where you come first

Secretary's Department

UBL/PSX/Transmission QTR Acc/19
28 August 2019

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

Dear Sir,

Subject: **Transmission of Quarterly Report for the Period Ended June 30, 2019**

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

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

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

Yours faithfully,

Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel

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Reforming Banking with Technology

HALF-YEARLY REPORT 2019

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COMPANY INFORMATION

Board of Directors

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

Mr. Zameer Mohammed Choudrey, CBE SI PK, FCA
Non-Executive Director

Mr. Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Arshad Ahmad Mir
Non-Executive Director

Mr. Khalid A. Sherwani
Independent Director

Mr. Amar Zafar Khan
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Sima Kamil
President & CEO

Committees of the Board

Board Audit Committee (BAC)

Mr. Amar Zafar Khan
Chairman

Mr. Haider Zameer Choudrey
Member

Mr. Khalid A. Sherwani
Member

Mr. Rizwan Pervez
Member

Mr. Aqeel Ahmed Nasir
Secretary

Board Human Resource & Compensation Committee (HRCC)

Mr. Arshad Ahmad Mir
Chairman

Mr. Khalid A. Sherwani
Member

Mr. Amar Zafar Khan
Member

Ms. Sadia Saeed
Secretary

Board IT Committee (BITC)

Mr. Tariq Rashid
Chairman

Mr. Haider Zameer Choudrey
Member

Ms Sima Kamil
Member

Mr. Muhammad Faisal Anwar
Secretary

Board Risk & Compliance Committee (BRCC)

Mr. Zameer Mohammed Choudrey, CBE, SI PK, FCA
Chairman

Mr. Arshad Ahmad Mir
Member

Ms Sima Kamil
Member

Mr. Imran Sarwar
Secretary

Chief Financial Officer

Mr. Aameer Karachiwalla

Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

Registered Office:

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

UBL Head Office

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

Share Registrar

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

Auditors

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

Legal Advisors

M/s. Mehmood Abdul Ghani & Co
Advocates

Contacts

UAN : 111-825-111
Contact Centre: 111-825-888

Website: www.ubldirect.com
Email : customer.services@ubl.com.pk

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the financial statements of United Bank Limited (UBL) for the half year ended June 30, 2019.

Performance Overview

On a standalone basis, UBL posted Profit Before Tax (PBT) amounting to Rs. 18.0 billion during the half year ended June 30, 2019 compared to Rs. 10.6 billion for the corresponding period of 2018, a year on year increase of 70%. Excluding the impact of a one-off pension charge of Rs. 8.4 billion taken in the previous year, normalized PBT stood 5% lower against H1'18.

Overall, revenues grossed at Rs. 42.1 billion in H1'19, at par with the previous year's level. Net Interest Income (NII) closed at Rs. 29.9 billion, a growth of 7% over the prior year. UBL's balance sheet size averaged at Rs. 1.7 trillion during H1'19, largely in line with the same period last year. The SBP's policy rate has seen a 650 bps increase from 5.75% at Dec'17 to 12.25% at the end of Jun'19. The improvement in core interest earnings has been contributed by the active acquisition of low cost deposits over the past few years accompanied with repricing of assets in line with increase in the benchmark interest rate.

Non Fund Income (NFI) stood at Rs. 12.1 billion, 15% lower year on year. The decline is mainly due to reduced profit taking on the fixed income portfolio, with Rs. 4.5 billion in capital gains recorded in the first half of 2018. Other than capital gains, NFI witnessed a growth of 23% year on year. Fees and Commissions grew by 5% over the previous year to Rs. 7.1 billion in H1'19 with strong momentum across branch banking customer fees, bancassurance, home remittances and UBL Omni. FX income closed at Rs. 2.2 billion, a significant growth of 54% over last year owing to proactive trading amidst volatility in the currency markets. Dividend income of Rs. 0.8 billion was recorded in the period under review (H1'18: Rs. 1.2 billion), impacted by lower payouts on the Bank's energy sector investments.

Administrative expenses remain well-managed as they grew by 4% compared to the previous year to close at Rs. 19.2 billion during H1'19. The cost to income ratio was measured at 45.7% (H1'18: 43.7%).

Provision expense of Rs. 4.5 billion was taken in H1'19 (H1'18: Rs. 4.5 billion). The charge for the current period includes an impairment charge against investments of Rs. 3.2 billion and Rs. 1.6 billion against advances, primarily the International loan portfolio. Asset quality stood at 10.9% at Jun'19 (Dec'18: 8.8%).

Financial Highlights

UBL recorded a Profit After Tax (PAT) of Rs. 9.5 billion in H1'19 against Rs. 6.3 billion in H1'18. Earnings per share (EPS) stood at Rs. 7.80 (H1'18: Rs. 5.12). On a consolidated basis, UBL posted a PAT of Rs. 9.2 billion (H1'18: Rs. 6.1 billion).

Net Markup Income

Net markup income witnessed a 7% year on year increase to close at Rs. 29.9 billion during H1'19. Average earning assets stood at Rs. 1.5 trillion in H1'19, around the same level as H1'18. Net interest margins (NIMs) improved by 58 bps from 3.7% in H1'18 to 4.3% in H1'19 given improvement in yields across the Bank's lending and Treasury portfolios, combined with a sustainable, cost efficient deposit base.

Average domestic deposits grew by 10% from Rs. 980 billion in H1'18 to Rs 1.1 trillion in H1'19. This was driven by active mobilization of CASA accounts as the portfolio average grew by 11% over the previous year to Rs. 937 billion in H1'19. As a result, the average domestic CASA ratio closed at nearly 87% (H1'18: 86.1%). The Bank continued to actively tap new to bank (NTB) customer relationships, particularly in current deposits, as 219,000 NTB current accounts were added in H1'19. The domestic cost of deposits was maintained at 4.8% during H1'19 compared to 2.6% in the corresponding period last year. This is despite an increase of 575 bps in the SBP's base rate over the last one year. UBL's domestic deposits market share ended at 8.04% at Jun'19 (Jun'18: 8.43%).

Overall advances averaged at Rs. 630 billion, aligned to the previous year's level. Average domestic performing loans grew by 3% year on year to Rs. 478 billion in H1'19. The Corporate portfolio expanded by 5%, averaging at Rs. 428 billion in H1'19. Consumer loans registered a strong growth of 30%, backed by aggressive acquisition momentum within autos. The Bank continued its strategy of de-risking UBL International's loan book, as average advances stood at USD 1.1 billion, 29% lower than H1'18.

Earning investments averaged at Rs. 714 billion during H1'19 (H1'18: Rs. 883 billion). With a shift in the portfolio mix towards short-term securities amid rising rates, the portfolio yield improved from 7.5% in H1'18 to 8.8% during H1'19.

Non-Markup Income

Constituting 29% of gross revenue, non-markup income stood at Rs. 12.1 billion in H1'19 (H1'18: Rs. 14.3 billion). Non-Markup Income closed 15% lower compared to H1'18 on account of capital gains on fixed income securities of Rs. 4.1 billion realized last year.

Fees and commission earnings grossed at Rs. 7.1 billion, an increase of 5% over H1'18. Fee income contributed 58% to the total non-markup income in H1'19 (H1'18: 47%). Branch banking customer fees grew by 14% in line with expansion in the customer footprint. The Bank continues to aggressively capture market share in the bancassurance space as premium volumes grew by 32% year on year to an all-time high of Rs. 1.9 billion in H1'19. As a result, commission revenue increased by 11% over the previous year. With a market share of 28.0% YTD Jun'19, we continue to build on our leadership position in the home remittances business. Commission income saw a 20% increase over H1'18 to reach Rs. 692 million during H1'19. Revenue from our Branchless Banking proposition, UBL Omni, was recorded at Rs. 557 million for H1'19, increasing by 42% over the previous year. The growth has been achieved on the back of a 20% increase in P2P volumes as we continue to enhance e-wallet penetration and maximize network productivity through a performance driven payout model. Consumer Bank commissions closed at Rs. 423 million, an increase of 22% over H1'18, in line with aggressive expansion in the portfolio.

FX earnings registered a 54% increase to close at Rs. 2.2 billion during H1'19. The significant revenue expansion is attributable to active buildup in FX volumes as well as proactive positioning in a volatile exchange rate environment. Dividend income stood at Rs. 774 million during the period under review, down 33% against H1'18, on account of reduced payouts on the Bank's holdings in the power sector.

Provisions and loan losses

UBL recorded a net provisioning expense of Rs. 4.5 billion in H1'19, at the same level as last year. Excluding the impairment loss on investments amounting to Rs. 3.2 billion taken in the current year (H1'18: Rs. 574.5 million), provisioning charge has reduced from Rs. 4.0 billion during H1'18 to Rs. 1.3 billion in H1'19. Gross non-performing loans (NPLs) ended Jun'19 at Rs. 77.5 billion, increasing by Rs. 8.9 billion over Dec'18. Asset quality was recorded at 10.9% at Jun'19 (Dec'18: 8.8%).

Domestic

Domestic NPLs stood at Rs. 27.0 billion at Jun'19, reducing by Rs. 0.9 billion over Dec'18. Asset quality was measured at 5.3% (Dec'18: 4.9%). Specific coverage was maintained at the Dec'18 level of 93%.

International

In the backdrop of sustained economic slowdown in the GCC region, UBL International's NPLs increased by USD 22.7 million over Dec'18 to reach USD 315.5 million at Jun'19. In order to build adequate buffers against loan losses, a provision charge of USD 16.3 million was taken during H1'19 compared to a charge of USD 44.5 million in H1'18. Asset quality was recorded at 25.0% at Jun'19 (Dec'18: 19.8%). Specific coverage, after taking into account Forced Sale Value (FSV) of mortgaged properties and cash collateral, stood at 90.0% at Jun'19 (Dec'18: 92.1%, refer to note 10.3.2 to the financial statements).

Cost management

The Bank continues to efficiently manage it cost base by maintaining a lean and agile structure and building synergies across functions. Administrative expenses were recorded at Rs. 19.2 billion for H1'19, a marginal growth of 4% over the previous year. Excluding the impact of deposit protection premium that was not in effect in H1'18, expenses closed flat on a year on year basis. Personnel cost has reduced by 3% compared to the prior year. Premises cost was also managed at 2% lower year on year. IT expenses saw a 17% growth owing to investment in new IT platforms, PKR devaluation and the Bank's digital transformation program.

Balance Sheet management

The Bank's balance sheet averaged at Rs. 1.7 trillion during H1'19, compared to Rs. 1.8 trillion during the corresponding period last year.

The strength of our balance sheet is driven by the domestic Branch Banking Group where the focus is on optimizing the deposit profile through acquisition and deepening within low cost core deposits as opposed to aggressive market share buildup. Average domestic deposits were maintained at Rs. 1.1 trillion during H1'19, depicting a 10% year on year increase. This was led by strong growth in current accounts as the average portfolio grew by 12% against last year to Rs. 475 billion in H1'19. On an average basis, current to total deposits were recorded at 44.0% (H1'18: 43.3%), which continues to be the highest in the industry. The Bank also actively mobilized savings deposits during the period under review, with the portfolio averaging 10% higher over last year. The average CASA ratio was recorded at 86.9% during H1'19 (H1'18: 86.1%). This has enabled UBL to maintain one of the lowest cost of deposits in the industry, despite the prevailing high interest rate regime, at 4.8% in H1'19 (H1'18: 2.6%).

UBL's advances portfolio stood at Rs. 641.8 billion at Jun'19, down 10% over Dec'18. Credit acquisition remains conservative across both domestic and international businesses, with a view to maintain asset quality at optimum levels and maximize capital efficiencies.

Investments closed at Rs. 857.8 billion at Jun'19 (Dec'18: Rs. 786.4 billion). Our portfolio remains concentrated within government securities. During the current year, we have built positions within short-term GoP securities which places us well to capitalize on the enhancement in margins as the yield curve trends upwards. The equity book stood at Rs. 18.2 billion at Jun'19 with a diverse portfolio across top corporate stocks in various industries, invested with a long-term view to maintain a steady stream of dividend income.

Capital Ratios

The Bank seeks to maintain strong capitalization levels to build resilience as well as provide a solid platform for future business growth. During the current year, the Bank completed the issuance of its Additional Tier-1 TFCs, with a total issue size of Rs. 10 billion. This is the largest publicly traded instrument of its kind to date.

UBL has been designated as a Domestic Systemically Important Bank (D-SIB) by the SBP. As a result, the Bank is required to hold an additional 1.5% Higher Loss Absorbency (HLA) Surcharge, over and above its minimum CAR limit in 2019. This has enhanced the overall CAR limit from 11.9% to 13.4% for Jun'19. However, the HLA surcharge has been reduced from 1.5% to 1.0% for 2020 as per SBP's designation of D-SIBs for the year 2019.

Despite the additional capital requirement, UBL holds adequate capital buffers. The Common Equity Tier 1 (CET-1) ratio improved by 63 bps to 13.0% at Jun'19 (Dec'18: 12.4%). Total Tier 1 Ratio closed at 14.1%, compared to 13.4% at Dec'18. Overall Capital Adequacy Ratio (CAR) was recorded at 18.1% (Dec'18: 17.7%), with an excess of 4.7% over the regulatory requirement as at Jun'19.

The Board of Directors of UBL declared an interim dividend of 25% (Rs. 2.5 per share) in their meeting in Islamabad held on August 7, 2019, along with the results for the half year ended June 30, 2019.

Economy Review

2019 has been a turbulent year for Pakistan's economy. A wide, albeit declining, trade imbalance and worsening fiscal deficit mounted severe pressure on the country's FX reserves and dented growth momentum. However, H1'19 ended on a positive note with finalization of the IMF package that will bring in necessary structural reforms to address long-standing structural weaknesses in the economy and lay the foundation for broad-based, sustainable growth.

The current account deficit (CAD) continues to ease as it narrowed by 32% year on year to USD 13.6 billion in FY'19. The improvement can be mainly attributed to a contraction in the trade deficit which stood at USD 32.5 billion in FY'19, down 17% compared to the same period last year. The reduction has been led by a decline in import volumes which stood 10% lower year on year whereas exports remained stagnant. Home remittances also registered a 10% growth year on year to reach USD 21.8 billion in FY'19, thus lending support to the current account.

FX reserves closed H1'19 at USD 14.4 billion compared to USD 13.8 billion at Dec'18, supported by bilateral inflows from friendly countries. The trade deficit continues to exert pressure on the exchange rate as Pakistan moved to a flexible market-based exchange rate mechanism as part of pre-conditions of the IMF program. As a consequence, the PKR parity eroded from Rs. 138.9 / USD at Dec'18 to Rs. 160.1 / USD at the end of Jun'19, a devaluation of 15% year to date. The PKR / USD exchange rate has witnessed a cumulative 53% depreciation over the last two years.

During Jun'19, the IMF approved a 39-month long Extended Fund Facility (EFF) of around USD 6 billion for the country. With entry into the IMF program, Pakistan will embark upon a comprehensive reforms agenda aimed to broaden the tax base, re-build reserves, reform the energy sector and improve the efficiency of state owned enterprises. The program will also pave the way to external financing from other multi-lateral agencies in addition to unlocking Pakistan's access to international bond markets that will alleviate the strain on FX reserves.

The upward adjustment in utility tariffs and significant PKR devaluation have contributed to strong inflationary buildup. CPI averaged at 8.6% during H1'19, more than double the 4.1% level recorded during the corresponding period last year. In view of a further anticipated increase in inflationary pressures, the SBP in its Monetary Policy Statement announced in May'19 raised the target rate by 1.5%. This was followed by another 1.0% rate hike in Jul'19. With this latest increase, the SBP's base rate has seen an aggregate increase of 750 bps over the last 18 months to close at 13.25%.

Overall macroeconomic instability also fueled bearish sentiment in the stock market as the PSX-100 index shed over 3,100 points, i.e. a reduction of 9%, since Dec'18 to end Jun'19 at 33,902 points.

Banking sector deposits climbed by 8.3% since Dec'18 to an all-time high of Rs. 14.5 trillion at the end of Jun'19. Apart from a cyclical increase in deposits generally observed around quarter ends, the rise can also be accredited to funds from the Asset Declaration Scheme and prize bond registration. Industry advances depicted a 9% growth YTD Jun'19 to close at Rs. 8.1 trillion, led by an increase in working capital financing owing to higher input costs. The impact

of rising rates on NPLs is beginning to surface as the gross NPLs stock increased by 2% over Dec'18 to Rs. 690.3 billion at Mar'19 while the infection ratio deteriorated from 8.0% to 8.2% over the same period.

UBL International

Economic activity continues to be sluggish in the GCC. The region has seen some economic uplift from a pickup in non-oil activity, rise in public sector spending and higher investment ahead of the Expo 2020. However, given that the oil sector still plays a dominant role in the economy, renewal of the OPEC oil production cuts and relatively subdued oil prices have slowed down recovery.

We are pursuing a de-risking strategy within the International business. Given the sharp PKR devaluation, we continue to rationalize foreign currency denominated risk-weighted assets in order to conserve capital. Asset buildup remains minimal, directed by considerations of asset quality and efficient deployment of capital. We are also strengthening the deposit franchise in order to build a sustainable core deposit base along with lowering deposit concentration. The Special Assets Management Division is aggressively pursuing recovery efforts against non-performing names. Furthermore, we have also built our compliance and risk standards for enhanced portfolio vigilance to curtail new NPL formation.

UBL International's average deposits stood at USD 1.8 billion during H1'19 (H1'18: USD 2.2 billion). Cost of deposits was recorded at 2.2% in H1'19, the same level as H1'18 despite an increase in LIBOR of 50 bps over the last one year. Net advances closed at USD 1.0 billion (Dec'18: USD 1.2 billion). NPLs increased by USD 22.7 million during H1'19 to close at USD 315.5 million at Jun'19. A provision charge of USD 16.3 million was taken during the period under review to further enhance portfolio coverage. Net investments, consisting mainly of overseas bonds, ended Jun'19 at USD 644.8 million (Dec'18: USD 635.5 million) at a yield of 6.2% (Dec'18: 6.5%).

Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of United Bank Limited (UBL) at 'AAA/A-1+' (Triple A/A-One Plus) on June 28, 2019. Outlook on the assigned ratings is 'Stable'.

Future Outlook

Being Pakistan's premier financial institution with presence across major sectors, UBL is committed to actively contribute to the development of the economy, enabling it realize its true potential.

We shall strive to enhance financial inclusion in the country to bring banking convenience within the reach of every Pakistani. Branch Banking shall remain the mainstay of our franchise where we shall invest further to gear up NTB customer acquisitions and enhance service levels. It is our priority to build our digital capabilities to re-define customer experience and enhance digital penetration in the current portfolio. Given the tightening credit environment, new asset booking shall remain conservative, restricted to top quality, RWA efficient avenues. Within International, de-risking shall continue with focus on optimum capital allocation. It is our commitment to further strengthen the compliance culture within the Bank in line with international best practices.

Acknowledgements

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

For and on behalf of the Board,

Sima Kamil
President & CEO
Islamabad,
August 7th, 2019

Amar Zafar Khan
Director

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

UNITED BANK LIMITED

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNAUDITED)

A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road
Karachi 74000

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF UNITED BANK LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of United Bank Limited ("the Bank") as at June 30, 2019 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity andp unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2019 and June 30, 2018 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants

Karachi

Dated: August 9, 2019

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	233,855,398	183,467,358
Balances with other banks	7	31,080,761	23,345,698
Lendings to financial institutions	8	20,406,900	33,941,546
Investments	9	857,751,876	786,375,326
Advances	10	641,827,483	715,936,731
Fixed assets	11	52,939,562	45,799,099
Intangible assets	12	1,746,705	1,757,033
Deferred tax assets	13	7,135,683	7,807,084
Other assets	14	101,294,452	91,169,271
		1,948,038,820	1,889,599,146
LIABILITIES			
Bills payable	16	29,869,184	27,249,136
Borrowings	17	224,009,557	268,124,033
Deposits and other accounts	18	1,447,902,189	1,366,060,048
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	10,000,000	9,000,000
Deferred tax liabilities		-	-
Other liabilities	20	74,309,764	67,895,981
		1,786,090,694	1,738,329,198
NET ASSETS		161,948,126	151,269,948
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		61,230,268	54,439,238
Surplus on revaluation of assets	21	17,911,415	16,587,066
Unappropriated profit		70,564,645	68,001,846
		161,948,126	151,269,948
CONTINGENCIES AND COMMITMENTS	22		

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

Aameer Karachiwalla	**Sima Kamil**	**Amar Zafar Khan**	**Arshad Ahmed 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 SIX MONTHS ENDED JUNE 30, 2019

	Note	April - June 2019	April - June 2018	January - June 2019	January - June 2018
		---------- (Rupees in '000) ----------			
Mark-up / return / interest earned	24	35,164,668	26,018,152	66,564,781	54,164,809
Mark-up / return / interest expensed	25	19,900,466	11,817,397	36,641,997	26,109,232
Net mark-up / interest income		15,264,202	14,200,755	29,922,784	28,055,577
Non mark-up / interest income					
Fee and commission income	26	3,463,395	3,781,006	7,076,263	6,727,671
Dividend income		547,503	588,028	773,925	1,158,938
Foreign exchange income		1,316,967	911,193	2,224,878	1,446,754
Income / (loss) from derivatives		33,944	15,576	85,426	(6,274)
Gain on securities - net	27	196,640	1,475,436	201,738	4,541,825
Other income	28	1,610,998	205,463	1,781,641	417,075
Total non mark-up / interest income		7,169,447	6,976,702	12,143,871	14,285,989
Total Income		22,433,649	21,177,457	42,066,655	42,341,566
Non mark-up / Interest expenses					
Operating expenses	29	10,261,848	9,861,788	19,212,719	18,516,714
Workers' Welfare Fund		171,616	158,208	353,105	282,035
Other charges	30	233	3,587	2,218	4,019
Total non mark-up / interest expenses		10,433,697	10,023,583	19,568,042	18,802,768
Profit before provisions		11,999,952	11,153,874	22,498,613	23,538,798
Provisions and write-offs - net	31	3,170,867	2,619,732	4,494,025	4,532,102
Extra ordinary / unusual item - charge in respect of pension liability		-	2,000,000	-	8,404,635
PROFIT BEFORE TAXATION		8,829,085	6,534,142	18,004,588	10,602,061
Taxation	32	3,450,109	2,908,691	8,461,811	4,331,357
PROFIT AFTER TAXATION		5,378,976	3,625,451	9,542,777	6,270,704
			---------- (Rupees) ----------		
Earnings per share - basic and diluted	33	4.39	2.96	7.80	5.12

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

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	April - June 2019	April - June 2018 (Restated)	January - June 2019	January - June 2018 (Restated)
	(Rupees in '000)			
Profit after taxation for the period	5,378,976	3,625,451	9,542,777	6,270,704
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	5,980,295	2,105,218	7,169,378	4,211,414
Movement in (deficit) / surplus on revaluation of investments - net of tax	(748,472)	(3,894,233)	1,448,705	(7,868,249)
	5,231,823	(1,789,015)	8,618,083	(3,656,835)
Items that will not be reclassified to profit and loss account in subsequent periods				
Remeasurement gain on defined benefit obligations - net of tax	679,587	-	679,587	-
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	1,988	(5,866)	(81,629)	(5,771)
Movement in surplus on revaluation of non-banking assets - net of tax	(14,786)	6,686	(15,026)	(18,583)
	666,789	820	582,932	(24,354)
Total comprehensive income for the period	11,277,588	1,837,256	18,743,792	2,589,515

