAL

40.1 Comparatives

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

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

41. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorised for issue on October 23, 2020 by the Board of Directors of the Bank.

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

United Bank Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(Un-Audited)

where you come first

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	222,437,409	243,370,701
Balances with other banks	7	29,391,318	42,722,227
Lendings to financial institutions	8	12,425,484	21,692,946
Investments	9	1,133,338,708	874,561,737
Advances	10	612,537,931	694,934,463
Fixed assets	11	57,103,466	58,276,411
Intangible assets	12	2,075,523	2,070,938
Deferred tax assets	13	5,635,505	1,723,553
Assets classified as held for sale	14	231,716	236,450
Other assets	15	54,905,676	84,085,440
		2,130,082,736	2,023,674,866
LIABILITIES			
Bills payable	17	30,112,216	22,929,220
Borrowings	18	135,591,191	170,405,060
Deposits and other accounts	19	1,689,148,751	1,557,995,306
Liabilities against assets subject to finance lease	20	16,069	19,095
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities		-	-
Liabilities directly associated with assets classified as held for sale	14	10,963	17,936
Other liabilities	22	63,626,911	71,436,378
		1,928,506,101	1,832,802,995
NET ASSETS		201,576,635	190,871,871
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		71,679,531	66,676,411
Surplus on revaluation of assets	23	28,168,479	27,404,558
Unappropriated profit		82,231,498	77,335,249
Total equity attributable to the equity holders of the Bank		194,321,306	183,658,016
Non-controlling interest		7,255,329	7,213,855
		201,576,635	190,871,871
CONTINGENCIES AND COMMITMENTS	24		

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	July - September 2020	July - September 2019	January - September 2020	January - September 2019
		------ (Rupees in '000) ------			
Mark-up / return / interest earned	26	35,593,765	46,381,062	123,933,330	114,622,747
Mark-up / return / interest expensed	27	15,937,892	30,509,464	64,208,325	68,165,602
Net mark-up / interest income		19,655,873	15,871,598	59,725,005	46,457,145
Non mark-up / interest income					
Fee and commission income	28	3,049,356	3,954,774	9,105,995	12,054,092
Dividend income		112,680	144,874	508,512	784,488
Foreign exchange income		1,230,465	1,197,991	3,051,817	3,484,894
(Loss) / income from derivatives		(148,696)	(35,128)	(162,204)	50,298
Gain on securities - net	29	123,249	462,449	981,510	772,386
Other income	30	151,132	146,665	733,898	1,874,038
Total non mark-up / interest income		4,518,186	5,871,625	14,219,528	19,020,196
Total income		24,174,059	21,743,223	73,944,533	65,477,341
Non mark-up / interest expenses					
Operating expenses	31	10,815,578	10,909,380	31,760,011	31,811,389
Workers' Welfare Fund		203,365	175,575	706,298	532,237
Other charges - net	32	7,995	727	160,328	2,945
Total non mark-up / interest expenses		11,026,938	11,085,682	32,626,637	32,346,571
Share of profit of associates		130,795	79,116	174,924	427,840
Profit before provisions		13,277,916	10,736,657	41,492,820	33,558,610
Provisions and write-offs - net	33	5,500,626	2,028,937	15,453,220	5,706,877
Profit before taxation from continuing operations		7,777,290	8,707,720	26,039,600	27,851,733
Taxation	34	3,120,302	3,516,912	10,646,054	12,163,304
Profit after taxation from continuing operations		4,656,988	5,190,808	15,393,546	15,688,429
Discontinued operations					
Loss from discontinued operations - net of tax	14	(760)	(137,818)	(11,031)	(1,468,330)
Profit after taxation		4,656,228	5,052,990	15,382,515	14,220,099
Attributable to:					
Equity holders of the Bank					
from continuing operations		4,721,538	5,192,045	15,677,919	15,698,858
from discontinued operations		(760)	(137,818)	(11,031)	(1,468,330)
		4,720,778	5,054,227	15,666,888	14,230,528
Non-controlling interest		(64,550)	(1,237)	(284,373)	(10,429)
		4,656,228	5,052,990	15,382,515	14,220,099
		---------- (Rupees) ----------			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank					
Basic and diluted		3.86	4.24	12.81	12.82
Earnings per share for profit attributable to the ordinary equity holders of the Bank					
Basic and diluted	35	3.86	4.13	12.80	11.62

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	July - September 2020	July - September 2019	January - September 2020	January - September 2019
	------- (Rupees in '000) -------			
Profit after tax for the period attributable to:				
Equity holders of the Bank				
from continuing operations	4,721,538	5,192,045	15,677,919	15,698,858
from discontinued operations	(760)	(137,818)	(11,031)	(1,468,330)
	4,720,778	5,054,227	15,666,888	14,230,528
Non-controlling interest	(64,550)	(1,237)	(284,373)	(10,429)
	4,656,228	5,052,990	15,382,515	14,220,099
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branches and subsidiaries				
Equity holders of the Bank	(176,124)	(2,039,621)	3,375,682	7,066,718
Non-controlling interest	51,296	(306,050)	258,895	460,960
	(124,828)	(2,345,671)	3,634,577	7,527,678
Movement in surplus / (deficit) on revaluation of investments - net of tax				
Equity holders of the Bank	(934,700)	2,953,930	898,304	4,759,698
Non-controlling interest	105,335	152,591	39,466	444,647
	(829,365)	3,106,521	937,770	5,204,345
	(954,193)	760,850	4,572,347	12,732,023
Items that will not be reclassified to profit and loss account in subsequent periods				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	-	-	(1,355,438)	679,587
Movement in (deficit) / surplus on revaluation of fixed assets - net of tax				
Equity holders of the Bank	106,612	(97,299)	36,578	129,743
Non-controlling interest	86,687	(78,940)	28,056	172,857
	193,299	(176,239)	64,634	302,600
Movement in deficit on revaluation of non-banking assets - net of tax	(2)	-	(922)	(15,026)
	193,297	(176,239)	(1,291,726)	967,161
Total comprehensive income for the period	3,895,332	5,637,601	18,663,136	27,919,283
Attributable to:				
Equity holders of the Bank				
from continuing operations	3,717,324	6,009,055	18,632,123	28,319,578
from discontinued operations	(760)	(137,818)	(11,031)	(1,468,330)
	3,716,564	5,871,237	18,621,092	26,851,248
Non-controlling interest	178,768	(233,636)	42,044	1,068,035
	3,895,332	5,637,601	18,663,136	27,919,283

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	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 Investments	Surplus/(Deficit) on revaluation of Fixed Assets	Surplus/(Deficit) on revaluation of Non Banking Assets	Unappro-priated profit	Sub total		
	(Rupees in '000)										
Balance as at December 31, 2018 (Audited)	12,241,798	3,000	31,353,522	28,722,348	(10,230,277)	27,117,327	105,856	73,749,955	163,063,529	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 at Rs.2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(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)	-	(3,060,449)
Realization of exchange translation reserve	-	-	-	(1,332,626)	-	-	-	-	(1,332,626)	-	(1,332,626)
Balance as at September 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	178,788,125	6,627,414	185,415,539
Total comprehensive income for the three months ended December 31, 2019											
Profit after taxation for the three months ended December 31, 2019	-	-	-	-	-	-	-	4,864,613	4,864,613	(36,414)	4,828,199
Other comprehensive income - net of tax	-	-	-	(1,071,812)	5,660,061	254,127	54,624	(1,219,772)	3,677,228	624,252	4,301,480
Total comprehensive income for the three months ended December 31, 2019	-	-	-	(1,071,812)	5,660,061	254,127	54,624	3,644,841	8,541,841	587,838	9,129,679
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(262,309)	(114,383)	376,692	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	236,688	-	(236,099)	589	(1,397)	(808)
Transfer to statutory reserve	-	-	469,761	-	-	-	-	(469,761)	-	-	-
Transactions with owners for the three months ended December 31, 2019											
Interim cash dividend - September 30, 2019 at Rs.3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Balance as at December 31, 2019 (Audited)	12,241,798	3,000	33,288,783	33,384,628	189,482	27,184,005	31,071	77,335,249	183,658,016	7,213,855	190,871,871
Total comprehensive income for the nine months ended September 30, 2020											
Profit after taxation for the nine months ended September 30, 2020	-	-	-	-	-	-	-	15,666,888	15,666,888	(284,373)	15,382,515
Other comprehensive income - net of tax	-	-	-	3,375,682	898,304	36,578	(922)	(1,355,438)	2,954,204	326,417	3,280,621
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	3,375,682	898,304	36,578	(922)	14,311,450	18,621,092	42,044	18,663,136
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,204)	(1,204)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(110,838)	(19,995)	130,833	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(39,206)	-	38,572	(634)	634	-
Transfer to statutory reserve	-	-	1,627,438	-	-	-	-	(1,627,438)	-	-	-
Transactions with owners for the nine months ended September 30, 2020											
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs.2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Balance as at September 30, 2020 (Un-audited)	12,241,798	3,000	34,916,221	36,760,310	1,087,786	27,070,539	10,154	82,231,498	194,321,306	7,255,329	201,576,635

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

Aameer Karachiwalla	**Shazad G. Dada**	**Haider Zameer Choudrey**	**Arshad Ahmad Mir**	**Sir Mohammed Anwar Pervez, OBE, HPk**
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	January - September 2020	January - September 2019
	---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinuing operations	26,027,604	26,628,627
Less: Dividend income	(508,512)	(784,488)
Less: Share of profit of associates	(174,924)	(427,840)
	25,344,168	25,416,299
Adjustments:		
Depreciation on fixed assets	2,150,475	2,051,081
Depreciation on Islamic financing against leased assets (Ijarah)	178,680	161,482
Depreciation on right of use assets	1,403,204	1,776,705
Amortization	641,662	484,353
Workers' Welfare Fund	706,298	532,237
Provision for retirement benefits	856,527	811,663
Provision for compensated absences	137,017	134,202
Provision against loans and advances - net	14,329,796	3,197,419
Provision for diminution in value of investments - net	947,873	3,144,805
Mark-up / return / interest expense on lease liability	774,591	767,054
Gain on sale of fixed assets - net	(60,078)	(37,431)
Gain on sale of ijarah assets - net	(730)	(725)
Gain on disposal of non-banking assets - net	(226,277)	(32,747)
Bad debts written off directly	91,301	56,401
Unrealized loss on revaluation of investments classified as held for trading	9,165	20,027
Realization of exchange translation reserve - UBL New York branch	-	(1,332,626)
Other provisions / (reversals) and write-offs	281,236	373,098
	22,220,740	12,106,998
	47,564,908	37,523,297
(Increase) / decrease in operating assets		
Lendings to financial institutions	9,267,462	12,186,991
Held for trading securities	50,373,952	(24,184,214)
Advances	67,730,637	77,410,094
Other assets (excluding advance taxation)	16,166,693	1,285,088
	143,538,744	66,697,959
Increase / (decrease) in operating liabilities		
Bills payable	7,182,996	(4,153,377)
Borrowings	(34,813,869)	56,268,473
Deposits and other accounts	131,153,445	51,526,768
Other liabilities (excluding current taxation)	(10,061,672)	(7,907,591)
	93,460,900	95,734,273
	284,564,552	199,955,529
Payments on account of staff retirement benefits	(1,354,878)	(2,933,238)
Income taxes paid	(1,473,729)	(5,546,253)
Net cash flows generated from operating activities	281,735,945	191,476,038
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(350,451,459)	(197,570,867)
Net investments in held to maturity securities	41,988,532	12,113,509
Net investments in associates	6,785	315,013
Dividend income received	625,498	696,568
Investment in fixed assets and intangible assets	(3,196,940)	(2,074,283)
Sale proceeds from disposal of fixed assets	230,037	311,399
Sale proceeds from disposal of ijarah assets	66,848	25,451
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	3,375,682	7,066,718
- Non-controlling interest	258,895	460,960
Net cash flows used in investing activities	(307,096,122)	(178,655,532)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from subordinated debt	-	1,000,000
Payment of lease liability against right of use assets	(774,891)	(1,353,593)
Dividends paid to:		
- Equity holders of the Bank	(8,136,614)	(9,415,274)
- Non-controlling interest	(1,204)	(1,540)
Net cash flows used in financing activities	(8,912,709)	(9,770,407)
(Decrease) / Increase in cash and cash equivalents during the period	(34,272,886)	3,050,099
Cash and cash equivalents at the beginning of the period	286,329,378	229,662,731
Cash and cash equivalents at the end of the period	252,056,492	232,712,830

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

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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 1,363 (December 31, 2019: 1,362) branches inside Pakistan including 100 (December 31, 2019: 100) Islamic Banking branches and 2 (December 31, 2019: 2) branches in Export Processing Zones. The Bank also operates 14 (December 31, 2019: 14) 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. 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.

The Board of Directors in their meeting held on February 19, 2020 have resolved to wind up "United Executors and Trustees Company Limited", a wholly owned subsidiary of the Bank. The Company is inactive, and will have no impact on the overall profitability of the Group.

2. BASIS OF PRESENTATION

These consolidated 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 Letter No. 5 dated March 22, 2019.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, 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 are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

3.3 The 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, 2019.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these consolidated condensed interim financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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, 2019.

4.2 Regulatory reliefs due to COVID 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and (v) relaxing regulatory criteria for restructured / rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year and / or mark-up with no reflection on credit history; and Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

4.3 Operational Risk Management

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

4.4 Credit Risk Management

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

IFRS 9 is applicable to the overseas branches of the Bank and requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. The Bank has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in ECL estimates. The Bank is assessing the situation as it develops and is in the process of accounting for the same in its ECL estimates.

4.5 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

4.6 Equity Risk Management

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amounts to Rs. 11.236 billion as at September 30, 2020. During the period, SBP via BPRD Circular Letter No. 13 of 2020 Para 4 (c) has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS), in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 14.895 million, resulting from the valuation of listed equity securities held under the AFS category as of September 30, 2020 has not been recognised in the consolidated condensed interim profit and loss account and has been taken to 'Deficit arising on revaluation of available for sale securities' as disclosed in note 23 of these consolidated condensed interim financal statements.

The recognition of remaining impairment loss based on market values as at September 30, 2020 would have had the following effect on these consolidated condensed interim financial statements:

	September 30, 2020 (Rupees in '000)
Impact on Consolidated Condensed Interim Statement of Financial Position	
- Increase in provision for diminution in value of investments	14,895
- Decrease in deficit arising on revaluation of Available for sale securities - net of tax	9,086
- Decrease in unappropriated Profit	8,178
Impact on Consolidated Condensed Interim Profit and Loss account	
- Decrease in Profit after tax	9,086
- Decrease in taxation charge	5,809

Earnings per share for the period ended September 30, 2020 would have been lower by Re. 0.01 per share.

4.7 Capital Adequacy Ratio (CAR)

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

4.8 Suspension of Dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that Banks which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

5. BASIS OF MEASUREMENT

5.1 These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain 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 Critical accounting estimates and judgements

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, 2019.

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	21,722,763	12,394,957
Foreign currency	10,093,734	5,155,165
	31,816,497	17,550,122
With State Bank of Pakistan in		
Local currency current accounts	70,082,043	77,855,915
Foreign currency current accounts	4,178,966	3,431,095
Foreign currency deposit account	7,962,861	10,081,214
	82,223,870	91,368,224
With other central banks in		
Foreign currency current accounts	33,671,940	36,255,841
Foreign currency deposit accounts	7,471,148	8,694,038
	41,143,088	44,949,879
With National Bank of Pakistan in local currency current accounts	67,230,679	89,136,038
Prize Bonds	23,275	366,438
	222,437,409	243,370,701
7. BALANCES WITH OTHER BANKS		
Inside Pakistan		
In current accounts	490	17
In deposit accounts	13,922	3,458
	14,412	3,475
Outside Pakistan		
In current accounts	12,987,111	19,811,273
In deposit accounts	16,389,795	22,907,479
	29,376,906	42,718,752
	29,391,318	42,722,227
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	1,950,000	9,450,000
Bai Muajjal receivable		
- with State Bank of Pakistan	6,294,564	-
- with other financial institutions	-	10,733,118
Other lendings to financial institutions	4,180,920	1,509,828
	12,425,484	21,692,946