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

Aameer Karachiwalla
Chief Financial Officer

Sima Kamil
President &
Chief Executive Officer

Amar Zafar Khan
Director

Arshad Ahmed Mir
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	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, 2017	12,241,798	14,107,139	29,739,738	6,228,784	25,964,654	112,528	70,912,406	159,307,047
Effect of adoption of IFRS 9 by overseas branches	-	-	-	-	-	-	(1,590,688)	(1,590,688)
Balance as at January 01, 2018	12,241,798	14,107,139	29,739,738	6,228,784	25,964,654	112,528	69,321,718	157,716,359
Total comprehensive income for the six months ended June 30, 2018								
Profit after taxation for the six months ended June 30, 2018	-	-	-	-	-	-	6,270,704	6,270,704
Other comprehensive income - net of tax	-	4,211,414	-	(7,868,249)	(5,771)	(18,583)	-	(3,681,189)
Total comprehensive income for the six months ended June 30, 2018	-	4,211,414	-	(7,868,249)	(5,771)	(18,583)	6,270,704	2,589,515
Transfer to statutory reserve	-	-	627,070	-	-	-	(627,070)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(28,230)	-	28,230	-
Transactions with owners for the six months ended June 30, 2018								
Final cash dividend - December 31, 2017 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2018 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Balance as at June 30, 2018 (Un-audited)	12,241,798	18,318,553	30,366,808	(1,639,465)	25,930,653	93,945	66,424,324	151,736,616
Total comprehensive income for the six months ended December 31, 2018								
Profit after taxation for the six months ended December 31, 2018	-	-	-	-	-	-	8,955,391	8,955,391
Other comprehensive income - net of tax	-	4,858,337	-	(7,431,248)	(350,504)	11,911	(389,657)	(3,301,161)
Total comprehensive income for the six months ended December 31, 2018	-	4,858,337	-	(7,431,248)	(350,504)	11,911	8,565,734	5,654,230
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax								
Transfer to statutory reserve	-	-	895,540	-	-	-	(895,540)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(28,226)	-	28,226	-
Transactions with owners for the six months ended December 31, 2018								
Interim cash dividend - June 30, 2018 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - September 30, 2018 declared at Rs.2.0 per share	-	-	-	-	-	-	(2,448,359)	(2,448,359)
	-	-	-	-	-	-	(6,120,898)	(6,120,898)
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 six months ended June 30, 2019								
Profit after taxation for the six months ended June 30, 2019	-	-	-	-	-	-	9,542,777	9,542,777
Other comprehensive income - net of tax	-	7,169,378	-	1,448,705	(81,629)	(15,026)	679,587	9,201,015
Total comprehensive income for the six months ended June 30, 2019	-	7,169,378	-	1,448,705	(81,629)	(15,026)	10,222,364	18,743,792
Transfer to statutory reserve	-	-	954,278	-	-	-	(954,278)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(27,701)	-	27,701	-
Transactions with owners for the half year ended June 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)
Realization of exchange translation reserve - Note 28.1	-	(1,332,626)	-	-	-	-	-	(1,332,626)
Balance as at June 30, 2019 (Un-audited)	12,241,798	29,013,642	32,216,626	(7,622,008)	25,442,593	90,830	70,564,645	161,948,126

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

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

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

	January - June 2019	January - June 2018
	---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,004,588	10,602,061
Less: Dividend income	(773,925)	(1,158,938)
	17,230,663	9,443,123
Adjustments:		
Depreciation on fixed assets	1,279,596	1,116,336
Depreciation on Islamic financing against leased assets (Ijarah)	105,115	96,272
Depreciation on right of use assets	1,018,176	-
Amortization	284,111	216,038
Workers' Welfare Fund	353,105	282,035
Provision for retirement benefits	442,727	8,758,312
Provision for compensated absences	87,325	64,120
Provision against loans and advances - net	1,537,294	3,582,655
(Reversal) of / provision against off balance sheet items	(126,747)	405,466
Provision for diminution in value of investments - net	3,227,027	574,452
Interest expense on lease liability against right of use assets	503,459	-
Gain on sale of operating fixed assets - net	(33,273)	(23,316)
Gain on sale of ijarah assets - net	(629)	(1,301)
Gain on sale of associate	(75,294)	-
Gain on sale of non-banking asset	(32,747)	-
Bad debts written-off directly	31,612	36,015
Unrealized loss on revaluation of investments classified as held for trading	8,640	1,290
Realization of exchange translation reserve - UBL New York branch	(1,332,626)	-
Other reversals / provisions & write-offs	(175,161)	(66,486)
	7,101,710	15,041,888
	24,332,373	24,485,011
Decrease / (Increase) in operating assets		
Lendings to financial institutions	13,534,646	(8,309,736)
Held for trading securities	(32,521,499)	69,497,486
Advances	72,414,990	(75,539,157)
Other assets (excluding advance taxation)	(12,095,477)	(1,452,973)
	41,332,660	(15,804,380)
Increase / (Decrease) in operating liabilities		
Bills payable	2,620,048	2,172,880
Borrowings	(44,114,476)	(219,211,022)
Deposits and other accounts	81,842,141	26,115,400
Other liabilities (excluding current taxation)	(348,171)	1,244,284
	39,999,542	(189,678,458)
	105,664,575	(180,997,827)
Payments on account of staff retirement benefits	(2,526,557)	(692,918)
Income taxes paid	(3,739,573)	(8,656,368)
Net cash flows generated from / (used in) operating activities	99,398,445	(190,347,113)
CASH FLOW FROM INVESTING ACTIVITIES		-
Net investments in available for sale securities	(61,386,347)	181,416,480
Net investments in held to maturity securities	20,818,722	27,105,944
Net investments in subsidiaries and associates	(58,708)	407,951
Dividend income received	617,604	1,066,600
Investment in fixed assets and intangible assets	(1,751,325)	(2,797,997)
Sale proceeds from disposal of fixed assets	145,373	33,952
Sale proceeds from disposal of ijarah assets	20,866	30,622
Effect of translation of net investment in foreign branches	7,169,378	4,211,414
Net cash flows (used in) / generated from investing activities	(34,424,437)	211,474,966
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from subordinated debts	1,000,000	-
Payment of lease liability against right of use assets	(1,653,486)	-
Dividends paid	(6,197,419)	(8,704,645)
Net cash used in financing activities	(6,850,905)	(8,704,645)
Increase in cash and cash equivalents	58,123,103	12,423,208
Cash and cash equivalents at the beginning of the period	206,813,056	177,098,885
Cash and cash equivalents at the end of the period	264,936,159	189,522,093

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

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

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

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

3.3 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

3.4 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2018.

3.5 These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are presented separately.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020

	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

4.1.1 Impact of IFRS 16 - Leases

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

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

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

	June 30, 2019	January 01, 2019
	----------(Rupees in '000)----------	
Total lease liability recognised	7,181,069	7,577,402

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

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

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

	June 30, 2019	January 01, 2019
	----------(Rupees in '000)----------	
Land and building	6,996,445	7,828,194

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

	June 30, 2019	January 01, 2019
	----------(Rupees in '000)----------	
Impact on Unconsolidated Condensed Interim Statement of Financial Position		
Increase in fixed assets - right-of-use assets	6,996,445	7,828,194
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(195,487)	(250,792)
Increase in other assets - advance taxation	148,243	-
Increase in total assets	6,949,201	7,577,402
Increase in other liabilities - lease liability against right-of-use assets	(7,181,069)	(7,577,402)
(Decrease) / increase in net assets	(231,868)	-

	January - June 2019 (Rupees in '000)
Impact on Unconsolidated Condensed Interim Profit and Loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(503,459)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(1,018,176)
- Rent expense	1,141,524
Decrease in profit before tax	(380,111)
Decrease in tax	148,243
Decrease in profit after tax	(231,868)

Earnings per share for the six months ended June 30, 2019 are Re 0.19 per share lower as a result of the adoption of IFRS 16.

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

4.1.2 The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Bank has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

- Unconsolidated Condensed Interim Profit and Loss Account

As a result of adoption of the revised format, the figures for the quarter and half year ended June 30, 2018 in the unconsolidated condensed interim profit and loss account have been reclassified and reflected based on the requirements of the revised format.

- Unconsolidated Condensed Interim Statement of Comprehensive Income

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

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

5. BASIS OF MEASUREMENT

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

5.2 Judgments and estimates

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

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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	---------- (Rupees in '000) ----------	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	18,318,916	11,659,464
Foreign currency	6,510,225	4,042,891
	24,829,141	15,702,355
With State Bank of Pakistan in		
Local currency current accounts	62,606,011	46,699,046
Foreign currency current accounts	3,797,692	3,209,866
Foreign currency deposit account	10,883,404	8,304,054
	77,287,107	58,212,966
With other central banks in		
Foreign currency current accounts	32,831,834	30,452,713
Foreign currency deposit accounts	19,387,955	12,103,156
	52,219,789	42,555,869
With National Bank of Pakistan in local currency current accounts	74,987,453	66,936,342
Prize Bonds	4,531,908	59,826
	233,855,398	183,467,358
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	9,535,007	4,600,007
Outside Pakistan		
In current accounts	8,784,837	5,866,022
In deposit accounts	12,760,917	12,879,669
	21,545,754	18,745,691
	31,080,761	23,345,698
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	3,600,000	7,000,000
Repurchase agreement lendings (reverse repo)	12,780,000	23,500,000
Bai Muajjal receivable with other financial institutions	4,026,900	3,066,732
Other lendings to financial institutions	-	443,067
	20,406,900	34,009,799
Less: Provision against lendings to financial institutions	-	(68,253)
Lendings to Financial Institutions - net of provision	20,406,900	33,941,546

9. INVESTMENTS

9.1 Investments by type

	Note	(Un-audited) June 30, 2019				(Audited) December 31, 2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Held for trading securities									
Market Treasury Bills		134,088,595	-	(8,695)	134,079,900	99,942,759	-	954	99,943,713
Pakistan Investment Bonds		14,682	-	54	14,736	1,621,854	-	7,570	1,629,424
		134,103,277	-	(8,641)	134,094,636	101,564,613	-	8,524	101,573,137
Available for sale securities									
Market Treasury Bills		172,354,135	-	(38,110)	172,316,025	139,865,800	-	(22,440)	139,843,360
Pakistan Investment Bonds		159,332,342	-	(15,389,733)	143,942,609	133,585,814	-	(14,268,873)	119,316,941
Government of Pakistan Eurobonds		19,505,781	(256,910)	819,917	20,068,788	17,736,778	(203,676)	(701,525)	16,831,577
Government of Pakistan Sukuk		10,130,347	(48,813)	(166,580)	9,914,954	15,145,060	(49,844)	(176,154)	14,919,062
Sukuks		105,000	-	-	105,000	105,000	-	-	105,000
Ordinary shares of listed companies		18,176,748	(5,228,387)	600,370	13,548,731	18,018,211	(3,047,963)	1,747,978	16,718,226
Preference shares		550,749	(514,082)	-	36,667	482,687	(446,023)	-	36,664
Ordinary shares of unlisted companies		754,011	(121,871)	-	632,140	753,562	(121,751)	-	631,811
Investment in REIT		458,590	-	(34,603)	423,987	458,590	-	41,273	499,863
Investment in Mutual Fund		250,000	-	(24,117)	225,883	-	-	-	-
Term Finance Certificates		791,543	(97,278)	-	694,265	941,297	(97,278)	(891)	843,128
Foreign bonds - sovereign		40,263,930	(573,582)	1,610,413	41,300,761	35,080,096	(378,288)	(459,301)	34,242,507
Foreign bonds - others		7,823,181	(29,449)	112,272	7,906,004	6,997,292	(46,622)	(110,867)	6,839,803
		430,496,357	(6,870,372)	(12,510,171)	411,115,814	369,170,187	(4,391,445)	(13,950,800)	350,827,942
Held to maturity securities									
Market Treasury Bills		3,226,012	-	-	3,226,012	2,885,435	-	-	2,885,435
Pakistan Investment Bonds		231,526,677	-	-	231,526,677	275,079,334	-	-	275,079,334
Government of Pakistan Eurobonds		9,482,764	(153,931)	-	9,328,833	8,251,048	(127,994)	-	8,123,054
Government of Pakistan Sukuk		828,472	(12,972)	-	815,500	719,499	(11,264)	-	708,235
Bai Muajjal with Government of Pakistan	38.2.1	24,872,153	-	-	24,872,153	8,300,566	-	-	8,300,566
Term Finance Certificates		5,510,541	(11,384)	-	5,499,157	6,023,053	(11,384)	-	6,011,669
Sukuks		16,126,223	(98,315)	-	16,027,908	11,921,801	(107,743)	-	11,814,058
Participation Term Certificates		437	(437)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		15,235,908	(314,006)	-	14,921,902	14,460,187	(171,247)	-	14,288,940
Foreign bonds - others		1,726,046	(383,392)	-	1,342,654	1,497,873	(347,246)	-	1,150,627
Recovery note		493,321	(493,303)	-	18	428,008	(427,992)	-	16
CDC SAARC Fund		348	-	-	348	302	-	-	302
		309,031,168	(1,470,006)	-	307,561,162	329,569,809	(1,207,573)	-	328,362,236
Associates									
UBL Financial Sector Fund		150,000	-	-	150,000	-	-	-	-
UBL Insurers Limited		240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	9.4	832,485	-	-	832,485	832,485	-	-	832,485
Oman United Exchange Company, Muscat	9.5	-	-	-	-	15,998	(51)	-	15,947
DHA Cogen Limited	9.6	-	-	-	-	-	-	-	-
		1,222,485	-	-	1,222,485	1,088,483	(51)	-	1,088,432
Subsidiaries									
United National Bank Limited (UBL UK)		2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL (Switzerland) AG		589,837	-	-	589,837	589,837	-	-	589,837
UBL Fund Managers Limited		100,000	-	-	100,000	100,000	-	-	100,000
UBL Bank (Tanzania) Limited	9.9	1,831,006	(1,648,387)	-	182,619	1,831,006	(882,587)	-	948,419
United Executors and Trustees Company Limited		30,100	-	-	30,100	30,100	-	-	30,100
		5,406,166	(1,648,387)	-	3,757,779	5,406,166	(882,587)	-	4,523,579
Total Investments		880,259,453	(9,988,765)	(12,518,812)	857,751,876	806,799,258	(6,481,656)	(13,942,276)	786,375,326

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
			------- (Rupees in '000) -------	
9.1.1	**Investments given as collateral - at market value**			
	Market Treasury Bills		111,266,919	104,483,301
	Pakistan Investment Bonds		2,925,920	55,064,705
	Government of Pakistan Eurobonds		2,075,719	1,457,053
	Government of Pakistan Sukkuk		1,219,890	-
	Foreign bonds - sovereign		-	2,938,477
	Foreign bonds - others		-	1,167,508
			117,488,448	165,111,044
9.2	**Provision for diminution in value of investments**			
9.2.1	Opening balance		6,481,656	3,768,660
	Impact on adoption of IFRS 9		-	871,640
	Exchange adjustments		378,096	373,968
	Charge / (reversals)			
	Charge for the period / year		3,236,455	1,567,939
	Reversals for the period / year		(9,428)	(12,388)
			3,227,027	1,555,551
	Reversal on disposal		(98,014)	(60,438)
	Amounts written off		-	(27,725)
	Closing balance	9.7	9,988,765	6,481,656

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non performing investment (NPI)	Provision	Non performing investment (NPI)	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	1,864,194	209,545	2,136,944	219,107
Overseas				
Overdue by:				
> 365 days	840,450	840,450	729,205	729,179
Total	2,704,644	1,049,995	2,866,149	948,286

9.3 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 291,832.800 million (December 31, 2018: Rs. 304,643.471 million).

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

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

9.6 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.

9.7 Provision against investments includes collective impairment under IFRS 9 amounting to Rs: 1,426.043 million.

9.8 Investments include amounts aggregating to Rs. 1,536.840 million (December 31, 2018: Rs 1,792.177 million) which have been classified as loss in accordance with the requirements of Prudential Regulations prescribed by the SBP. Provision has however, not been made against them as these investments are secured by way of guarantee from the Government of Pakistan.

9.9 UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited (UBL). UBL and UBTL have entered into an "Assets and Liabilities Purchase Agreement" with EXIM Bank Tanzania Limited subject to all applicable corporate compliances and the regulatory approvals at both places, i.e. Pakistan and Tanzania. The entity of UBTL and its banking license will remain intact for the time being.

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		577,800,938	628,104,826	74,254,391	65,480,873	652,055,329	693,585,699
Net investment in finance lease		109,855	77,361	-	-	109,855	77,361
Islamic financings and related assets	38.3	9,022,734	22,595,094	97,999	97,156	9,120,733	22,692,250
Bills discounted and purchased		44,807,691	56,933,339	3,138,561	2,983,692	47,946,252	59,917,031
Advances - gross		631,741,218	707,710,620	77,490,951	68,561,721	709,232,169	776,272,341
Provision against advances	10.3						
- Specific		-	-	(63,572,333)	(55,893,025)	(63,572,333)	(55,893,025)
- General		(3,832,353)	(4,442,585)	-	-	(3,832,353)	(4,442,585)
		(3,832,353)	(4,442,585)	(63,572,333)	(55,893,025)	(67,404,686)	(60,335,610)
Advances - net of provision		627,908,865	703,268,035	13,918,618	12,668,696	641,827,483	715,936,731

10.1 Particulars of advances - gross

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
In local currency	502,291,699	579,185,614
In foreign currencies	206,940,470	197,086,727
	709,232,169	776,272,341

10.2 Advances include Rs. 77,490.951 million (December 31, 2018: Rs. 68,561.721 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30,2019		(Audited) December 31, 2018	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	253,909	2,850	89,546	1,113
Substandard	429,299	104,803	969,495	240,790
Doubtful	143,800	69,901	428,909	202,116
Loss	26,165,170	24,994,383	26,432,231	25,394,410
	26,992,178	25,171,937	27,920,181	25,838,429
Overseas				
Not past due but impaired**	5,681,315	3,110,779	3,623,373	3,073,362
Overdue by:				
Upto 90 days	5,338,238	3,124,852	7,986,841	2,722,248
91 to 180 days	5,953,991	3,173,444	2,057,618	2,027,258
181 to 365 days	5,809,831	4,782,163	2,090,931	1,904,536
> 365 days	27,715,398	24,209,158	24,882,777	20,327,192
	50,498,773	38,400,396	40,641,540	30,054,596
Total	77,490,951	63,572,333	68,561,721	55,893,025

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

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

10.3 Particulars of provision against advances

	Note	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		55,893,025	4,442,585	60,335,610	39,441,610	3,255,254	42,696,864
Impact on adoption of IFRS 9		-	-	-	-	1,272,272	1,272,272
Exchange adjustments		5,007,458	410,185	5,417,643	4,669,656	753,690	5,423,346
Charge / (reversals)							
Charge for the period / year		3,983,860	-	3,983,860	14,490,257	6,721	14,496,978
Reversals for the period / year		(1,321,728)	(1,020,417)	(2,342,145)	(2,314,390)	(845,352)	(3,159,742)
	31	2,662,132	(1,020,417)	1,641,715	12,175,867	(838,631)	11,337,236
Transfers in - net		68,253	-	68,253	-	-	-
Amounts written off		(58,535)	-	(58,535)	(394,108)	-	(394,108)
Closing balance		63,572,333	3,832,353	67,404,686	55,893,025	4,442,585	60,335,610

10.3.1 General provision represents provision amounting to Rs. 321.720 million (December 31, 2018: Rs. 303.132 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 3,510.633 million (December 31, 2018: Rs. 4,139.453 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of adoption of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 27.018 million (December 31, 2018: Rs. 20.009 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would had been higher by Rs.5,649.299 million (December 31, 2018: Rs. 5,769.930 million) for the overseas branches.

10.3.3 Exposure amounting to Rs. 22,599.719 million relating to certain facilities of Power Holding (Pvt.) Limited, which is a government guaranteed loan, has not been classified as non-performing, pursuant to a relaxation given by SBP in this respect. The relaxation is valid upto June 30, 2019.

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,376,031	944,233
Property and equipment		44,567,086	44,854,866
Right of use assets	4.1.1	6,996,445	-
		52,939,562	45,799,099

11.1 Capital work-in-progress

Civil works	738,016	585,087
Equipment	638,015	359,146
	1,376,031	944,233

		Note	(Un-audited)	
			January - June 2019	January - June 2018
			------- (Rupees in '000) -----	
11.2	**Additions to fixed assets**			
	The following additions have been made to fixed assets during the period:			
	Capital work-in-progress		541,427	-
	Property and equipment			
	Leasehold land		-	233,774
	Building on freehold land		-	2,042,243
	Building on leasehold land		1,206	366,199
	Leasehold Improvement		323,297	326,944
	Furniture and fixture		67,526	287,577
	Electrical office and computer equipment		555,083	1,326,358
	Vehicles		2,374	38,541
			949,486	4,621,636
	Total		**1,490,913**	**4,621,636**
11.3	**Disposal of fixed assets**			
	Leasehold land		-	-
	Building on leasehold land		-	-
	Leasehold Improvement		9,063	2,104
	Furniture and fixture		1,420	78,250
	Electrical office and computer equipment		19,370	185,336
	Vehicles		51,802	64,204
			81,655	**329,894**
12.	**INTANGIBLE ASSETS**			
	Capital work-in-progress		320,789	211,160
	Intangible assets		1,425,916	1,545,873
			1,746,705	**1,757,033**
13.	**DEFERRED TAX ASSETS**			
	Deferred tax assets	13.1	7,135,683	7,807,084

13.1 Movement in temporary differences during the period

	June 30, 2019 (Un-Audited)			
	At January 01, 2019	Recognized in profit and loss account	Recognised in OCI	At June 30, 2019
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Post retirement employee benefits	672,290	55,247	-	727,537
- Provision against advances, off balance sheet etc.	2,292,249	(450,250)	-	1,841,999
- Deficit on revaluation of investments	4,880,087	-	8,076	4,888,163
- Others	1,603,854	137,772	102,823	1,844,449
	9,448,480	(257,231)	110,899	9,302,148
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(734,307)	16,393	(75,378)	(793,292)
- Post retirement employee benefits	-	-	(434,490)	(434,490)
- Accelerated tax depreciation	(907,089)	(31,594)	-	(938,683)
	(1,641,396)	(15,201)	(509,868)	(2,166,465)
	7,807,084	(272,432)	(398,969)	7,135,683

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
14. OTHER ASSETS		(Rupees in '000)	
Income / mark-up accrued in local currency - net of provision		25,346,059	22,186,193
Income / mark-up accrued in foreign currency - net of provision		5,518,021	4,292,424
		30,864,080	26,478,617
Advance taxation - net of provision for taxation	14.1	20,374,465	24,824,271
Receivable from staff retirement fund		1,365,468	321,349
Receivable from other banks against telegraphic transfers and demand drafts		-	88,354
Branch adjustment account		304,628	-
Unrealized gain on forward foreign exchange contracts		13,749,185	5,114,010
Rebate receivable - net		1,579,983	1,055,900
Unrealized gain on derivative financial instruments		32,705	5,868
Suspense accounts		437,294	607,698
Stationery and stamps on hand		152,177	98,828
Non-banking assets acquired in satisfaction of claims		1,374,529	1,369,282
Advances, deposits, advance rent and other prepayments		1,296,190	1,320,756
Acceptances		26,762,109	28,157,111
Others		3,970,241	2,640,158
		102,263,054	92,082,202
Provision held against other assets	14.2	(1,117,503)	(1,086,072)
Other assets - net of provisions		101,145,551	90,996,130
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	148,901	173,141
Other assets - total		101,294,452	91,169,271

14.1 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2018, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,591 million (December 31 2018: Rs.13,119 million) , which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2018 (financial year 2017) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2007 to 2017. Consequently various addbacks and demands were raised creating a total demand of Rs. 889 million (2018: Rs. 995 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for Yemen, Qatar and UAE branches have been filed upto the year ended December 31, 2018 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 1 M (Rs: 43.958 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) June 30, 2019	(Audited) December 31, 2018
	---------- (Rupees in '000) ---------	
14.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	574,535	571,597
Non-banking assets acquired in satisfaction of claims	85,200	104,512
Receivable from insurance companies against fraud and forgery	457,768	409,963
	1,117,503	1,086,072

15. CONTINGENT ASSETS

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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	---------- (Rupees in '000) ---------	
16. BILLS PAYABLE		
In Pakistan	28,270,558	26,724,282
Outside Pakistan	1,598,626	524,854
	29,869,184	27,249,136

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	---------- (Rupees in '000) ----------	

17. BORROWINGS

Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,115,266	28,120,012
Refinance facility for modernization of SME	8,588	11,204
Long term financing facility	23,498,610	21,871,486
	52,622,464	50,002,702
Repurchase agreement borrowings	122,905,962	131,492,844
Bai Muajjal payable to other financial institutions	21,885,427	49,878,076
	197,413,853	231,373,622
Unsecured		
Call borrowings	7,031,977	18,850,439
Overdrawn nostro accounts	432,981	1,836,701
Money market deals	19,130,746	16,063,271
	26,595,704	36,750,411
	224,009,557	268,124,033

18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Fixed deposits	90,555,396	204,691,204	295,246,600	126,191,096	172,243,714	298,434,810
Savings deposits	424,620,712	37,704,288	462,325,000	393,093,910	42,398,195	435,492,105
Sundry deposits	17,875,428	1,099,684	18,975,112	11,768,321	990,212	12,758,533
Margin deposits	2,665,887	4,206,197	6,872,084	2,962,920	3,378,441	6,341,361
Current accounts - remunerative	3,072,961	6,287,510	9,360,471	965,509	6,200,072	7,165,581
Current accounts - non-remunerative	490,497,805	102,165,440	592,663,245	449,939,963	88,903,450	538,843,413
	1,029,288,189	356,154,323	1,385,442,512	984,921,719	314,114,084	1,299,035,803
Financial Institutions						
Current deposits	15,048,286	5,725,354	20,773,640	21,804,360	936,185	22,740,545
Savings deposits	22,182,270	-	22,182,270	30,509,483	-	30,509,483
Term deposits	16,485,098	3,018,669	19,503,767	12,065,814	1,708,403	13,774,217
	53,715,654	8,744,023	62,459,677	64,379,657	2,644,588	67,024,245
	1,083,003,843	364,898,346	1,447,902,189	1,049,301,376	316,758,672	1,366,060,048

18.1 Total Deposits includes eligible deposits under deposit protection mechanism amounting to Rs. 842,337.454 million (December 31, 2019; Rs. 813,924.260 million).