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9. INVESTMENTS

9.1 Investments by type	Note	(Un-audited) September 30, 2020 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	(Audited) December 31, 2019 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Held for trading securities									
Market Treasury Bills		15,647,458	-	(2,407)	15,645,051	71,095,652	-	(7,121)	71,088,531
Pakistan Investment Bonds		5,030,739	-	(4,094)	5,026,645	47,107	-	(265)	46,842
Pakistan Investment Bonds - Floaters		81,892	-	(1,332)	80,560	-	-	-	-
		20,760,089	-	(7,833)	20,752,256	71,142,759	-	(7,386)	71,135,373
Available for sale securities									
Market Treasury Bills		279,130,073	-	814,775	279,944,848	182,898,327	-	149,496	183,047,823
Pakistan Investment Bonds		114,062,339	-	(974,926)	113,087,413	107,776,079	-	(8,446,273)	99,329,806
Pakistan Investment Bonds - Floaters		317,183,505	-	(835,734)	316,347,771	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Eurobonds		25,177,739	(96,069)	(88,566)	24,993,104	19,657,993	(271,160)	1,291,623	20,678,456
Government of Pakistan Sukuk		22,367,256	(19,264)	102,434	22,450,426	9,056,189	(32,577)	23,973	9,047,585
Corporate Sukuk		1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies		14,137,751	(5,457,616)	2,555,732	11,235,867	15,583,327	(5,372,566)	3,199,996	13,410,757
Preference shares		105,861	(69,194)	-	36,667	101,365	(64,698)	-	36,667
Ordinary shares of unlisted companies		754,380	(130,067)	37	624,350	754,150	(130,029)	-	624,121
Investment in REIT		458,590	-	(8,338)	450,252	458,590	-	62,118	520,708
Investment in Mutual Fund		250,000	-	(28,808)	221,192	250,000	-	2,931	252,931
Term Finance Certificates		662,335	(97,278)	-	565,057	791,519	(97,278)	-	694,241
Foreign bonds - sovereign		77,627,753	(1,562,004)	177,208	76,242,957	62,394,975	(582,836)	2,370,837	64,182,976
Foreign bonds - others		11,694,258	(27,436)	(51,000)	11,615,822	16,580,570	(39,741)	(241,305)	16,299,524
		864,831,840	(7,458,928)	1,662,814	859,035,726	514,460,658	(6,590,885)	185,472	508,055,245
Held to maturity securities									
Market Treasury Bills		2,828,547	-	-	2,828,547	3,458,029	-	-	3,458,029
Pakistan Investment Bonds		160,281,715	-	-	160,281,715	206,994,945	-	-	206,994,945
Government of Pakistan Eurobonds		11,119,476	(47,232)	-	11,072,244	10,448,042	(147,920)	-	10,300,122
Government of Pakistan Sukuk		1,342,741	(4,178)	-	1,338,563	1,252,731	(12,536)	-	1,240,195
Bai Muajjal Government of Pakistan	40.2.1	28,783,885	-	-	28,783,885	26,443,679	-	-	26,443,679
Term Finance Certificates		4,516,533	(8,835)	-	4,507,698	5,355,210	(8,835)	-	5,346,375
Corporate Sukuks		12,726,485	(68,214)	-	12,658,271	13,725,143	(87,870)	-	13,637,273
Participation Term Certificates		437	(437)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		25,574,942	(669,317)	-	24,905,625	21,379,268	(332,446)	-	21,046,822
Foreign bonds - others		1,412,579	(49,679)	-	1,362,900	1,321,635	(61,085)	-	1,260,550
Recovery note		63,251	(63,251)	-	-	59,157	(59,141)	-	16
CDC SAARC Fund		362	-	-	362	336	-	-	336
		248,653,219	(913,409)	-	247,739,810	290,440,878	(712,536)	-	289,728,342
Associates									
UBL Liquidity Plus Fund		1,310,159	-	-	1,310,159	1,460,128	-	-	1,460,128
UBL Stock Advantage Fund		110,315	-	-	110,315	180,936	-	-	180,936
UBL Financial Sector Fund		216,163	-	-	216,163	359,485	-	-	359,485
UBL Cash Fund		-	-	-	-	106,456	-	-	106,456
UBL Exchange Traded Fund		2,778	-	-	2,778	-	-	-	-
UBL Special Savings Fund VIII		101,330	-	-	101,330	-	-	-	-
UBL Income Opportunity Fund		338,344	-	-	338,344	-	-	-	-
UBL Government Securities Fund		50,432	-	-	50,432	-	-	-	-
Al Ameen Islamic Energy Fund		115,136	-	-	115,136	101,395	-	-	101,395
Al Ameen Special Savings Plan II		49	-	-	49	-	-	-	-
Al Ameen Islamic Cash Fund		501	-	-	501	-	-	-	-
UBL Insurers Limited		499,692	-	-	499,692	499,786	-	-	499,786
Khushhali Bank Limited	9.4	3,066,017	-	-	3,066,017	2,934,591	-	-	2,934,591
DHA Cogen Limited	9.5	-	-	-	-	-	-	-	-
		5,810,916	-	-	5,810,916	5,642,777	-	-	5,642,777
Total Investments		1,140,056,064	(8,372,337)	1,654,981	1,133,338,708	881,687,072	(7,303,421)	178,086	874,561,737

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		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
9.2	**Investments given as collateral - at market value**		------- (Rupees in '000) -------	
	Market Treasury Bills		55,254,924	67,189,682
	Pakistan Investment Bonds		10,114,006	13,499,874
			65,368,930	80,689,556
9.3	**Provision for diminution in value of investments**			
9.3.1	Opening balance		7,303,421	5,599,293
	Exchange adjustments		121,043	241,868
	Charge / (reversals)			
	Charge for the period / year		1,449,317	4,014,497
	Reversals for the period / year		(501,444)	(1,621,810)
			947,873	2,392,687
	Amounts written off		-	(930,427)
	Closing balance	9.7	8,372,337	7,303,421

9.3.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2020		(Audited) December 31, 2019	
	Non-Performing Investment	Provision	Non-Performing Investment	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	302,864	177,029	714,023	196,685
Overseas				
Overdue by:				
> 365 days	615,112	615,112	78,784	78,784
Total	917,976	792,141	792,807	275,469

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 held 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration paid. DHA Cogen Limited which has been sold during the period for a consideration of Rs. 152.755 million.

9.6 The market value of securities classified as held-to-maturity as at September 30, 2020 amounted to Rs. 251,745.675 million (December 31, 2019: Rs. 286,750.415 million).

9.7 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,923.357 million (December 31, 2019: Rs. 1,460.657 million).

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10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		559,364,251	629,557,092	85,976,761	74,134,966	645,341,012	703,692,058
Islamic financings and related assets	40.3	17,935,807	9,027,259	107,478	94,043	18,043,285	9,121,302
Bills discounted and purchased		26,521,270	46,023,954	2,843,127	3,218,030	29,364,397	49,241,984
Advances - gross		603,821,328	684,608,305	88,927,366	77,447,039	692,748,694	762,055,344
Provision against advances	10.3						
- Specific		-	-	(74,334,778)	(63,502,361)	(74,334,778)	(63,502,361)
- General		(5,875,985)	(3,618,520)	-	-	(5,875,985)	(3,618,520)
		(5,875,985)	(3,618,520)	(74,334,778)	(63,502,361)	(80,210,763)	(67,120,881)
Advances - net of provision		597,945,343	680,989,785	14,592,588	13,944,678	612,537,931	694,934,463

10.1 Particulars of advances - gross

		(Un-audited) September 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
10.1.1	In local currency	460,038,446	516,928,932
	In foreign currencies	232,710,248	245,126,412
		692,748,694	762,055,344

10.2 Advances include Rs. 88,927.366 million (December 31, 2019: Rs. 77,447.039 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2020		(Audited) December 31, 2019	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	428,214	4,010	322,139	8,561
Substandard	3,679,835	911,919	764,745	188,848
Doubtful	1,345,342	674,596	325,325	169,274
Loss	23,998,357	22,905,691	25,767,409	24,656,008
	29,451,748	24,496,216	27,179,618	25,022,691
Overseas				
Not past due but impaired**	6,166,363	2,772,020	6,763,366	3,086,501
Overdue by:				
Upto 90 days	1,560,105	692,853	2,804,905	647,984
91 to 180 days	918,608	863,648	1,643,198	987,640
181 to 365 days	13,481,466	11,040,830	5,518,289	4,967,136
> 365 days	37,349,076	34,469,211	33,537,663	28,790,409
	59,475,618	49,838,562	50,267,421	38,479,670
Total	88,927,366	74,334,778	77,447,039	63,502,361

* The Other Assets Especially Mentioned category pertains to agricultural finance and advances to small enterprises.
** Not past due but impaired category mainly represents restructured exposure.

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10.3 Particulars of provision against advances

	(Un-audited)			(Audited)		
	September 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	63,502,361	3,618,520	67,120,881	56,377,680	4,642,931	61,020,611
Exchange adjustments	2,849,790	469,664	3,319,454	3,575,975	280,401	3,856,376
Charge / (reversals)						
Charge for the period / year	13,467,191	1,846,087	15,313,278	9,660,851	25,209	9,686,060
Reversals for the period / year	(925,196)	(58,286)	(983,482)	(3,568,092)	(1,273,203)	(4,841,295)
	12,541,995	1,787,801	14,329,796	6,092,759	(1,247,994)	4,844,765
Transfers in - net	-	-	-	210,565	(56,818)	153,747
Amounts written off	(4,559,368)	-	(4,559,368)	(2,754,618)	-	(2,754,618)
Closing balance	74,334,778	5,875,985	80,210,763	63,502,361	3,618,520	67,120,881

10.3.1 General provision represents provision amounting to Rs. 306.839 million (December 31, 2019: Rs. 328.342 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 5,569.146 million (December 31, 2019: Rs. 3,290.178 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 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. 18.826 million (December 31, 2019: Rs. 35.131 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. 4,164.980 million (December 31, 2019: Rs. 5,180.474 million) for the overseas branches.

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
11. FIXED ASSETS		(Rupees in '000)	
Capital work-in-progress	11.1	554,801	541,722
Property and equipment		49,912,661	50,589,131
Right-of-use assets		6,636,004	7,145,558
		57,103,466	58,276,411

11.1 Capital work-in-progress

Civil works	250,554	370,308
Equipment	304,247	171,414
	554,801	541,722

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		(Un-audited)	
		January - September 2020	January - September 2019
11.2	**Additions to fixed assets**	------- (Rupees in '000) -----	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress - net	22,959	112,835
	Property and equipment		
	Building on freehold land	-	1,354
	Building on leasehold land	6,569	4,091
	Leasehold Improvement	339,136	569,435
	Furniture and fixture	66,117	125,067
	Electrical office and computer equipment	1,081,569	953,555
	Vehicles	-	2,374
		1,493,391	1,655,876
	Total	1,516,350	1,768,711
11.3	**Disposal of fixed assets**		
	The net book value of fixed assets disposed off during the period is as follows:		
	Leasehold land	-	252,050
	Building on leasehold land	110,838	19,950
	Leasehold Improvement	23,606	12,451
	Furniture and fixture	948	2,065
	Electrical office and computer equipment	13,792	28,249
	Vehicles	20,775	57,695
		169,959	372,460
11.4	**Additions to Right-of-use assets**	1,497,058	8,309,398
11.5	**Dercognition of right-of-use assets**	522,964	-

		(Un-audited)	(Audited)
		September 30, 2020	December 31, 2019
12.	**INTANGIBLE ASSETS**	------- (Rupees in '000) -----	
	Capital work-in-progress	212,344	262,404
	Intangible assets	1,863,179	1,808,534
		2,075,523	2,070,938

		(Un-audited)	
		January - September 2020	January - September 2019
12.1	**Additions to intangible assets**	------- (Rupees in '000) -----	
	(Transfer-out) / additions to capital work-in-progress - net	(76,895)	97,050
	Additions to directly purchased intangible assets during the period:	677,096	324,604

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	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
13. DEFERRED TAX ASSETS		------- (Rupees in '000) -----	
Deferred tax assets	13.1	5,635,505	1,723,553

13.1 Movement in temporary differences during the year

	September 30, 2020 (Un-audited)			
	At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At September 30, 2020
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	-	-	-	-
- Post retirement employee benefits	837,426	28,213	866,581	1,732,220
- Provision against advances, off balance sheet etc.	3,291,876	2,861,956	-	6,153,832
- Workers' Welfare Fund	1,495,858	273,003	-	1,768,861
	5,625,160	3,163,172	866,581	9,654,913
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,339,305)	24,590	(13,387)	(1,328,102)
- Surplus on revaluation of investments	(375,338)	-	(540,789)	(916,127)
- Share of profit from Associates	(922,114)	(43,360)	-	(965,474)
- Accelerated tax depreciation and others	(1,264,850)	384,408	70,737	(809,705)
	(3,901,607)	365,638	(483,439)	(4,019,408)
	1,723,553	3,528,810	383,142	5,635,505

	December 31, 2019 (Audited)			
	At January 1, 2019	Recognised in profit and loss account	Recognised in OCI	At December 31, 2019
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	233,360	-	(233,360)	-
- Post-retirement employee benefits	404,016	103,173	330,237	837,426
- Provision against advances, off-balance sheet etc.	2,292,249	999,627	-	3,291,876
- Workers' Welfare Fund	1,083,350	412,508	-	1,495,858
	4,012,975	1,515,308	96,877	5,625,160
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,412,044)	32,786	39,953	(1,339,305)
- Surplus on revaluation of investments	4,960,471	43,339	(5,379,148)	(375,338)
- Share of profit from Associates	(680,832)	(241,282)	-	(922,114)
- Accelerated tax depreciation and others	(194,618)	(1,104,965)	34,733	(1,264,850)
	2,672,977	(1,270,122)	(5,304,462)	(3,901,607)
	6,685,952	245,186	(5,207,585)	1,723,553

14. DISCONTINUED OPERATION

UBL Bank (Tanzania) Limited ('UBTL') is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited ('Exim'), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The purchase consideration for the sale of assets and liabilities to Exim was Tanzanian Shillings (TZs) 3.3 billion (equivalent to PKR 237.039 million) compared to the book value of equivalent Rs. 142.095 million.The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is currently under winding up and voluntary liquidation.

14.1 Assets and liabilities under discontinued operation

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
Assets		
Balances with other banks	227,765	236,450
Other assets	3,951	-
	231,716	236,450
Liabilities		
Other liabilities	10,963	17,936

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14.2 Discontinued operation

	(Un-audited)	
	January - September 2020	**January - September 2019**
	------- (Rupees in '000) -------	
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	126	1,619
Total non mark-up / interest income	126	(6,557)
Total income	126	222,812
Non mark-up / interest expenses		
Operating expenses	12,122	370,583
Total non mark-up / interest expenses	12,122	370,583
Loss before provisions	(11,996)	(147,771)
Provisions and write-offs - net	-	1,075,335
Loss before taxation	(11,996)	(1,223,106)
Taxation	(965)	245,224
Loss after taxation	(11,031)	(1,468,330)

15. OTHER ASSETS

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		------- (Rupees in '000) -------	
Income / mark-up accrued in local currency - net of provision		20,731,121	28,748,779
Income / mark-up accrued in foreign currency - net of provision		3,122,735	2,599,478
		23,853,856	31,348,257
Advance taxation - net of provision for taxation	15.1	6,983,002	19,684,137
Receivable from staff retirement fund		77,642	217,633
Receivable from other banks against telegraphic transfers and demand drafts		-	201,592
Unrealized gain on forward foreign exchange contracts		1,413,544	7,376,206
Rebate receivable - net		1,300,806	2,142,484
Unrealized gain on derivative financial instruments		44,943	15,216
Suspense accounts		1,080,318	871,766
Stationery and stamps on hand		407,525	287,314
Non-banking assets acquired in satisfaction of claims		478,153	1,071,034
Advances, deposits, advance rent and other prepayments		2,255,993	1,345,735
Acceptances		15,152,476	17,366,169
Dividend Receivable		96,026	213,012
Commission Receivable - Branchless Banking		643,806	650,685
Others		2,643,049	2,554,736
		56,431,139	85,345,976
Provision held against other assets	15.2	(1,485,746)	(1,271,877)
Other assets - net of provision		54,945,393	84,074,099
(Deficit) / surplus on revaluation of non-banking assets acquired in satisfaction of claims		(39,717)	11,341
Other assets - net of provision		54,905,676	84,085,440

15.1 The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2019, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,610 million (2019: Rs.11,610 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 hve been filed upto the tax year 2019 (financial year 2018) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 1,166 million (2019: Rs. 889 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 UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2019 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 1 M (Rs: 46.142 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, USAG, UBL FM and UET income tax returns have been filed up to the accounting 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 by the tax authorities. Additionally, tax clearance has been issued for USAG and UBL UK till the accounting year 2018, 2017 and 2016. There are no material tax contingencies in any of the subsidiaries.

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
15.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	785,488	547,536
Non banking assets acquired in satisfaction of claims	-	85,200
Receivable from insurance companies against fraud and forgery	700,258	639,141
	1,485,746	1,271,877

16. CONTINGENT ASSETS

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

17. BILLS PAYABLE

In Pakistan	29,366,199	22,500,509
Outside Pakistan	746,017	428,711
	30,112,216	22,929,220

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18. BORROWINGS

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
18.1 Details of borrowings		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,996,827	30,354,891
Refinance facility for modernization of SME	10,929	10,022
Long term financing facility	22,471,434	22,959,023
Other Borrowings	3,274,315	-
	55,753,505	53,323,936
Repurchase agreement borrowings	65,234,983	74,748,710
Bai Muajjal payable to other financial institutions	-	13,812,921
	120,988,488	141,885,567
Unsecured		
Call borrowings	1,628,500	4,680,579
Overdrawn nostro accounts	225,628	591,123
Money market deals	12,748,575	23,247,791
	14,602,703	28,519,493
	135,591,191	170,405,060

19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Fixed deposits	152,653,696	211,648,179	364,301,875	141,228,719	235,996,785	377,225,504
Savings deposits	496,906,082	50,432,560	547,338,642	450,326,401	35,690,677	486,017,078
Sundry deposits	16,367,118	3,679,486	20,046,604	12,592,638	1,289,671	13,882,309
Margin deposits	2,835,029	19,931,006	22,766,035	2,825,918	2,960,268	5,786,186
Current accounts - remunerative	1,236,490	6,008,893	7,245,383	1,799,190	8,392,401	10,191,591
Current accounts - non-remunerative	535,276,272	122,286,926	657,563,198	449,952,467	119,035,082	568,987,549
	1,205,274,687	413,987,050	1,619,261,737	1,058,725,333	403,364,884	1,462,090,217
Financial Institutions						
Current deposits	20,790,780	3,331,782	24,122,562	26,897,943	4,743,731	31,641,674
Savings deposits	26,227,074	34,705	26,261,779	36,132,073	25,334	36,157,407
Term deposits	19,229,422	273,251	19,502,673	25,783,802	2,322,206	28,106,008
	66,247,276	3,639,738	69,887,014	88,813,818	7,091,271	95,905,089
	1,271,521,963	417,626,788	1,689,148,751	1,147,539,151	410,456,155	1,557,995,306

19.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 913,168.598 million (December 31, 2019: Rs 854,722.801 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 30, 2020 (Un-audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	---------- (Rupees in '000) ----------		
Not later than one year	5,415	507	4,908
Later than one year and not later than five years	11,513	352	11,161
	16,928	859	16,069

	December 31, 2019 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	---------- (Rupees in '000) ----------		
Not later than one year	5,180	832	4,348
Later than one year and not later than five years	15,549	802	14,747
	20,729	1,634	19,095