19. SUBORDINATED DEBTS

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

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

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

20. OTHER LIABILITIES

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
Mark-up / return / interest payable in local currency		10,606,178	12,345,658
Mark-up / return / interest payable in foreign currencies		2,222,344	2,368,783
		12,828,522	14,714,441
Accrued expenses		3,386,586	4,105,975
Payable to other banks against telegraphic transfers and demand drafts		14,233	-
Branch adjustment account		-	848,267
Deferred income		575,229	617,099
Unearned commission and income on bills discounted		1,082,059	1,168,936
Provision against off - balance sheet obligations	20.1	357,981	833,397
Unrealized loss on forward foreign exchange contracts		6,629,839	3,485,261
Trading liabilities		3,209,742	3,750,654
Payable to staff retirement fund		-	962,984
Deferred liabilities		3,696,594	3,685,997
Unrealized loss on derivative financial instruments		19,972	82,047
Workers' Welfare Fund payable		3,448,389	3,095,285
Insurance payable against consumer assets		454,702	410,466
Dividend payable		1,057,181	521,612
Acceptances		26,762,109	28,157,111
Charity fund balance		2,922	2,597
Lease Liability	4.1.1	7,181,069	-
Others		3,602,635	1,453,852
		74,309,764	67,895,981

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
			------- (Rupees in '000) -------	
20.1	**Provision against off-balance sheet obligations**			
	Opening balance		833,397	65,982
	Impact on adoption of IFRS 9		-	211,244
	Exchange adjustment		55,971	92,871
	Charge for the period / year	31	(126,747)	463,300
	Transfer out		(404,640)	-
	Closing balance		357,981	833,397
21.	**SURPLUS ON REVALUATION OF ASSETS**			
	Surplus / (deficit) arising on revaluation of assets			
	Fixed assets		26,177,815	26,218,945
	Available for sale securities	9.1	(12,510,171)	(13,950,800)
	Non-banking assets acquired in satisfaction of claims	14	148,901	173,141
			13,816,545	12,441,286
	Less: Deferred tax (asset) / liability on revaluation of:			
	Fixed assets		735,222	667,022
	Available for sale securities		(4,888,163)	(4,880,087)
	Non-banking assets acquired in satisfaction of claims		58,071	67,285
			(4,094,870)	(4,145,780)
			17,911,415	16,587,066
22.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	22.1	185,251,981	200,297,992
	Commitments	22.2	1,136,444,257	903,024,912
	Other contingent liabilities	22.3	15,551,171	15,576,591
			1,337,247,409	1,118,899,495
22.1	**Guarantees:**			
	Financial guarantees		37,653,126	22,776,228
	Performance guarantees		147,598,855	177,521,764
			185,251,981	200,297,992
22.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		186,660,671	169,538,695
	Commitments in respect of:			
	- forward foreign exchange contracts	22.2.2	718,212,976	583,708,769
	- forward government securities transactions	22.2.3	79,390,337	15,946,089
	- derivatives			
	Interest rate swaps	22.2.4	316,500	1,674,764
	FX options	22.2.4	1,677,224	1,159,752
	- forward lending	22.2.5	149,221,717	129,068,240
	Commitments for acquisition of operating fixed assets		964,832	1,928,603
			1,136,444,257	903,024,912

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) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		392,063,594	313,860,505
Sale		326,149,382	269,848,264
22.2.3 Commitments in respect of forward government securities transactions			
Purchase		79,390,337	13,619,209
Sale		-	2,326,880
22.2.4 Commitments in respect of derivatives			
Interest rate swaps		316,500	1,674,764
FX options - purchased		838,612	579,876
FX options - sold		838,612	579,876
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	78,780,940	65,695,154
Others		70,440,777	63,373,086
		149,221,717	129,068,240

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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
22.2.6 Commitments in respect of capital expenditure	964,832	1,928,603
22.3 Other contingent liabilities		
22.3.1 Claims against the Bank not acknowledged as debts	11,493,582	11,519,002

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

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

22.3.2 Penalties amounting to Rs. 4.058 billion have been levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.

22.3.3 For contingencies relating to taxation, refer note 14.1.

23. DERIVATIVE INSTRUMENTS

Product analysis

	June 30, 2019 (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	-	-	838,612	-	-	-	-	-	838,612	-
Market making	316,500	(19,991)	838,612	-	79,390,337	32,724	-	-	80,545,449	12,733
	316,500	(19,991)	1,677,224	-	79,390,337	32,724	-	-	81,384,061	12,733

	December 31, 2018 (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	179,132	1,170	579,876	-	-	-	-	-	759,008	1,170
Market making	1,495,632	(23,252)	579,876	-	13,619,209	(53,425)	2,326,880	(672)	18,021,597	(77,349)
	1,674,764	(22,082)	1,159,752	-	13,619,209	(53,425)	2,326,880	(672)	18,780,605	(76,179)

	Note	------- (Un-audited) -------	
		January - June 2019	January - June 2018
		------- (Rupees in '000) -------	
24. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		30,510,792	20,016,210
Investments		31,282,540	32,901,573
Lendings to financial institutions		4,011,578	864,511
Balances with banks		759,871	382,515
		66,564,781	54,164,809
25. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		28,508,168	15,544,546
On borrowings		5,465,672	9,951,902
On subordinated debts		591,819	-
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,572,879	612,784
On lease liability against right of use assets		503,459	-
		36,641,997	26,109,232

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

26. FEE AND COMMISSION INCOME

Branch banking customer fee		981,870	863,288
Consumer finance related fee		460,146	358,240
Card related fees (debit and credit cards)		799,557	777,619
Investment banking fee		163,070	422,879
Financial Institution rebate / commission		161,021	198,384
Corporate service charges / facility fee		427,552	343,036
Commission on trade		469,245	533,766
Commission on guarantees		447,552	363,236
Commission on cash management		382,502	363,717
Commission on remittances including home remittances - net		1,503,136	1,270,131
Commission on bancassurance		685,942	616,126
Commission on Benazir Income Support Program		374,057	360,393
Others		220,613	256,856
		7,076,263	6,727,671

27. GAIN ON SECURITIES - NET

Realised	27.1	210,378	4,543,115
Unrealised - held for trading		(8,640)	(1,290)
		201,738	4,541,825

27.1 Realised gain on:

Federal Government securities	73,562	3,952,971
Shares	126,730	379,568
Foreign securities	14,975	192,125
Associates	-	18,451
Other Securities	(4,889)	-
	210,378	4,543,115

28. OTHER INCOME

Charges recovered		142,496	218,775
Rent on properties		112,272	97,773
Gain on sale of operating fixed assets - net		33,273	24,617
Gain on sale of associate		75,294	-
Gain on sale of Ijarah assets - net		629	1,301
Gain on disposal of non-banking assets - net		32,747	39,161
Gain on trading liabilities - net		52,304	35,448
Realization of exchange translation reserve - UBL New York branch	28.1	1,332,626	-
		1,781,641	417,075

28.1 The Bank voluntarily closed its New York Branch (NY Branch) on January 28, 2019 and surrendered the license to the New York State Department of Financial Services (NYDFS). Further, the Federal Reserve Bank of New York (FRBNY) has informed the Bank that Written Agreement dated July 2, 2018 signed by and among FRBNY, UBL and NY Branch has been terminated. The termination of Written Agreement marks the completion of UBL NY Branch winding down process. As a result, the assets of New York Branch were liquidated during the current period and exchange translation reserve previously recognised as "Capital Reserve" in respect of UBL NY Branch has been reclassified to unconsolidated condensed interim profit and loss account in accordance with paragraph 48 of IAS 21 "Effect of changes in foreign exchange rates".

29. OPERATING EXPENSES

	------- (Un-audited) -------	
	January - June 2019	January - June 2018
	------- (Rupees in '000) -------	
Total compensation expense	7,261,632	7,506,368
Property expense		
Rent and taxes	478,077	1,457,989
Insurance	93,299	97,376
Utilities cost	707,411	689,706
Security	471,914	608,018
Repair and maintenance	156,998	224,930
Depreciation	372,464	306,240
Depreciation - Right of Use Assets	1,018,176	-
Others	28,425	27,381
	3,326,764	3,411,640
Information technology expenses		
Software maintenance	596,452	463,063
Hardware maintenance	105,196	108,532
Depreciation	334,374	291,426
Amortisation	284,111	216,038
Network charges	340,941	343,076
	1,661,074	1,422,135
Other operating expenses		
Directors' fees and allowances	39,565	37,149
Fees and allowances to Shariah Board	2,400	2,383
Legal and professional charges	281,380	387,552
Outsourced service costs including sales commission	1,893,039	1,796,151
Travelling and conveyance	106,123	118,285
Clearing charges	93,510	88,058
Depreciation	572,758	518,670
Depreciation on Islamic financing against leased assets	105,115	96,272
Training and development	39,453	59,746
Postage and courier charges	162,639	188,085
Communication	208,717	227,524
Stationery and printing	327,626	361,071
Marketing, advertisement and publicity	459,234	343,332
Donations	89,515	3,768
Auditors' remuneration	63,972	45,662
Insurance	66,451	49,847
Deposit Protection Premium	651,139	-
Cash transportation and sorting charges	474,658	514,353
Entertainment	78,185	88,079
Vehicle expenses	49,498	94,936
Subscription	49,897	51,245
Office running expenses	79,346	81,480
Banking service charges	777,144	700,585
Repairs and maintenance	199,794	208,679
Cartage, freight and conveyance	31,386	39,198
Zakat paid by overseas branch	2,599	33,755
Brokerage expenses	8,417	8,568
Miscellaneous expenses	49,689	32,138
	6,963,249	6,176,571
	19,212,719	18,516,714

30. OTHER CHARGES

Penalties imposed by the SBP	2,022	3,354
Other penalties	196	665
	2,218	4,019

31. PROVISIONS AND WRITE-OFFS - NET

	Note	------- (Un-audited) -------	
		January - June 2019	January - June 2018
		------- (Rupees in '000) -------	
Provision against loans and advances - net	10.3	1,641,715	3,840,257
Provision for diminution in value of investments - net	9.2	3,227,027	574,452
Bad debts written off directly		31,612	36,015
Reversal of provision against other assets		(4,429)	(90,172)
Reversal / provision against off - balance sheet obligations	20.1	(126,747)	405,466
Recovery of written-off / charged off bad debts		(104,421)	(257,602)
Other reversal / other provisions & write-offs		(170,732)	23,686
		4,494,025	4,532,102

32. TAXATION

Current	6,539,623	5,596,336
Prior years	1,649,756	(172,200)
Deferred	272,432	(1,092,779)
	8,461,811	4,331,357

33. EARNINGS PER SHARE

	------- (Un-audited) -------	
	January - June 2019	January - June 2018
	------- (Rupees in '000) -------	
Profit after taxation for the period	9,542,777	6,270,704
	------- (Number of shares) -------	
Weighted average number of ordinary shares	1,224,179,687	1,224,179,687
	---------- (Rupees) ----------	
Earnings per share - basic and diluted	7.80	5.12

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2019 and June 30, 2018.

34. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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:

	June 30, 2019 (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)	480,337,012	-	480,337,012	-	480,337,012
Foreign Bonds - Sovereign	41,300,761	-	41,300,761	-	41,300,761
Foreign Bonds - others	7,906,004	-	7,906,004	-	7,906,004
Ordinary shares of listed companies	13,548,731	13,548,731	-	-	13,548,731
Investment in Mutual funds	225,883	-	225,883		225,883
Debt securities (TFCs , Sukuks)	799,265	-	799,265	-	799,265
Investment in REIT	423,987	423,987	-	-	423,987
Investment held for sale	-	-	-		-
	544,541,643	13,972,718	530,568,925	-	544,541,643
Off-balance sheet financial instruments -measured at fair value					
Forward purchase and sale of foreign exchange contracts	718,212,976	-	7,119,346	-	7,119,346
Interest rate swaps	316,500	-	(19,991)	-	(19,991)
Cross currency swaps	-	-	-	-	-
FX options - purchased and sold	1,677,224	-	-	-	-
Forward purchase of government securities	79,390,337	-	32,724	-	32,724
Forward sale of government securities	-	-	-	-	-

	December 31, 2018 (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)	392,484,077	-	392,484,077	-	392,484,077
Foreign Bonds - Sovereign	34,242,507	-	34,242,507	-	34,242,507
Foreign Bonds - others	6,839,803	-	6,839,803	-	6,839,803
Ordinary shares of listed companies	16,718,226	16,718,226	-	-	16,718,226
Debt securities (TFCs)	948,128	-	948,128	-	948,128
Investment in REIT	499,863	499,863	-	-	499,863
	451,732,604	17,218,089	434,514,515	-	451,732,604
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	583,708,769	-	1,628,749	-	1,628,749
Interest rate swaps	1,674,764	-	(22,082)	-	(22,082)
Cross currency swaps	-	-	-	-	-
FX options - purchased and sold	1,159,752	-	-	-	-
Forward purchase of government securities	13,619,209	-	(53,425)	-	(53,425)
Forward sale of government securities	2,326,880	-	(672)	-	(672)

34.2 Fair Value of non-financial assets

	June 30, 2019 (Un-audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed Assets	39,580,064	-	-	39,580,064	39,580,064
Non-banking assets acquired in satisfaction of claims	1,523,430	-	-	1,523,430	1,523,430
	41,103,494	**-**	**-**	**41,103,494**	**41,103,494**

	December 31, 2018 (Audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed Assets	39,617,694	-	-	39,617,694	39,617,694
Non-banking assets acquired in satisfaction of claims	1,542,423	-	-	1,542,423	1,542,423
	41,160,117	**-**	**-**	**41,160,117**	**41,160,117**

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

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

Debt Securities

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

Units of mutual fund

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

Derivatives

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

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

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

35. SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the six months ended June 30, 2019 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	21,314,310	23,253,355	(19,713,299)	1,550,232	4,492,447	(974,261)	29,922,784
Inter segment (expense) / revenue - net	(18,497,541)	(27,608,236)	43,352,145	-	-	2,753,632	-
Non mark-up / return / interest income	1,241,425	2,559,381	4,800,664	123,574	1,638,891	1,779,936	12,143,871
Total Income	4,058,194	(1,795,500)	28,439,510	1,673,806	6,131,338	3,559,307	42,066,655
Segment direct expenses	707,468	103,520	11,911,642	785,942	2,988,904	3,070,566	19,568,042
Inter segment expense allocation	293,522	37,177	2,263,694	-	337,204	(2,931,597)	-
Total expenses	1,000,990	140,697	14,175,336	785,942	3,326,108	138,969	19,568,042
Provision reversals / (charge)	484,576	(2,145,281)	269,576	(5,828)	(2,325,215)	(771,853)	(4,494,025)
Profit / (loss) before tax	3,541,780	(4,081,478)	14,533,750	882,036	480,015	2,648,485	18,004,588

	As at June 30, 2019 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
Cash & Bank balances	150,064	72,507,230	96,849,180	18,450,653	73,178,771	3,800,261	264,936,159
Investments	6,664,713	696,977,471	-	45,435,834	103,178,047	5,495,811	857,751,876
Net inter segment lending	5,957,132	-	909,761,253	832,634	6,675,790	57,948,857	981,175,666
Lendings to financial institutions	-	12,780,000	-	7,626,900	-	-	20,406,900
Advances - performing	429,640,453	25,630	35,746,038	9,018,925	147,962,232	5,515,587	627,908,865
Advances - non-performing net of provision	1,129,193	43,830	620,472	-	12,098,377	26,746	13,918,618
Others	32,159,769	33,905,345	13,070,261	1,578,240	17,951,172	64,451,615	163,116,402
Total Assets	475,701,324	816,239,506	1,056,047,204	82,943,186	361,044,389	137,238,877	2,929,214,486

	As at June 30, 2019 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Borrowings	51,220,397	160,342,263	112,086	1,289,981	11,044,830	-	224,009,557
Subordinated debts	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	64,436,919	388,593	1,019,679,541	76,503,808	286,145,224	748,104	1,447,902,189
Net inter segment borrowing	324,788,790	656,193,375	193,501	-	-	-	981,175,666
Others	33,116,459	10,832,601	29,691,582	1,835,005	10,555,536	18,147,765	104,178,948
Total Liabilities	473,562,565	827,756,832	1,049,676,710	79,628,794	307,745,590	28,895,869	2,767,266,360
Equity	2,138,759	(11,517,326)	6,370,494	3,314,392	53,298,800	108,343,007	161,948,126
Total Equity & liabilities	475,701,324	816,239,506	1,056,047,204	82,943,186	361,044,390	137,238,876	2,929,214,486
Contingencies and Commitments	434,519,742	390,180,747	14,094,912	293,837	497,191,993	966,178	1,337,247,409

	For the six months ended June 30, 2018 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	13,060,741	19,369,092	(9,502,308)	991,234	4,011,695	125,123	28,055,577
Inter segment (expense) / revenue - net	(10,490,959)	(13,922,715)	23,360,122	-	-	1,053,552	-
Non mark-up / return / interest income	1,666,713	6,162,278	4,605,473	80,141	1,283,103	488,281	14,285,989
Total Income	4,236,495	11,608,655	18,463,287	1,071,375	5,294,798	1,666,956	42,341,566
Segment direct expenses	841,040	357,447	11,133,511	776,014	3,393,352	10,706,039	27,207,403
Inter segment expense allocation	277,568	32,175	1,983,255	-	315,620	(2,608,618)	-
Total expenses	1,118,608	389,622	13,116,766	776,014	3,708,972	8,097,421	27,207,403
Provision reversals / (charge)	510,005	(405,318)	360,269	(6,009)	(5,075,844)	84,795	(4,532,102)
Profit / (loss) before tax	3,627,892	10,813,715	5,706,790	289,352	(3,490,018)	(6,345,670)	10,602,061

	As at December 31, 2018 (Audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
Cash & Bank balances	117,748	51,299,328	79,855,206	13,483,155	60,363,310	1,694,309	206,813,056
Investments	7,213,391	653,902,739	-	30,746,758	88,243,845	6,268,593	786,375,326
Net inter segment lending	2,249,966	-	880,425,313	-	1,202,781	37,278,794	921,156,854
Lendings to financial institutions	-	23,499,887	-	10,066,732	374,927	-	33,941,546
Advances - performing	479,351,435	26,411	35,761,733	22,580,996	160,439,827	5,107,633	703,268,035
Advances - non-performing net of provision	1,777,079	-	262,540	15,068	10,586,944	27,065	12,668,696
Others	28,443,235	21,515,106	11,796,127	625,250	19,888,592	64,264,177	146,532,487
Total Assets	519,152,854	750,243,471	1,008,100,919	77,517,959	341,100,226	114,640,571	2,810,756,000
Borrowings	49,743,368	196,540,422	116,333	143,000	21,580,910	-	268,124,033
Subordinated debts	-	-	-	-	-	9,000,000	9,000,000
Deposits and other accounts	54,745,181	35,170	976,852,311	73,434,945	259,572,141	1,420,300	1,366,060,048
Net inter segment borrowing	377,589,646	543,078,514	-	488,694	-	-	921,156,854
Others	34,173,625	10,691,578	24,184,744	922,413	14,528,536	10,644,221	95,145,117
Total Liabilities	516,251,820	750,345,684	1,001,153,388	74,989,052	295,681,587	21,064,521	2,659,486,052
Equity	2,901,034	(102,213)	6,947,531	2,528,907	45,418,639	93,576,050	151,269,948
Total Equity & liabilities	519,152,854	750,243,471	1,008,100,919	77,517,959	341,100,226	114,640,571	2,810,756,000
Contingencies and Commitments	415,595,186	252,604,420	21,489,804	340,264	426,945,992	1,923,829	1,118,899,495

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:

	June 30, 2019 (Un-Audited)					December 31, 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Balances with other banks										
In current accounts	-	-	1,444,382	-	-	-	-	1,145,818	-	-
In deposit accounts	-	-	5,015,108	-	-	-	-	4,393,498	-	-
	-	-	6,459,490	-	-	-	-	5,539,316	-	-
Investments										
Opening balance	-	-	5,406,167	1,238,483	4,183,880	-	-	4,897,174	1,624,317	3,895,328
Investment made during the period / year	-	-	-	150,000	-	-	-	508,993	151,846	510,075
Investment redeemed / disposed off during the period / year	-	-	-	(15,998)	(240,353)	-	-	-	(537,680)	(221,523)
Closing balance	-	-	5,406,167	1,372,485	3,943,527	-	-	5,406,167	1,238,483	4,183,880
Provision for diminution in value of investments	-	-	1,648,387	-	91,143	-	-	882,587	-	91,007
Advances										
Opening balance	2,221	160,405	-	2,155,149	6,747,749	5,303	133,559	-	2,155,149	2,626,106
Addition during the period / year	3,841	66,622	-	-	358	13,479	190,046	-	-	4,123,007
Repaid during the period / year	(5,798)	(37,197)	-	-	(1,259,751)	(16,561)	(115,139)	-	-	(1,341)
Transfer out - net	-	-	-	-	-	-	(48,061)	-	-	(23)
Closing balance	264	189,830	-	2,155,149	5,488,356	2,221	160,405	-	2,155,149	6,747,749
Provision held against advances	-	-	-	2,155,149	-	-	-	-	2,155,149	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	June 30, 2019 (Un-Audited)					December 31, 2018 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Other Assets										
Interest mark-up accrued	-	-	-	550	200,098	-	-	-	3,646	146,300
Receivable from staff retirement fund	-	-	-	-	1,365,468	-	-	-	-	321,349
Prepaid insurance	-	-	-	161,804	-	-	-	-	107,151	-
Dividend Receivable	-	-	-	-	104,215	-	-	45,855	-	-
Other receivable	-	-	32,573	12,507	30,164	-	-	17,141	7,992	30,164
Provision against other assets	-	-	-	-	30,164	-	-	-	-	30,164
Borrowings										
Opening balance	-	-	1,364,695	-	12,400	-	-	1,328,813	474,532	-
Borrowings during the period / year	-	-	613,492	-	514,800	-	-	814,511	2,364,689	244,000
Settled during the period / year	-	-	(1,973,157)	-	(527,200)	-	-	(778,629)	(2,839,221)	(231,600)
Closing balance	-	-	5,030	-	-	-	-	1,364,695	-	12,400
Deposits and other accounts										
Opening balance	6,375,281	66,302	420,451	11,638,644	8,251,444	5,700,563	39,106	470,751	7,423,431	3,069,783
Received during the period / year	42,206,670	511,718	9,553,073	77,202,039	166,895,475	60,624,991	1,320,796	16,972,541	160,790,083	163,877,912
Withdrawn during the period / year	(40,234,650)	(512,588)	(9,536,743)	(84,244,493)	(166,196,016)	(59,950,273)	(1,357,397)	(17,022,841)	(156,544,689)	(158,692,710)
Transfer (out) / in - net	-	-	-	(422)	4,125	-	63,797	-	(30,181)	(3,541)
Closing balance	8,347,301	65,432	436,781	4,595,768	8,955,028	6,375,281	66,302	420,451	11,638,644	8,251,444
Other Liabilities										
Interest / mark-up payable on deposits and borrowings	63,804	77	33,126	26,955	94,094	40,343	59	48,388	53,416	49,821
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	962,984
Unearned income	-	-	248	-	5,043	-	-	248	-	12,608
Contingencies and Commitments										
Letter of guarantee	-	-	118,697	-	-	-	-	165,220	-	-
Forward foreign exchange contracts purchase	-	-	3,713,197	-	-	-	-	3,206,246	-	-
Forward foreign exchange contracts sale	-	-	3,732,368	-	-	-	-	3,193,824	-	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2019

	For the six months ended June 30, 2019 (Un-audited)					For the sir months ended June 30, 2018 (Un-audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	5,635	66,119	7,696	1,946	-	4,557	49,391	3,646	55,109
Commission / charges recovered	64	645	375	3,925	2,794	60	314	5,263	82,534	6,842
Dividend income	-	-	134,311	91,518	134,775	-	-	321,350	26,833	362,457
Net gain on sale of securities	-	-	-	-	28,515	-	-	-	18,451	18,868
Other income	-	-	745	3,996	-	-	-	677	7,228	6,879
Switch revenue	-	-	-	-	137,164	-	-	-	-	-
Management fee	-	-	3,637	-	-	-	-	55,353	-	-
Expense										
Mark-up / return / interest paid	117,147	653	39,690	406,458	145,933	108,871	663	28,274	245,139	43,938
Remuneration paid	-	257,730	-	-	-	-	463,040	-	-	-
Post employment benefits	-	10,125	-	-	-	-	10,180	-	-	-
Non-executive directors' fee	40,241	-	-	-	-	37,149	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	168,170	-	-	-	-	151,809
Charge for defined benefit plans	-	-	-	-	138,720	-	-	-	-	8,474,492
Other expenses	-	-	2,195	-	-	-	-	1,961	-	-
Clearing Charges	-	-	-	-	68,451	-	-	-	-	52,301
Seminar and Membership fees	-	-	-	-	3,421	-	-	-	-	5,578
Membership, Subscription , Sponsorship and maintenance charges	-	-	-	-	13,231	-	-	-	-	4,000
Custody Charges	-	-	-	-	3,112	-	-	-	-	-
Insurance premium paid	-	-	-	259,681	-	-	-	-	307,004	-
Insurance claims settled	-	-	-	123,197	-	-	-	-	96,635	-

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,798	12,241,798
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	112,695,994	109,026,135
Eligible Additional Tier 1 (ADT 1) Capital	9,834,770	8,875,000
Total Eligible Tier 1 Capital	122,530,764	117,901,135
Eligible Tier 2 Capital	34,675,181	38,449,649
Total Eligible Capital (Tier 1 + Tier 2)	157,205,945	156,350,784
Risk Weighted Assets (RWAs):		
Credit Risk	712,191,039	729,807,059
Market Risk	13,116,019	9,991,738
Operational Risk	141,621,143	141,621,143
Total	866,928,201	881,419,940
Common Equity Tier 1 Capital Adequacy Ratio	13.00%	12.37%
Tier 1 Capital Adequacy Ratio	14.13%	13.38%
Total Capital Adequacy Ratio	18.13%	17.74%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank as at June 30, 2019 is Rs.12,241.798 million (December 31, 2018: Rs.12,241.798 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0%, capital conservation buffer of 1.90% and High Loss Absorbency Requirement of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at June 30, 2019. As at June 30, 2019 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 18.13% whereas CET 1 and Tier 1 ratios stood at 13.00% and 14.13% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the period / year.