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21. SUBORDINATED DEBT

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

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

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

22. OTHER LIABILITIES

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		------- (Rupees in '000) -------	
Mark-up / return / interest payable in local currency		14,749,598	8,964,544
Mark-up / return / interest payable in foreign currency		1,515,647	2,195,349
		16,265,245	11,159,893
Accrued expenses		3,543,796	4,197,747
Branch adjustment account		70,209	227,951
Deferred income		1,500,182	878,547
Unearned commission and income on bills discounted		507,402	921,121
Provision against off-balance sheet obligations	22.1	852,504	632,785
Unrealized loss on forward foreign exchange contracts		1,434,929	6,979,761
Trading liability		-	6,120,767
Payable to staff retirement fund		2,292,500	736,313
Payable to other banks against telegraphic transfers and demand drafts		23,807	-
Deferred liabilities		4,052,363	3,887,845
Unrealized loss on derivative financial instruments		599,296	18,155
Workers' Welfare Fund payable		4,584,623	3,878,370
Liabilities against IBFT, ATM and other settlements - net		123,843	1,308,571
Insurance payable against consumer assets		644,726	449,263
Dividend payable		359,438	538,884
Acceptances		15,152,476	17,366,169
Charity fund balance		2,939	3,494
Lease liability under IFRS 16		7,826,564	7,826,864
Levies and taxes payable		1,524,313	763,595
Others		2,265,756	3,540,283
		63,626,911	71,436,378

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		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
22.1	**Provision against off-balance sheet obligations**		------- (Rupees in '000) -------	
	Opening balance		632,785	842,545
	Exchange adjustments		42,436	82,610
	Charge for the period / year - net		200,965	47,438
	Transfers out - net		(23,682)	(339,808)
	Closing balance		852,504	632,785
23.	**SURPLUS ON REVALUATION OF ASSETS**			
	Surplus / (deficit) arising on revaluation of assets			
	Fixed assets	23.1	27,070,539	27,184,005
	Available for sale securities	23.2	1,086,737	189,650
	Non-banking assets acquired in satisfaction of claims		10,154	31,071
	Surplus / (deficit) arising on revaluation of assets of associates		1,049	(168)
			28,168,479	27,404,558
23.1	**Surplus on revaluation of fixed assets**			
	Surplus on revaluation of fixed assets as at January 1		30,165,526	29,742,871
	Revaluation against fixed assets during the year		40,951	227,612
	Realised on disposal during the year		(110,838)	(263,135)
	Exchange adjustments		199,005	548,326
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(39,206)	(55,691)
	Related deferred tax liability on incremental depreciation charged during the period / year		(24,166)	(34,457)
			65,746	422,655
			30,231,272	30,165,526
	Less: Related deferred tax liability			
	Revaluation as on January 1		1,319,440	1,344,759
	Deficit / (surplus) realised on disposal of fixed assets during the year		(2,856)	(826)
	Impact of change of deferred tax rate		118,923	77,907
	Reversal of revaluation against fixed assets during the year		-	(179,746)
	Exchange adjustments		59,255	111,803
	Incremental depreciation charged on related assets		(24,166)	(34,457)
			1,470,596	1,319,440
			28,760,676	28,846,086
	Share of Non-controlling interest		(1,690,137)	(1,662,081)
	Group's share		27,070,539	27,184,005
23.2	**Surplus / (deficit) on revaluation of available for sale securities**			
	Market Treasury Bills		814,775	149,496
	Pakistan Investment Bonds		(1,810,660)	(6,674,197)
	Listed shares		2,555,732	3,202,927
	REIT Scheme		(8,338)	62,118
	Term Finance Certificates, Sukuks, other bonds etc.		(14,903)	23,973
	Foreign bonds		126,208	3,421,155
			1,662,814	185,472
	Related deferred tax		(916,127)	(375,338)
			746,687	(189,866)
	Share of Non-controlling interest		340,050	379,516
	Group's share		1,086,737	189,650

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		Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
24.	**CONTINGENCIES AND COMMITMENTS**		------- (Rupees in '000) -------	
	- Guarantees	24.1	163,550,471	170,755,664
	- Commitments	24.2	925,149,072	1,278,107,824
	- Other contingent liabilities	24.3	15,671,362	15,089,090
			1,104,370,905	1,463,952,578
24.1	**Guarantees**			
	Financial guarantees		44,961,312	41,444,410
	Performance guarantees		118,589,159	129,311,254
			163,550,471	170,755,664
24.2	**Commitments**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		133,071,430	168,383,418
	Commitments in respect of:			
	- forward foreign exchange contracts	24.2.2	622,545,566	962,345,777
	- forward government securities transactions	24.2.3	25,478,000	14,307,720
	- derivatives			
	Interest rate swaps	24.2.4	-	316,500
	FX options	24.2.4	-	122,594
	- forward lending	24.2.5	143,200,811	130,389,022
	- operating leases	24.2.6	190,346	190,863
	Commitments for acquisition of:			
	- fixed assets	24.2.7	632,636	2,031,196
	- intangibles	24.2.7	-	7,103
	Others		30,283	13,631
			925,149,072	1,278,107,824

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,	(Audited) December 31, 2019
24.2.2	**Commitments in respect of forward foreign exchange contracts**		------- (Rupees in '000) -------	
	Purchase		337,856,582	508,996,241
	Sale		284,688,984	453,349,536
24.2.3	**Commitments in respect of forward government securities transactions**			
	Forward purchase of government securities		3,000,000	3,043,541
	Forward sale of government securities		22,478,000	11,264,179
24.2.4	**Commitments in respect of derivatives**			
	Interest rate swaps		-	316,500
	FX options - purchased		-	61,297
	FX options - sold		-	61,297
24.2.5	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	71,108,325	71,503,628
	Others		72,092,486	58,885,394
			143,200,811	130,389,022

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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		------- (Rupees in '000) -------	
24.2.6 Commitments in respect of operating leases			
Not later than one year		60,733	48,366
Later than one year and not later than five years		68,927	69,053
Later than five years		60,686	73,444
		190,346	190,863
24.2.7 Commitments in respect of capital expenditure		632,636	2,038,299
24.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	24.3.1	11,582,058	10,999,787

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 condensed interim financial statements.

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

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

24.4 For contingencies relating to taxation, refer note 15.1.

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

	September 30, 2020 (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 / (loss)	Notional principal	Mark to Market Gain / (loss)	Notional principal	Mark to Market Gain / (loss)	Notional principal	Mark to Market Gain / (loss)
	---------- (Rupees in 000) ----------									
Total										
Hedging	-	-	-	-	3,000,000	(40,578)	(22,478,000)	(105,019)	(19,478,000)	(145,597)
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	3,000,000	(40,578)	(22,478,000)	(105,019)	(19,478,000)	(145,597)

	December 31, 2019 (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 Gain / (loss)	Notional principal	Mark to Market Gain / (loss)	Notional principal	Mark to Market Gain / (loss)
	---------- (Rupees in 000) ----------									
Total										
Hedging	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	61,297	-	3,043,541	(94)	11,264,179	14,262	14,685,517	(2,939)
	316,500	(17,107)	122,594	-	3,043,541	(94)	11,264,179	14,262	14,746,814	(2,939)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		Note	(Un-audited) January - September 2020	January - September 2019
26.	**MARK-UP / RETURN / INTEREST EARNED**		------- (Rupees in '000) -------	
	On:			
	Loans and advances		44,866,726	49,672,389
	Investments		76,680,585	58,861,692
	Lendings to financial institutions		1,955,594	5,068,479
	Balances with banks		430,425	1,020,187
			123,933,330	114,622,747
27.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	On:			
	Deposits		49,125,069	47,439,611
	Borrowings		10,667,069	15,277,122
	Subordinated Debt		878,674	959,512
	Cost of foreign currency swaps against foreign currency deposits / borrowings		2,762,922	3,720,819
	Lease liability against right of use assets		774,591	768,538
			64,208,325	68,165,602
28.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fee		1,278,851	1,567,645
	Consumer finance related fee		707,379	841,775
	Card related fees (debit and credit cards)		1,526,981	1,794,753
	Investment banking fee		138,808	299,435
	Financial Institution rebate / commission		212,841	238,316
	Corporate service charges / facility fee		337,131	513,052
	Commission on trade		470,986	729,581
	Commission on guarantees		543,236	621,956
	Commission on cash management		593,410	582,640
	Commission on remittances including home remittances - net		1,741,826	2,316,283
	Commission on bancassurance		756,267	1,016,755
	Commission on Benazir Income Support Program		38,145	597,482
	Management fee		520,338	614,816
	Others		239,796	319,603
			9,105,995	12,054,092
29.	**GAIN ON SECURITIES - NET**			
	Realised	29.1	989,343	792,414
	Unrealised - held for trading		(7,833)	(20,028)
			981,510	772,386
29.1	**Realised gain on:**			
	Federal Government Securities		130,590	325,040
	Shares		33,510	122,358
	Foreign Securities		828,058	349,904
	Other Securities		(2,815)	(4,888)
			989,343	792,414
30.	**OTHER INCOME**			
	Charges recovered		166,075	206,622
	Rent on lockers / properties		179,764	210,083
	Gain on sale of operating fixed assets - net		60,078	37,431
	Gain on sale of Ijarah assets - net		730	725
	Gain on disposal of non-banking assets - net		226,277	32,747
	Gain on trading liabilities - net		100,974	53,804
	Realization of exchange translation reserve - UBL New York branch		-	1,332,626
			733,898	1,874,038

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	(Un-audited)	
	January - September 2020	January - September 2019
	------- (Rupees in '000) -------	
31. OPERATING EXPENSES		
Total compensation expense	13,143,105	12,580,239
Property expense		
Rent and taxes	1,039,897	625,370
Insurance	152,533	152,024
Utilities cost	1,091,692	1,248,049
Security (including guards)	764,958	711,078
Repair and maintenance (including janitorial charges)	121,274	216,570
Depreciation	622,030	614,649
Depreciation - Right of Use Assets	1,403,204	1,776,705
Others	37,240	45,004
	5,232,828	5,389,449
Information technology expenses		
Software maintenance	1,065,869	923,932
Hardware maintenance	408,361	332,235
Depreciation	625,914	535,496
Amortisation	641,662	484,353
Network charges	564,638	555,730
	3,306,444	2,831,746
Other operating expenses		
Directors' fees and allowances	66,399	63,610
Fees and allowances to Shariah Board	7,036	4,639
Legal and professional charges	508,204	541,530
Outsourced service costs including sales commission	2,100,896	2,844,063
Travelling and conveyance	70,849	174,903
Clearing charges	175,935	143,670
Depreciation others	902,531	900,936
Depreciation on Islamic financing against leased assets	178,680	161,482
Training and development	60,217	65,501
Postage and courier charges	213,466	232,442
Communication	374,774	379,068
Stationery and printing	503,012	499,269
Marketing, advertisement and publicity	318,142	657,667
Auditors' remuneration	85,298	117,785
Donations	287,700	97,470
Insurance	169,206	108,180
Deposit Protection Premium	1,025,667	976,709
Cash transportation and sorting charges	594,340	636,881
Entertainment	106,019	126,135
Vehicle expenses	66,380	77,708
Subscription	155,918	156,451
Office running expenses	127,180	122,915
Banking service charges	1,245,063	1,365,481
Repairs and maintenance	422,464	399,821
Cartage, freight and conveyance	30,989	47,155
Zakat paid by overseas branch	-	4,217
Brokerage expenses	20,399	12,933
Miscellaneous expenses	260,870	91,334
	10,077,634	11,009,955
	31,760,011	31,811,389
32. OTHER CHARGES		
Penalties imposed by the SBP	160,185	2,742
Other penalties	143	203
	160,328	2,945

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		Note	(Un-audited)	
			January - September 2020	January - September 2019
33.	**PROVISIONS AND WRITE-OFFS - NET**		------- (Rupees in '000) -------	
	Provision against loans and advances - net	10.3	14,329,796	2,924,348
	Provision for diminution in value of investments - net	9.3	947,873	2,902,868
	Bad debts written off directly		91,301	56,401
	Reversal of provision against other assets - net		(80,580)	(4,266)
	Provision against off-balance sheet obligations	22.1	200,965	10,489
	Recovery of written off / charged off bad debts		(397,951)	(423,168)
	Other provisions & write-offs		361,816	240,205
			15,453,220	5,706,877
34.	**TAXATION**			
	Current		14,179,710	10,704,994
	Prior years		(4,846)	1,590,737
	Deferred		(3,528,810)	(132,427)
			10,646,054	12,163,304
35.	**EARNINGS PER SHARE**			
	Profit after tax attributable to equity shareholders of the Bank		15,666,888	14,230,528
			----- (Number of shares) -----	
	Weighted average number of ordinary shares		1,224,179,687	1,224,179,687
			------- (Rupees) -------	
	Earnings per share - basic and diluted		12.80	11.62

35.1 There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2020 and September 30, 2019.

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).

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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, 2020 (Un-audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----------(Rupees in '000)----------				
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	777,575,818	-	777,575,818	-	777,575,818
Foreign Bonds - Sovereign	76,242,957	-	76,242,957	-	76,242,957
Foreign Bonds - others	11,615,822	-	11,615,822	-	11,615,822
Ordinary shares of listed companies	11,235,867	11,235,867	-	-	11,235,867
Investment in Mutual Fund	221,192	-	221,192	-	221,192
Debt securities (TFCs and Sukuks)	1,785,057	-	1,785,057	-	1,785,057
Investment in REIT	450,252	450,252	-	-	450,252
	879,126,965	11,686,119	867,440,846	-	879,126,965
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares and associates)	254,211,743	-	-	-	-
	1,133,338,708	11,686,119	867,440,846	-	879,126,965
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	622,545,566	-	(21,385)	-	(21,385)
Interest rate swaps	-	-	-	-	-
FX options - purchased and sold (net)	-	-	-	-	-
Forward purchase of government securities	3,000,000	-	(40,578)	-	(40,578)
Forward sale of government securities	22,478,000	-	(105,019)	-	(105,019)

	December 31, 2019 (Audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
On-balance sheet financial instruments					
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	481,948,693	-	481,948,693	-	481,948,693
Foreign Bonds - Sovereign	64,182,976	-	64,182,976	-	64,182,976
Foreign Bonds - others	16,299,524	-	16,299,524	-	16,299,524
Ordinary shares of listed companies	13,410,757	13,410,757	-	-	13,410,757
Debt securities (TFCs)	694,241	-	694,241	-	694,241
Investment in REIT	520,708	520,708	-	-	520,708
	577,056,899	13,931,465	563,125,434	-	577,056,899
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares,preference shares and associates)	297,504,838	-	-	-	-
	874,561,737	13,931,465	563,125,434	-	577,056,899
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	962,345,777	-	396,445	-	396,445
Interest rate swaps	316,500	-	-	-	-
FX options - purchased and sold (net)	122,594	-	-	-	-
Forward purchase of government securities	3,043,541	-	-	-	-
Forward sale of government securities	11,264,179	-	-	-	-

36.2 Fair Value of non-financial assets

	September 30, 2020 (Un-audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	59,178,989	-	-	59,178,989	59,178,989
Non-banking assets acquired in satisfaction of claims	438,436	-	-	438,436	438,436
	59,617,425	-	-	59,617,425	59,617,425

	December 31, 2019 (Audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	60,347,349	-	-	60,347,349	60,347,349
Non-banking assets acquired in satisfaction of claims	1,082,375	-	-	1,082,375	1,082,375
	61,429,724	-	-	61,429,724	61,429,724

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

Statement of profit and loss account	For the nine months ended September 30, 2020 (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)	30,305,811	55,188,384	(35,721,442)	3,062,099	5,855,812	1,512,895	(478,554)	59,725,005
Inter segment (expense) / revenue - net	(23,278,533)	(48,598,339)	66,350,028	883,883	-	-	4,642,961	-
Non mark-up / return / interest income	1,672,084	2,358,950	5,239,140	146,176	2,367,788	1,612,444	997,870	14,394,452
Total Income	8,699,362	8,948,995	35,867,726	4,092,158	8,223,600	3,125,339	5,162,277	74,119,457
Segment direct expenses	1,061,620	432,959	18,459,851	1,253,423	3,890,440	2,720,327	4,808,017	32,626,637
Inter segment expense allocation	398,886	52,677	3,397,899	103,497	385,562	-	(4,338,521)	-
Total expenses	1,460,506	485,636	21,857,750	1,356,920	4,276,002	2,720,327	469,496	32,626,637
Provision reversals / (charge)	(1,433,437)	(99,966)	(107,371)	(8,016)	(13,222,096)	(566,606)	(15,728)	(15,453,220)
Profit before taxation from continuing operations	5,805,419	8,363,393	13,902,605	2,727,222	(9,274,498)	(161,594)	4,677,053	26,039,600

	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

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Statement of financial position	As at September 30, 2020 (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	93,758	79,245,678	92,608,045	6,755,528	53,055,932	19,241,274	828,512	251,828,727
Investments	4,862,368	903,062,252	-	58,200,296	124,610,832	38,379,755	4,223,205	1,133,338,708
Net inter segment lending	-	-	1,081,100,271	27,380,186	-	-	75,403,769	1,183,884,226
Lendings to financial institutions	-	1,950,000	-	6,294,564	-	4,180,920	-	12,425,484
Advances - performing	381,085,305	17,973	31,692,374	17,923,700	88,557,395	72,739,936	5,928,660	597,945,343
Advances - non-performing (net of provision)	3,963,509	-	951,216	14,864	8,126,435	1,510,621	25,943	14,592,588
Assets held for sale	-	-	-	-	-	231,716	-	231,716
Others	21,482,676	11,985,267	16,320,848	1,727,599	15,049,667	6,888,609	46,265,504	119,720,170
Total Assets	411,487,616	996,261,170	1,222,672,754	118,296,737	289,400,261	143,172,831	132,675,593	3,313,966,962
Borrowings	51,344,915	66,059,972	898,838	3,509,752	8,287,406	5,490,308	-	135,591,191
Subordinated debts	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	67,376,505	110,264	1,175,273,882	106,992,007	230,611,107	108,408,681	376,305	1,689,148,751
Net inter segment borrowing	262,305,524	920,963,871	-	-	614,831	-	-	1,183,884,226
Liabilities held for sale	-	-	-	-	-	10,963	-	10,963
Others	27,044,826	2,957,978	40,590,149	4,116,528	5,433,327	1,837,924	11,774,464	93,755,196
Total Liabilities	408,071,770	990,092,085	1,216,762,869	114,618,287	244,946,671	115,747,876	22,150,769	3,112,390,327
Equity	3,415,846	6,024,961	8,478,672	3,678,452	44,453,590	22,647,606	112,877,508	201,576,635
Total Equity and liabilities	411,487,616	996,117,046	1,225,241,541	118,296,739	289,400,261	138,395,482	135,028,277	3,313,966,962
Contingencies and Commitments	349,988,556	250,256,446	11,864,525	14,391,300	422,088,790	55,091,502	689,786	1,104,370,905