Furthermore, under the SBP's Framework for Domestic Systematically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.5%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2019. As per SBP's designation of D-SIBs for the year 2019, the HLA capital charge required to be maintained by UBL has been reduced from 1.5% to 1.0%. The revised HLA capital charge will be applicable from March 31, 2020 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) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	122,530,764	117,901,135
Total Exposures	2,515,903,022	2,423,130,058
Leverage Ratio	4.87%	4.87%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	496,752,377	404,144,218
Total Net Cash Outflow	196,043,268	212,338,866
Liquidity Coverage Ratio	253.39%	190.33%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,480,513,218	1,489,318,075
Total Required Stable Funding	1,102,607,051	1,181,920,887
Net Stable Funding Ratio	134.27%	126.01%

38. ISLAMIC BANKING BUSINESS

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

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		--------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks		7,683,867	8,000,891
Balances with other banks		10,766,786	5,482,264
Due from financial institutions	38.1	7,626,900	10,066,732
Investments	38.2	45,435,834	30,746,758
Islamic financing and related assets	38.3	9,018,925	22,596,064
Fixed assets		994,600	337,390
Intangible assets		8,511	2,468
Due from Head Office		832,634	-
Other assets		575,129	285,392
Total Assets		82,943,186	77,517,959
LIABILITIES			
Bills payable		688,767	430,122
Due to financial institutions		1,289,981	143,000
Deposits and other accounts	38.4	76,503,808	73,434,945
Due to Head Office		-	488,694
Other liabilities		1,146,238	492,291
		79,628,794	74,989,052
NET ASSETS		3,314,392	2,528,907
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(231,833)	(135,282)
Accumulated profit		1,365,225	483,189
		3,314,392	2,528,907
CONTINGENCIES AND COMMITMENTS	38.5		

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

		-------(Un-audited)-------	
		January - June 2019	January - June 2018
		--------- (Rupees in '000) ---------	
Profit / return earned	38.6	3,564,688	1,918,137
Profit / return expensed	38.7	(2,014,456)	(926,903)
Net profit / return		1,550,232	991,234
Other income			
Fee and Commission Income		113,821	68,162
Foreign Exchange Income		288	219
Loss on securities		(4,888)	-
Other Income		14,353	11,760
Total Other Income		123,574	80,141
Total Income		1,673,806	1,071,375
Operating expenses		785,942	778,821
Profit before provisions		887,864	292,554
Provisions and write-offs - net		(5,828)	(3,202)
Profit for the period		882,036	289,352

38.1 Due from Financial Institutions

	June 30, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Call money lending	3,600,000	-	3,600,000	7,000,000	-	7,000,000
Bai Muajjal Receivable from other Financial Institutions	4,026,900	-	4,026,900	3,066,732	-	3,066,732
	7,626,900	-	7,626,900	10,066,732	-	10,066,732

38.2 Investments by segments

		June 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
		Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
		(Rupees in '000)							
Federal Government Securities									
-Ijarah Sukuks		5,901,733	-	(231,833)	5,669,900	11,910,472	-	(135,282)	11,775,190
-Bai muajjal with Govt. of Pakistan	38.2.1	24,872,153	-		24,872,153	8,300,566	-	-	8,300,566
		30,773,886	-	(231,833)	30,542,053	20,211,038	-	(135,282)	20,075,756
Non Government Debt Securities									
-Listed		150,000	-	-	150,000	150,000	-	-	150,000
-Unlisted		14,743,781	-	-	14,743,781	10,521,002	-	-	10,521,002
		14,893,781	-	-	14,893,781	10,671,002	-	-	10,671,002
Total Investments		45,667,667	-	(231,833)	45,435,834	30,882,040	-	(135,282)	30,746,758

	(Un-audited) June30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	

38.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	33,031,000	11,420,000
Less: Deferred Income	(8,158,847)	(3,119,434)
Bai Muajjal Investment - net	24,872,153	8,300,566

38.3 Islamic financing and related assets

Ijarah	598,272	446,792
Murabaha	599,265	742,302
Diminishing Musharaka	5,683,558	19,902,278
Islamic Export Refinance scheme - Murabaha	1,294,256	126,849
Advances against Islamic assets		
Advances against Ijara	78,087	215,091
Advances for Diminishing Musharika	418,652	520,448
Advances for Murabaha	79,807	101,115
Advances for Murabaha - IERS	-	18,000
Advances for Istisna	160,115	48,321
Inventory related to Islamic financing		
Istisna	105,000	13,411
Profit and other receivables against financings	103,721	557,643
Gross Islamic financing and related assets	9,120,733	22,692,250
Less: Provision against Islamic financings		
- Specific	(84,990)	(82,088)
- General	(16,818)	(14,098)
	(101,808)	(96,186)
Islamic financing and related assets - net of provision	9,018,925	22,596,064

38.4 Deposits and other accounts

	(Un-audited) June30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Customers		
Current deposits	37,245,189	31,434,627
Savings deposits	13,246,765	14,925,879
Term deposits	4,442,504	6,776,543
	54,934,458	53,137,049
Financial Institutions		
Current deposits	1,662,725	1,768,824
Savings deposits	8,162,138	11,144,072
Term deposits	11,744,487	7,385,000
	21,569,350	20,297,896
	76,503,808	73,434,945

38.5 Contingencies and commitments

- Guarantees	60,119	56,416
- Commitments	477,117	406,643
	537,236	463,059

38.6 Profit / Return Earned on Financing, Investments and Placements

	-------(Un-audited)-------	
	January - June 2019	January - June 2018
	------- (Rupees in '000) -------	
Profit earned on:		
Financing	501,252	622,640
Investments	2,176,443	757,269
Placements	759,226	425,547
Rental Income from Ijarah	127,767	112,681
	3,564,688	1,918,137

38.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,951,983	916,516
Due to Financial Institutions	14,180	10,387
Return expense on leases	48,293	-
	2,014,456	926,903

38.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) June30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Opening Balance	483,189	(362,502)
Add: Islamic Banking profit for the period / year	882,036	845,691
Closing Balance	1,365,225	483,189

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.

June 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	6	Mudarbaha	Monthly	5.03%	50.00%	3,958	3%	11.35%	449
Special Pools	70	Mudarbaha	Monthly	10.80%	7.80%	101,927	10.10%	17.38%	17,713
IERS Pools	19	Musharkah	Monthly	3.95%	73.97%	29,804	2.00%	0.00%	-
General Pools	6	Mudarbaha	Monthly	10.95%	50.00%	586,111	6.73%	22.86%	133,972
Treasury Pools	2	Musharkah	As required	12.93%	25.77%	1,278,366	9.60%	0.00%	-

June 30, 2018 (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	6	Mudarbaha	Monthly	4.44%	50.00%	3,892	2.84%	24.72%	962
Special Pools	50	Mudarbaha	Monthly	6.34%	19.80%	138,164	5.48%	35.77%	49,420
IERS Pools	4	Musharkah	Monthly	3.46%	71.30%	2,077	2.00%	0.00%	-
Treasury Pools	3	Wakalah	As required	7.27%	17.78%	212	5.97%	0.00%	-
Treasury Pools	2	Mudarbaha	As required	7.17%	25.46%	325	5.86%	0.00%	-
Treasury Pools	10	Musharkah	As required	7.40%	17.23%	1,180	6.12%	0.00%	-
General Pools	6	Mudarbaha	Monthly	5.42%	50.00%	75,265	3.04%	12.45%	9,372

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	-------Rupees in '000-----	
38.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	876,906	650,754
Agri business	426,603	1,226,202
Textile	1,407,658	365,599
Financial	17,974,783	15,486,630
Food industries	579,735	516,697
Plastic	79,177	169,124
Individuals	1,314,883	1,134,008
Production and Transmission of energy	16,295,966	26,712,710
Government of Pakistan Securities	30,542,053	20,023,620
Others	2,220,703	1,768,268
	71,718,467	68,053,612

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 07, 2019 has declared an interim cash dividend in respect of the quarter ended June 30, 2019 of Rs. 2.5 per share (June 30, 2018: Rs. 3.0 per share). The unconsolidated condensed interim financial statements for the six months ended June 30, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40. GENERAL

40.1 Comparatives

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

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

41. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorised for issue on August 07, 2019 by the Board of Directors of the Bank.

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

where you come first

UNITED BANK LIMITED

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNAUDITED)

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	241,547,490	187,915,671
Balances with other banks	7	50,208,092	41,747,060
Lendings to financial institutions	8	22,594,704	35,346,551
Investments	9	902,297,655	831,159,100
Advances	10	680,906,133	754,551,722
Fixed assets	11	58,678,345	50,898,280
Intangible assets	12	1,869,523	1,876,094
Deferred tax assets	13	5,651,123	6,685,952
Assets held for sale	14	4,303,337	-
Other assets	15	102,479,871	92,312,444
		2,070,536,273	2,002,492,874
LIABILITIES			
Bills payable	17	29,881,692	27,272,967
Borrowings	18	233,674,324	279,918,125
Deposits and other accounts	19	1,534,086,187	1,448,324,041
Liabilities against assets subject to finance lease	20	23,082	10,000
Subordinated debts	21	10,000,000	9,000,000
Deferred tax liabilities		-	-
Liabilities held for sale	14	4,120,718	-
Other liabilities	22	75,911,883	69,343,882
		1,887,697,886	1,833,869,015
NET ASSETS		182,838,387	168,623,859
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		68,831,132	60,078,870
Surplus on revaluation of assets	23	18,982,069	16,992,906
Unappropriated profit		75,922,513	73,749,955
Total equity attributable to the equity holders of the Bank		175,977,512	163,063,529
Non-controlling interest		6,860,875	5,560,330
		182,838,387	168,623,859
CONTINGENCIES AND COMMITMENTS	24		

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

Aameer Karachiwalla
Chief Financial Officer

Sima Kamil
President &
Chief Executive Officer

Amar Zafar Khan
Director

Arshad Ahmed Mir
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	April - June 2019	April - June 2018	January - June 2019	January - June 2018
			------ (Rupees in '000) ------		
Mark-up / return / interest earned	26	36,103,904	27,103,838	68,241,685	56,158,142
Mark-up / return / interest expensed	27	20,485,522	12,346,296	37,656,138	27,095,623
Net mark-up / interest income		15,618,382	14,757,542	30,585,547	29,062,519
Non mark-up / interest income					
Fee and commission income	28	3,968,195	4,253,949	8,099,318	7,694,571
Dividend income		413,192	239,845	639,614	810,755
Foreign exchange income		1,334,101	950,718	2,286,903	1,550,144
Income / (loss) from derivatives		33,944	15,578	85,426	(6,272)
Gain on securities - net	29	268,589	1,511,137	309,937	4,734,224
Other income	30	1,619,155	196,214	1,727,373	379,121
Total non mark-up / interest income		7,637,176	7,167,441	13,148,571	15,162,543
Total income		23,255,558	21,924,983	43,734,118	44,225,062
Non mark-up / interest expenses					
Operating expenses	31	11,139,601	10,752,822	20,902,009	20,262,638
Workers' Welfare Fund		172,581	160,361	356,662	286,898
Other charges	32	233	3,587	2,218	4,019
Total non mark-up / interest expenses		11,312,415	10,916,770	21,260,889	20,553,555
Share of profit of associates		105,153	115,481	348,724	300,412
Profit before provisions		12,048,296	11,123,694	22,821,953	23,971,919
Provisions and write-offs - net	33	2,794,920	2,809,500	3,677,940	4,745,522
Extra ordinary / unusual item - charge in respect of pension liability		-	2,000,000	-	8,404,635
Profit before taxation from continuing operations		9,253,376	6,314,194	19,144,013	10,821,762
Taxation	34	3,594,048	2,962,165	8,646,392	4,709,742
Profit after taxation from continuing operations		5,659,328	3,352,029	10,497,621	6,112,020
Discontinued operations					
Loss from discontinued operations - net of tax	14	(544,772)	-	(1,330,512)	-
Profit after taxation		5,114,556	3,352,029	9,167,109	6,112,020
Attributable to:					
Equity holders of the Bank					
from continuing operations		5,678,251	3,408,571	10,506,813	6,193,752
from discontinued operations		(544,772)	-	(1,330,512)	-
		5,133,479	3,408,571	9,176,301	6,193,752
Non-controlling interest		(18,923)	(56,542)	(9,192)	(81,732)
		5,114,556	3,352,029	9,167,109	6,112,020
			---------- (Rupees) ----------		
Earnings per share - basic and diluted					
from continuing operations		4.64	2.78	8.58	5.06
from discontinued operations		(0.45)	-	(1.09)	-
	35	4.19	2.78	7.49	5.06

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

Aameer Karachiwalla	**Sima Kamil**	**Amar Zafar Khan**	**Arshad Ahmed 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 SIX MONTHS ENDED JUNE 30, 2019

	April - June 2019	April - June 2018	January - June 2019	January - June 2018
	------- (Rupees in '000) -------			
Profit after tax for the period attributable to:				
Equity holders of the Bank				
from continuing operations	5,678,251	3,408,571	10,506,813	6,193,752
from discontinued operations	(544,772)	-	(1,330,512)	-
	5,133,479	3,408,571	9,176,301	6,193,752
Non-controlling interest	(18,923)	(56,542)	(9,192)	(81,732)
	5,114,556	3,352,029	9,167,109	6,112,020
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	7,698,165	1,563,556	9,106,339	4,517,404
Non-controlling interest	575,546	172,482	767,010	345,250
	8,273,711	1,736,038	9,873,349	4,862,654
Movement in deficit on revaluation of investments - net of tax				
Equity holders of the Bank	(687,930)	(4,271,868)	1,805,768	(8,176,261)
Non-controlling interest	37,629	(313,190)	292,056	(251,821)
	(650,301)	(4,585,058)	2,097,824	(8,428,082)
	7,623,410	(2,849,020)	11,971,173	(3,565,428)
Items that will not be reclassified to profit and loss account in subsequent periods				
Remeasurement gain on defined benefit obligations - net of tax	679,587	-	679,587	-
Movement in surplus on revaluation of fixed assets - net of tax				
Equity holders of the Bank	183,188	216,486	227,042	79,755
Non-controlling interest	147,842	(15,661)	251,797	69,340
	331,030	200,825	478,839	149,095
Movement in surplus on revaluation of non-banking assets - net of tax	(14,786)	6,686	(15,026)	(18,583)
	995,831	207,511	1,143,400	130,512
Total comprehensive income for the period	13,733,797	710,520	22,281,682	2,677,104
Attributable to:				
Equity holders of the Bank				
from continuing operations	13,536,475	923,431	22,310,523	2,596,067
from discontinued operations	(544,772)	-	(1,330,512)	-
	12,991,703	923,431	20,980,011	2,596,067
Non-controlling interest	742,094	(212,911)	1,301,671	81,037
	13,733,797	710,520	22,281,682	2,677,104

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

Aameer Karachiwalla	**Sima Kamil**	**Amar Zafar Khan**	**Arshad Ahmed 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 SIX MONTHS ENDED JUNE 30, 2019

	Attributable to equity shareholders of the Bank									Non-controlling Interest	Total
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus/(Deficit) on revaluation of 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, 2017 - as restated	12,241,798	3,000	29,857,453	17,343,063	5,897,359	27,136,589	112,528	76,410,128	169,001,918	5,491,844	174,493,762
Change in accounting policy as at January 1, 2018	-	-	-	-	-	-	-	(1,640,563)	(1,640,563)	-	(1,640,563)
Balance as at January 01, 2018 - as restated	12,241,798	3,000	29,857,453	17,343,063	5,897,359	27,136,589	112,528	74,769,565	167,361,355	5,491,844	172,853,199
Total comprehensive income for the six months ended June 30, 2018											
Profit after taxation for the six months ended June 30, 2018	-	-	-	-	-	-	-	6,193,752	6,193,752	(81,732)	6,112,020
Other comprehensive income - net of tax	-	-	-	4,517,404	(8,176,261)	79,755	(18,583)	-	(3,597,685)	162,769	(3,434,916)
Total comprehensive income for the six months ended June 30, 2018	-	-	-	4,517,404	(8,176,261)	79,755	(18,583)	6,193,752	2,596,067	81,037	2,677,104
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(29,007)	-	28,657	(350)	350	-
Transfer to statutory reserve	-	-	645,471	-	-	-	-	(645,471)	-	-	-
Transactions with owners for the six months ended June 30, 2018											
Final cash dividend - December 31, 2017 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2018 declared subsequent to the period end at Rs.3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Balance as at June 30, 2018 (Un-audited) - as restated	12,241,798	3,000	30,502,924	21,860,467	(2,278,902)	27,187,337	93,945	71,777,245	161,387,814	5,573,231	166,961,045
Total comprehensive income for the six months ended December 31, 2018											
Profit after taxation for the six months ended December 31, 2018	-	-	-	-	-	-	-	9,289,299	9,289,299	(351,765)	8,937,534
Other comprehensive income - net of tax	-	-	-	6,861,881	(7,951,375)	(40,842)	11,911	(373,837)	(1,492,262)	340,021	(1,152,241)
Total comprehensive income for the six months ended December 31, 2018	-	-	-	6,861,881	(7,951,375)	(40,842)	11,911	8,915,462	7,797,037	(11,744)	7,785,293
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,581)	(1,581)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(29,168)	-	28,744	(424)	424	-
Transfer to statutory reserve	-	-	850,598	-	-	-	-	(850,598)	-	-	-
Transactions with owners for the six months ended December 31, 2018											
Interim cash dividend - June 30, 2018 declared at Rs.3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - September 30, 2018 at Rs.2.0 per share	-	-	-	-	-	-	-	(2,448,359)	(2,448,359)	-	(2,448,359)
	-	-	-	-	-	-	-	(6,120,898)	(6,120,898)	-	(6,120,898)
Balance as at December 31, 2018	12,241,798	3,000	31,353,522	28,722,348	(10,230,277)	27,117,327	105,856	73,749,955	163,063,529	5,560,330	168,623,859
Total comprehensive income for the six months ended June 30, 2019											
Profit after taxation for the six months ended June 30, 2019	-	-	-	-	-	-	-	9,176,301	9,176,301	(9,192)	9,167,109
Other comprehensive income - net of tax	-	-	-	9,106,339	1,805,768	227,042	(15,026)	679,587	11,803,710	1,310,863	13,114,573
Total comprehensive income for the six months ended June 30, 2019	-	-	-	9,106,339	1,805,768	227,042	(15,026)	9,855,888	20,980,011	1,301,671	22,281,682
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	-	-	-	-	-	(28,621)	-	28,207	(414)	414	-
Transfer to statutory reserve	-	-	978,549	-	-	-	-	(978,549)	-	-	-
Transactions with owners for the six months ended June 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)
Realization of exchange translation reserve - Note 30.1	-			(1,332,626)					(1,332,626)	-	(1,332,626)
Balance as at June 30, 2019 (Un-audited)	12,241,798	3,000	32,332,071	36,496,061	(8,424,509)	27,315,748	90,830	75,922,513	177,310,138	6,860,875	182,838,387

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

Aameer Karachiwalla	**Sima Kamil**	**Amar Zafar Khan**	**Arshad Ahmed 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 SIX MONTHS ENDED JUNE 30, 2019

	January - June 2019	January - June 2018
	---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinuing operations	18,049,858	10,821,762
Less: Dividend income	(639,614)	(810,755)
Less: Share of profit of associates	(348,724)	(300,412)
	17,061,520	9,710,595
Adjustments:		
Depreciation on fixed assets	1,344,178	1,182,446
Depreciation on Islamic financing against leased assets (Ijarah)	105,115	96,272
Depreciation on right of use assets	1,018,176	-
Amortization	310,792	253,870
Workers' Welfare Fund	356,662	286,898
Provision for retirement benefits	542,116	8,850,990
Charge for compensated absences	87,325	64,120
Provision against loans and advances - net	2,136,665	3,748,145
Reversal of provision against lendings to financial institutions - net	-	(122,149)
Provision for diminution in value of investments - net	2,688,954	740,295
Interest expense on lease liability	503,459	-
Gain on sale of fixed assets - net	(33,292)	(23,316)
Gain on sale of ijarah assets - net	(629)	(1,301)
Bad debts written off directly	31,260	40,251
Unrealized loss on revaluation of investments classified as held for trading	8,641	1,290
Realization of exchange translation reserve - UBL New York branch	(1,332,626)	-
Other (reversals) / provisions and write-offs	(38,471)	338,980
	7,728,325	15,456,791
	24,789,845	25,167,386
(Increase) / decrease in operating assets		
Lendings to financial institutions	12,751,847	(7,673,224)
Held for trading securities	(32,512,858)	69,507,646
Advances	68,985,880	(77,171,769)
Other assets (excluding advance taxation)	(13,424,899)	(857,879)
	35,799,970	(16,195,226)
Increase / (decrease) in operating liabilities		
Bills payable	2,610,524	2,175,307
Borrowings	(44,017,903)	(217,138,961)
Deposits and other accounts	87,527,119	29,678,731
Other liabilities (excluding current taxation)	(415,265)	2,577,962
	45,704,475	(182,706,961)
	106,294,290	(173,734,801)
Payments on account of staff retirement benefits	(2,641,510)	(791,468)
Income taxes paid	(3,904,733)	(9,172,684)
Net cash flows generated from / (used in) operating activities	99,748,047	(183,698,953)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(59,697,852)	172,614,266
Net investments in held to maturity securities	20,657,866	27,762,687
Net investments in associates	439,980	(896,608)
Dividend income received	483,293	718,418
Investment in fixed assets and intangible assets	(1,924,559)	(2,859,597)
Sale proceeds from disposal of fixed assets	145,373	33,958
Sale proceeds from disposal of ijarah assets	20,866	30,622
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	9,106,339	4,517,404
- Non-controlling interest	767,010	345,250
Net cash flows (used in) / generated from investing activities	(30,001,684)	202,266,400
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts of subordinated debts	1,000,000	-
Payment of lease liability against right of use assets	(1,653,486)	7,227
Dividends paid to:		
- Equity holders of the Bank	(6,198,959)	(8,704,645)
- Non-controlling interest	(1,540)	-
Net cash flows used in financing activities	(6,853,985)	(8,697,418)
Increase in cash and cash equivalents during the period	62,892,378	9,870,029
Cash and cash equivalents at the beginning of the period	229,662,731	196,668,282
Cash and cash equivalents at the end of the period	292,555,109	206,538,311

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

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

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 1,361 (December 31, 2018: 1,364) branches inside Pakistan including 94 (December 31, 2018: 94) Islamic Banking branches and 2 (December 31, 2018: 2) branches in Export Processing Zones. The Bank also operates 14 (December 31, 2018: 15) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holding) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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

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

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

3.3 SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from 30 June 2014. However, vide its notification SRO 56 (I)/2016 dated 28 January 2016, it has been notified that the requirements of IFRS 10 and section 237 of the repealed Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2018.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020

	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

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

4.1.1 Impact of IFRS 16 - Leases

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

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

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

	June 30, 2019	January 01, 2019
	----------(Rupees in '000)----------	
Total lease liability recognised	7,181,069	7,577,402

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

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

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

	June 30, 2019	January 01, 2019
	----------(Rupees in '000)----------	
Land and building	6,996,445	7,828,194

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

Impact on Consolidated Condensed Interim Statement of Financial Position		
Increase in fixed assets - right-of-use assets	6,996,445	7,828,194
Decrease in other assets - advances, deposits, advance rent and other prepayments	(195,487)	(250,792)
Increase in other assets - advance taxation	148,243	-
Increase in total assets	6,949,201	7,577,402
Increase in other liabilities - lease liability against right-of-use assets	(7,181,069)	(7,577,402)
Decrease in net assets	(231,868)	-

	January - June 2019 (Rupees in '000)
Impact on Consolidated Condensed Interim Profit and Loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(503,459)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(1,018,176)
- Rent expense	1,141,524
Decrease in profit before tax	(380,111)
Decrease in tax	148,243
Decrease in profit after tax	(231,868)

Earnings per share for the six months ended June 30, 2019 are Re 0.19 per share lower as a result of the adoption of IFRS 16.

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

4.1.2 The State Bank of Pakistan (SBP) through its BPRD Circular No. 5 dated March 22, 2019 has amended the format of quarterly and half yearly financial statements of banks. All banks are directed to prepare their quarterly financial statements on the revised format effective from accounting year starting from January 1, 2019. Accordingly, the Group has prepared these consolidated condensed interim financial statements on the new format prescribed by the State Bank of Pakistan.

- Consolidated Condensed Interim Profit and Loss Account

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

- Consolidated Condensed Interim Statement of Comprehensive Income

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

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

5. BASIS OF MEASUREMENT

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

5.2 Judgements and estimates

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

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

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	18,318,916	11,659,464
Foreign currency	6,561,131	4,182,154
	24,880,047	15,841,618
With State Bank of Pakistan in		
Local currency current accounts	62,606,011	46,699,046
Foreign currency current accounts	3,797,692	3,209,866
Foreign currency deposit account	10,883,404	8,304,054
	77,287,107	58,212,966
With other central banks in		
Foreign currency current accounts	40,473,020	34,761,763
Foreign currency deposit accounts	19,387,955	12,103,156
	59,860,975	46,864,919
With National Bank of Pakistan in local currency current accounts	74,987,453	66,936,342
Prize Bonds	4,531,908	59,826
	241,547,490	187,915,671
7. BALANCES WITH OTHER BANKS		
Inside Pakistan		
In current accounts	3,611	3,216
In deposit accounts	9,461,904	4,492,852
	9,465,515	4,496,068
Outside Pakistan		
In current accounts	17,112,740	11,914,322
In deposit accounts	23,629,837	25,336,670
	40,742,577	37,250,992
	50,208,092	41,747,060
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	3,600,000	7,000,000
Repurchase agreement lendings (reverse repo)	12,780,000	23,500,000
Bai Muajjal receivable from other financial institutions	4,026,900	3,066,732
Other lendings to financial institutions	2,187,804	1,848,072
	22,594,704	35,414,804
Less: provision against lendings to financial institutions	-	(68,253)
Lendings to financial institutions - net of provision	22,594,704	35,346,551

9. INVESTMENTS

9. Investments by type	Note	(Un-audited) June 30, 2019				(Audited) December 31, 2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Held for trading securities									
Market Treasury Bills		134,088,595	-	(8,695)	134,079,900	99,942,759	-	954	99,943,713
Pakistan Investment Bonds		14,682	-	54	14,736	1,621,854	-	7,570	1,629,424
		134,103,277	-	(8,641)	134,094,636	101,564,613	-	8,524	101,573,137
Available for sale securities									
Market Treasury Bills		172,354,135	-	(38,110)	172,316,025	139,865,800	-	(22,440)	139,843,360
Pakistan Investment Bonds		159,332,342	-	(15,389,733)	143,942,609	133,585,814	-	(14,268,873)	119,316,941
Government of Pakistan Eurobonds		20,857,597	(256,910)	818,613	21,419,300	19,793,232	(203,676)	(867,162)	18,722,394
Government of Pakistan Sukuk		10,130,347	(48,813)	(166,580)	9,914,954	15,145,060	(49,844)	(176,154)	14,919,062
Sukuk		105,000	-	-	105,000	105,000	-	-	105,000
Ordinary shares of listed companies		18,176,784	(5,228,413)	600,370	13,548,741	18,018,247	(3,047,999)	1,747,978	16,718,226
Preference shares		550,749	(514,082)	-	36,667	482,687	(446,023)	-	36,664
Ordinary shares of unlisted companies		754,261	(122,121)	-	632,140	753,812	(121,989)	-	631,823
Investment in REIT		458,590	-	(34,603)	423,987	458,590	-	41,273	499,863
Investment in Mutual Fund		250,000	-	(24,117)	225,883				-
Term Finance Certificates		791,543	(97,278)	-	694,265	941,297	(97,278)	(891)	843,128
Foreign bonds - sovereign		70,211,527	(573,582)	1,074,745	70,712,690	67,706,652	(378,288)	(1,266,323)	66,062,041
Foreign bonds - others		18,314,252	(29,449)	(884,034)	17,400,769	15,675,281	(46,622)	(1,320,309)	14,308,350
		472,287,127	(6,870,648)	(14,043,449)	451,373,030	412,531,472	(4,391,719)	(16,132,901)	392,006,852
Held to maturity securities									
Market Treasury Bills		3,226,012	-	-	3,226,012	3,124,601	-	-	3,124,601
Pakistan Investment Bonds		231,526,677	-	-	231,526,677	275,079,334	-	-	275,079,334
Government of Pakistan Eurobonds		10,515,764	(153,931)	-	10,361,833	8,788,340	(127,994)	-	8,660,346
Government of Pakistan Sukuk		1,614,409	(12,972)	-	1,601,437	1,399,305	(11,264)	-	1,388,041
Bai Muajjal Government of Pakistan	40.2.1	24,872,153	-	-	24,872,153	8,300,566	-	-	8,300,566
Term Finance Certificates		5,510,542	(11,384)	-	5,499,158	6,023,053	(11,384)	-	6,011,669
Sukuks		16,126,223	(98,315)	-	16,027,908	11,921,801	(107,743)	-	11,814,058
Participation Term Certificates		436	(436)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		17,807,309	(314,006)	-	17,493,303	17,251,054	(171,247)	-	17,079,807
Foreign bonds - others		1,726,046	(383,392)	-	1,342,654	1,497,873	(347,246)	-	1,150,627
Recovery note		493,321	(493,303)	-	18	428,009	(427,993)	-	16
CDC SAARC Fund		348	-	-	348	302	-	-	302
		313,421,506	(1,470,005)	-	311,951,501	333,816,941	(1,207,574)	-	332,609,367
Associates									
UBL Liquidity Plus Fund		-	-	-	-	11,700	-	-	11,700
UBL Money Market Fund		-	-	-	-	32,069	-	-	32,069
UBL Stock Advantage Fund		175,195	-	-	175,195	207,469	-	-	207,469
UBL Growth and Income Fund		667,668	-	-	667,668	-	-	-	-
UBL Financial Sector Fund		255,540	-	-	255,540	119,529	-	-	119,529
UBL Income Opportunity Fund		525,109	-	-	525,109	1,542,968	-	-	1,542,968
UBL Insurers Limited		445,427	-	-	445,427	414,884	-	-	414,884
Khushhali Bank Limited	9.4	2,809,549	-	-	2,809,549	2,572,719	-	-	2,572,719
Oman United Exchange Company, Muscat	9.5	-	-	-	-	68,406	-	-	68,406
DHA Cogen Limited	9.6	-	-	-	-	-	-	-	-
		4,878,488	-	-	4,878,488	4,969,744	-	-	4,969,744
Total Investments		924,690,398	(8,340,653)	(14,052,090)	902,297,655	852,882,770	(5,599,293)	(16,124,377)	831,159,100

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
9.1.1	**Investments given as collateral - at market value**		------- (Rupees in '000) -------	
	Market Treasury Bills		111,266,919	104,483,301
	Pakistan Investment Bonds		2,925,920	55,064,705
	Government of Pakistan Eurobonds		2,075,719	1,457,053
	Government of Pakistan Sukkuk		1,219,890	-
	Foreign bonds - sovereign		-	2,938,477
	Foreign bonds - others		-	1,167,508
			117,488,448	165,111,044
9.2	**Provision for diminution in value of investments**			
9.2.1	Opening balance		5,599,293	3,149,523
	Impact on adoption of IFRS 9		-	871,640
	Exchange adjustments		378,147	373,917
	Charge / (reversals)			
	Charge for the period / year		2,470,655	1,851,005
	Reversals for the period / year		(9,428)	(19,957)
			2,461,227	1,831,048
	Reversed on disposal		(98,014)	(599,110)
	Amounts written off		-	(27,725)
	Closing balance	9.7	8,340,653	5,599,293

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non-Performing Investment (NPI)	Provision	Non-Performing Investment (NPI)	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	1,864,194	209,545	2,136,944	219,107
Overseas				
Overdue by:				
> 365 days	840,450	840,450	729,205	729,179
Total	2,704,644	1,049,995	2,866,149	948,286

9.3 The market value of securities classified as held-to-maturity as at June 30, 2019 amounted to Rs. 296,223.137 million (December 31, 2018: Rs. 308,890.603 million).

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

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

9.6 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.

9.7 Provision against investments includes collective impairment under IFRS 9 amounting to Rs. 1,426.043 million.

9.8 Investments include amounts aggregating to Rs. 1,536.840 million (December 31, 2018: Rs 1,792.177 million) which have been classified as loss in accordance with the requirements of Prudential Regulations prescribed by the SBP. Provision has however, not been made against them as these investments are secured by way of guarantee from the Government of Pakistan.

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)					
Loans, cash credits, running finances, etc.		615,166,154	662,493,705	74,761,439	66,422,459	689,927,593	728,916,164
Net Investment in finance lease		109,855	77,361	-	-	109,855	77,361
Islamic financings and related assets		9,022,734	22,595,094	97,999	97,156	9,120,733	22,692,250
Bills discounted and purchased		46,453,453	60,902,866	3,138,561	2,983,692	49,592,014	63,886,558
Advances - gross		670,752,196	746,069,026	77,997,999	69,503,307	748,750,195	815,572,333
Provision against advances	10.3						
- Specific		-	-	(63,838,322)	(56,377,680)	(63,838,322)	(56,377,680)
- General		(4,005,740)	(4,642,931)	-	-	(4,005,740)	(4,642,931)
		(4,005,740)	(4,642,931)	(63,838,322)	(56,377,680)	(67,844,062)	(61,020,611)
Advances - net of provision		666,746,456	741,426,095	14,159,677	13,125,627	680,906,133	754,551,722

10.1 Particulars of advances - gross

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
10.1.1	In local currency	502,291,699	579,185,614
	In foreign currencies	246,458,496	236,386,719
		748,750,195	815,572,333

10.2 Advances include Rs. 77,997.999 million (December 31, 2018: Rs. 69,503.307 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	253,909	2,850	89,546	1,113
Substandard	429,299	104,803	969,495	240,790
Doubtful	143,800	69,901	428,909	202,116
Loss	26,165,170	24,994,383	26,432,231	25,394,410
	26,992,178	25,171,937	27,920,181	25,838,429
Overseas				
Not past due but impaired**	5,681,315	3,110,779	3,623,373	3,064,280
Overdue by:				
Upto 90 days	5,338,238	3,124,852	7,986,841	2,731,329
91 to 180 days	5,953,991	3,173,444	2,152,622	2,090,614
181 to 365 days	5,809,831	4,782,163	2,327,966	2,000,233
> 365 days	28,222,446	24,475,147	25,492,324	20,652,795
	51,005,821	38,666,385	41,583,126	30,539,251
Total	77,997,999	63,838,322	69,503,307	56,377,680

* 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

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	56,377,680	4,642,931	61,020,611	40,932,306	3,506,469	44,438,775
Impact on adoption of IFRS 9	-	-	-	-	1,322,147	1,322,147
Exchange adjustments	5,043,828	432,490	5,476,318	4,846,402	797,076	5,643,478
Charge / (reversals)						
Charge for the period / year	4,345,700	-	4,345,700	14,490,257	6,721	14,496,978
Reversals for the period / year	(1,733,664)	(1,020,417)	(2,754,081)	(2,310,364)	(989,482)	(3,299,846)
	2,612,036	(1,020,417)	1,591,619	12,179,893	(982,761)	11,197,132
Transfers out - net	(136,687)	(49,264)	(185,951)	-	-	-
Amounts written off	(58,535)	-	(58,535)	(1,580,921)	-	(1,580,921)
Closing balance	63,838,322	4,005,740	67,844,062	56,377,680	4,642,931	61,020,611

10.3.1 General provision represents provision amounting to Rs. 321.720 million (December 31, 2018: Rs. 303.132 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 3,684.020 million (December 31, 2018: Rs. 4,339.796 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate and on account of adoption of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular no. 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 27.018 million (December 31, 2018: Rs. 20.009 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would had been higher by Rs. 5,649.299 million (December 31, 2018: Rs. 5,769.930 million) for the overseas branches.

10.3.3 Exposure amounting to Rs. 22,599.719 million relating to certain facilities of Power Holding (Pvt.) Limited, which is a government guaranteed loan, has not been classified as non-performing, pursuant to a relaxation given by SBP in this respect. The relaxation is valid upto 30 June 2019.

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
11.	**FIXED ASSETS**		------- (Rupees in '000) -----	
	Capital work-in-progress	11.1	1,376,031	944,233
	Property and equipment		50,305,869	49,954,047
	Right-of-use Assets	4.1.1	6,996,445	-
			58,678,345	50,898,280
11.1	**Capital work-in-progress**			
	Civil works		738,016	585,087
	Equipment		638,015	359,146
			1,376,031	944,233

		(Un-audited) January - June 2019	(Un-audited) January - June 2018
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	544,417	-
	Property and equipment		
	Leasehold land	-	233,774
	Building on freehold land	1,330	2,042,797
	Building on leasehold land	1,206	366,199
	Leasehold Improvement	323,297	326,944
	Furniture and fixture	83,364	296,416
	Electrical office and computer equipment	560,430	1,329,853
	Vehicles	2,374	38,541
		972,001	4,634,524
	Total	**1,516,418**	**4,634,524**
11.3	**Disposal of fixed assets**		
	Leasehold land	-	-
	Building on leasehold land	-	-
	Leasehold Improvement	9,063	2,104
	Furniture and fixture	1,420	78,250
	Electrical office and computer equipment	19,384	185,336
	Vehicles	51,802	64,204
		81,669	**329,894**

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
12.	**INTANGIBLE ASSETS**		------- (Rupees in '000) -----	
	Capital work-in-progress		329,973	224,823
	Intangible assets		1,539,550	1,651,271
			1,869,523	1,876,094
13.	**DEFERRED TAX ASSETS**			
	Deferred tax assets	13.1	5,651,123	6,685,952

13.1 Movement in temporary differences during the year

	December 31, 2018 (Audited)			
	At January 1, 2018	Recognised in profit and loss account	Recognised in OCI	At December 31, 2018
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	233,360	-	(233,360)	-
- Post retirement employee benefits	672,409	55,247	-	727,656
- Provision against advances, off balance sheet etc.	2,292,249	(450,250)	-	1,841,999
- Surplus on revaluation of investments	4,960,471	-	16,094	4,976,565
- Others	1,124,005	140,821	86,156	1,350,982
	9,282,494	(254,182)	(131,110)	8,897,202
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,412,044)	16,393	(35,124)	(1,430,775)
- Post retirement employee benefits	-	-	(434,490)	(434,490)
- Share of profit from Associates	(680,832)	(164,722)	-	(845,554)
- Accelerated tax depreciation and others	(503,666)	(31,594)	-	(535,260)
	(2,596,542)	(179,923)	(469,614)	(3,246,079)
	6,685,952	(434,105)	(600,724)	5,651,123

	December 31, 2018 (Audited)			
	At January 1, 2018	Recognised in profit and loss account	Recognised in OCI	At December 31, 2018
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	559,243	(409,576)	83,693	233,360
- Post-retirement employee benefits	341,176	125,241	205,992	672,409
- Provision against advances, off-balance sheet etc.	1,107,929	1,184,320	-	2,292,249
- Surplus on revaluation of investments	(3,673,530)	-	8,634,001	4,960,471
- Others	640,615	181,651	301,739	1,124,005
	(1,024,567)	1,081,636	9,225,425	9,282,494
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,209,979)	-	(202,065)	(1,412,044)
- Share of profit from Associates	(462,443)	(218,389)	-	(680,832)
- Accelerated tax depreciation and others	(283,477)	(217,383)	(2,806)	(503,666)
	(1,955,899)	(435,772)	(204,871)	(2,596,542)
	(2,980,466)	645,864	9,020,554	6,685,952

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

14.1 UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited (UBL). UBL and UBTL have entered into an "Assets and Liabilities Purchase Agreement" with EXIM Bank Tanzania Limited subject to all applicable corporate compliances and the regulatory approvals at both places, i.e. Pakistan and Tanzania. The entity of UBTL and its banking license will remain intact for the time being. Accordingly the investment in UBTL is classified as "held for sale' at lower of carrying amount and fair value less cost of disposal.

14.2 Assets and liabilities held for sale

	(Un-audited) June 30, 2019 Rupees in '000
Assets	
Cash and balances with treasury banks	791,039
Balances with other banks	8,488
Lendings to financial institutions	-
Investments	1,137,379
Advances	2,366,431
	4,303,337
Liabilities	
Bills payable	1,799
Borrowings from financial institutions	2,225,899
Deposits and other accounts	1,764,972
Other liabilities	128,048
	4,120,718

14.3 Discontinued operations	(Un-audited) June 30, 2019 Rupees in '000
Mark-up / return / interest earned	235,877
Mark-up / return / interest expensed	93,054
Net mark-up / interest income	142,823
Non mark-up / interest income	
Fee and commission income	9,081
Foreign exchange loss	(5,263)
Loss on securities - net	(14,462)
Other income	1,556
Total non mark-up / interest income	(9,088)
Total income	133,735
Non mark-up / interest expenses	
Operating expenses	214,169
Total non mark-up / interest expenses	214,169
Loss before provisions	(80,434)
Provisions and write-offs - net	1,013,721
Loss before taxation	(1,094,155)
Taxation	236,357
Loss after taxation	(1,330,512)

15. OTHER ASSETS	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
Income / mark-up accrued in local currency - net of provision		25,345,194	22,185,596
Income / mark-up accrued in foreign currency - net of provision		5,548,138	4,407,074
		30,893,332	26,592,670
Advance taxation - net of provision for taxation	15.1	20,630,453	24,938,007
Receivable from staff retirement fund		1,371,431	321,349
Receivable from other banks against telegraphic transfers and demand drafts		-	88,354
Unrealized gain on forward foreign exchange contracts		13,759,396	5,205,860
Rebate receivable - net		1,579,983	1,055,900
Branch adjustment account		304,628	-
Unrealized gain on derivative financial instruments		32,705	5,868
Suspense accounts		557,439	781,887
Stationery and stamps on hand		152,177	99,757
Non-banking assets acquired in satisfaction of claims		1,632,961	1,597,124
Advances, deposits, advance rent and other prepayments		1,641,576	1,539,158
Acceptances		26,762,109	28,157,111
Others		4,130,446	2,842,330
		103,448,636	93,225,375
Provision held against other assets	15.2	(1,117,666)	(1,086,072)
Other assets - net of provision		102,330,970	92,139,303
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		148,901	173,141
Other assets - net of provision		102,479,871	92,312,444

15.1 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2018, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,591 million (December 31 2018: Rs.13,119 million) , which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2018 (financial year 2017) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2007 to 2017. Consequently various addbacks and demands were raised creating a total demand of Rs. 889 million (2018: Rs. 995 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for Yemen, Qatar and UAE branches have been filed upto the year ended December 31, 2018 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 1 M (Rs: 43.958 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, UBTL, UBL FM and UET income tax returns have been filed up to the accounting year ended December 31, 2018 and for USAG these returns have been filed up to the accounting year ended December 31, 2017 under the provisions of the laws prevailing in the respective countries and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, tax clearance has been issued for UBL UK, UBTL and USAG till the accounting year 2016, 2015 and 2017 respectively. There are no material tax contingencies in any of the subsidiaries.

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
15.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	574,698	571,597
Non banking assets acquired in satisfaction of claims	85,200	104,512
Receivable from insurance companies against fraud and forgery	457,768	409,963
	1,117,666	1,086,072

16. CONTINGENT ASSETS

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

17. BILLS PAYABLE

In Pakistan	28,270,558	26,724,282
Outside Pakistan	1,611,134	548,685
	29,881,692	27,272,967

18. BORROWINGS

18.1 Details of borrowings

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	29,115,266	28,120,012
Refinance facility for modernization of SMEs	8,588	11,204
Long term financing facility	23,498,610	21,871,486
	52,622,464	50,002,702
Repurchase agreement borrowings	126,758,885	133,315,545
Bai Muajjal payable to other financial institutions	21,885,428	49,878,076
	201,266,777	233,196,323
Unsecured		
Call borrowings	7,031,977	18,936,178
Overdrawn nostro accounts	434,890	1,936,041
Money market deals	24,940,680	25,849,583
	32,407,547	46,721,802
	233,674,324	279,918,125

19. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Fixed deposits	90,555,396	263,953,803	354,509,199	126,191,096	231,511,195	357,702,291
Savings deposits	424,401,736	40,706,452	465,108,188	392,861,499	45,176,640	438,038,139
Sundry deposits	17,875,428	1,288,684	19,164,112	11,768,321	1,055,683	12,824,004
Margin deposits	2,665,887	4,236,472	6,902,359	2,962,920	3,404,673	6,367,593
Current accounts - remunerative	3,072,961	7,364,490	10,437,451	965,509	7,089,695	8,055,204
Current accounts - non-remunerative	490,497,211	123,499,634	613,996,845	449,938,039	106,392,768	556,330,807
	1,029,068,619	441,049,535	1,470,118,154	984,687,384	394,630,654	1,379,318,038
Financial Institutions						
Current deposits	15,048,286	8,453,400	23,501,686	21,804,360	3,840,911	25,645,271
Savings deposits	22,182,270	-	22,182,270	30,509,483	-	30,509,483
Term deposits	16,485,098	1,798,979	18,284,077	11,301,901	1,549,348	12,851,249
	53,715,654	10,252,379	63,968,033	63,615,744	5,390,259	69,006,003
	1,082,784,273	451,301,914	1,534,086,187	1,048,303,128	400,020,913	1,448,324,041

19.1 Total Deposits include eligible deposits under deposit protection mechanism amounting to Rs. 842,337.454 million (December 31, 2018; Rs. 813,924.260 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2019 (Un-audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	---------- (Rupees in '000) ----------		
Not later than one year	8,305	942	7,363
Later than one year and not later than five years	14,217	1,086	13,131
Over five years	2,588	-	2,588
	25,110	2,028	23,082

	December 31, 2018 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	---------- (Rupees in '000) ----------		
Not later than one year	4,955	733	4,222
Later than one year and not later than five years	6,748	970	5,778
	11,703	1,703	10,000

21. SUBORDINATED DEBTS

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

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

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

22. OTHER LIABILITIES

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
Mark-up / return / interest payable in local currency		10,613,369	12,352,461
Mark-up / return / interest payable in foreign currency		2,246,422	2,403,423
		12,859,791	14,755,884
Accrued expenses		3,606,246	4,443,787
Payable to other banks against telegraphic transfers and demand drafts		14,233	-
Branch adjustment account		-	848,267
Deferred income		575,229	617,099
Unearned commission and income on bills discounted		1,175,617	1,297,833
Provision against off-balance sheet obligations	22.1	368,480	842,545
Unrealized loss on forward foreign exchange contracts		7,166,492	3,743,347
Trading liability		3,209,742	3,750,654
Payable to staff retirement fund		-	972,584
Deferred liabilities		3,696,594	3,685,997
Unrealized loss on derivative financial instruments		19,972	82,047
Workers' Welfare Fund payable		3,487,171	3,130,511
Insurance payable against consumer assets		454,702	410,466
Dividend payable		1,057,181	521,612
Acceptances		26,762,109	28,157,111
Charity fund balance		2,922	2,597
Lease Liability		7,181,069	-
Others		4,274,333	2,081,541
		75,911,883	69,343,882

		Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
22.1	**Provision against off-balance sheet obligations**		------- (Rupees in '000) -------	
	Opening balance		842,545	73,692
	Impact on adoption of IFRS 9		-	211,244
	Exchange adjustments		57,322	94,309
	(Reversal) charge for the period / year		(126,747)	463,300
	Transfers out - net		(404,640)	-
			368,480	842,545
23.	**SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX**			
	Surplus / (deficit) arising on revaluation of assets - net of tax			
	Fixed assets	23.1	27,315,748	27,117,327
	Available for sale securities	23.2	(8,422,318)	(10,230,180)
	Non-banking assets acquired in satisfaction of claims	23.3	90,830	105,856
	Deficit arising on revaluation of assets of associates		(2,191)	(97)
			18,982,069	16,992,906
23.1	**Surplus on revaluation of fixed assets**			
	Surplus on revaluation of fixed assets as at January 1		29,742,871	29,234,547
	Revaluation against fixed assets during the year		-	74,294
	Exchange adjustments		524,494	522,604
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(28,621)	(58,175)
	Related deferred tax liability on incremental depreciation charged during the period / year		(17,710)	(30,399)
			478,163	508,324
			30,221,034	29,742,871
	Less: Related deferred tax liability			
	Revaluation as on January 1		1,344,759	1,139,102
	Super Tax		76,231	-
	Revaluation of fixed assets during the period / year		(140,305)	152,745
	Exchange adjustments		109,729	83,311
	Incremental depreciation charged on related assets		(17,710)	(30,399)
			1,372,704	1,344,759
			28,848,330	28,398,112
	Share of Non-controlling interest		(1,532,582)	(1,280,785)
	Group's share		27,315,748	27,117,327
23.2	**(Deficit) / surplus on revaluation of available for sale securities**			
	Market Treasury Bills		(38,110)	(22,440)
	Pakistan Investment Bonds		(15,389,733)	(14,268,873)
	Listed shares		590,966	1,747,980
	REIT Scheme		(34,603)	41,273
	Term Finance Certificates, Sukuks, other bonds etc.		(246,545)	(136,173)
	Foreign bonds		1,068,948	(3,494,668)
			(14,049,077)	(16,132,901)
	Related deferred tax		4,976,565	4,960,471
			(9,072,512)	(11,172,430)
	Share of Non-controlling interest		650,194	942,250
	Group's share		(8,422,318)	(10,230,180)

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
23.3 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at January 1		173,141	183,405
Revaluation of non-banking assets during the period / year		20,564	28,611
Reversal on disposal / transfer of non-banking assets		(44,804)	(38,875)
		(24,240)	(10,264)
		148,901	173,141
Less: Related deferred tax liability			
Revaluation as at January 1		67,285	70,877
Revaluation of non-banking assets during the period / year		8,020	10,014
Reversal on disposal / transfer of non-banking assets		(17,234)	(13,606)
		58,071	67,285
		90,830	105,856
24. CONTINGENCIES AND COMMITMENTS			
- Guarantees	24.1	185,408,530	200,504,069
- Commitments	24.2	1,203,996,347	982,779,237
- Other contingent liabilities	24.3	15,569,574	15,592,385
		1,404,974,451	1,198,875,691
24.1 Guarantees			
Financial guarantees		37,809,675	22,982,305
Performance guarantees		147,598,855	177,521,764
		185,408,530	200,504,069
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		199,127,591	182,425,343
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	773,298,146	650,576,446
- forward government securities transactions	24.2.3	79,390,337	15,946,089
- derivatives			
Interest rate swaps	24.2.4	316,500	1,674,764
FX options	24.2.4	1,677,224	1,159,752
- forward lending	24.2.5	149,221,717	129,068,240
Commitments for acquisition of:			
- operating fixed assets	24.2.6	964,832	1,928,603
		1,203,996,347	982,779,237

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) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
24.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		419,300,256	347,426,249
Sale		353,997,890	303,150,197
24.2.3 Commitments in respect of forward government securities transactions			
Forward purchase of government securities		79,390,337	13,619,209
Forward sale of government securities		-	2,326,880
24.2.4 Commitments in respect of derivatives			
Interest rate swaps		316,500	1,674,764
FX options - purchased		838,612	579,876
FX options - sold		838,612	579,876
24.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	78,780,940	65,695,154
Others		70,440,777	63,373,086
		149,221,717	129,068,240

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------- (Rupees in '000) -------	
24.2.6 Commitments in respect of capital expenditure		964,832	1,928,603
24.3 Other contingent liabilities			
Claims against the Group not acknowledged as debts	24.3.1	11,511,985	11,534,796

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

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

24.3.2 Penalties amounting to Rs. 4.058 billion have been levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.

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

24.4 For contingencies relating to taxation, refer note 15.1.

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

Counterparties	June 30, 2019 (Un-Audited)									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to Market Gain / (loss)	Notional principal	Mark to Market Gain	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market Gain / (loss)
	(Rupees in 000)									
Total										
Hedging	-	-	838,612	-	-	-	-	-	838,612	-
Market making	316,500	(19,991)	838,612	-	79,390,337	32,724	-	-	80,545,449	12,733
	316,500	(19,991)	1,677,224	-	79,390,337	32,724	-	-	81,384,061	12,733

Counterparties	December 31, 2018 (Audited)									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to Market Gain / (loss)	Notional principal	Mark to Market Gain / loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market Gain / (loss)
	(Rupees in 000)									
Total										
Hedging	179,132	1,170	579,876	-	-	-	-	-	759,008	1,170
Market making	1,495,632	(23,252)	579,876	-	13,619,209	(53,425)	2,326,880	(672)	18,021,597	(77,349)
	1,674,764	(22,082)	1,159,752	-	13,619,209	(53,425)	2,326,880	(672)	18,780,605	(76,179)

	Note	(Un-audited) January - June 2019	(Un-audited) January - June 2018
26. MARK-UP / RETURN / INTEREST EARNED		------- (Rupees in '000) -------	
Loans and advances		31,373,082	20,827,184
Investments		32,018,388	33,731,005
Lendings to financial institutions		4,171,602	1,262,755
Balances with banks		678,613	337,198
		68,241,685	56,158,142

		Note	(Un-audited) January - June 2019	(Un-audited) January - June 2018 (Restated)
27.	**MARK-UP / RETURN / INTEREST EXPENSED**		------- (Rupees in '000) -------	
	On deposits		29,035,145	17,294,256
	Borrowings		5,679,851	9,188,583
	Subordinated Debt		591,819	-
	Cost of foreign currency swaps against foreign currency deposits / borrowings		1,845,864	612,784
	On lease liability against right of use assets		503,459	-
			37,656,138	27,095,623
28.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fee		1,039,960	920,281
	Consumer finance related fee		508,400	380,545
	Card related fees (debit and credit cards)		1,191,360	1,065,081
	Investment banking fee		163,070	422,879
	Financial Institution rebate / commission		161,021	198,384
	Corporate service charges / facility fee		427,552	343,036
	Commission on trade		472,662	550,482
	Commission on guarantees		447,646	364,148
	Commission on cash management		382,502	363,717
	Commission on remittances including home remittances - net		1,556,815	1,301,919
	Commission on bancassurance		685,942	616,126
	Commission on Benazir Income Support Program		374,057	360,393
	Management fee		434,316	465,177
	Others		254,015	342,403
			8,099,318	7,694,571
29.	**GAIN ON SECURITIES - NET**			
	Realised	29.1	318,577	4,747,443
	Unrealised - held for trading		(8,640)	(13,219)
			309,937	4,734,224
29.1	**Realised gain on:**			
	Federal Government Securities		76,879	3,952,463
	Shares		126,730	379,696
	Foreign Securities		119,857	415,284
	Other Securities		(4,889)	-
			318,577	4,747,443
30.	**OTHER INCOME**			
	Charges recovered		138,756	163,420
	Rent on properties		137,019	115,174
	Gain on sale of operating fixed assets - net		33,292	24,617
	Gain on sale of Ijarah assets		629	1,301
	Income from sale of non-banking asset		32,747	39,161
	Gain on trading liabilities - net		52,304	35,448
	Realization of exchange translation reserve - UBL New York branch	30.1	1,332,626	-
			1,727,373	379,121

30.1 The Bank voluntarily closed its New York Branch (NY Branch) on January 28, 2019 and surrendered the license to the New York State Department of Financial Services (NYDFS). Further, the Federal Reserve Bank of New York (FRBNY) has informed the Bank that Written Agreement dated July 2, 2018 signed by and among FRBNY, UBL and NY Branch has been terminated. The termination of Written Agreement marks the completion of UBL NY Branch winding down process. As a result, the assets of New York Branch were liquidated during the current period and exchange translation reserve previously recognised as "Capital Reserve" in respect of UBL NY Branch has been reclassified to consolidated condensed interim profit and loss account in accordance with paragraph 48 of IAS 21 "Effect of changes in foreign exchange rates".

		(Un-audited) January - June 2019	(Un-audited) January - June 2018 (Restated)
31.	**OPERATING EXPENSES**	------- (Rupees in '000) -------	
	Total compensation expense	8,276,536	8,656,821
	Property expense		
	Rent and taxes	552,213	1,537,611
	Insurance	100,056	101,919
	Utilities cost	707,651	689,706
	Security (including guards)	471,915	610,916
	Repair and maintenance (including janitorial charges)	170,154	241,302
	Depreciation	407,942	340,751
	Depreciation - Right of Use Assets	1,018,176	-
	Others	37,859	27,381
		3,465,966	3,549,586
	Information technology expenses		
	Software maintenance	597,224	463,063
	Hardware maintenance	203,455	186,658
	Depreciation	350,434	304,209
	Amortisation	310,792	253,870
	Network charges	362,591	343,076
		1,824,496	1,550,876
	Other operating expenses		
	Directors' fees and allowances	39,565	37,149
	Fees and allowances to Shariah Board	2,400	2,383
	Legal and professional charges	324,985	440,697
	Outsourced service costs including sales commission	1,933,746	1,695,051
	Travelling and conveyance	114,741	132,265
	Clearing charges	93,510	88,058
	Depreciation others	585,802	537,486
	Depreciation on Islamic financing against leased assets	105,115	96,272
	Training and development	44,874	64,688
	Postage and courier charges	162,639	188,085
	Communication	232,724	266,728
	Stationery and printing	333,411	370,428
	Marketing, advertisement and publicity	476,797	383,843
	Auditors' remuneration	78,844	58,859
	Donations	89,891	3,768
	Insurance	70,784	63,575
	Deposit Protection Premium	651,139	-
	Cash transportation and sorting charges	478,990	517,908
	Entertainment	86,071	94,580
	Vehicle expenses	49,498	95,216
	Subscription	105,972	96,097
	Office running expenses	79,346	81,480
	Banking service charges	854,246	744,848
	Repairs and maintenance	229,479	234,735
	Cartage, freight and conveyance	32,175	40,704
	Zakat paid by overseas branch	2,599	33,755
	Brokerage expenses	8,490	8,578
	Miscellaneous expenses	67,178	128,119
		7,335,011	6,505,355
		20,902,009	20,262,638
32.	**OTHER CHARGES**		
	Penalties imposed by the SBP	2,022	3,354
	Other penalties	196	665
		2,218	4,019

		Note	(Un-audited) January - June 2019	(Un-audited) January - June 2018
33.	**PROVISIONS AND WRITE-OFFS - NET**		------- (Rupees in '000) -------	
	Provision against loans and advances - net	10.3	1,591,619	3,748,145
	Reversal of provision against lendings to financial institutions - net		-	(122,149)
	Provision for diminution in value of investments - net	9.2.1	2,461,227	740,295
	Bad debts written off directly		31,260	40,251
	Reversal of provision against other assets - net		(4,429)	-
	Provision against off-balance sheet obligations	22.1	(126,747)	-
	Recovery of written off / charged off bad debts		(104,421)	-
	(Other reversal) / other provisions & write-offs		(170,569)	338,980
			3,677,940	4,745,522
34.	**TAXATION**			
	Current		6,619,858	5,700,667
	Prior years		1,592,429	4,505
	Deferred		434,105	(995,430)
			8,646,392	4,709,742

		(Un-audited) June 2019	(Un-audited) June 2018
35.	**EARNINGS PER SHARE**	------- (Rupees in '000) -------	
	Profit after tax attributable to equity shareholders of the Bank	9,176,301	6,193,752
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	1,224,179,687	1,224,179,687
		------- (Rupees) -------	
	Earnings per share - basic and diluted	7.49	5.06

35.1 There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2019 and June 30, 2018.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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:

	June 30, 2019 (Un-audited)				
	Carrying / Notional	Fair value			
		Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments					
Financial assets measured at fair value	----------(Rupees in '000)----------				
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	481,687,524	-	481,687,524	-	481,687,524
Foreign Bonds - Sovereign	70,712,690	-	70,712,690	-	70,712,690
Foreign Bonds - others	17,400,769	-	17,400,769	-	17,400,769
Ordinary shares of listed companies	13,548,741	13,548,741	-	-	13,548,741
Investment in Mutual Fund	225,883	-	225,883	-	225,883
Debt securities (TFCs and Sukuks)	799,265	-	799,265	-	799,265
Investment in REIT	423,987	423,987	-	-	423,987
	584,798,859	13,972,728	570,826,131	-	584,798,859
- Investments (HTM, unlisted ordinary shares, preference shares and associates)	317,498,796	-	-	-	-
	902,297,655	13,972,728	570,826,131	-	584,798,859
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	773,298,146	-	6,592,904	-	6,592,904
Interest rate swaps	316,500	-	(19,991)	-	(19,991)
FX options - purchased and sold (net)	1,677,224	-	-	-	-
Forward purchase of government securities	79,390,337	-	32,724	-	32,724
Forward sale of government securities	-	-	-	-	-

	December 31, 2018 (Audited)				
	Carrying / Notional	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)	394,374,894	-	394,374,894	-	394,374,894
Foreign Bonds - Sovereign	66,062,041	-	66,062,041	-	66,062,041
Foreign Bonds - others	14,308,350	-	14,308,350	-	14,308,350
Ordinary shares of listed companies	16,718,226	16,718,226	-	-	16,718,226
Debt securities (TFCs)	843,128	-	843,128	-	843,128
Investment in REIT	499,863	499,863	-	-	499,863
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares,preference	338,352,598	-	-	-	-
shares and associates)	831,159,100	17,218,089	475,588,413	-	492,806,502
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	650,576,446	-	1,462,513	-	1,462,513
Interest rate swaps	1,674,764	-	(22,101)	-	(22,101)
FX options - purchased and sold (net)	1,159,752	-	-	-	-
Forward purchase of government securities	13,619,209	-	(22,401)	-	(22,401)
Forward sale of government securities	2,326,880	-	(34,172)	-	(34,172)

36.2 Fair Value of non-financial assets

	June 30, 2019 (Un-audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	45,160,291	-	-	45,160,291	45,160,291
Non-banking assets acquired in satisfaction of claims	1,781,862	-	-	1,781,862	1,781,862
	46,942,153	**-**	**-**	**46,942,153**	**46,942,153**

	December 31, 2018 (Audited)				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	44,535,337	-	-	44,535,337	44,535,337
Non-banking assets acquired in satisfaction of claims	1,770,265	-	-	1,770,265	1,770,265
	46,305,602	**-**	**-**	**46,305,602**	**46,305,602**

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

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

Debt Securities

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

Units of mutual fund

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

Derivatives

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

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

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

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	For the six months ended June 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)	21,314,310	23,253,355	(19,713,299)	1,550,232	4,492,447	662,763	(974,261)	30,585,547
Inter segment (expense) / revenue - net	(18,497,541)	(27,608,236)	43,352,145	-	-	-	2,753,632	-
Non mark-up / return / interest income	1,241,425	2,574,976	4,794,457	123,574	1,638,891	1,396,989	1,726,983	13,497,295
Total Income	4,058,194	(1,779,905)	28,433,303	1,673,806	6,131,338	2,059,752	3,506,354	44,082,842
Segment direct expenses	707,468	103,520	11,911,642	785,942	2,988,905	1,692,846	3,070,566	21,260,889
Inter segment expense allocation	293,522	37,177	2,263,694	-	337,204	-	(2,931,597)	-
Total expenses	1,000,990	140,697	14,175,336	785,942	3,326,109	1,692,846	138,969	21,260,889
Provision reversals / (charge)	484,576	(2,145,281)	269,576	(5,828)	(2,325,215)	50,285	(6,053)	(3,677,940)
Profit before taxation from continuing operations	3,541,780	(4,065,883)	14,527,543	882,036	480,014	417,191	3,361,332	19,144,013

	For the six months ended June 30, 2018 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
Profit and Loss	(Rupees in '000)							
Net mark-up / return / profit (loss)	13,060,741	19,369,092	(9,502,308)	991,234	4,011,695	1,006,942	125,123	29,062,519
Inter segment (expense) / revenue - net	(10,490,959)	(13,922,715)	23,360,122	-	-	-	1,053,552	-
Non mark-up / return / interest income	1,666,713	6,171,515	4,547,319	80,141	1,283,103	1,335,128	379,036	15,462,955
Total Income	4,236,495	11,617,892	18,405,133	1,071,375	5,294,798	2,342,070	1,557,711	44,525,474
Segment direct expenses	841,040	357,447	11,133,511	776,014	3,393,352	1,750,789	10,706,037	28,958,190
Inter segment expense allocation	277,568	32,175	1,983,255	-	315,620	-	(2,608,618)	-
Total expenses	1,118,608	389,622	13,116,766	776,014	3,708,972	1,750,789	8,097,419	28,958,190
Provision reversals / (charge)	510,005	(405,318)	360,269	(6,009)	(5,075,844)	(213,420)	84,795	(4,745,522)
Profit before taxation from continuing operations	3,627,892	10,822,952	5,648,636	289,352	(3,490,018)	377,861	(6,454,913)	10,821,762

	As at June 30, 2019 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash and Bank balances	150,064	72,507,230	95,948,979	18,450,653	67,619,482	33,278,912	3,800,262	291,755,582
Investments	6,664,713	696,963,063	-	45,435,834	103,178,047	46,135,474	3,920,524	902,297,655
Net inter segment lending	5,957,132	-	909,761,253	832,634	6,675,790	-	57,948,857	981,175,666
Lendings to financial institutions	-	12,780,000	-	7,626,900	-	2,187,804	-	22,594,704
Advances - performing	429,640,453	25,630	35,746,038	9,018,925	147,962,232	38,837,591	5,515,587	666,746,456
Advances - non-performing (net of provision)	1,129,193	43,830	620,472	-	12,098,377	241,059	26,746	14,159,677
Assets held for sale	-	-	-	-	-	4,303,337	-	4,303,337
Others	32,159,769	33,905,345	13,058,871	1,578,240	17,929,990	6,440,588	63,606,059	168,678,862
Total Assets	475,701,324	816,225,098	1,055,135,613	82,943,186	355,463,918	131,424,765	134,818,035	3,051,711,939
Borrowings	51,220,397	160,342,264	107,056	1,289,981	11,044,830	9,669,796	-	233,674,324
Subordinated debts	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	64,436,919	388,593	1,019,248,071	76,503,808	286,139,912	86,620,780	748,104	1,534,086,187
Net inter segment borrowing	324,788,790	656,193,375	193,501	-	-	-	-	981,175,666
Liabilities held for sale	-	-	-	-	-	4,120,718	-	4,120,718
Others	33,116,459	10,832,601	29,690,444	1,835,005	10,523,301	1,671,081	18,147,766	105,816,657
Total Liabilities	473,562,565	827,756,833	1,049,239,072	79,628,794	307,708,043	102,082,375	28,895,870	2,868,873,552
Equity	2,138,757	(11,517,326)	6,370,496	3,314,392	53,298,799	23,325,521	105,907,748	182,838,387
Total Equity and liabilities	475,701,322	816,239,507	1,055,609,568	82,943,186	361,006,842	125,407,896	134,803,618	3,051,711,939
Contingencies and Commitments	434,519,741	375,289,619	14,094,912	293,837	497,191,993	82,618,171	966,178	1,404,974,451

	As at December 31, 2018 (Audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash and Bank balances	25,660	51,299,328	78,569,366	13,483,155	55,969,812	28,621,101	1,694,309	229,662,731
Investments	7,213,391	653,902,739	-	30,746,758	88,243,845	47,339,783	3,712,584	831,159,100
Net inter segment lending	2,249,966	-	880,425,313	-	-	-	37,278,794	919,954,073
Lendings to financial institutions	-	23,500,000	-	10,066,732	374,814	1,405,005	-	35,346,551
Advances - performing	449,219,279	26,411	65,893,889	22,580,996	160,439,336	38,158,060	5,108,124	741,426,095
Advances - non-performing (net of provision)	1,777,079	-	262,540	15,068	10,587,435	456,931	26,574	13,125,627
Others	27,761,067	21,514,992	12,412,517	625,250	19,888,705	5,986,891	63,583,348	151,772,770
Total Assets	488,246,442	750,243,470	1,037,563,625	77,517,959	335,503,947	121,967,771	111,403,733	2,922,446,947
Borrowings	45,688,288	195,175,727	4,171,413	143,000	21,580,910	13,158,787	-	279,918,125
Subordinated debts	-	-	-	-	-	-	9,000,000	9,000,000
Deposits and other accounts	38,238,653	35,170	993,358,839	73,434,945	259,572,141	82,263,993	1,420,300	1,448,324,041
Net inter segment borrowing	377,589,646	541,875,733	-	488,694	-	-	-	919,954,073
Others	24,033,549	11,894,358	34,259,041	922,413	13,325,755	1,547,511	10,644,222	96,626,849
Total Liabilities	485,550,136	748,980,988	1,031,789,293	74,989,052	294,478,806	96,970,291	21,064,522	2,753,823,088
Equity	2,696,306	(102,213)	7,152,259	2,528,907	45,418,639	17,353,911	93,576,050	168,623,859
Total Equity and liabilities	488,246,442	748,878,775	1,038,941,552	77,517,959	339,897,445	114,324,202	114,640,572	2,922,446,947
Contingencies and Commitments	415,595,186	246,204,352	21,489,804	340,262	426,945,992	86,376,266	1,923,829	1,198,875,691

38. RELATED PARTY TRANSACTIONS

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

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

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

38.1 RELATED PARTY TRANSACTIONS

	June 30, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	5,119,744	4,183,880	-	-	4,243,644	3,895,328
Investment made during the period / year	-	-	1,704,913	-	-	-	6,148,157	510,075
Investment redeemed / disposed off during the period / year	-	-	(2,083,048)	(240,353)	-	-	(5,699,007)	(221,523)
Equity method adjustments	-	-	286,879	-	-	-	426,950	-
Closing balance	-	-	5,028,488	3,943,527	-	-	5,119,744	4,183,880
Provision for diminution in value of investments	-	-	-	91,143	-	-	-	91,007
Advances								
Opening balance	2,221	280,911	2,155,149	6,747,749	5,303	205,368	2,155,149	2,626,106
Addition during the period / year	3,841	67,977	-	358	13,479	245,272	-	4,123,007
Repaid during the period / year	(5,798)	(9,289)	-	(1,259,751)	(16,561)	(121,668)	-	(1,341)
Transfer out	-	-	-	-	-	(48,061)	-	(23)
Closing balance	264	339,599	2,155,149	5,488,356	2,221	280,911	2,155,149	6,747,749
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
Other Assets								
Interest mark-up accrued	-	-	550	200,098	-	-	3,646	143,767
Receivable from staff retirement funds	-	-	-	1,505,374	-	-	-	321,349
Prepaid insurance	-	-	162,576	-	-	-	107,566	-
Remuneration receivable from management of funds	-	-	77,100	-	-	-	87,358	-
Sales load receivable	-	-	9,616	-	-	-	19,154	-
Formation cost receivable	-	-	5,843	-	-	-	7,039	-
Dividend receivable	-	-	-	104,215				
Other receivable	-	-	42,967	30,164	-	-	59,146	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
Borrowings								
Opening balance	-	-	-	12,400	-	-	474,532	-
Borrowings during the year	-	-	-	514,800	-	-	2,364,689	244,000
Settled during the year	-	-	-	(527,200)	-	-	(2,839,221)	(231,600)
Closing balance	-	-	-	-	-	-	-	12,400
Deposits and other accounts								
Opening balance	6,375,281	165,303	11,638,646	8,254,030	5,700,563	66,247	7,426,100	3,072,390
Received during the period / year	42,206,670	597,869	77,202,039	166,895,475	60,624,991	1,629,709	160,790,083	163,877,912
Withdrawn during the period / year	(40,234,650)	(615,110)	(84,244,493)	(166,196,016)	(59,950,273)	(1,594,450)	(156,547,356)	(158,692,731)
Transfer (out) / in - net	-	-	(422)	4,125	-	63,797	(30,181)	(3,541)
Closing balance	8,347,301	148,062	4,595,770	8,957,614	6,375,281	165,303	11,638,646	8,254,030
Other Liabilities								
Interest / mark-up payable on deposits and borrowings	63,804	77	26,955	94,085	40,343	67	53,416	49,821
Payable to staff retirement fund	-	-	-	-	-	-	-	972,584
Unearned income	-	-	-	5,043	-	-	-	12,608
Contingencies and Commitments								
Forward foreign exchange contracts purchase	-	-	-	-	-	-	-	-
Forward foreign exchange contracts sale	-	-	-	-	-	-	-	-

	June 30, 2019 (Un-audited)				June 30, 2018 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	8,251	7,696	1,946	-	5,974	3,646	55,109
Commission / charges recovered	64	645	3,925	2,794	60	314	82,534	6,842
Dividend income	-	-	-	134,775	-	-	26,833	362,457
Net gain on sale of securities	-	-	24,876	28,515	-	-	72,350	-
Remuneration from management of fund	-	-		-	-	-	449,979	-
Sales load	-	-	27,004	-	-	-	65,674	-
Other income	-	-	5,939	-	-	-	7,228	6,879
Switch revenue	-	-	-	137,164	-	-	-	-
Expenses								
Mark-up / return / interest paid	117,147	746	406,458	146,399	108,871	1,593	245,139	58,704
Remuneration paid	-	487,997	-	-	-	837,872	-	-
Post employment benefits	-	10,125	-	-	-	21,526	-	-
Non-executive directors' fee	40,241	-	-	-	37,149	-	-	-
Net charge for defined contribution plans	-	-	-	260,698	-	-	-	237,451
Net charge for defined benefit plans	-	-	-	145,581	-	-	-	8,481,528
Other expenses	-	-	-	-	-	-	-	-
Clearing charges	-	-	-	68,451	-	-	-	52,301
Seminar and Membership fees	-	-	-	3,421	-	-	-	5,578
Membership, Subscription , Sponsorship and maintenance charges	-	-	-	13,231	-	-	-	4,000
Custody charges	-	-	-	3,112	-	-	-	-
Insurance premium paid	-	-	260,437	-	-	-	308,097	-
Insurance claims settled	-	-	123,197	-	-	-	96,635	-

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,798	12,241,798
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	120,270,600	116,182,214
Eligible Additional Tier 1 (ADT 1) Capital	9,996,352	8,305,439
Total Eligible Tier 1 Capital	130,266,952	124,487,653
Eligible Tier 2 Capital	36,434,155	40,708,238
Total Eligible Capital (Tier 1 + Tier 2)	166,701,107	165,195,891
Risk Weighted Assets (RWAs):		
Credit Risk	784,541,642	795,066,075
Market Risk	33,401,600	30,089,441
Operational Risk	147,604,598	147,604,598
Total	965,547,840	972,760,114
Common Equity Tier 1 Capital Adequacy Ratio	12.46%	11.94%
Tier 1 Capital Adequacy Ratio	13.49%	12.80%
Total Capital Adequacy Ratio	17.26%	16.98%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs. 10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank as at June 30, 2019 stood at Rs. 12,241.798 million (December 31, 2018: Rs. 12,241.798 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0%, capital conservation buffer of 1.90% and High Loss Absorbancy Requirement of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at June 30, 2019. As at June 30, 2019, the Bank is fully compliant with prescribed ratios as the Bank's CAR is 17.26% whereas CET 1 and Tier 1 ratios stood at 12.46% and 13.49% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the period / year.

Furthermore, under the SBP's Framework for Domestic Systematically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB. Under this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.5%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2019. As per SBP's designation of D-SIBs for the year 2019, the LHA capital charge required to be maintained by UBL has been reduced from 1.5% to 1.0%. The revised HLA capital charge will be applicable from March 31, 2020 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) June 30 2019	(Audited) December 31 2018
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	130,266,952	124,487,653
Total Exposures	2,650,323,336	2,550,548,720
Leverage Ratio	4.92%	4.88%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	496,752,377	404,144,218
Total Net Cash Outflow	196,043,268	212,338,866
Liquidity Coverage Ratio	253.39%	190.33%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,480,513,218	1,489,318,075
Total Required Stable Funding	1,102,607,051	1,181,920,887
Net Stable Funding Ratio	134.27%	126.01%

40. ISLAMIC BANKING BUSINESS

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

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		--------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks		7,683,867	8,000,891
Balances with other banks		10,766,786	5,482,264
Due from financial institutions	40.1	7,626,900	10,066,732
Investments	40.2	45,435,834	30,746,758
Islamic financing and related assets	40.3	9,018,925	22,596,064
Fixed assets		994,600	337,390
Intangible assets		8,511	2,468
Due from Head Office		832,634	-
Other assets		575,129	285,392
Total Assets		82,943,186	77,517,959
LIABILITIES			
Bills payable		688,767	430,122
Due to financial institutions		1,289,981	143,000
Deposits and other accounts	40.4	76,503,808	73,434,945
Due to Head Office		-	488,694
Other liabilities		1,146,238	492,291
Total Liabilities		79,628,794	74,989,052
NET ASSETS		3,314,392	2,528,907
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(231,833)	(135,282)
Accumulated profit		1,365,225	483,189
		3,314,392	2,528,907
CONTINGENCIES AND COMMITMENTS	40.5		

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

		-------(Un-audited)-------	
		January - June 2019	January - June 2018
		--------- (Rupees in '000) ---------	
Profit / return earned	40.6	3,564,688	1,918,137
Profit / return expensed	40.7	(2,014,456)	(926,903)
Net profit / return		1,550,232	991,234
Other income			
Fee and Commission Income		113,821	68,162
Foreign Exchange Income		288	219
Loss on securities		(4,888)	-
Other Income		14,353	11,760
Total Other Income		123,574	80,141
Total Income		1,673,806	1,071,375
Operating expenses		785,942	778,821
Profit before provisions		887,864	292,554
Provisions and write-offs - net		(5,828)	(3,202)
Profit for the period		882,036	289,352

40.1 Due from Financial Institutions

	June 30, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Call money lending	3,600,000	-	3,600,000	7,000,000	-	7,000,000
Bai Muajjal Receivable from other Financial Institutions	4,026,900	-	4,026,900	3,066,732	-	3,066,732
	7,626,900	-	7,626,900	10,066,732	-	10,066,732

40.2 Investments by segments

		June 30, 2019 (Un-Audited)				December 31, 2018 (Audited)			
		Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
		(Rupees in '000)							
Federal Government Securities									
-Ijarah Sukuks		5,901,733	-	(231,833)	5,669,900	11,910,472	-	(135,282)	11,775,190
-Bai muajjal with Govt. of Pakistan	40.2.1	24,872,153	-		24,872,153	8,300,566	-	-	8,300,566
		30,773,886	-	(231,833)	30,542,053	20,211,038	-	(135,282)	20,075,756
Non Government Debt Securities									
-Listed		150,000	-	-	150,000	150,000	-	-	150,000
-Unlisted		14,743,781	-	-	14,743,781	10,521,002	-	-	10,521,002
		14,893,781	-	-	14,893,781	10,671,002	-	-	10,671,002
Total Investments		45,667,667	-	(231,833)	45,435,834	30,882,040	-	(135,282)	30,746,758

40.2.1 Bai Muajjal with Government of Pakistan

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
Bai Muajjal Investment	33,031,000	11,420,000
Less: Deferred Income	(8,158,847)	(3,119,434)
Bai Muajjal Investment - net	24,872,153	8,300,566

40.3 Islamic financing and related assets

Ijarah	598,272	446,792
Murabaha	599,265	742,302
Diminishing Musharaka	5,683,558	19,902,278
Islamic Export Refinance scheme - Murabaha	1,294,256	126,849
Advances against Islamic assets		
Advances against Ijara	78,087	215,091
Advances for Diminishing Musharika	418,652	520,448
Advances for Murabaha	79,807	101,115
Advances for Murabaha - IERS	-	18,000
Advances for Istisna	160,115	48,321
Inventory related to Islamic financing		
Istisna	105,000	13,411
Profit and other receivables against financings	103,721	557,643
Gross Islamic financing and related assets	9,120,733	22,692,250
Less: Provision against Islamic financings		
- Specific	(84,990)	(82,088)
- General	(16,818)	(14,098)
	(101,808)	(96,186)
Islamic financing and related assets - net of provision	9,018,925	22,596,064

40.4 Deposits and other accounts

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	------- (Rupees in '000) -------	
Customers		
Current deposits	37,245,189	31,434,627
Savings deposits	13,246,765	14,925,879
Term deposits	4,442,504	6,776,543
	54,934,458	53,137,049
Financial Institutions		
Current deposits	1,662,725	1,768,824
Savings deposits	8,162,138	11,144,072
Term deposits	11,744,487	7,385,000
	21,569,350	20,297,896
	76,503,808	73,434,945

40.5 Contingencies and commitments

- Guarantees	60,119	56,416
- Commitments	477,117	406,643
	537,236	463,059

	-------(Un-audited)-------	
	January - June 2019	January - June 2018
40.6 Profit / Return Earned on Financing, Investments and Placements	------- (Rupees in '000) -------	
Profit earned on:		
Financing	501,252	622,640
Investments	2,176,443	757,269
Placements	759,226	425,547
Rental Income from Ijarah	127,767	112,681
	3,564,688	1,918,137

40.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,951,983	916,516
Due to Financial Institutions	14,180	10,387
Others	48,293	-
	2,014,456	926,903

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
40.8 Islamic Banking Business Unappropriated Profit	------- (Rupees in '000) -------	
Opening Balance	483,189	(362,502)
Add: Islamic Banking profit for the period / year	882,036	845,691
Closing Balance	1,365,225	483,189

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.

June 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	6	Mudarbaha	Monthly	5.03%	50.00%	3,958	3%	11.35%	449
Special Pools	70	Mudarbaha	Monthly	10.80%	7.80%	101,927	10.10%	17.38%	17,713
IERS Pools	19	Musharkah	Monthly	3.95%	73.97%	29,804	2.00%	0.00%	-
General Pools	6	Mudarbaha	Monthly	10.95%	50.00%	586,111	6.73%	22.86%	133,972
Treasury Pools	2	Musharkah	As required	12.93%	25.77%	1,278,366	9.60%	0.00%	-

June 30, 2018 (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	6	Mudarbaha	Monthly	4.44%	50.00%	3,892	2.84%	24.72%	962
Special Pools	50	Mudarbaha	Monthly	6.34%	19.80%	138,164	5.48%	35.77%	49,420
IERS Pools	4	Musharkah	Monthly	3.46%	71.30%	2,077	2.00%	0.00%	-
Treasury Pools	3	Wakalah	As required	7.27%	17.78%	212	5.97%	0.00%	-
Treasury Pools	2	Mudarbaha	As required	7.17%	25.46%	325	5.86%	0.00%	-
Treasury Pools	10	Musharkah	As required	7.40%	17.23%	1,180	6.12%	0.00%	-
General Pools	6	Mudarbaha	Monthly	5.42%	50.00%	75,265	3.04%	12.45%	9,372

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	-------Rupees in '000-----	
40.10 Deployment of Mudaraba based deposits by class of business		
Chemical and pharmaceuticals	876,906	650,754
Agri business	426,603	1,226,202
Textile	1,407,658	365,599
Financial	17,974,783	15,486,630
Food industries	579,735	516,697
Plastic	79,177	169,124
Individuals	1,314,883	1,134,008
Production and Transmission of energy	16,295,966	26,712,710
Government of Pakistan Securities	30,542,053	20,023,620
Others	2,220,703	1,768,268
	71,718,467	68,053,612

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 07, 2019 has declared an interim cash dividend in respect of the quarter ended June 30, 2019 of Rs. 2.5 per share (June 30, 2018: Rs. 3.0 per share). The consolidated condensed interim financial statements for the quarter ended June 30, 2019 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42. GENERAL

42.1 Comparatives

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

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

43. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on August 07, 2019 by the Board of Directors of the Bank.

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

مستقبل کی توقعات (Future Outlook)

پاکستان کے بڑے مالیاتی شعبوں کے مابین ایک اہم ادارہ ہونے کے ناطے، یو بی ایل اپنی صلاحیتوں کو بروئے کار لاتے ہوئے ملکی معاشی ترقی میں اپنا متحرک کردار ادا کرنے میں پرعزم ہے۔

ہم اپنی بینکنگ سہولیات ہر پاکستانی کی دسترس میں لاکر ملک میں مالیاتی شمولیت کو وسعت دینے میں سرگرم عمل ہیں۔ برانچ بینکنگ ہمارے فرنچائز کا بنیادی جزو رہے گا جہاں ہم این ٹی بی صارفین کے حصول میں اضافے اور سروس لیول کو مزید بہتر بنانے پر سرمایہ کاری کریں گے۔ صارفین کے تجربے کو بہتر بنانے اور موجودہ پورٹ فولیو میں ڈیجیٹل شمولیت کیلئے اپنی ڈیجیٹل صلاحیتوں کی نشوونما ہماری ترجیحات میں شامل ہے۔ کریڈٹ کے دشوار ماحول کے مابین، نئے اثاثہ جات کی بکنگ میں احتیاط برقرار رہے گی جو صرف اعلیٰ معیار اور RWA کی مناسب سطح پر رہے گی۔ بین الاقوامی سطح پر ہم سرمائے کی مناسب ترین تخصیص پر توجہ مرکوز کرتے ہوئے رسک میں کمی لا رہے ہیں۔ ہم چاہتے ہیں کہ ہم عالمی سطح پر رائج بہترین پریکٹسز کے مطابق کمپلائنس اسٹینڈرڈز (Compliance Standards) کو مزید تقویت دیں۔

الفاظِ تشکر (Acknowledgements)

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

برائے و از طرف بورڈ

سیما کامل
پریزیڈینٹ اور سی ای او
اسلام آباد
7 اگست 2019

عامر ظفر خان
ڈائریکٹر

گئے ۔ ہر سہ ماہی کے دوران فنڈز میں اضافے کے ساتھ ساتھ ایسٹ ڈیکلیریشن سکیم اور پرائز بانڈ کی رجسٹریشن سے بھی پیسہ بینکوں میں جمع کرایا گیا۔ موجودہ ششماہی کے دوران بینکنگ کے شعبے میں ایڈوانسز میں 9 فی صد اضافہ ریکارڈ کیا گیا جو کہ اب 8.1 ٹریلین روپے کے قریب پہنچ گیا ہے جس سے زیادہ ان پٹ کاسٹ کی وجہ سے ورکنگ کیپٹل فنانسنگ میں بھی اضافہ ہوا ہے۔

غیر فعال قرضوں پر بڑھتی ہوئی شرح سود کے اثرات نمودار ہونا شروع ہو گئے ہیں جیسا کہ مجموعی غیر فعال قرضوں کا حجم دسمبر 2018 کے مقابلے میں 2 فیصد اضافے کے ساتھ بمطابق مارچ 2019 690.3 ارب روپے ہو گیا جبکہ اسی مدت کے دوران انفیکشن ریشیو 8.0 فیصد سے گر کر 8.2 فیصد ہو گیا۔

یو بی ایل انٹرنیشنل (UBL International)

خلیج تعاون کونسل (GCC) میں اقتصادی سرگرمیاں سست روی کا شکار ہیں۔ نان آئل سرگرمیوں میں تیزی، پبلک سیکٹر کے اخراجات میں اضافے اور ایکسپو 2020 سے پہلے زیادہ سرمایہ کاری کی بدولت خطے میں کسی حد تک اقتصادی ترقی دیکھنے میں آئی ہے۔ تاہم، چونکہ تیل کا شعبہ معیشت میں اہم کردار ادا کرتا ہے، لہٰذا اوپیک کی تجدید سے تیل کی پیداوار میں کمی اور تیل کی قیمتوں میں نسبتاً کمی کی وجہ سے ریکوری کا عمل سست ہے۔

ہم بین الاقوامی کاروبار کے اندر رہتے ہوئے خطرات سے نمٹنے کی حکمت عملی پر عمل پیرا ہیں۔ پاکستانی روپے کی قدر میں تیزی سے کمی کو مدنظر رکھتے ہوئے، سرمائے کو محفوظ بنانے کیلئے ہم نے غیر ملکی کرنسی کے حامل رسک ویٹڈ اثاثوں پر توجہ مرکوز کر رکھی ہے۔ اثاثوں کے معیار کو ملحوظ خاطر رکھتے ہوئے اور سرمائے کی مؤثر تخصیص کر کے اثاثہ جات کی تعمیر کو محدود رکھا جاتا ہے۔ ہم اہم ڈیپازٹس کو مستحکم بنانے اور ڈیپازٹس کنسنٹریشن میں کمی لانے کیلئے ڈیپازٹ فرنچائز میں استحکام لا رہے ہیں۔ ہمارا اسپیشل ایسٹ منیجمنٹ ڈویژن سرگرم طور پر غیر فعال قرضاجات کی وصولی کے لئے کوشاں ہے۔ علاوہ ازیں نئے غیر فعال قرضہ جات (NPL) کی تشکیل میں کمی لانے کیلئے پورٹ فولیو کی بہتر نگرانی کو یقینی بنانے کیلئے ہم اپنے کمپلائنس اور رسک کے معیا کو مزید مستحکم بنا رہے ہیں۔

2019 کی پہلی ششماہی کے دوران یو بی ایل انٹرنیشنل اوسط ڈیپازٹس 1.8 ارب امریکی ڈالر رہے (H1'18: 2.2 ارب امریکی ڈالر)۔ 2019 کی پہلی ششماہی کے دوران کل ڈپازٹس کی لاگت 2.2 فیصد رہی جو کہ H1'18 کے مساوی ہے، حالانکہ گزشتہ ایک سال کے دوران LIBOR میں 50bps کا اضافہ ہوا۔ مجموعی ایڈوانسز 1.0 ارب امریکی ڈالر پر بند ہوئے (دسمبر 2018: 1.2 ارب امریکی ڈالر)۔ غیر فعال قرضہ جات (NPL) میں H1'19 کے دوران 22.7 ملین امریکی ڈالر کا اضافہ ہوا اور یہ جون 2019 کو 315.5 ملین امریکی ڈالر پر بند ہوئے۔ پورٹ فولیو کوریج کو مزید بڑھانے کیلئے اس مدت کے دوران 16.3 ملین امریکی ڈالر کا پرویژن چارج ریکارڈ کیا گیا۔ نیٹ سرمایہ کاری جو کہ زیادہ تر اوورسیز بانڈز پر مشتمل ہے، جون 2019 کے اختتام پر 644.8 ملین امریکی ڈالر رہی (دسمبر 2018: 635.5 ملین امریکی ڈالر) اور جس پر آمدن کی شرح 6.2 فیصد رہی (دسمبر 2018: 6.5 فیصد)۔

کریڈٹ ریٹنگ (Credit Rating)

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

معاشی جائزہ(Economy Review)

سال 2019 کے دوران زیادہ تر معاشی مشکلات کا غلبہ رہا جس میں مالی دباؤ اور بیرونی اکاؤنٹس کی سختیوں اور بگڑتے ہوئے تجارتی خسارے سے نمو اور ملک کے بیرونی زرمبادلہ پر برے اثرات مرتب ہوئے۔ تاہم اب پاکستان 2019 کی پہلی ششماہی تک آئی ایم ایف کے پیکیج کی بدولت معاشی استحکام کی راہ پر گامزن ہے اور توقع ہے کہ جلد ضروری اصلاحات کے ذریعے طویل مدت سے جاری خامیوں اور کمزوریوں کو دور کیا جا سکے گا جس سے وسیع معنوں میں پائیدار نمو کی راہ ہموار ہو جائے گی۔

کرنٹ اکاؤنٹ خسارہ مالی سال 2019 کے دوران اب کچھ کم ہونا شروع ہو گیا ہے گزشتہ سال کی اسی مدت کے مقابلے میں 32 فیصد کمی کے ساتھ 13.6 ارب ڈالر رہا۔ اس بہتری کی بڑی وجہ بیرونی تجارتی خسارے میں کمی ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 17 فیصد تک کم ہو کر سال 2019 میں 32.5 ارب امریکی ڈالر رہا۔ جس کی بنیادی وجہ درآمدات کے حجم میں جو گزشتہ سال کی نسبت اس سال 10 فی صد کمی ہے جب کہ برآمدات ابھی تک جمود کا شکار ہیں۔ ہوم ریمٹنس میں بھی 10 فیصد اضافہ دیکھنے میں آیا اور سال بہ سال اضافے کے بعد اب ریمیٹنس 21.8 ارب ڈالر کی بلند ترین سطح تک پہنچ گئی ہیں جس سے ہمارے کرنٹ اکاؤنٹ کو بہت سہارا ملا ہے۔

بیرونی زرمبادلہ کے ذخائر جو دسمبر 2018 میں 13.8 ارب ڈالر تھے دوست ملکوں کی جانب سے فراہم کردہ معاونت کے سبب جون 2019 میں بڑھ کر 14.4 ارب ڈالر ہو گئے ہیں۔ تاہم اب بھی تجارتی خسارہ زرمبادلہ پر اپنا دباؤ برقرار رکھے ہوئے ہے۔ کیونکہ حکومت پاکستان نے آئی ایم ایف پروگرام کے تحت روپے کی قیمت میں ردوبدل یعنی اس کی نئی قیمت کے تعین کا انحصار مارکیٹ کی لچک کے مطابق کر دیا ہے۔ اسی وجہ سے ڈالر کے مقابلے میں روپے کی قدر دسمبر 2018 میں 138.86 روپے سے کم ہو کر جون 2019 میں 160.1 روپے ہو گئی۔ روپے کی قیمت میں یہ کمی 15 فیصد رہی۔ اس طرح گزشتہ دو سال کے دوران روپے کی قدر میں مجموعی کمی 53 فیصد ریکارڈ کی گئی ہے۔

جون 2019 کے دوران آئی ایم ایف پروگرام کے تحت پاکستان کو 39 ماہ پر مشتمل ایکسٹینڈڈ فنڈ کی سہولت (EEF) کے تحت تقریباً 6 ارب ڈالر کی مالی معاونت کی منظوری دی گئی۔ آئی ایم ایف پروگرام میں شمولیت کے بعد پاکستان اصلاحات کے ایک جامع پروگرام پر عمل درآمد شروع کر رہا ہے جس کا ایجنڈا محاصل میں اضافے کے لئے ٹیکس کے دائرہ کار کو وسعت دینا، توانائی کے شعبے میں اصلاحات اور سرکاری اداروں کی کارکردگی کو بہتر بنانا ہے۔ اس کے علاوہ پاکستان کی انٹرنیشنل بانڈ مارکیٹ میں رسائی کی راہ بھی ہموار ہو جائے گی جس سے ملکی زرمبادلہ پر دباؤ کم کرنے میں مدد ملے گی۔

بجلی کے نرخوں میں بہت زیادہ ردوبدل اور روپے کی قدر میں غیر متوقع کمی کی وجہ سے ملک میں افراط زر میں بہت اضافہ ہوا ہے۔ 2019 کی پہلی ششماہی کے دوران کنزیومر پرائس انڈیکس (CPI) سالانہ 8.6 فیصد تک پہنچ گیا ہے جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 4.1 فیصد تھا۔ ملک میں مہنگائی میں مزید اضافے کی توقع کے پیش نظر مئی 2019 میں سٹیٹ بینک آف پاکستان نے شرح سود میں 1.5 جب کہ جولائی میں مزید 1 فیصد اضافہ کیا جس سے گزشتہ 18 ماہ کے دوران اسٹیٹ بینک نے بنیادی ریٹ میں 750 BPS کا اضافہ مجموعی طور پر کیا ہے جس کہ بعد شرح سود 13.25 کی سطح پر پہنچ گئی ہے۔

بڑے معاشی سیکٹر میں عدم استحکام سے بھی اسٹاک مارکیٹ میں مندی کے رجحان کو تقویت ملی اور KSE-100 انڈیکس میں 3100 پوائنٹس کی کمی ہوئی جو دسمبر 2018 کے مقابلے میں 9 فیصد کمی کے ساتھ جون 2019 کے اختتام پر 33,902 رہا۔

بمطابق جون 2019 بینکنگ سیکٹر کے ڈیپازٹس میں دسمبر 2018 کے مقابلے میں 8.3 فیصد اضافہ ہوا اور یہ تاریخ کی بلند ترین سطح 14.5 ٹریلین تک پہنچ

دوران 43.3 فیصد ریکارڈ کئے گئے تھے جو کے انڈسٹری میں سب سے زیادہ ہیں۔

بینک نے موجودہ مدت کے دوران سیونگ ڈیپازٹس میں اضافے پر بھی توجہ مرکوز کی جس سے گزشتہ سال کی نسبت پورٹ فولیو میں 10 فیصد اضافہ ہوا۔ اوسط CASA کی شرح بھی جون 2019 کو ختم ہونے والی ششماہی کے دوران 86.9 فیصد رہی جو کہ گزشتہ ششماہی کے دوران 86.1 فیصد ریکارڈ کی گئی تھی۔ جس کی وجہ سے یو بی ایل کے ڈیپازٹس کی لاگت بینک انڈسٹر میں کم ترین سطح پر رہی اور موجودہ دور میں شرح سود کے بلند ترین سطح پر ہونے کے باوجود یو بی ایل کے ڈیپازٹس کی لاگت 4.8 فیصد کی سطح پر جون 2019 میں ریکارڈ کی گئی جو گزشتہ ششماہی کے دوران 2.6 فیصد تھی۔

نیٹ ایڈوانسز پورٹ فولیو دسمبر 2018 کے مقابلے میں 10 فی صد کم ہو کر جون 2019 میں 641.8 ارب روپے رہا۔ قرضوں کی فراہمی، ایسٹ کوالٹی اور سرمائے کے بہترین استعمال پر توجہ مرکوز رکھتے ہوئے ڈومیسٹک اور انٹرنیشنل بزنس میں خاصی چنیدہ رہی۔

انویسٹمنٹس 2019 کی پہلی ششماہی کے دوران 857.8 ارب روپے رہیں (دسمبر 2018 786.4 ارب روپے)۔ پورٹ فولیو زیادہ تر گورنمنٹ سکیورٹیز پر مشتمل ہے۔ موجودہ سال کے دوران ہم نے حکومتی مختصر مدتی سیکوریٹیز میں سرمایا کاری کی ہے جس کی بدولت بڑھتے ہوئے انٹرسٹ ریٹ کے ماحول میں بہتر آمدن حاصل کی جا سکے۔ جون 2019 میں ہمارا ایکویٹی پورٹ فولیو 18.2 ارب روپے کی سطح پر پہنچ گیا ہے جس میں بڑا متنوع پورٹ فولیو شامل ہے جس میں اعلیٰ ترین کارپوریٹ اسٹاکس مختلف انڈسٹریز سے طویل مدتی سرمایہ کاری کے پیش نظر رکھے گئے ہیں تا کہ بتدریج ڈیویڈنڈ آمدنی کا سلسلہ جاری رہے۔

مالیاتی تناسب (Capital Ratios)

بینک مستقبل کے ترقی کے اقدامات واہداف کے لئے ٹھوس بنیاد فراہم کرنے کی غرض سے مستحکم مالی حیثیت برقرار رکھنا چاہتا ہے۔ سال 2019 کی پہلی ششماہی میں بینک نے اضافی ٹایئر۔ون کی ابتدائی پبلک آفرنگ (IPO) ٹی ایف سیز (TFCs) مکمل کر لی لے جس کی مالیت 10 ارب روپے ہے۔ یہ اب تک سب سے بڑی آفر ہے جو عوام کے لئے پیش کی گئی۔

اسٹیٹ بینک آف پاکستان کی جانب سے یو بی ایل کو ڈومیسٹک نظام کا ایک اہم بینک (D-SIB) نامزد کئے جانے کے پیش نظر سرمائے کی کم سے کم حد دسمبر 2018 میں 11.90 فیصد سے بڑھ کر 13.40 فیصد ہو گئی ہے

اس کے نتیجے میں 2019 کے دوران CAR limit کی کم سے کم حد کے علاوہ بینک کو 1.5 فیصد اضافی Higher Loss Absorbency Surcharge (HLA) برقرار رکھنا پڑے گا۔ اس سے مجموعی طور پر CAR کی حد 11.9 فی صد سے بڑھ کر 13.4 فی صد ہو گئی تاہم 2020 کے لئے HLA سرچارج کو 1.5 فیصد سے کم کر کے 1.0 فیصد کر دیا گیا جو کہ 2019 میں سٹیٹ بینک کی D-SIBs کے لئے مقرر کیا گیا ہے۔

سرمائے کی اضافی ضرورت کے باوجود، یو بی ایل نے موزوں سرمائے کے بفرز برقرار رکھے۔ کامن ایکیوٹی ٹیئر -I (CET-1) کی شرح کر 63bps سے بہتر ہو کر جون 2019 میں 13 فیصد ہو گئی جو کہ دسمبر 2018 میں 12.4 فیصد تھی۔ دسمبر 2018 میں Tier I Ratio 13.4 فیصد کے مقابلے میں 14.1 فیصد رہا۔ مجموعی کیپیٹل ایڈیکیسی کی شرح (CAR) 18.1 فیصد رہی (دسمبر 2018 میں 17.7 فیصد) جو کہ ریگیولیٹری رکوائرمنٹ کے مقابلے میں 4.7 فیصد سے بہتر ہے۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے اسلام آباد میں 7 اگست 2019 کو منعقد ہونے والے اجلاس میں 25 فی صد نقد عبوری منافع یعنی 2.5 روپے فی شیئر کا اعلان کیا۔ اس اجلاس میں 30 جون 2019 کو ختم ہونے والی ششماہی کی کارکردگی کے نتائج کا بھی اعلان کیا گیا۔

ڈومیسٹک (Domestic)

ڈومیسٹک غیر فعال قرضہ جات کی مالیت جون 2019. میں 27ارب روپے ہے جو کہ دسمبر 2018 کی سطح سے 0.9ارب روپے کم ہے۔ڈومیسٹک ایسٹ کوالٹی 5.3فیصد رہی جو کہ دسمبر 2018 میں 4.9فیصد تھی۔ بمطابق جون 2019 غیر فعال قرضوں کی مخصوص کوریج 93فیصد رہی جو کہ دسمبر 2018 کی سطح کے مساوی رہی۔

انٹرنیشنل (International)

خلیج تعاون کونسل میں موجودہ چیلنجنگ اقتصادی ماحول کے پیش نظر انٹرنیشنل غیر فعال قرضہ جات دسمبر 2018 کے بقابلے میں 22.7ملین امریکی ڈالر سے بڑھ کر جون 2019 میں 315.5ملین امریکی ڈالر ہو گئے۔قرضہ جاتی خسارے کی کوریج کو مزید بہتر بنانے کے لئے 2019 کی پہلی ششماہی میں 16.3ملین امریکی ڈالر کا پرویژن ریکارڈ کیا گیا جو گزشتہ سال کی پہلی ششماہی میں 44.5ملین امریکی ڈالر تھا۔ ایسٹ کوالٹی جون 2019 میں 25فیصد ریکارڈ کی گئی جو کہ دسمبر 2018 میں 19.8فیصد تھی۔غیر فعال قرضوں کی مخصوص کوریج فورسڈ سیل ویلیو (FSV) اور کیش کولیٹرل (Cash Collateral) کے ساتھ بمطابق جون 2019 90فیصد رہی (دسمبر 2018 92.1فیصد، تفصیلات مالیاتی گوشوارے کے نوٹ 10.3.2 میں ملاحظہ کریں)۔

اخراجات کا نظم ونسق (Cost Management)

بینک نے فعل اور محدود انتظامی ڈھانچے اور تمام شعبوں میں بہتر ہم آہنگی کی بدولت کاسٹ بیس کو مناسب سطح پر برقرار رکھا۔موجودہ ششماہی کے دوران مجموعی انتظامی اخراجات سال بہ سال کی بنیاد پر 4% فیصد کے معمولی اضافے کے ساتھ 19.2ارب روپے رہے۔ڈیپازٹ پروٹیکشن پریمیم کے علاوہ جو کہ 2018 کی پہلی ششماہی میں لاگو نہیں تھا، موجودہ ششماہی میں اخراجات کی سطح گزشتہ ششماہی کے برابر رہی۔انفرادی اخراجات میں سال بہ سال کی بنیاد پر 3فیصد کمی ہوئی۔عمارتی اخراجات کو کم سے کم سطح پر رکھنے کی بھرپور کوششوں کے سبب عمارتی اخراجات سال بہ سال کی بنیاد پر 2فیصد کم رہے۔ انفارمیشن ٹیکنالوجی سے وابستہ اخراجات میں 17فیصد اضافہ ہوا جس کی بنیادی وجہ انفارمیشن ٹیکنالوجی پلیٹ فارم میں مزید سرمایہ کاری، روپے کی قدر میں کمی اور بینک کے ڈیجیٹل Initiatives ہیں۔

بیلنس شیٹ کا نظم ونسق (Balance Sheet Managment)

بینک کی اوسط بیلنس شیٹ 2019 کی پہلی ششماہی کے دوران 1.7ٹریلین رہی۔جو کہ گزشتہ سال کی اسی مدت کے دوران 1.8ٹریلین روپے ریکارڈ کی گئی تھی۔

ہماری بیلنس شیٹ کا محور اور محرک ہماری ڈومیسٹک برانچ بینکنگ گروپ ہے جہاں ہماری توجہ کم لاگتی ڈیپازٹس کے حصول سے ڈیپازٹ پورٹ فولیو کو زیادہ سے زیادہ بڑھانے پر ہے جو کہ جارحانہ مارکیٹ شیئر بلڈنگ کے برعکس ہے۔

موجودہ ششماہی کے دوران اوسط ڈومیسٹک ڈپازٹ 1.1ٹریلین رہے جو کہ 2018 کی پہلی ششماہی کے مقابلے میں 10فیصد زیادہ ہیں۔ جس کی بڑی وجہ کرنٹ اکاؤنٹ کے پورٹ فولیو میں زبردست اضافہ ہے۔اوسط کرنٹ اکاؤنٹ پورٹ فولیو سال بہ سال 12فیصد اضافے کے ساتھ 2019 کی پہلی ششماہی میں 475ارب روپے رہا۔اوسط کی بنیاد پر کرنٹ اکاؤنٹ کل ڈیپازٹس کا 44فیصد ریکارڈ کئے گئے جو کہ 2018 کی پہلی ششماہی کے

سال 2019 کی پہلی ششماہی کے دوران بینک کی انویسٹمنٹ پورٹ فولیو کی اوسط 714 ارب روپے رہی جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 883 بلین روپے تھی ۔مجموعی طور پر منافع بخش پورٹ فولیو مکس پر منتقلی کے سبب سال 2019 کی پہلی ششماہی کے دوران شرح آمدن 8.8 فیصد رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 7.5 فیصد تھی ۔.

نان مارک اپ آمدن (Non-Markup Income)

سال 2019 کی پہلی ششماہی کے دوران بینک کو نان مارک اپ آمدن 12.1 ارب رہی جو کہ کل آمدنی کا 29 فیصد سے زائد جزو ہے۔اس مد میں آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 15 فیصد کمی ہوئی ہے جس کی بنیادی وجہ گزشتہ سال میں بانڈز اور ایکویٹیز پر کمائے گئے 4.1 ارب روپے کے کیپٹل گینز ہیں۔

گزشتہ سال کے مقابلے میں 5 فیصد اضافے کے ساتھ فیس اور کمیشنز 2019 کی پہلی ششماہی میں 7.1 ارب روپے رہے۔2019 کی پہلی ششماہی کے دوران نان مارک انکم میں فیس کا حصہ 58 فیصد رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 47 فیصد تھا۔

بینک کے بڑھتے ہوئے کسٹمر بیس کی بدولت، برانچ بینکنگ فیس میں 14 فی صد اضافہ ہوا۔ہم نے اپنے بینک انشورنس بزنس کی وسعت میں اضافہ کرنے کا سلسلہ بھی جاری رکھا جس کی بنا پر ریونیوز میں 2018 کی پہلی ششماہی کے مقابلے میں 32 فیصد اضافہ ہوا اور یہ 2019 کی پہلی ششماہی میں 1.9 ارب روپے ہوگئے جو کہ ایک ریکارڈ بلند ترین سطح ہے۔جس کے نتیجے میں کمیشن سے حاصل ہونے والے ریونیو میں 11 فیصد اضافہ ہوا.

2019 کی پہلی ششماہی کے دوران ہوم ریمیٹنس کی مد میں 28.0 فیصد مارکیٹ شیئر کے ساتھ ہماری سربراہی برقرار رہی اور ریونیو میں سال بہ سال کی بنیاد پر 20 فیصد اضافہ ہوا اور یہ 692 ملین روپے کی سطح تک پہنچ گئے ۔سال 2019 کی پہلی ششماہی کے دوران برانچ لیس بینکنگ یو بی ایل اومنی کے ریونیوز 557 ملین روپے رہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 42 فیصد زیادہ ہیں ۔یہ کامیابی p2p ادائیگیوں کے حجم میں 20 فیصد اضافے کے سبب ممکن ہوئی اور بینک نے ای والٹ کی فروغ میں کامیابی کا سلسلہ جاری رکھا۔اس کے لئے عمدہ کارکردگی کا حامل پے آؤٹ ماڈل اپنا کر نیٹ ورک کو زیادہ سے زیادہ پھیلایا گیا۔کنزیومر بینک کمیشن میں بھی گزشتہ سال کی ششماہی کے مقابلے میں موجودہ ششماہی کے دوران 22 فیصد اضافہ ہوا اور اس کی سطح 423 ملین روپے ریکارڈ کی گئی جو کہ اس پورٹ فولیو میں تیزی سے اضافہ کے عین مطابق ہے۔

غیر ملکی زرمبادلہ سے حاصل ہونے والی آمدنی سال بہ سال کی بنیاد پر 54 فی صد اضافے کے ساتھ 2019 کی پہلی ششماہی کے دوران 2.2 بلین روپے رہی ۔یہ اضافہ فارن ایکسچینج کے حجم میں وسعت اور زرمبادلہ کے ریٹ میں ردوبدل کے ماحول میں فعال پوزیشننگ کی بدولت ہوا۔ڈیویڈنڈ کی آمدنی 2018 کی پہلی ششماہی کے مقابلے میں 33 فی صد کم ہوکر 774 ملین روپے رہی جس کی بنیادی وجہ پاور سیکٹر کے پے آؤٹ (Pay out) میں کمی ہے۔

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

پروویژن چارج 2019 کی پہلی ششماہی میں 4.5 ارب روپے رہا جو کہ گزشتہ سال کی پہلی ششماہی کے دوران بھی اتنا ہی تھا۔اگر موجودہ سال 3.2 ارب روپے کی سرمایہ کاری پر impairment کے نقصانات کو شامل نہ کیا جائے (2018 کی پہلی ششماہی کے دوران 574.5 ملین روپے) تو پروویژن چارج 2018 کی پہلی ششماہی میں 4 ارب روپے سے کم ہوکر اب 2019 کی پہلی ششماہی میں 1.3 ارب روپے رہ گیا ہے ۔بمطابق جون 2019 مجموعی طور پر غیر فعال قرضہ جات دسمبر 2018 کے مقابلے میں 8.9 ارب روپے سے بڑھ کر 77.5 ارب روپے ریکارڈ کئے گئے ۔جون 2019 میں ایسٹ کوالٹی 10.9 فیصد ریکارڈ کی گئی جو کہ دسمبر 2018 میں 8.8 فیصد تھی۔

2019 کی پہلی ششماہی کے دوران پرویژن چارج 4.5 ارب روپے رہا جو گزشتہ سال کی اسی مدت میں بھی 4.5 ارب روپے ہی تھا۔ موجودہ ششماہی میں بنیادی طور پر غیر فعال انویسٹمنٹس کی مد میں 3.2 ارب روپے اور ایڈوانس کی مد میں 1.6 ارب روپے کا چارج شامل ہے۔ ابتدائی طور پر انٹرنیشنل لون پورٹ فولیو ایسیٹ کوالٹی جون 2019 میں 10.9 فیصد ریکارڈ کی گئی جو کہ دسمبر 2018 میں 8.8 فی صد تھی۔

مالیاتی اہم نکات (Financial Highlights)

یو بی ایل نے 2019 کی پہلی ششماہی کے دوران 9.5 ارب روپے کا بعد از ٹیکس منافع ریکارڈ کیا جو گزشتہ سال کی اسی مدت میں 6.3 ارب روپے تھا۔ غیر مجتمع بنیاد پر فی شیئر آمدنی 7.80 روپے رہی جو گزشتہ سال 5.12 روپے تھی۔ یو بی ایل نے 9.2 ارب روپے کا مجتمع منافع بعد از ٹیکس کمایا جو گزشتہ سال کی اسی مدت کے دوران 6.1 ارب روپے تھا۔

نیٹ مارک اپ آمدنی (Net Markup Income)

2019 کے پہلے 6 ماہ کے دوران خالص مارک آمدن گزشتہ مالی سال کی پہلی ششماہی کی نسبت 7 فیصد اضافے کے ساتھ 29.9 ارب روپے رہی۔ اوسط منافع بخش اثاثے 1.5 ٹریلین روپے رہے جو کہ سال 2018 کی پہلی ششماہی کے برابر ہیں۔ نیٹ انٹرسٹ مارجن 58bps اضافے کے ساتھ بہتر ہو کر 2018 کی پہلی ششماہی میں 3.7 فیصد کے مقابلے میں اس ششماہی میں 4.3 فیصد ہو گیا۔ یہ بینک کی قرضہ جات اور ٹریژری پورٹ فولیو پر شرح آمدن میں اضافے کے ساتھ ساتھ پائیدار اور کم لاگتی ڈیپازٹس کی بنیاد کا مشترکہ نتیجہ ہے۔

بینک کے اوسط ڈیپازٹس 10 فیصد اضافے کے ساتھ پہلی ششماہی 2018 میں 980 ارب روپے سے بڑھ کر 2019 کی پہلی ششماہی کے دوران 1.1 ٹریلین روپے رہے۔ جس کی وجہ ڈومیسٹک CASA ڈیپازٹ ہے جو سال بہ سال 11 فیصد اضافے کے ساتھ 2019 کی پہلی ششماہی کے دوران اوسطاً 937 ارب روپے رہا۔ اوسط ڈومیسٹک CASA ڈیپازٹ کی تناسب سال 2018 کی پہلی ششماہی میں 86.1 فیصد سے بہتر ہو کر موجودہ سال کی پہلی ششماہی میں 87 فیصد رہا۔

2019 کی پہلی ششماہی کے دوران NTB (New to Bank) پر توجہ مرکوز رکھتے ہوئے NTB 219,000 کرنٹ اکاؤنٹ حاصل کئے گئے۔ 2019 کی پہلی ششماہی کے دوران ڈومیسٹک ڈیپازٹس کی لاگت کو 4.8 فیصد کی سطح پر رکھا گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 2.6 فیصد تھی۔ یہ کارکردگی اسٹیٹ بینک آف پاکستان کی جانب سے گزشتہ ایک سال کے دوران بیس ریٹ میں 575bps اضافے کے باوجود رہی۔ یو بی ایل کا ڈومیسٹک ڈپازٹس مارکیٹ شیئر بمطابق جون 2019 8.04 فیصد رہا جو کہ جون 2018 میں 8.43 فیصد تھا۔

اوسط ایڈوانسز 2019 کی پہلی ششماہی کے دوران 630 ارب روپے رہے جو کہ گزشتہ سال کی سطح کے مساوی ہیں۔ ڈومیسٹک قرضہ جات میں سال بہ سال اوسطاً 3 فیصد اضافہ ہوا۔ 2019 کی پہلی ششماہی کے دوران فعال قرضہ جات کا حجم 478 ارب روپے رہا۔ کارپوریٹ پورٹ فولیو 5 فیصد کے اضافے کے ساتھ 2019 کی پہلی ششماہی کے دوران اوطاً 428 ارب روپے رہا۔ آٹو سیکٹرز پر زیادہ توجہ دینے کی وجہ سے بڑی فعالیت دیکھنے کو ملی جب کہ کنزیومر لونز میں 30 فیصد تک اضافہ ہوا۔ بینک مسلسل اپنے انٹرنیشنل قرضہ جات کو خطرات سے نکالنے کی حکمت عملی جاری رکھے ہوئے ہے۔ اسی لئے 2018 کی ششماہی کے برعکس اس ششماہی کے دوران اوسط ایڈوانسز کی مالیت 29 فیصد کمی کے ساتھ 1.1 ارب امریکی ڈالر رہی۔

ارکان کو ڈائریکٹرز کی رپورٹ

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

کارکردگی کا جائزہ (Performance Overview)

یو بی ایل نے 30 انفرادی بنیادوں پر جون 2019 کو ختم ہونے والی ششماہی کے دوران 18 ارب روپے کا منافع قبل از ٹیکس ریکارڈ کیا۔ جو گزشتہ سال 2018 کی اسی مدت کے دوران 10.6 ارب روپے تھا۔ جو کہ سال بہ سال 20 فیصد اضافہ ہے۔ گزشتہ سال پنشن کی مد میں 8.4 ارب روپے کے اخراجات کے ضمنی اثرات کو چھوڑ کر گزشتہ سال 2018 کی پہلی ششماہی کے مقابلے میں معمول کے مطابق منافع قبل از ٹیکس 5 فیصد کم رہا۔

سال 2019 کی پہلی ششماہی کے دوران مجموعی ریونیو 42.1 ارب روپے رہا جو کہ گزشتہ سال کی اسی مدت کے برابر رہا۔ نیٹ انٹرسٹ آمدنی 29.9 ارب روپے ریکارڈ کی گئی جو کہ گزشتہ سال کی نسبت 7 فیصد اضافہ ظاہر کرتی ہے۔ اس ششماہی کے دوران یو بی ایل کی بیلنس شیٹ اوسطاً 1.7 ٹریلین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے عین مطابق ہے۔ سٹیٹ بینک آف پاکستان کے پالیسی ریٹ میں 650bps اضافہ ہوا اور دسمبر 2018 میں 5.75% سے بڑھا کر جون 2019 کے اختتام تک 12.25 فی صد کیا گیا۔ گزشتہ چند سال کے دوران کم لاگتی ڈیپازٹس کے فعال حصول کے ساتھ ساتھ بنیادی سود کی شرح میں اضافے کے مطابق اثاثوں کی repricing کے نتیجے میں سودی منافع میں کلیدی طور پر بہتری دیکھنے میں آئی۔

نان فنڈ انکم (Non Fund Income) میں سال بہ سال 15 فیصد کی شرح سے کمی ہوئی اور اس مد (NFI) میں آمدنی 12.1 ارب روپے ریکارڈ کی گئی۔ جس کی وجہ فکسڈ انکم پورٹ فولیو پر زیادہ تر شرح منافع میں کمی اور گزشتہ سال 2018 کی پہلی ششماہی میں 4.5 ارب روپے کے کیپٹل گینز تھے۔ اگر اس اثر کو نکال لیا جائے تو بینک کے ریونیو میں سال بہ سال 23 فیصد اضافہ ہوا ہے۔ 2019 کے پہلے چھ ماہ کے دوران فیس اور کمیشن کی مد میں آمدنی 5 فیصد اضافے کے ساتھ 7.1 بلین روپے رہی۔ جس میں یو بی ایل کی برانچ بینکنگ کسٹمر فیس، بینک کا ایشورنس، ترسیلاتِ زر اور یو بی ایل اومنی شامل ہیں۔ ایف ایکس کی آمدنی 2.2 بلین روپے تک پہنچی جو کہ گزشتہ سال کی نسبت 54 فیصد کے زبردست اجافے کو ظاہر کرتی ہے۔ اس دوران کرنسی مارکیٹس میں زبردست اتار چڑھاؤ میں فعال ٹریڈنگ بھی اس ضمن میں ایک اہم قدم تھا۔ زیر نظر مدت کے دوران ڈیویڈنڈ سے 0.8 بلین روپے کی آمدنی ہوئی (ششماہی 2018 میں یہ آمدنی 1.2 ارب روپے تھی) اس آمدنی پر بینک کی انرجی سیکٹر میں کی گئی سرمایہ کاری پر کم تر ادائیگیوں سے منفی اثر پڑا۔

انتظامی اخراجات قابو میں رہے اور گزشتہ سال کی نسبت موجودہ ششماہی 2019 میں 4 فیصد اضافے کے ساتھ 19.2 ارب روپے کے انتظامی اخراجات ہوئے۔ اخراجات اور آمدنی کا تناسب موجودہ ششماہی میں 45.7 فیصد رہا جو گزشتہ سال کے اسی عرصے میں 43.7 فیصد تھا۔