	As at December 31, 2019 (Audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash and Bank balances	81,169	81,316,916	102,855,184	13,676,734	52,400,729	34,987,958	774,238	286,092,928
Investments	5,709,986	674,283,209	-	46,726,238	108,281,811	35,466,122	4,094,371	874,561,737
Net inter segment lending	-	-	966,089,886	7,455,399	-	-	54,818,509	1,028,363,794
Lendings to financial institutions	-	9,450,000	-	10,733,118	-	1,509,828	-	21,692,946
Advances - performing	447,168,495	18,964	35,584,682	9,015,164	125,319,182	58,139,824	5,743,474	680,989,785
Advances - non-performing (net of provision)	1,520,429	-	604,654	6,945	11,212,859	574,868	24,923	13,944,678
Assets classified as held for sale	-	-	-	-	-	236,450	-	236,450
Others	25,179,373	23,500,874	15,299,565	308,095	14,826,733	6,911,760	60,129,942	146,156,342
Total Assets	479,659,452	788,569,963	1,120,433,971	87,921,693	312,041,314	137,826,810	125,585,457	3,052,038,660
Borrowings	52,257,409	95,592,358	(233,449)	1,299,975	5,567,707	15,921,060	-	170,405,060
Subordinated debts	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	60,853,340	131,140	1,074,094,958	80,713,661	250,441,596	91,143,714	616,897	1,557,995,306
Net inter segment borrowing	341,540,385	686,617,978	-	-	205,431	-	-	1,028,363,794
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	17,936	-	17,936
Others	20,710,300	15,525,043	27,569,251	3,775,564	7,619,847	1,369,788	17,814,900	94,384,693
Total Liabilities	475,361,434	797,866,519	1,101,430,760	85,789,200	263,834,581	108,452,498	28,431,797	2,861,166,789
Equity	4,412,390	(9,276,952)	22,712,567	736,110	52,573,508	21,802,989	97,911,259	190,871,871
Total Equity and liabilities	479,773,824	788,589,567	1,124,143,327	86,525,310	316,408,089	130,255,487	126,343,056	3,052,038,660
Contingencies and Commitments	375,719,554	582,249,607	11,794,242	10,065,965	405,700,848	76,351,544	2,070,818	1,463,952,578

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, 2020

38.1 RELATED PARTY TRANSACTIONS

	As at September 30, 2020 (Un-audited)					As at December 31, 2019 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	-	6,113,434	3,943,527	-	-	-	5,119,744	4,183,880
Investment made during the period / year	-	-	-	10,593,626	-	-	-	-	13,864,341	-
Investment redeemed / disposed off during the period / year	-	-	-	(10,634,490)	-	-	-	-	(13,491,052)	(240,353)
Equity method adjustments	-	-	-	98,346	-	-	-	-	620,401	-
Closing balance	-	-	-	6,170,916	3,943,527	-	-	-	6,113,434	3,943,527
Provision for diminution in value of investments	-	-	-	-	1,540,280	-	-	-	-	1,126,954
Advances										
Opening balance	-	4,624	287,618	2,155,149	12,715,998	-	2,221	280,911	2,155,149	6,747,749
Addition during the period / year	-	820	50,662	-	16,398,237	-	15,958	148,343	-	6,591,282
Repaid during the period / year	-	(5,444)	(71,407)	(152,755)	(20,068,635)	-	(13,555)	(88,857)	-	(623,033)
Transfer out - net / (write-off)	-	-	(44)	(2,002,394)	-	-	-	(52,779)	-	-
Closing balance	-	-	266,829	-	9,045,600	-	4,624	287,618	2,155,149	12,715,998
Provision held against advances	-	-	-	-	-	-	-	-	2,155,149	-
Other Assets										
Interest mark-up accrued	-	-	-	946	194,920	-	-	-	7,289	325,704
Receivable from staff retirement funds	-	-	-	-	77,642	-	-	-	-	217,633
Advances, Deposits & Prepayments	-	-	-	-	113,634	-	-	-	-	113,634
Prepaid insurance	-	-	-	129,423	-	-	-	-	2,167	-
Remuneration receivable from management of funds	-	-	-	67,197	-	-	-	-	79,080	-
Sales load receivable	-	-	-	21,442	-	-	-	-	27,408	-
Formation cost receivable	-	-	-	7,093	-	-	-	-	-	-
Other receivable	-	-	-	1,505	30,164	-	-	-	1,505	30,164
Provision against other assets	-	-	-	-	(30,164)	-	-	-	-	(30,164)
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	12,400
Borrowings during the year	-	-	-	-	1,538,000	-	-	-	-	579,400
Settled during the year	-	-	-	-	(1,494,300)	-	-	-	-	(591,800)
Closing balance	-	-	-	-	43,700	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	8,679,450	71,109	6,502,933	11,347,096	-	6,245,368	165,303	11,638,646	8,491,509
Received during the period / year	-	32,518,796	1,270,749	112,863,902	154,785,217	-	38,666,070	915,992	160,641,938	267,658,066
Withdrawn during the period / year	-	(35,862,909)	(1,130,621)	(116,094,205)	(149,816,629)	-	(36,231,988)	(996,873)	(165,777,647)	(264,802,479)
Transfer (out) / in - net	-	(3,910)	(59,940)	-	52,835	-	-	(13,313)	(4)	-
Closing balance	-	5,331,427	151,297	3,272,630	16,368,519	-	8,679,450	71,109	6,502,933	11,347,096
Other Liabilities										
Interest / mark-up payable on deposits and borrowings	-	16,644	466	13,157	55,979	-	35,257	-	72,233	94,554
Payable to staff retirement fund	-	-	-	-	2,292,500	-	-	-	-	736,313
Deferred performance bonus – MRT/ MRC	-	-	95,095	-	-	-	-	-	-	-
Unearned income	-	-	-	-	1,536	-	-	-	-	13,869
Other Payable	-	9,900	-	-	-	-	-	-	-	-
Contingencies and Commitments										
Letter of guarantee / credit	-	-	-	-	4,481	-	-	-	-	-

	For the nine months ended September 30, 2020 (Un-audited)					For the nine months ended September 30, 2019 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	-	14,002	33,092	988,946	-	-	10,916	14,526	496,180
Commission / charges recovered	-	54	2,325	17,126	16,590	-	62	1,151	5,416	11,569
Dividend income	-	-	-	77,795	148,074	-	-	-	91,518	134,775
Net gain on sale of securities	-	-	-	34,414	-	-	-	-	11,715	28,515
Remuneration from management of fund	-	-	-	502,412	-	-	-	-	614,816	-
Sales load	-	-	-	38,958	-	-	-	-	36,926	-
Other income	-	-	7,166	-	-	-	-	-	5,939	-
Reserval of Provision	-	-	-	152,755	-	-	-	-	-	-
Switch revenue		-	-	-	158,770	-	-	-	-	202,739
Expenses										
Mark-up / return / interest paid	-	136,411	523	334,172	285,761	-	311,883	993	528,634	904,332
Remuneration paid	-	-	786,038	-	-	-	-	687,165	-	-
Post employment benefits	-	-	41,703	-	-	-	-	15,315	-	-
Non-executive directors' fee	-	66,399	-	-	-	-	63,610	-	-	-
Net charge for defined contribution plans	-	-	-	-	381,491	-	-	-	-	387,495
Net charge for defined benefit plans	-	-	-	-	267,713	-	-	-	-	190,249
Other expenses	-	-	-	-	28,437	-	676	-	-	966
Clearing charges	-	-	-	-	95,256	-	-	-	-	97,953
Seminar and Membership fees	-	-	-	-	3,361	-	-	-	-	3,590
Membership, Subscription , Sponsorship and maintenance charges	-	-	-	-	5,566	-	-	-	-	13,331
Custody charges	-	-	-	-	2,860	-	-	-	-	5,739
Insurance premium paid	-	-	-	519,737	-	-	-	-	280,660	-
Insurance claims settled	-	-	-	282,421	-	-	-	-	261,496	-

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (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	130,474,207	124,263,319
Eligible Additional Tier 1 (ADT 1) Capital	10,571,599	10,530,346
Total Eligible Tier 1 Capital	141,045,806	134,793,665
Eligible Tier 2 Capital	45,133,931	35,945,443
Total Eligible Capital (Tier 1 + Tier 2)	186,179,737	170,739,108
Risk Weighted Assets (RWAs):		
Credit Risk	649,586,122	729,515,624
Market Risk	83,090,764	67,581,408
Operational Risk	153,434,017	153,434,017
Total	886,110,903	950,531,049
Common Equity Tier 1 Capital Adequacy Ratio	14.72%	13.07%
Tier 1 Capital Adequacy Ratio	15.92%	14.18%
Total Capital Adequacy Ratio	21.01%	17.96%

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 nine month period ended September 30, 2020 stood at Rs.12,241.798 million (2019: 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 10.00% plus Capital Conservation Buffer (CCB) of 2.50%. 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, the Bank is also required to maintain a High Loss Absorbency Requirement of 1.00% (2019: 1.50%) in the form of additional CET 1 capital on a standalone as well as consolidated basis with effect from March 2020 till the next

In order to dampen the effects of Covid - 19, SBP via BPRD Circular Letter No. 12 of 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.00% and 7.50%, respectively, as at September 30, 2020. The Bank is fully compliant with prescribed ratios as the Group's CAR is 21.01% whereas the CET 1 and Tier 1 ratios stand at 14.72% and 15.92% respectively.

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, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	141,045,806	134,793,665
Total Exposures	2,558,453,104	2,534,146,003
Leverage Ratio	5.51%	5.32%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	906,456,781	530,454,588
Total Net Cash Outflow	284,256,769	206,998,861
Liquidity Coverage Ratio	318.89%	256.26%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,450,303,689	1,598,050,689
Total Required Stable Funding	1,193,634,338	1,170,120,900
Net Stable Funding Ratio	121.50%	136.57%

40. ISLAMIC BANKING BUSINESS

The Bank operates 100 (December 31, 2019: 100) Islamic Banking branches and 162 (December 31, 2019: 162) Islamic Banking windows.

The statement of financial position of the Bank's Islamic Banking branches as at September 30, 2020 is as follows:

	Note	(Un-audited) September 30, 2020	(Audited) December 31, 2019
		--------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks		6,265,496	13,092,570
Balances with other banks		618,249	804,553
Due from financial institutions	40.1	6,294,564	10,733,118
Investments	40.2	58,200,295	46,726,238
Islamic financing and related assets	40.3	17,934,256	9,017,375
Fixed assets		943,092	1,038,809
Intangible assets		5,294	7,263
Due from Head Office		28,695,673	6,824,821
Other assets		774,563	473,513
Total Assets		119,731,482	88,718,260
LIABILITIES			
Bills payable		1,181,282	924,527
Due to financial institutions		3,509,752	1,299,975
Deposits and other accounts	40.4	107,632,211	81,432,150
Due to Head Office		-	-
Other liabilities		2,745,514	1,532,732
		115,068,759	85,189,384
NET ASSETS		4,662,723	3,528,876
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(56,036)	(59,860)
Accumulated profit	40.8	2,537,759	1,407,736
		4,662,723	3,528,876
CONTINGENCIES AND COMMITMENTS	40.5		

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

		(Un-audited)	
		January - September 2020	January - September 2019
		--------- (Rupees in '000) ---------	
Profit / return earned	40.6	6,608,690	5,699,337
Profit / return expensed	40.7	(3,557,290)	(3,263,926)
Net profit / return		3,051,400	2,435,411
Other income			
Fee and Commission Income		111,090	172,288
Foreign Exchange Income		1,571	21,867
Loss on securities		(5,197)	(4,888)
Other Income		11,300	17,963
Total Other Income		118,764	207,230
Total Income		3,170,164	2,642,641
Operating expenses		(1,309,717)	(1,260,985)
Profit before provisions		1,860,447	1,381,656
Provisions and write-offs - net		(7,951)	(8,929)
Profit before taxation		1,852,496	1,372,727
Taxation		(722,473)	(535,364)
Profit after taxation		1,130,023	837,363

40.1 Due from Financial Institutions

	September 30, 2020 (Un-Audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Bai Muajjal Receivable from other Financial Institutions	-	-	-	10,733,118	-	10,733,118
Bai Muajjal Receivable from State Bank of Pakistan	6,294,564	-	6,294,564	-	-	-
	6,294,564	-	6,294,564	10,733,118	-	10,733,118

40.2 Investments by segments

		September 30, 2020 (Un-Audited)				December 31, 2019 (Audited)			
		Cost / Amortised cost	Provision for diminutio	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
		(Rupees in '000)							
Federal Government Securities									
-Ijarah Sukuks		15,992,036	-	(56,036)	15,936,000	5,900,860	-	(59,860)	5,841,000
-Bai muajjal with Govt. of Pakistan	40.2.1	28,783,885	-	-	28,783,885	26,443,679	-	-	26,443,679
		44,775,921	-	(56,036)	44,719,885	32,344,539	-	(59,860)	32,284,679
Non Government Debt Securities									
-Listed		450,000	-	-	450,000	450,000	-	-	450,000
-Unlisted		13,030,410	-	-	13,030,410	13,991,559	-	-	13,991,559
		13,480,410	-	-	13,480,410	14,441,559	-	-	14,441,559
Total Investments		58,256,331	-	(56,036)	58,200,295	46,786,098	-	(59,860)	46,726,238

40.2.1 Bai Muajjal with Government of Pakistan

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(4,247,115)	(6,587,321)
Bai Muajjal Investment - net	28,783,885	26,443,679

40.3 Islamic financing and related assets

Ijarah	478,074	654,998
Murabaha	222,180	421,509
Musharaka	5,784,671	64,199
Diminishing Musharaka	6,713,173	5,554,909
Istisna	329,222	139,105
Islamic Export Refinance scheme - Musharakah	3,139,544	999,544
Islamic Export Refinance scheme - Murabaha	88,264	303,449
Advances against Islamic assets		
Advances against Ijara	1,745	18,939
Advances for Diminishing Musharika	305,389	114,776
Advances for Murabaha	250,881	153,105
Advances for Istisna-IERS	91,295	-
Advances for Istisna	257,058	416,601
Inventory related to Islamic financing		
Istisna	102,784	166,760
Profit and other receivables against financings	279,005	113,408
Gross Islamic financing and related assets	18,043,285	9,121,302
Less: Provision against Islamic financings		
- Specific	(90,862)	(85,346)
- General	(18,167)	(18,581)
	(109,029)	(103,927)
Islamic financing and related assets - net of provision	17,934,256	9,017,375

40.4 Deposits and other accounts

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
Customers		
Current deposits	38,466,198	33,257,380
Savings deposits	18,609,576	13,018,167
Term deposits	9,643,827	8,414,762
	66,719,601	54,690,309
Financial Institutions		
Current deposits	3,675,065	2,488,822
Savings deposits	18,211,022	8,772,019
Term deposits	19,026,523	15,481,000
	40,912,610	26,741,841
	107,632,211	81,432,150

40.4.1 Deposits eligible to be covered under insurance arrangements amounting to Rs. 45,716.446 million (December 31, 2019: Rs. 39,534.355 million).

40.5 Contingencies and commitments

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
- Guarantees	59,267	10,602
- Commitments	14,332,033	5,107,637
	14,391,300	5,118,239

40.6 Profit / Return Earned on Financing, Investments and Placements

	(Un-audited) January - September 2020	(Un-audited) January - September 2019
	------- (Rupees in '000) -------	
On:		
Financing	1,464,201	798,826
Investments	4,024,240	3,545,296
Placements	895,883	1,155,463
Rental Income from Ijarah	224,366	199,752
	6,608,690	5,699,337

40.7 Profit on Deposits and other Dues Expensed

On:		
Deposits and other accounts	3,432,765	3,170,866
Due to Financial Institutions	37,484	18,827
Return expense on leases	87,041	74,233
	3,557,290	3,263,926

40.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) September 30, 2020	(Audited) December 31, 2019
	------- (Rupees in '000) -------	
Opening Balance	1,407,736	483,189
Add: Islamic Banking profit for the period / year	1,852,496	1,551,564
Less: Taxation	(722,473)	(627,017)
Closing Balance	2,537,759	1,407,736

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.

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, 2020 (Un-Audited)

	No of Pools	Nature of Pool	Profit rate and weightages announce-ment period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	9	Mudarbaha	Monthly	5.67%	50.00%	6,119	3%	10.04%	615
Special Pools	90	Mudarbaha	Monthly	11.41%	34.09%	629,089	8.79%	34.53%	217,204
IERS Pools	18	Musharkah	Monthly	5.64%	87.28%	255,701	2.00%	0.00%	-
General Pools	9	Mudarbaha	Monthly	11.29%	50.00%	1,546,075	6.88%	21.89%	338,491

September 30, 2019 (Un-Audited)

	No of Pools	Nature of Pool	Profit rate and weightages announce-ment period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	9	Mudarbaha	Monthly	5.08%	50.00%	5,972	3%	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%	-

	(Un-audited) September 30,	(Audited) December 31, 2019
	-------Rupees in '000-----	
40.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	2,387,687	881,578
Agri business	6,194,925	341,340
Textile	2,328,326	1,795,124
Financial	1,176,105	12,480,670
Food industries	354,337	508,003
Plastic	273,013	290,050
Individuals	1,682,329	1,460,332
Production and Transmission of energy	14,178,241	15,341,872
Government of Pakistan Securities	51,014,449	32,284,679
Others	3,566,981	2,065,022
	83,156,393	67,448,670

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In compliance with the SBP's instructions as disclosed in note 4.8 to the consolidated condensed interim financial statements, the Board of Directors, in its meeting held on October 23, 2020 has not declared any cash dividend in respect of the quarter ended September 30, 2020 (September 30, 2019: Rs 3.00 per share). Therefore, there is no non-adjusting event after the balance sheet date.

42. GENERAL

42.1 Comparatives

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

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

43. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on October 23, 2020 by the Board of Directors of the Bank.

Aameer Karachiwalla	Shazad G. Dada	Haider Zameer Choudrey	Arshad Ahmad Mir	Sir Mohammed Anwar Pervez, OBE, HPk
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman