where you come first

In Touch with Tomorrow

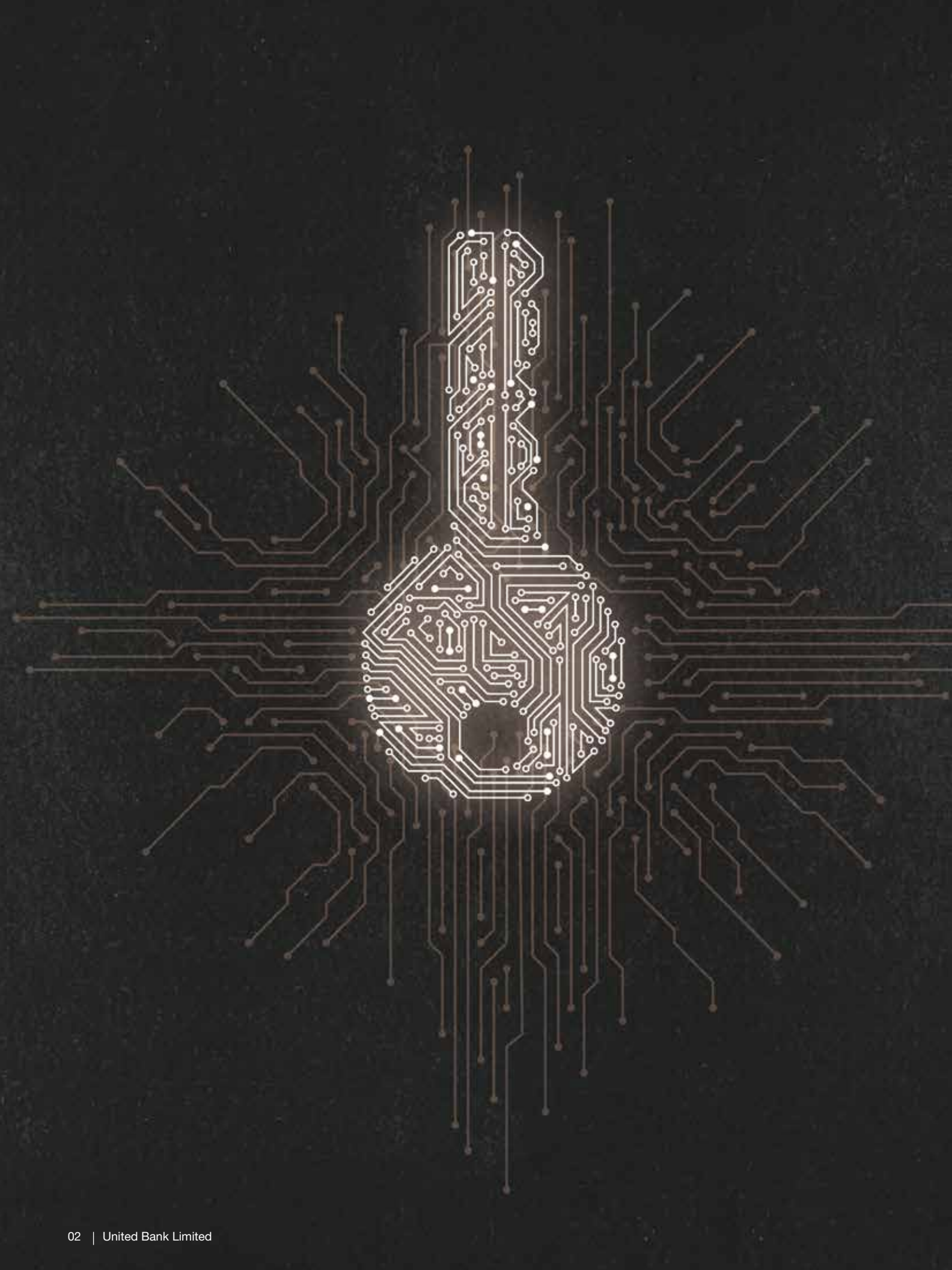
ANNUAL REPORT 2020

In Touch with Tomorrow

At UBL we believe that connectivity is key.

Our connection to tomorrow is indigenous to our brand attributes of being Pakistan's most progressive and innovative bank. For us it is more than just being ahead of the curve, it's having the foresight to shape it.

We are committed to foreseeing future challenges and facing them head on by keeping a step ahead and constantly striving for a better tomorrow to provide world class technological solutions to our valued customers.



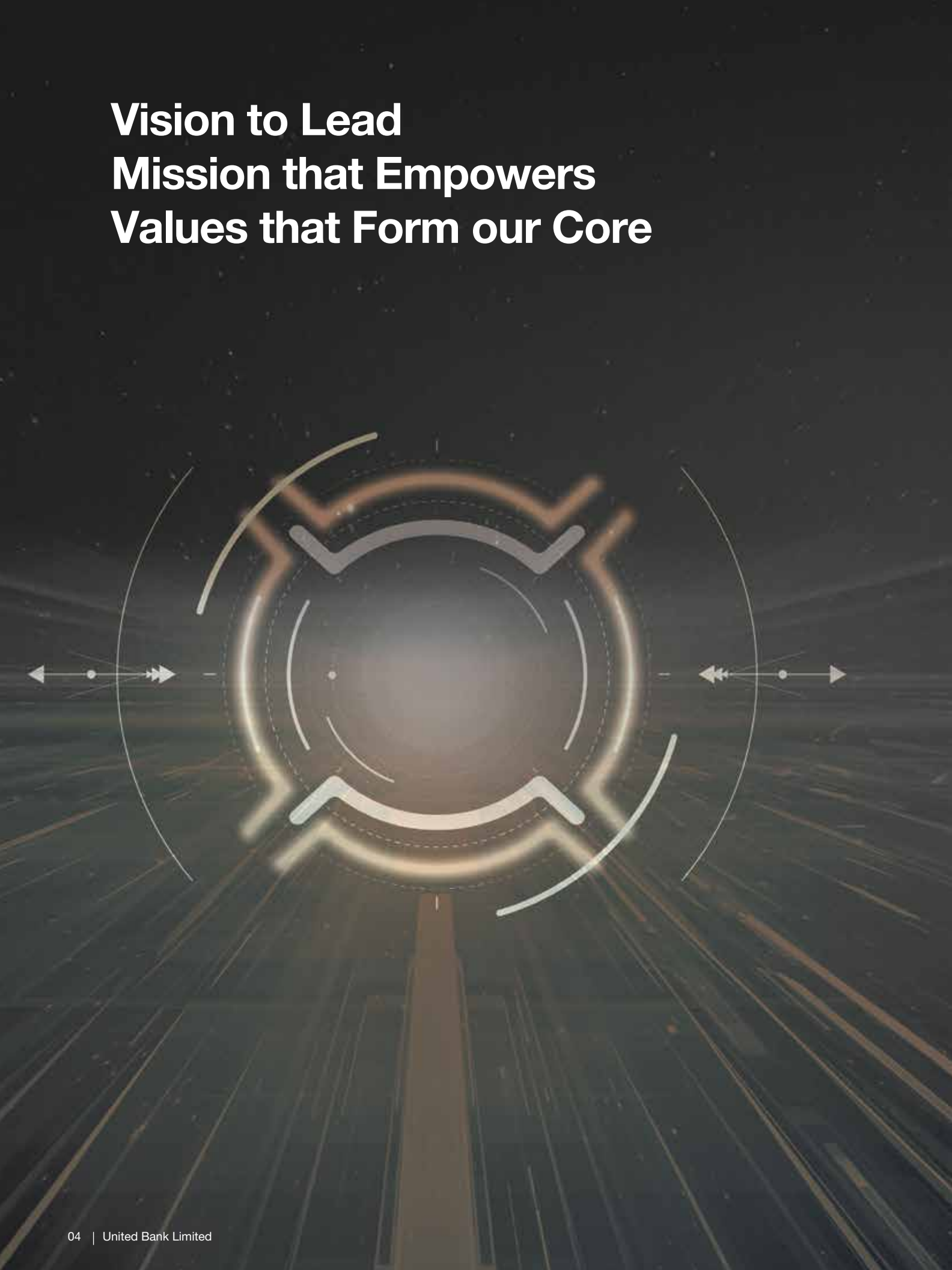
Contents

Company Information 09
Chairman's Profile 11
Board of Directors 12
Chairman's Review Report to the Members 22
Directors' Report to the Members 2020 23
Sustainability at UBL in 2020 43
President and CEO Review 2020 44
Management Team 48
Growth at a Glance 52
UBL International Network 56
Report of Shariah Board for the Financial Year-2020 58
Independent Auditor's Review Report to the Members of United Bank Limited 64
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 65
Annual Statement on Internal Controls 2020 67
Complaint Handling at UBL 68

Financial Statements 2020 70
Auditor's Report on Unconsolidated Financial Statements to the Members 71
Unconsolidated Statement of Financial Position 75
Unconsolidated Profit and Loss Account 76
Unconsolidated Statement of Comprehensive Income 77
Unconsolidated Statement of Changes in Equity 78
Unconsolidated Cash Flow Statement 79
Notes to and forming part of the Unconsolidated Financial Statements 80
Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements 155
Annexure 'II' as referred to in note 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements 161
Annexure 'III' as referred to in note 11.6 of the Bank's Unconsolidated Financial Statements 168

Auditor's Report on Consolidated Financial Statements to the Members 169
Consolidated Statement of Financial Position 173
Consolidated Profit and Loss Account 174
Consolidated Statement of Comprehensive Income 175
Consolidated Statement of Changes in Equity 176
Consolidated Cash Flow Statement 177
Notes to and forming part of the Consolidated Financial Statements 178
Annexure 'III' as referred to in note 11.6 of the Group's Consolidated Financial Statements 258
Consolidated Statement of Financial Position in USD 259
Consolidated Profit and Loss Account in USD 260
Category of Shareholders 261
Details of Mutual Funds & Modarabas 262
Pattern of Shareholding 263
Shares Trading (Sale / Purchase) during the year 2020 268
Directorship / Membership of UBL's Directors in other Corporate Bodies 269
Notice of 62nd Annual General Meeting 273
Form of Proxy

Vision to Lead
Mission that Empowers
Values that Form our Core



Vision

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

Mission

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

Values

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

Innovation is Imminent

UBL is always ahead of the curve in terms of the technological finesse of its products and services. The Bank is proud of the many innovations it has been able to bring forth to serve the financial needs of the people of Pakistan.

In 2020, as the country's fastest growing digital bank, we dedicated our efforts towards a warp-speed digital transformation. Working on several innovative ventures we were able to offer our more than 10 million customers, multiple, unparalleled and efficacious digital solutions. Being hailed the Best Digital Bank in Pakistan, by both national and international bodies, during the year, we are now positioned to bring home the digital transformation of banking services happening across the globe and offer the ultimate banking experience to our customers.

Company Information

Board of Directors

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

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

Mr. Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Shazad G. Dada
President & CEO

Mr. Arshad Ahmad Mir
Non-Executive Director

Mr. Amar Zafar Khan
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Shazia Syed
Independent Director

Committees of the Board

Board Audit Committee (BAC)

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

Board Risk & Compliance Committee (BRCC)

Mr. Arshad Ahmad Mir
Chairman
Lord Zameer M. Choudrey, CBE, SI Pk, FCA
Member
Ms. Shazia Syed
Member
Mr. Shazad G. Dada
Member
Mr. Imran Sarwar
Secretary

Board Nomination Committee (BNC)

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

Chief Financial Officer

Mr. Aameer Karachiwalla

Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

Registered Office

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

UBL Head Office

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

Board Human Resource & Compensation Committee (HRCC)

Mr. Tariq Rashid
Chairman
Sir Mohammed Anwar Pervez, OBE, HPk
Member
Mr. Arshad Ahmad Mir
Member
Mr. Rizwan Pervez
Member
Ms. Sadia Saeed
Secretary

Board IT Committee (BITC)

Mr. Tariq Rashid
Chairman
Lord Zameer M. Choudrey, CBE, SI,Pk
Member
Mr. Haider Zameer Choudrey
Member
Mr. Shazad G. Dada
Member
Mr. Muhammad Faisal Anwar
Secretary

Auditors

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

Legal Advisors

M/s. Mehmood Abdul Ghani & Co.,
Advocates

Contacts

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

Share Registrar

THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street-2
D.H.A. Phase VII,
Karachi-75500.
Phone No.: 021-35310187
UAN: 021-111-000-322
Fax No.: 021-35310190
Email: sfc@thk.com.pk

Chairman's Profile

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

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

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

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

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

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

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

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

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

Board of Directors

Lord Zameer Mohammed Choudrey, CBE, SI Pk, FCA

Director

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

He is the Chief Executive of Bestway Group, which is the 9th largest family owned business in UK with an annual turnover of £3.8 billion. The Group is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 33,600 globally.

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

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

Lord Choudrey is a trustee of Bestway Foundation UK and Chairman of Bestway Foundation Pakistan. He is also a trustee of Crimestoppers. He also chairs The British Asian Trust's UK Advisory Council and is a member of HRH Prince of Wales Pakistan Recovery Fund International Leadership Team.

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

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

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

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

Haider Zameer Choudrey, ACA

Director

Mr. Haider Zameer Choudrey has been a Director of United Bank Limited since March 2014. He is Member of the Board Audit Committee (BAC) and Board IT Committee (BITC) and has the distinction of becoming the youngest Director of any listed commercial bank in Pakistan. He is a Chartered Accountant by profession.

He is the Finance Director of Bestway Group, which is the 9th largest family owned business in the UK with an annual turnover of over £3.8 billion.

After having distinguished himself at the world-renowned Eton College, Haider read Economics at Gonville & Caius College, University of Cambridge. He also received his Masters in Economics from University of Cambridge.

Haider is a member of the Institute of Chartered Accountants in England and Wales and previously trained with KPMG UK LLP, where he was an integral part of the Consumer Markets Audit; Corporate Tax & Corporate Finance Teams.

Haider has extensive experience in finance, strategy, digital, tax and transaction services. He has been involved in a variety of roles and projects at Bestway Group, including the acquisition and post-acquisition management of Well Pharmacy and Conviviality Retail.

Haider has been a Director of Bestway Cement Limited since 2016.

Haider is actively involved with the charitable work of the Bestway Foundation in the UK and Pakistan; and is part of the management team involved in the construction of two state of the art schools in Chakwal, Punjab.

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

Board of Directors

Rizwan Pervez

Director

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

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

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

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

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

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

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

Rizwan is a Trustee of Bestway Foundation UK.

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

Arshad Ahmad Mir

Director

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

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

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

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

Board of Directors

Amar Zafar Khan

Director

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

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

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

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

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

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

Shazia Syed

Director

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

Ms. Shazia Syed is an Executive Vice President at Unilever Plc., the Anglo-Dutch giant of the Fast Moving Consumer Goods sector. She is responsible for Unilever's global tea business based out of Rotterdam, The Netherlands.

Prior to becoming the global head of tea business, she was on the Board of Unilever Pakistan Limited as Chairperson & CEO as well as on the Board of Unilever Pakistan Foods Limited as CEO. She has a career spanning across 30 years in the FMCG sector and has worked in leadership roles in South East Asia, South Asia and Europe.

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

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

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

Board of Directors

Tariq Rashid

Director

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

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

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

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

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

Shazad G. Dada

President & CEO

Mr. Shazad G. Dada was appointed the President and CEO of UBL in July 2020. He is a prominent capital markets professional and has over 30 years of distinguished experience with renowned financial institutions in the United States and Pakistan.

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

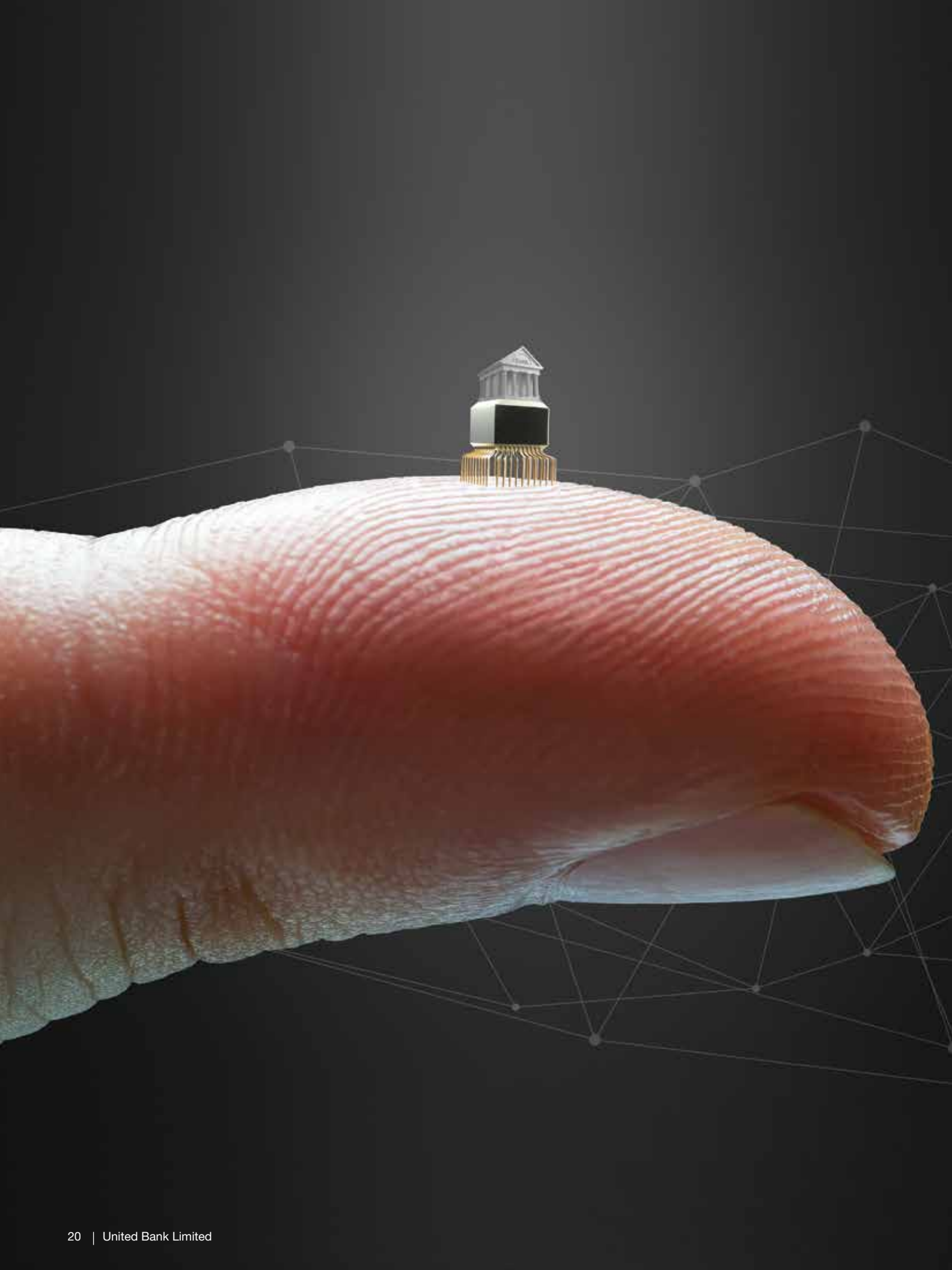
Shazad started his career at Deutsche Bank Securities Inc. in New York, where he worked for over 15 years in various capacities, last as the Managing Director of the Mergers, Acquisitions and Corporate Advisory Group. He moved back to Pakistan in 2005 as the Managing Director and Chief Country Officer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

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

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

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

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



A Prospect of Progress

Since its inception over sixty years ago, UBL has consistently evolved to re-define the way banking is done in Pakistan.

2020 - an unprecedented year, brought with it, a new resolve for us to ensure seamless operational efficiency through our branches while giving paramount importance to customer and employee safety. What followed has been an incredible journey of exploring new avenues to create value in every sphere of our operations. UBL aggressively promoted its Digital Vision while at the same time, offering multiple financial relief packages to its customers affected by the pandemic. We also became key stakeholders in crucial initiatives undertaken by the Government of Pakistan and State Bank of Pakistan, providing financial assistance and opportunities to local and overseas Pakistanis.

Being declared the "Bank of the Year" Pakistan for 2020 by The Banker, a leading global financial publication, for the fourth time in one decade, further consolidated our resolve in expanding the scope of financial services in Pakistan, remaining committed to investing in areas that drive the country's economic development and contributing towards a more financially inclusive Pakistan.

Chairman's Review Report to the Members

As Chairman of the Board, I am pleased that United Bank Limited (UBL) has delivered strong financial results in 2020 and has demonstrated great resilience during unprecedented challenges brought about by COVID-19. It is highly commendable that our management and staff ensured high standards of service levels across all channels, even during the most difficult phases of the pandemic. I am inspired by the strength and determination of the country and its people and believe that we will emerge much stronger from this crisis.

The domestic franchise is the cornerstone of UBL and the key driver for our profitability. Branch banking continues to maintain strong momentum under an aggressive growth strategy, aiming to meet and exceed customer expectations. The domestic deposits base now stands at over Rs. 1.4 trillion, with an average market share of 8.1%, with over 10 million customers served. In a year which saw strong build up in home remittances, UBL remained the trusted partner of the overseas diaspora with a leading market share of over 23%.

Our international business has been impacted by the prolonged adverse economic environment in the GCC region, which was further exacerbated by COVID-19. The medium term strategy remains to de-risk the balance sheet and conduct business with enhanced vigilance. We are redefining our business model to be more sustainable in the longer term, in line with the region's evolving business dynamics.

The bank adheres to the highest standards of corporate governance in line with regulatory guidelines and international best practices. The Board has constituted various sub-committees with a comprehensive oversight framework for governance across risk management, audit, information technology and other key functions necessary for achieving the bank's strategic objectives. Pakistan Institute for Corporate Governance (PICG), an external, independent consultant, has been engaged to evaluate the performance of the Board. There exists no conflict of interest between PICG and any of the board members. UBL's board and its sub-committee have carried out their responsibilities with the highest levels of competence, professionalism, proficiency and in accordance with their respective terms of reference.

The pace of technological innovation within the banking industry is picking up in Pakistan. I take immense pride in the fact that UBL has always been an industry leader in introducing innovative and technologically superior banking solutions. It started with UBL Omni, our flagship branchless banking proposition which made it possible for the mass unbanked population to conduct basic banking transactions. We continue to lead with technological innovations, including our "UBL Digital App", one of the fastest growing Banking apps in the market with a digital subscriber base of over 1.5 million.

During the year, the Bank was recognized both locally and internationally, as the Best Digital Bank for 2020 by Asiamoney, and the "Best Digital Bank" at the 2020 Pakistan Banking Awards. UBL was also recognized as the "Bank of the Year 2020 - Pakistan" at the Banker Awards. The Banker, is an affiliate of the Financial Times UK and is the world's leading financial publication. One of the most prestigious titles in the global Banking industry, the Banker Awards recognize excellence in performance, adding customer value, innovation and leadership in society. UBL has won the award for the fourth time this decade. It is a testament to the Bank's contributions during these extraordinary times, spearheading innovation and expanding the scope of financial services in Pakistan as a core strategy.

The UBL brand is deeply embedded in the fabric of Pakistan. The Bank's presence is far and wide, from urban cities to rural towns and villages, and we remain committed to serving the financial needs of the country. The Bank's diversified product offering caters to the needs of individuals, small and medium sized entities, large corporate customers as well as new and emerging market segments. As the country emerges from the pandemic, UBL will continue to play an integral role in the economic revival of the country and in expanding the scope of financial services for a more financially inclusive Pakistan.

In the end, I would like to thank all our customers for their continued trust and support to UBL. I would also like to take this opportunity to express my gratitude to all fellow Board members for their invaluable contributions. I would like to thank all the regulatory authorities for their continued guidance and support.
I have full faith that our strong and dynamic leadership team will meet the expectations of all our stakeholders. Our staff remains our most prized asset and it is their untiring devotion over the years that has made UBL the strong brand it is today.

Sir Mohammed Anwer Pervez, OBE, HPk
February 24, 2021

Directors' Report to the Members 2020

On behalf of the Board of Directors, we are pleased to present the 62nd Annual Report of United Bank Limited (UBL or the bank) for the year ended December 31, 2020.

Introduction

The COVID-19 virus, has emerged as one of the most disruptive event in recent human history. The pandemic has resulted in the loss of countless lives all across the world and has had an unprecedented impact on the domestic as well as the global economy. The discovery of an effective vaccine against the virus provides some hope as the world slowly emerges from the second wave of infections, however, the outlook for the global economy remains uncertain.

On the domestic front, the country has fared better in dealing with the health and economic fallout from the pandemic compared to others in the region. The Government of Pakistan and the State Bank of Pakistan (SBP) initiated significant relief measures to protect the country's most vulnerable citizens as well as supporting businesses to enable the economy to navigate this crisis. As domestic demand picks up with macroeconomic indicators exhibiting encouraging trends, it is imperative that this positive momentum is maintained in the medium term, while implementation of reform measures remains key in addressing the long standing structural issues holding the country back in achieving its true economic potential.

Performance Overview

On a standalone basis, UBL recorded a profit before tax (PBT) of Rs. 34.2 Billion for the year 2020, largely in line with the PBT earned in 2019.

Gross revenues were recorded at Rs. 92.1 Billion for 2020, growing by 10% over 2019. The bank recorded a strong year on year growth of 21% in net markup income which stood at Rs. 75.0 billion for 2020. Non-markup income was recorded at Rs. 17.1 billion for 2020 (2019: Rs. 21.7 billion), lower mainly due to the COVID led slowdown in fee earnings and lower foreign exchange income.

The bank's administrative expenses remained well controlled, standing at Rs. 40.1 billion for 2020 (2019: Rs. 40.2 billion). Resultantly, the cost to income ratio improved significantly, from 48.2% in 2019 to 43.5% in 2020.

The bank recorded a net provision charge of Rs. 16.8 billion in 2020 as against a net provision charge of Rs. 8.2 billion in 2019, mainly against UBL International's loans and advances portfolio.

Financial Results

UBL posted an unconsolidated profit after tax (PAT) of Rs. 20.9 billion for 2020, a growth of 9% over 2019. The unconsolidated earnings per share (EPS) were recorded at Rs. 17.07 as against Rs. 15.63 last year. On a consolidated basis, PAT stood at Rs. 20.8 billion (2019: Rs. 19.0 billion). The consolidated EPS was measured at Rs. 17.10 for 2020 (2019: Rs. 15.60).

Net Markup Income

UBL posted net markup income of Rs. 75.0 billion for the year ended 2020, a strong growth of 21% over 2019. To address the slowdown emanating from the pandemic, the SBP reduced the policy rate from 13.25% at Dec'19 to 7.00% at Jun'20, a cumulative reduction of 625 bps. The bank's average interest earning asset base was measured at Rs. 1.6 trillion for 2020, growing by 7% year on year. Bank level net interest margins (NIMs) improved by 47 bps year on year, from 4.3% in 2019 to 4.7% in 2020 while UBL Domestic's NIMs improved from 4.5% in 2019 to 5.0% this year. This is mainly due to strong yields on earnings assets supported by active build up in the low cost deposits base, which contained the overall cost of funding.

Bank level average deposits scaled the Rs. 1.5 trillion mark, as they recorded a 10% growth year on year. The average domestic earnings asset base recorded a strong growth of 11% over 2019, measuring at Rs. 1.4 trillion for 2020. This is primarily due to 14% year on year growth in average CASA deposits, which stood at Rs. 1.1 trillion for 2020 i.e. an increase of Rs. 134 billion. The bank continued its active sales drive to acquire new customers, particularly within current accounts, as it added 571,000 new current accounts in 2020 (2019: 534,000 new current accounts). This enabled domestic bank to record a 13% growth in average current deposits, which stood at Rs. 538 billion in 2020, a net increase of Rs. 63 billion. Led by the 'Mahana Amdani' savings proposition, the domestic average savings deposits were measured at Rs. 544 billion for 2020, a strong growth of 15% over 2019, i.e. a net increase of Rs. 70 billion. This enabled the bank to maintain a strong average domestic CASA ratio of 85.4% in 2020 (2019: 86.2%). The active build up in low cost core deposits enabled the domestic bank to reduce its cost of deposits by 106 bps, from 5.5% in 2019 to 4.5% in 2020. UBL International's deposits base averaged USD 1.4 billion in 2020, declining by 17% year on year. Bank level cost of deposits was measured at 4.0% in 2020, a reduction of 87 bps year on year.

On the asset front, the bank's earning advances averaged Rs. 569 billion for 2020, declining by 10% over 2019. Domestic performing advances averaged Rs. 461 billion in 2020, down 4% versus last year. Islamic banking advances witnessed strong growth in 2020 with the average portfolio measuring at Rs. 21 billion, more than doubling over 2019. Despite the slowdown, the consumer loan book averaged Rs. 17 billion, in line with last year, with the portfolio predominantly concentrated in the secured autos segment. The bank continued its de-risking strategy within International as the performing loan book was reduced by 32% year on year, averaging USD 666 million in 2020.

The bank's markup earning investments averaged Rs. 1.0 trillion for 2020, growing by 24% over last year. The government securities portfolio averaged Rs. 839 billion in 2020, growing by 27% over last year, earning the bank a strong yield of 10.0% during the year (2019: 10.3%). UBL International's markup earning investments, largely comprise of sovereign government debt holdings, averaged USD 705 million for 2020, an increase of 7% year on year, and earned the bank healthy returns of 6.0% (2019: 6.2%).

Non-Markup Income

The bank earned non markup income of Rs. 17.1 billion in 2020 as against Rs. 21.7 billion earned in 2019. Non markup income contributed 19% to bank's overall gross revenues in 2020 (2019: 26%). Last year's non-markup income included a major one-off in the form of realization of exchange translation reserve on the winding up of the bank's New York operations.

Fees and commissions were recorded at Rs. 11.1 billion in 2020, down 20% over last year. Fees and commissions contributed 65% to the total non-markup income in 2020 (2019: 64%). Income from this key revenue stream remained impacted by the COVID related disruptions to overall economic activity, within both the domestic franchise as well as in the GCC region. However, business activity picked up in the second half of the year, as all fee lines are now at pre COVID levels, with the domestic bank reporting strong quarter on quarter growth of 25%.

Directors' Report to the Members 2020

Customer fees from branch banking operations were recorded at Rs. 1.6 billion in 2020, down 17% year on year, owing to lower branch footfall in the early part of the year. The bank remained the market leader in the home remittance business as it recorded an average market share of 23.3% in 2020. Resultantly, fee income from home remittances stood at Rs. 1.6 billion for 2020 (2019: Rs. 1.7 billion). Income from trade and guarantees was recorded at Rs. 1.3 billion, down 10% year on year, as the slowdown affected global trade for much of the year. However, commissions from guarantee business recorded a 35% year on year growth, led by the bank's Financial Institution's desks, both within domestic and International.

Bancassurance commissions were recorded at Rs. 1.2 billion in 2020, down 27% over 2019, with premium volumes of Rs. 2.6 billion in 2020 (2019: Rs. 3.7 billion). However, in line with the pick up in business momentum, bancassurance commissions recorded a 48% growth Q4'20 versus Q3'20.

During the year, the bank added 681 k new debit cards with a strong active base of 2.1 million at Dec'20. Consequently, income from debit and credit cards stood at Rs. 1.6 billion, largely in line with 2019 levels. Consumer finance fees was recorded at Rs. 877 million in 2020 (2019: Rs. 983 million) as the bank continued its momentum, particularly within the autos lending segment. Commissions from cash management recorded a growth of 8% year on year, being recorded at Rs. 846 million, with throughput volumes of over Rs. 3.0 trillion processed in 2020.

The bank earned foreign exchange income of Rs. 3.7 billion in 2020 (2019: Rs. 4.5 billion), as the FX markets remained stable for much of the year. Dividend income was recorded at Rs. 1.3 billion for 2020 (2019: Rs. 1.5 billion), with strong returns from equity holdings in energy and fertilizer stocks as well as the bank's subsidiaries. Active trading by UBL domestic in the fixed income and equity markets and by UBL International in the foreign debt securities markets enabled the bank to generate net capital gains of Rs. 411 million in 2020.

Provisions, Loan Losses and Non-Performing Loans

UBL recorded a net provisioning expense of Rs. 16.8 billion in 2020 as against a net provisioning expense of Rs. 8.2 billion in 2019.

Bank level non-performing loans (NPL)s increased from Rs. 77.0 billion as at Dec'19 to Rs. 83.6 billion at Dec'20. This increase includes the exchange impact on revaluation of foreign currency NPLs of approximately Rs. 1.6 billion. Overall asset quality was measured at 13.7% at Dec'20 (Dec'19: 11.0%), while specific coverage was enhanced from 82.6% at Dec'19 to 85.8% at Dec'20.

UBL Domestic

Domestic stock of NPLs increased from Rs. 27.6 billion at Dec'19 to Rs. 28.7 billion at Dec'20. A net provision charge of Rs. 1.9 billion was recorded within UBL Domestic, mainly against the loans portfolio, as against a net provision charge of Rs. 2.2 billion taken last year. Asset quality was measured at 6.3% at Dec'20 (Dec'19: 5.3%), an increase mainly due to the reduction in the overall loan book, while specific coverage was measured at 85.7% at Dec'20 (Dec'19: 92.2%).

UBL International

In the backdrop of a challenging business environment in the GCC, further compounded by the COVID-19 slowdown, UBL International NPLs increased from USD 319 million to USD 343 million as at Dec'20. To provide adequate buffers against loan losses, a net provision charge of USD 91.8 million was taken in 2020 as against a net provision charge of USD 40.1 million in 2019. This resulted in specific coverage being enhanced from 77.3% at Dec'19 to 85.9% at Dec'20. However, specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral was further enhanced and stood at 95.5% at Dec'20. (Dec'19: 90.9%, refer note 10.4.2 to the financial statements).

Cost Management

UBL remains focused on enhancing operational efficiencies through improving processes, cost optimization and building greater collaboration across businesses and support functions. The bank's administrative expenses were recorded at Rs. 40.1 billion for 2020 which are flat versus last year. Staff costs stood at Rs. 15.6 billion, increasing by 7% over 2019, in line with the growth across the network and hiring mainly within front end business functions. Property related expenses were recorded at Rs. 6.7 billion, down 8% year on year. IT related expenses were recorded at Rs. 4.2 billion for 2020, an increase of 15% over last year, as the bank continued to invest in technology platforms as part of the overall data driven digital strategy. Other operating expenses were down by 7% year on year, mainly due to lower volumes as business momentum remained impacted for much of 2020.

Balance Sheet Management

UBL's balance sheet stood at Rs. 2.0 trillion as at Dec'20, growing by 8% over Dec'19. The bank's network stands at 1,370 branches (2019: 1,376 branches). This includes 100 Islamic branches (2019: 100 branches) with over 187 Islamic banking windows (2019: 162 Islamic banking windows).

Bank level deposits stood at Rs. 1.6 trillion at Dec'20, growing by 12% over Dec'19. The bank has a multi-pronged liabilities strategy aimed at increasing the active customer base and deepening wallet share from existing customers. We remain focused on mobilizing stable and longer term, low cost deposits, with an aim to maintain an optimal funding profile.

The core of the franchise is the Branch Banking Group, which delivered another strong performance this year, as the domestic deposits base closed 2020 at Rs. 1.4 trillion, growing by 17% over Dec'19. This enabled the bank to maintain an average market share of 8.1% of banking sector deposits in 2020 (2019: 8.1%). The bank also maintained its momentum in the Islamic banking space as total deposits stood at Rs. 111 billion at Dec'20, a strong growth of 37% since Dec'19. UBL International's deposits stood at USD 1.4 billion at Dec'20, declining by 15% since Dec'19, while improving cost of deposits.

Domestic current deposits stood at Rs. 615 billion, a strong growth of 18% over Dec'19. The current to total deposits ratio improved from 42.7% at Dec'19 to 43.3% at Dec'20. The domestic portfolio of savings deposits closed Dec'20 at Rs. 596 billion, a strong growth of 18% year on year. This enabled the bank to improve the domestic CASA ratio from 84.2% at Dec'19 to 85.2% at Dec'20. Domestic term deposits portfolio stood at Rs. 210 billion, growing by 9% over Dec'19.

The bank's net advances closed at Rs. 530 billion at Dec'20, declining by 17% over Dec'19. Domestic performing advances stood at Rs. 430 billion, down 14% year on year. Lending strategy continues to be based on maintaining optimal asset quality levels and improving the overall return on lending relationships. The bank continued to actively reduce its loan exposures within UBL International as the performing book was reduced from USD 830 million at Dec'19 to USD 601 million at Dec'20.

The bank's investment portfolio closed at Rs. 1.1 trillion as at Dec'20 (Dec'19: Rs. 840 billion). Funding is primarily deployed in treasury securities, with Rs. 237 billion invested in fixed rate PIBs, Rs. 341 billion invested in floating rate PIBs and Rs. 345 billion in treasury bills. In view of the current low interest rate environment, liquidity is being deployed in the shorter tenor treasury bills and floating rate bonds to ensure returns are in line with the yield curve. The bank's listed shares holdings stood at Rs. 10.4 billion at Dec'20 (Dec'19: Rs. 13.4 billion), as capital gains were realized in scrips where profitable opportunities presented during the year. UBL International's investments, primarily consisting of foreign sovereign debt, stood at USD 771 million at Dec'20 (Dec'19: USD 699 million).

Capital Ratios

The bank seeks to maintain strong levels of capitalization to build resilience and maintain adequate buffers over regulatory requirements as well as provide a solid platform for future business expansions.

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

SBP has also provided regulatory relief for COVID-19 to support the banking sector in extending credit facilities to its customers. In this respect, SBP has reduced the Capital Conservation Buffer (CCB) from its existing level of 2.5% to 1.5%, for the time being till further instructions are issued. Thus, the minimum CAR requirement for UBL stood at 12.5% (including the HLA Surcharge of 1.0%) as at December 31, 2020. This is lower by 150 bps from the minimum regulatory CAR requirement applicable for the bank (including the HLA Surcharge of 1.5%) of 14.0% at Dec'19.

The bank's overall CAR stood at 24.4% at Dec'20 (Dec'19: 18.9%), maintaining a buffer of 11.9% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 17.0% at Dec'20 (Dec'19: 13.7%). Total Tier 1 Capital ratio was measured at 18.4% at Dec'20 (Dec'19: 14.9%).

The Board of Directors of UBL declared a final dividend of 95% (Rs. 9.50 per share) in their meeting in Karachi held on February 24, 2021, along with the results for the year ended December 31, 2020.

UBL Digital

UBL remains the pioneer in the domestic banking space in providing seamless digital banking services to its ever-growing customer base as well as promoting greater financial inclusion through lowering entry barriers to the vast unbanked section of the population. As part of an all-encompassing digital strategy, the bank aims to transform its products, processes, customer interactions and the overall way in which banking is traditionally conducted. The end state is to develop a holistic payments ecosystem which would enable customers to manage all of their banking needs using their preferred modes and at their own comfort.

The UBL Digital App encapsulates the core principles of our digital banking strategy. The app is not only transformative in the way financial services are provided but also acts as a uniquely convenient channel to onboard new customers towards a formal liability relationship with the bank. The UBL Digital App continues to gain prominence amongst the bank's customer base as the number of registered subscribers surpassed the 1.5 million mark as at December 31, 2020. The app also includes the facility to open a Roshan Digital account as part of SBP's initiative to provide innovative banking solutions to non-resident Pakistanis (NRPs) for conducting banking, payments and investment activities in Pakistan.

Economy Review

The country's economy is gradually returning to pre COVID levels as a notable pickup was witnessed in the latter half of 2020 with strong rebound in industrial activity and in the general levels of overall domestic demand. Fiscal and external sectors also showed strong resilience as the government eased restrictions following a gradual decline in the number of new cases amid timely measures to counter the slowdown caused by the pandemic. However, the overall pace of recovery is expected to be gradual in the medium term with potential risks emanating from a prolonged second wave, slowdown in remittances, inflationary pressures from increase in utilities prices and supply side pressures on major food items as well as key crop inputs to exports.

On the inflation front, CPI was measured at 8.0% for Dec'20 (Dec'19: 12.6%), with average inflation measured at 9.5% for 2020 versus 9.4% for 2019. Food items remained elevated during most of 2020 mainly due to supply side shocks which were, however, largely offset by stable non-food prices. The SBP decided to maintain the policy rate at 7.00% in their recent Monetary Policy Statement on January 22, 2021, with the inflation expected to remain on the lower side in FY'21.

The external sector has displayed significant strength despite the challenges posed by the pandemic. After recording a surplus in the first five months of FY'21, the current account recorded a deficit of USD 662 million in Dec'20, largely owing to an increase in the level of imports. However, the country recorded a current account surplus of USD 1.1 billion in H1 FY'21 versus a current account deficit of USD 2.0 billion in H1 FY'20. The country's imports stood at USD 24.5 billion for H1 FY'21, growing by 6% over the corresponding period of last year while exports stood at USD 12.1 billion for H1 FY'21, up 5% versus H1 FY'20.

The country received monthly home remittances in excess of USD 2.0 billion in each of the six months of the current fiscal year, with flows stood at USD 14.2 billion for H1 FY'21, growing by 25% year on year. Ease in travel restrictions as well as positive policy measures, including SBP's Pakistan Remittance Initiative (PRI), and promotion of formal and digital channels were the primary reasons for this sustained momentum. These positive developments provided strong support to the country's foreign exchange reserves which crossed the USD 20 billion mark, standing at USD 20.5 billion as at Dec'20, growing by 13% over Dec'19 and 9% over Jun'20. The exchange rate remained relatively stable for much of the year, closing at Rs. 159.8 / USD at Dec'20, depreciating by 3% since Dec'19, following the introduction of a more market determined exchange rate regime.

The positive economic momentum was also echoed in the country's capital markets, as the KSE-100 index improved from a low of 27,229 points in the month of Mar'20 to close at 43,755 points at Dec'20, an increase of 7% since Dec'19.

Banking sector deposits stood at Rs. 17.9 trillion at Dec'20, a significant growth of 22% over Dec'19. Sector advances were recorded at Rs. 8.5 trillion at Dec'20, 4% over Dec'19. Non-performing loans for the banking industry stood at Rs. 829 billion at December 31, 2020, 9% above Dec'19, as asset quality levels deteriorated from 8.6% at Dec'19 to 9.2% at Dec'20.

UBL International

The COVID-19 pandemic has had far-reaching consequences for the global economy. Measures to contain the spread of the virus have led to sharp decline in economic activity across the world. The GCC region's underlying economic troubles originate from OPEC production cuts and weaker global and regional demand. The regional authorities have implemented a range of measures to mitigate the crisis, including initiating fiscal stimulus relief packages, relaxation of monetary and prudential rules, and significant injection of liquidity into the banking system. However, the economic outlook for the region remains subdued with the pace of recovery is likely to be much slower in the immediate term.

Directors' Report to the Members 2020

UBL International continues to actively reduce its balance sheet, exiting from riskier exposures across the GCC. The business model is focused more on trade based financing and placements with established financial institutions. Asset writing remains subdued, while lending confined only to existing quality relationships, with rigorous oversight to contain any new NPL formation. The Special Assets Management unit is further stepping up its efforts for recoveries against non-performing accounts. Excess liquidity is being deployed in foreign sovereign government securities for stable interest accruals and active trading where profitable opportunities exist. On the liabilities front, the bank is actively focused on expanding the low cost deposits base and looking to reduce concentration, particularly within expensive term deposits.

UBL International's deposits averaged USD 1.4 billion in 2020, down 17% over the previous year. Cost of deposits improved from 2.2% in 2019 to 1.6% in 2020. The average loan portfolio was reduced from USD 982 million in 2019 to USD 666 million in 2020, a decline of 32%. Net investments, consisting of mainly fixed income government securities, averaged USD 701 million in 2020, with return on sovereign bonds of 5.7% in 2020 (2019: 5.9%).

Subsidiaries Performance Overview

Highlights of the financial performance of our subsidiaries in 2020 is as follows:-

United National Bank Limited (UBL UK) is a 55% owned subsidiary of UBL. In 2020, UBL UK posted a net loss before tax of £ 2.2 million (2019: net loss before tax of £ 825 k). The bank's net markup income grew by 28% year on year. Non markup income witnessed a 28% decline over last year. Fee income was down 15% year on year, largely due to the pandemic led slowdown. Administrative expenses reduced by 4% year on year. Profitability was impacted by a provision expense of £ 2.3 million taken during the year (2019: provision reversal of £ 523 k), primarily for impairment on investments. The bank's investments portfolio grew by 7%, while performing advances grew by 30%. The deposits base expanded by 30% over Dec'19.

UBL Switzerland AG is a wholly owned subsidiary of UBL. Its revenues are derived principally from trade and FI related business. UBL Switzerland's profit before tax stood at CHF 1.1 million in 2020, declined by 60% over the 2019. Net markup income stood lower by 7% over the previous year, while non mark-up income declined by 27%. Income from commissions declined by 27% year on year owing to the pandemic led slowdown. The balance sheet size reduced by 38% over Dec'19.

UBL Fund Managers Limited, Pakistan (UBLFM) is a 98.9% owned subsidiary of UBL. UBLFM recorded a PBT of Rs. 454 million in 2020, a strong growth of 23% year on year. The funds under management of UBLFM stood at Rs. 90 billion at the close of 2020 (2019: Rs. 63 billion).

UBL Bank (Tanzania) Limited (UBTL) was established in 2012 and is a wholly owned subsidiary of UBL. UBTL entered into an asset and liabilities purchase agreement with EXIM Bank Tanzania Limited (Exim) on 22 May 2019. Exim took over control of UBTL's assets and liabilities on November 1, 2019. UBTL has ceased its banking operations and is in the process of voluntary wind up and liquidation (refer to note 9.13 to the financial statements).

United Executors and Trustees Company Limited, Pakistan (UET) was incorporated in Pakistan in 1965 as an unlisted public limited Company and is a wholly owned subsidiary of UBL. The board of directors in their meeting held on February 19, 2020 have resolved to wind up the Company. The Company is inactive, and will have no impact on the overall profitability of the Bank.

Credit Rating

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

Awards and Recognition

UBL was recognized as the "Bank of the Year 2020 - Pakistan" at the Banker Awards. The Banker, is an affiliate of the Financial Times UK and is the world's leading financial publication. One of the most prestigious titles in the global banking industry, the Banker Awards recognize excellence in performance, adding customer value, innovation and leadership in society. UBL won the award, for the fourth time within a decade, on the back of its contribution, during extraordinary times during the current pandemic, while expanding the scope of financial services in Pakistan as a core strategy and spearheading innovation in the local banking industry.

During 2020, UBL was declared Pakistan's Best Digital Bank for 2020 by Asiamoney, an associate of Euromoney. The award is a testament to UBL's contribution in expanding the scope of financial services through digital channels in Pakistan and spearheading innovation in the local banking industry.

UBL was also declared the 'Best Digital Bank' at the 2020 Pakistan Banking Awards. The year has seen UBL work on innovative ventures to bring about many customer centric technological offerings. The award recognizes UBL's position as Pakistan's leading progressive and innovative Bank.

Future Outlook

The COVID-19 pandemic has had a significant impact on the domestic as well as the global economy. The country has dealt reasonably well with the aftermath but maintaining the recent positive momentum remains critical in the immediate term. As the economy emerges from the crisis, UBL with its vast scale, diversified product offerings and widespread presence in all corners of the country, is ideally placed to play a leading role in the recovery. The bank remains committed in expanding the scope of intermediation services across the individuals, mid-market and large corporates.

Branch Banking remains the core of the UBL franchise where the aim is to expand the bank's reach by achieving the required levels of service quality that is intrinsically perceived as the best in class. We aim to become the most preferred financial services provider in Pakistan to the ever growing customer base.

The bank will look to build on its award winning digital proposition and will continue to introduce unique and innovative solutions, with the aim of making banking easier and accessible to all, including the significantly unbanked population.

As economic activities pick up momentum, lending avenues will gradually open up and the bank will seek to deepen and expand relationships across the established and emerging business segments, within an acceptable risk profile.

The bank is continually striving to strengthen compliance standards to be at par with the global best practices. UBL's

greatest asset is its employees, where the bank will continue to invest in their progression and develop the leaders of the future.

Corporate Governance

Directors' Statement

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

- The financial statements, prepared by the management of the bank, present fairly the state of affairs of the bank, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements without any departure therefrom.
- The system of internal control in the bank is sound in design and is effectively implemented and monitored.
- There are no significant doubts regarding the bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Performance highlights for the last six years are attached to these unconsolidated financial statements.
- Profit amounting to Rs. 2.1 billion has been transferred to Statutory Reserve for the year 2020.
- The Board of Directors consists of eight (8) male and one (1) female member. The detailed composition of the Board is given in paragraphs 1 and 2 of the Statement of Compliance with the Code of Corporate Governance.
- A renowned external consultant has been appointed to evaluate the performance of the board and its sub-committees in accordance with applicable regulatory framework and best practices.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Non-Executive Directors, including Independent Directors, are eligible for fees and logistic related expenses for attending meetings of the Board and its Committees, as approved by the Board of Directors. Moreover, the fee paid to these directors is made part of the agenda for the Annual General Meeting to obtain post facto approval from the shareholders.
- The Board has constituted the following five Committees with defined Terms of Reference (ToRs):

Board Audit Committee (BAC):

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

Board Risk and Compliance Committee (BRCC):

Mr. Arshad Ahmad Mir	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Ms. Shazia Syed	Member
Mr. Shazad G. Dada	Member
Mr. Imran Sarwar	Secretary

Board Human Resource & Compensation Committee (HRCC):

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPk	Member
Mr. Arshad Ahmad Mir	Member
Mr. Rizwan Pervez	Member
Ms. Sadia Saeed	Secretary

Board IT Committee (BITC):

Mr. Tariq Rashid	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Haider Zameer Choudrey	Member
Mr. Shazad G. Dada	Member
Mr. Muhammad Faisal Anwar	Secretary

Board Nomination Committee (BNC):

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

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

Board Audit Committee (BAC):-

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

Board Risk and Compliance Committee (BRCC):-

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

Board Human Resource & Compensation Committee (HRCC):-

The committee is responsible for recommending to the Board the overall remuneration mechanism and policy across the bank and ensuring that the policies are aligned with regulatory requirements. The purview of the committee includes the review of the overall compensation and benefit structure, including material risk takers (MRTs) and material risk controllers (MRCs), headcount levels, as well as recommending human resource management policies to the Board. The committee is also responsible for recommending to the Board a policy framework for determining remuneration of directors, executive and non-executive directors, and members of senior management in accordance with relevant prevailing regulatory guidelines.

Board IT Committee (BITC):-

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

Board Nomination Committee (BNC):-

The primary responsibility for the Committee is to review the

Directors' Report to the Members 2020

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

Directors Appointment and Nomination

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

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

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

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

Board Performance Evaluation

To comply with the requirement of SBP's BPRD Circular No. 11 dated August 22, 2016, a formal process of evaluation of performance of the Board as a whole and its committees has been framed and implemented, and an external independent institution, as approved by SECP, has been engaged.

As per the approved mechanism, Pakistan Institute for Corporate Governance has been engaged for evaluating the performance of the overall board, the sub-committees of the Board, the chairman, non-executive directors, including independent directors, as well as the President and CEO.

Compensation of Directors

The Board of Directors of UBL in their 216th meeting held on August 02, 2018 approved a comprehensive package regarding remuneration paid to directors including the Chairman for attending the Board and the Board's committee meetings. The document also covered other expenses related to Board meetings. This policy was approved by the shareholders in the Annual General Meeting (AGM) held on March 28, 2019. In light of the guidelines issued by SBP in the BPRD Circular No. 03 dated August 17, 2019, the Board approved the Directors' Remuneration Policy in its meeting held on February 19, 2020. Under this policy, non-executive directors, including the Chairman will be eligible to receive an amount of Rs. 750,000 per Board meeting and Rs. 750,000 for attending a committee meeting of the Board. In addition to the meeting fees, the Chairman will be entitled for a remuneration up to 20% of the Board meeting fee for holding the office of the Chairman. The policy also covers traveling, logistics and accommodation expenses as well as daily allowance entitlements. This policy has been approved by the shareholders of the bank in the AGM held on March 25, 2020.

The details of compensation of directors in 2020 are disclosed in Note 40 to the unconsolidated financial statements.

Meetings of Board Committees

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

	BAC	BRCC	HRCC	BITC	BNC
Number of meetings held	4	4	4	4	3
Number of meetings attended:					
Sir Mohammed Anwar Pervez, OBE, HPk	-	-	1	-	3
Lord Zameer M. Choudrey, CBE, SI Pk	-	4	-	-	3
Mr. Haider Zameer Choudrey	4	-	-	4	-
Mr. Rizwan Pervez	4	-	1	-	-
Mr. Arshad Ahmad Mir	-	4	4	-	3
Mr. Khalid A. Sherwani*	3	-	3	-	-
Mr. Amar Zafar Khan	3	-	3	-	-
Mr. Tariq Rashid	1	-	1	4	-
Ms. Sima Kamil**	-	2	-	2	-
Mr. Shazad G. Dada***	-	2	-	2	-

* Resigned on August 5, 2020
** Expiry of Term on June 30, 2020
*** Joined on July 16, 2020

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

The values of the investments of these funds, based on their latest audited financial statements as at December 31, 2019 are as follows:

	Rupees in '000
Employees' Provident Fund	3,842,241
Employees' Gratuity Fund	793,390
Staff Pension Fund	8,557,720
Staff General Provident Fund	788,247
Officers / Non-Officers' Benevolent Fund	317,976

Meetings of the Board

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

Name of the Director	Designation	Meetings Attended
Sir Mohammed Anwar Pervez, OBE, HPk	Chairman	6
Lord Zameer M. Choudrey, CBE, SI Pk	Director	6
Mr. Haider Zameer Choudrey	Director	6
Mr. Rizwan Pervez	Director	6
Mr. Arshad Ahmad Mir	Director	6
Mr. Khalid A. Sherwani (Resigned on August 5, 2020)	Director	4
Mr. Amar Zafar Khan	Director	6
Mr. Tariq Rashid	Director	6
Ms. Shazia Syed (No meeting held since assumption of her office)	Director	-
Ms. Sima Kamil (Expiry of Term on June 30, 2020)	President & CEO	2
Mr. Shazad G. Dada (Joined on July 16, 2020)	President & CEO	3

Pattern of Shareholding

The pattern of shareholding as at December 31, 2020 is given

below:

Shareholders	No. of Shares	% of Ordinary Shares
Bestway Group (BG)	752,569,602	61.48%
General Public & Others	336,618,325	27.49%
Banks, DFIs & NBFIs	26,004,716	2.12%
Insurance Companies	67,048,735	5.48%
Modarabas & Mutual Funds	40,967,484	3.35%
International GDRs (non-voting shares)	969,111	0.08%
Privatization Commission of Pakistan	1,714	0.00%
TOTAL OUTSTANDING SHARES	**1,224,179,687**	**100.00%**

The aggregate shares held by the following are:

		No. of Shares
a)	**Associated Companies, undertakings & related parties**	
	- Bestway (Holdings) Limited *	631,728,895
	- Bestway Cement Limited	93,649,744
b)	**Modarabas & Mutual Funds ****	**40,967,484**
c)	**Directors & CEO *****	
	- Sir Mohammed Anwar Pervez, OBE, HPk	12,765,368
	- Lord Zameer M. Choudrey, CBE, SI PK	2,403,870
	- Mr. Haider Zameer Choudrey	2,000,000
	- Mr. Rizwan Pervez	129,500
	- Mr. Arshad Ahmad Mir	2,500
	- Mr. Amar Zafar Khan	2,500
	- Mr. Tariq Rashid	2,500
d)	**Executives**	**668,902**
e)	**Public sector companies and corporations**	**118,628**
f)	**Banks, DFIs, NBFIs, Insurance Companies**	**93,053,451**

* The bank is a subsidiary of Bestway (Holdings) Limited which is incorporated in the United Kingdom
** Name wise detail of Modarabas & Mutual Funds is annexed with Categories of Shareholders
*** There were no shares held by the spouses or minor children of the Directors and CEO of the bank

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

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

Shariah Board

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

Remuneration Framework

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

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

The bank offers a remuneration structure comprising of both fixed and variable elements.

Some of the key features of the remuneration structure are as follows:-

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

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

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

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

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

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

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

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

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

Remuneration of MRTs and MRCs

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

Fixed remuneration comprises of base salary, increments and role-based fixed allowances if applicable. The Human Resources department derives an appropriate benchmark using external market data, in order to ensure the appropriateness of the fixed remuneration to attract and retain employees.

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

The employee score can be adjusted downwards for elements of under-achievement in financial performance, undue risk

exposure, customer related issues, audit / internal controls and compliance ineffectiveness.

Deferral Mechanism

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

Risk Management Framework

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

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

The bank's risk governance is exercised by the following committees:

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

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

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

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

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

The year 2020 was affected by the novel coronavirus and its impact on both local and global economies. Pandemic induced business lockdowns led the economy to contract by 0.4% in FY'20. However, a positive consequence was a decrease in the country's balance of payment and trade deficit in the second half 2020 because of marked fall in international oil prices and significant increase in remittance inflows, which helped in the strengthening the exchange rate towards the end of the year. In an effort to mitigate the impact of COVID, the Government and SBP timely provided an emergency relief package of Rs. 1.2 trillion supported by IMF's USD 1.4 billion under Rapid Financing Instrument Scheme (RIFS) to rejuvenate the ailing economy. The bank modified its strategy in accordance with the COVID led economic challenges and regulatory environment to control portfolio infections and maximize internal controls.

International lending also remained in a consolidation phase owing to COVID-19 pandemic which exacerbated the issues being faced by the region i.e. low oil prices and elongated receivables cycle. The economic growth in the GCC suffered affecting businesses and ultimately the banking sector.

The bank's Credit Risk Management Division is focused on regular risk assessments and portfolio reviews for stress testing to identify vulnerable and weak segments and potential asset deterioration across all businesses. Focus was also maintained on overall credit maintenance and discipline of managing exposures to rectify any deficiencies.

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

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

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

The objective of the bank's liquidity risk management framework is to ensure that the bank can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. There is a control framework in place for managing liquidity risk and is designed to maintain high quality liquid assets that are sufficient in amount, quality and funding tenor profile. The bank has a comprehensive liquidity policy and stress testing framework and a well-defined contingency plan in place. Regular monitoring of defined key liquidity indicators are undertaken to ensure adequacy of liquidity is maintained at all times.

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

The Operational Risk Management Framework is designed to ensure that an adequate control environment exists across its businesses and functions to maintain an acceptable level of residual risk. The framework is governed by comprehensive policies and procedures in line with the applicable regulatory

guidelines. The bank has implemented a robust operational risk management system to further strengthen the framework.
UBL has established an extensive Information and Cyber Security (IS) Program to manage the security of its information assets. The sensitive information managed by UBL includes data entrusted to the bank by its customers, partners and staff, which is among the organization's most valuable assets. Given the competitive nature of the banking business and significant value of the data it manages, the Risk Group, in conjunction with business and technology, has taken measures to reduce information security risks and potential business impacts to an acceptable level through the introduction of a detailed Information Security Risk Assessment / Management program that includes following key defensive measures:

- 24 x 7 threat monitoring and incident response.
- Intrusion prevention at multiple layers.
- Regular employee education and awareness campaigns.

Corporate Social Responsibility (CSR)

The foundation of UBL's sustainability agenda is supporting causes that positively influence and enable communities. In 2020, UBL donated to projects that further diversified its sustainability efforts. While a major portion of the projects the Bank participated in during 2020, directly or indirectly, brought relief to those impacted by the Covid-19 pandemic, there were many other projects which reinforced the core areas of UBL's sustainability efforts, i.e. education and healthcare. Employee engagement in some of the projects was encouraged and the UBL team actively volunteered as symbols of hope for their communities. As recognition for its contributions, UBL was declared one of the top-ten 'Most Supportive Brands of Pakistan' during the COVID 19 crisis, by a survey conducted by Ipsos, a multinational market research and consulting firm in 2020.

Statement of Internal Controls

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

Auditors

The present auditor, M/S. A. F. Ferguson & Co., Chartered Accountants, being eligible, in accordance with the special approval as received from the State Bank of Pakistan, offer themselves for re-appointment in the forthcoming Annual General Meeting. The Board of Directors, on the recommendation of the Board Audit Committee, recommends M/S. A. F. Ferguson & Co. Chartered Accountants, for re-appointment as auditors of the bank for the financial year 2021 at a fee of Rs. 11.475 million with out of pocket expenses and taxes to be paid in actuals.

Conclusion

We would like to extend our sincere thanks and appreciation to UBL's shareholders and customers for their continued trust and support. We value the commitment and dedication of our people that has transformed UBL into the organization that it is today. 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 continued support.

For and on behalf of the Board,

Shazad G. Dada
President & CEO

Arshad Ahmad Mir
Director

Karachi,
February 24th, 2021

Board of Directors

یو بی ایل نے اپنے انفارمیشن ایسیٹس کی سیکیورٹی کے لیے ایک جامع انفارمیشن اور سائبر سیکورٹی پروگرام(IS) قائم کیا ہے۔ یو بی ایل جو حساس ڈیٹا اور معلومات اپنے پاس رکھتا ہے اس میں کسٹمرز، پارٹنرز اور عملے کی جانب سے تفویض شدہ معلومات اور اعداد و شمار ہیں جو ادارے کے سب سے قیمتی اور اہم ایسیٹس ہیں۔

یو بی ایل کا مسابقتی نوعیت کا کاروبار اور گراں قدر ڈیٹا ہے جس کا بینک انتظام و انصرام کرتا ہے۔ رسک مینجمنٹ گروپ نے کاروبار اور ٹیکنالوجی کے حوالے سے کئی اقدامات کیے ہیں جو کہ انفارمیشن سیکورٹی کے رسکس اور متوقع کاروباری اثرات کو قابل قبول حد تک رکھے۔ اس ضمن میں تفصیلی انفارمیشن سیکیورٹی رسکس ایسیسمنٹ / مینیجمنٹ پروگرام کے چند اہم دفاعی اقدامات درج ذیل ہیں:

- 24/7 خطرات کی مانیٹرنگ اور واقعات کی رپورٹ
- انٹروژن سے بچاؤ کی کثیر سطحیں
- ملازمین کی باقاعدہ جانکاری اور آگہی کی مہمات

کاروباری سماجی ذمہ داری (CSR)(Corporate Social Responsibility)

یو بی ایل کے پائیداریت کے ایجنڈے کی بنیاد ہی پسماندہ طبقات کی مدد سے معاشرے پر مثبت اثرات مرتب کرنا اور انہیں بااختیار بنانا ہے۔ 2020 میں یو بی ایل نے خاصی رقم فلاحی منصوبوں پر صرف کی جس سے مختلف شعبوں میں معاشرتی استحکام کی کوششوں کو مزید تقویت ملی۔ ہمارے فلاحی منصوبوں کا زیادہ تر حصہ ان اقدامات پر مشتمل تھا جو بلاواسطہ یا بالواسطہ طور پر کورونا کی وباء سے ریلیف کے لیے تھے۔ ان میں سے کچھ ایسے اقدامات بھی تھے جس سے یو بی ایل کی پائیداری لانے کی کوششوں کو تقویت ملی یعنی تعلیم اور طبی سہولیات کی فراہمی۔ ان میں سے ملازمین کی ایسی سرگرمیوں اور منصوبوں میں شرکت کی بھی حوصلہ افزائی کی گئی جہاں وہ اپنی مقامی آبادیوں کے لیے امید کی کرن تھے۔ یو بی ایل کی گراں قدر خدمات کے اعتراف میں ایک جائزے کے دوران کورونا کی وباء کے حوالے سے یو بی ایل کو دس سرفہرست "سب سے معاون برانڈز" میں سے ایک قرار دیا گیا۔ یہ جائزہ 2020 میں معروف تحقیقی اور مشاورتی فرم Ipsos نے شائع کیا تھا۔

اسٹیٹمنٹ برائے اندرونی انضباط (Statement of Internal Controls)

بورڈ، مینجمنٹ کی طرف سے اندرونی انضباط برائے فنانشل رپورٹنگ (ICFR) اور مجموعی اندرونی انضباط سے متعلق بیان کی بصد مسرت توثیق کرتا ہے۔ اسٹیٹمنٹ برائے اندرونی انضباط سالانہ رپورٹ میں شامل ہے۔

آڈیٹرز (Auditors)

موجودہ آڈیٹرز میسرز A.F.Ferguson & Co. چارٹرڈ اکاؤنٹنٹس، اسٹیٹ بینک آف پاکستان سے خصوصی منظوری کے مطابق دوبارہ تقرری کے لیے اہل ہیں اور خود کو آئندہ سالانہ اجلاس عام میں دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز، بورڈ آف کمیٹی کی سفارشات کے مطابق میسرز A.F.Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کی سال 2021 کے لیے بینک کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کرتے ہیں۔ اس کے لیے فرم کو بطور فیس 11.475 ملین روپے ادا کیے جائیں گے جس میں جیب سے ادا کیے گئے اخراجات اور ٹیکسز بمطابق اصل ادا کیے جائیں گے۔

اختتامیہ (Conclusion)

آخر میں ہم اپنے تمام شیئر ہولڈرز اور کسٹمرز کے تہہ دل سے شکر گزار ہیں جنہوں نے ہم پر مسلسل اعتماد کیا۔ ہم یو بی ایل کی پوری ٹیم کی انتھک کوششوں اور بھرپور لگن کو بھی سراہتے ہیں جنہوں نے یو بی ایل کو آج بطور ادارہ اس عالی مقام تک پہنچایا۔ ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے مسلسل رہنمائی اور معاونت پر ان کا شکریہ ادا کرتے ہیں۔

برائے و از طرف بورڈ

شہزاد جی دادا
پریذیڈنٹ اور سی ای او

ارشد احمد میر
ڈائریکٹر

کراچی
24 فروری 2021

ارکان کو ڈائریکٹرز کی رپورٹ

کریڈٹ رسک، مارکیٹ رسک، آپریشنل رسک اور کیپیٹل پر ایک اجتماعی نکتہ نظر کے ساتھ جائزہ لینے اور اسٹریٹجک کاروباری فیصلے کرنے کی ذمہ دار ہے۔ آپریشنل رسک مینجمنٹ کمیٹی کا مقصد بینک کے آپریشنل رسک کے موثر اور جامع انتظام کو یقینی بنانا اور ریذیڈیشنل رسک کو کم سے کم کرنے کے لیے مطلوبہ کنٹرول کا جائزہ لینا ہے۔

پورٹ فولیو ریویو کمیٹی میں کریڈٹ رسک، کاروباری، کریڈٹ ایڈمنسٹریشن ایسیٹ مینجمنٹ کے سربراہ شامل ہوتے ہیں اور کمیٹی کی سربراہی صدر اور سی ای او کرتے ہیں۔ پورٹ فولیو ریویو کمیٹی کریڈٹس کے مسائل بشمول واچ لسٹ اکاؤنٹس اور مختلف شعبوں میں غیر فعال قرضہ جات کا مجموعی پورٹ فولیو کا جائزہ لیتی ہے۔ یہ کمیٹی پورٹ فولیو کی حالت کو مد نظر رکھتے ہوئے مسائل حل کرنے کی حکمت عملی وضع کرنے اور لائحہ عمل کو مرتب کرنے کی ذمہ دار ہے۔ اس کمیٹی کی صدارت صدر اور سی ای او، دیگر میں چیف رسک آفیسر، ہیڈز آف کریڈٹ رسک آف بزنس سیگمینٹس، ہیڈ آف بزنس سیگمنٹس، چیف فنانشل آفیسر، کریڈٹ ایڈمنسٹریشن اور سپیشل ایسیٹ مینجمنٹ گروپ شامل ہیں۔ دیگر ذمہ داران کو حسب ضرورت مدعو کیا جاتا ہے۔

انفارمیشن سکیورٹی اسٹیئرنگ کمیٹی کی سربراہی صدر، سی ای او اور تمام گروپس کے ہیڈز کرتے ہیں۔ کمیٹی اسٹریٹیجک معلومات اور سائبر سکیورٹی سے متعلق حکمت علمی وضع کرنے اور لائحہ عمل مرتب کرنے کی ذمہ دار ہے۔

غیر فعال قرضہ جات کی جائزہ کمیٹی انٹرنیشنل کی صدارت صدر اور سی ای او کرتے ہیں اور یہ انٹرنیشنل گروپ کے لیے رسک اور بزنس لیڈرشپ پر مشتمل ہوتا ہے۔ یہ کمیٹی غیر فعال قرضہ جات کا جائزہ لیتی اور نگرانی کرتی ہے اور خلیج تعاون کونسل کے پورٹ فولیو کو واچ لسٹ کرتی ہے اور ریکوری کے لیے عملی منصوبے ترتیب دینے پر توجہ دیتی ہے۔

سال 2020 کو کورونا وباء نے بہت زیادہ متاثر کیا اور اس سے مقامی اور بین الاقوامی معیشت پر منفی اثرات پڑے۔ اس وباء کی وجہ سے لاک ڈاؤن سے معاشی سرگرمیاں سست پڑ گئیں۔ تاہم ملک پر ایک مثبت اثر ادائیگیوں کے توازن میں بہتری اور تجارتی خسارے میں کمی کی صورت میں نمودار ہوا۔ سال 2020 کی دوسری ششماہی میں تیل کی عالمی قیمتوں میں کمی کے علاوہ بیرون ملک سے ترسیلات زر میں بھی نمایاں بہتری دیکھنے میں آئی۔ جس سے سال کے آخر مہینوں میں شرح تبادلہ میں استحکام دیکھنے میں آیا۔ ملک میں کورونا (کوویڈ-19) کے معاشی اثرات میں کمی لانے کے لیے اسٹیٹ بینک آف پاکستان اور حکومت نے 1.2 ٹریلین روپے کا ایمرجنسی ریلیف پیکیج دیا جس میں آئی ایم ایف نے 1.4 ارب ڈالر کی معاونت ریپڈ فنانسنگ انسٹرومنٹ سکیم (RIFS) کے تحت دی تاکہ کمزور معیشت کو سہارا دیا جاسکے۔ بینک نے کوویڈ کی وباء کے مطابق اپنی حکمت عملی میں تبدیلی کی تاکہ معاشی مشکلات اور ریگولیٹری ماحول کو بہتر بنا کر کنٹرول پورٹ فولیو انفیکشنز اور زیادہ سے زیادہ اندرونی انضباط کو یقینی بنایا جاسکے۔

خلیج تعاون کونسل میں بھی کاروبار اور معیشت متاثر رہی جس کے نتیجے میں شعبہ بینکاری بھی متاثر ہوا۔ خطے میں موجود کوویڈ-19 وباء کے پیش نظر مشکلات درپیش رہیں جیسے تیل کی قیمتوں میں کمی اور سرمائے کی واپسی کے دورانیہ میں اضافہ، جس کی وجہ سے بین الاقوامی قرض گیری بھی متاثر ہوئی۔

بینک کے کریڈٹ رسک مینجمنٹ ڈویژن نے رسک سے نمٹنے کے اقدامات کو موثر بنانے پر توجہ دی جس میں دباؤ کی آزمائش کے لیے خطرات کا باقاعدگی سے جائزہ لینا اور پورٹ فولیو پر نظر ثانی شامل ہے تاکہ کمزور اور خطرے سے دوچار شعبوں کی پہچان کی جاسکے اور تمام کاروباری شعبوں میں اثاثوں کی متوقع فرسودگی پر نظر رکھی جاسکے۔ مجموعی کریڈٹس پر توجہ میں بھی اضافہ کیا گیا اور پیش آمدہ خطرات کی درجہ بندی کرکے مینٹیننس کی گئی تاکہ ان ممکنہ خطرات پر قابو پا کر کسی بھی موجود خامی کو ٹھیک کیا جاسکے۔

اچھی طرح قابو میں رکھے گئے رسک انوائرمنٹ کے تحت کنزیومر کریڈٹ پورٹ فولیو میں بتدریج نمو برقرار رکھی گئی ہے۔ غیر فعال قرضوں کے موثر پورٹ فولیو مینجمنٹ کے لیے پورٹ فولیو کی حدود کی کنٹرول کی سطح کو پیش نظر رکھا گیا جو محض Stress Testing تک محدود نہیں۔ پورٹ فولیو کے اچھے انداز میں منظم اور ثمر آور پروفائل کو یقینی بنانے کے لیے پالیسیوں کے مقررہ مدت کے اندر جائزے کے علاوہ رسک مینجمنٹ کے طریقہ کار کی آٹومیشن بھی کی گئی ہے۔

بیرون ملک آپریشنز کے لیے اسٹیٹ بینک آف پاکستان کے رسک گورننس فریم ورک کے مطابق ڈویژن کو ہیڈ آفس سے چلایا جارہا ہے اور جہاں ضروری ہو، موقع پر موجودگی بھی یقینی بنائی گئی ہے۔ سال کے دوران کئی اقدامات کئے گئے جیسے بلند RWA ایسٹیس کی ڈی رسکنگ، لاگتوں میں کمی لانے، متحرک انداز سے پورٹ فولیو مینجمنٹ، ڈومیسٹک اسٹرکچر کی پالیسیوں کی خاکہ سازی کے ساتھ ساتھ لوکل ریگولیٹری گائیڈ لائنز میں موجود خامیوں کا تجزیہ جیسے اقدامات شامل ہیں۔

مارکیٹ رسک کے کردار میں مارکیٹ رسک مینجمنٹ فریم ورک کا تعارف اور عمل درآمد شامل ہے جس میں مارکیٹ سے متعلق رسکس کی مربوط انداز میں نشاندہی، جائزہ، نگرانی اور رپورٹ شامل ہے۔ ہمارا بنیادی مقصد یہ ہے کہ ہم مجموعی طور پر رسک مینجمنٹ کے فریم میں رہتے ہوئے منظم اور شفاف انداز سے کاروباری نمو میں سہولت فراہم کریں۔

بینک کی لیکویڈٹی رسک مینجمنٹ فریم ورک کا مقصد اس امر کو یقینی بنانا ہے کہ بینک ہر وقت ادائیگیوں کی ذمہ داری ادا کرنے کے قابل ہو اور اپنی حد کے اندر رہتے ہوئے خطرات سے نمٹنے کے لیے اپنی لیکویڈٹی اور فنڈنگ کے رسکس کو سنبھال سکے۔ لیکویڈٹی رسک کو سنبھالنے کے لیے ایک کنٹرول فریم ورک موجود ہے اور اس کو اعلیٰ کوالٹی کے لیکویڈ ایسیٹس کو برقرار رکھنے کے لیے بنایا گیا ہے جو کوالٹی اور متوقع پروفائل کے لیے فنڈز فراہم کرسکے۔ بینک کے پاس لیکویڈٹی پالیسی اور Stress Testing کا ایک جامع لائحہ عمل، حدود کے تعین کا عمل اور لاگو باقاعدہ نگرانی کا میکانزم موجود ہے تاکہ ہر سطح پر لیکویڈٹی کو ہمہ وقت برقرار رکھا جاسکے۔

بینک، کیپیٹل ایڈیکوایسی ریشو (CAR) کو ہمہ وقت برقرار رکھے ہوئے ہے، جو تمام لاگو بفرز سمیت مجوزہ Basel-III Regulations کے تحت ریگولیٹری تقاضوں سے بلند سطح پر ہے۔ موزونیت کے حامل اندرونی جائزے کے عمل (ICAAP) فریم ورک بھی بڑا واضح ہے اور اس کا سالانہ بنیادوں پر جائزہ لیا جاتا ہے۔

آپریشنل رسک مینجمنٹ فریم ورک اس انداز سے بنایا گیا ہے کہ تمام کاروباری امور اور افعال ایک موزوں کنٹرول کے ماحول میں انجام پائیں اور ریزیڈیول رسک کی قابل قبول سطح بھی برقرار رہے۔ فریم ورک کو قابل اطلاق ریگولیٹری گائیڈ لائنز کے مطابق جامع پالیسیوں اور طریقہ ہائے کار کے ذریعے چلایا جاتا ہے۔ فریم ورک کو مزید مستحکم بنانے کے لیے بینک نے ایک موثر آپریشنل رسک مینجمنٹ سسٹم پر عمل درآمد کیا ہے۔

بینک طے شدہ (فکسڈ) اور تغیر پذیر عناصر، دونوں طرح کے مشاہرے کے ڈھانچے کا حامل ہے۔ مشاہرے کی چند نمایاں خصوصیات درج ذیل ہیں۔

فکسڈ مشاہرہ: یہ ایک بنیادی تنخواہ بشمول سالانہ انکریمنٹس اور رول بیسڈ فکسڈ الاؤنسز پر مشتمل ہے (اگر ہوں)۔ فکسڈ مشاہرہ کارکردگی کی صورت میں کمی بیشی کا حامل ہوتا ہے اور نقد ادا کیا جاتا ہے۔

تغیر پذیر کارکردگی کی بنیاد پر مشاہرہ: اس کا تعین بینک کی مجموعی کارکردگی، متعلقہ کاروباری یونٹ کی نفع پذیری اور ملازم کی انفرادی کارکردگی کی بنیاد پر کیا جاتا ہے. ایسے مشاہرے میں سالانہ اور معینہ مدت کے بونس اور سیلز کی ترغیبات شامل ہوتی ہیں۔

دیگر فوائد: یہ ملازمین کے انفرادی کنٹریکٹس کی بنیاد پر اور مقامی مارکیٹ میں موجود پریکٹسز کی بنیاد پر دیئے جاتے ہیں۔ ان میں عملے کے لیے قرضہ جات، اخراجات کے الاؤنسز یا بازادائیگیاں، لائف انشورنس، میڈیکل کیئر اور نئی جگہ منتقلی کے الاؤنسز کے علاوہ شمولیت یا سائن ان کرنے کے بونسز شامل ہیں۔ یہ تغیر پذیر تنخواہ کا حصہ سمجھا جاتا ہے اور صرف غیر معمولی صورتوں میں ہیومن ریسورسز پالیسیوں کے مطابق دیا جاتا ہے۔ اس کی ادائیگی بینک میں شمولیت سے 12 ماہ کے اندر کی جاتی ہے۔

حتمی ادائیگی (Severance Pay): یہ ملازمین کی تغیر پذیر تنخواہ کا حصہ ہوتی ہے۔ تاہم ایسی ادائیگی ملازمین کو صرف ریٹائرمنٹ یا ان کی یو بی ایل سے سبکدوشی کی صورت میں کی جاتی ہے چاہئے وہ برطرفی کی صورت میں ہو یا رضاکارانہ علیحدگی کی صورت میں ہو اور یہ یو بی ایل سے ملازم کی ریٹائرمنٹ، علیحدگی یا کنٹریکٹ ختم ہونے کی صورت میں ہوتی ہے۔

میٹریل رسک ٹیکرز (MRTs) اور میٹریل رسک کنٹرولرز (MRCs)

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

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

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

MRCs اور MRTs کے مشاہرے

MRCs اور MRTs میں مشاہرے یعنی معاوضے کی ساخت کا تعین کیا جاتا ہے اور اس کی تجویز بھی ہیومن ریسورسز ڈیپارٹمنٹ کرتا ہے اور اس عمل کے دوران تغیر زدہ اور فکسڈ تنخواہ میں ایک موزوں توازن رکھا جاتا ہے۔ اس ضمن میں ملازم کے عہدے، کردار اور ذمہ داریوں کے ساتھ ساتھ مالیاتی اور غیر مالیاتی مقاصد اور KPIs کے مدمقابل کارکردگی کو بھی زیر غور لایا جاتا ہے۔ MRCs اور MRTs کی اجرت میں فکسڈ اور تغیر پذیر دونوں عناصر کو پیش نظر رکھا جاتا ہے جیسا کہ بینک کے تمام ملازمین کے لیے مشاہرہ پالیسی کی ساخت ہوتی ہے۔

فکسڈ تنخواہیں بنیادی تنخواہ، انکریمنٹس اور کردار کی بنیاد پر مقررہ الاؤنسز (اگر ہوں) شامل ہوتے ہیں۔ ہیومن ریسورسز کا شعبہ ایک موزوں کلید کا تعین کرتا ہے جس میں بیرونی مارکیٹ کے ڈیٹا کو استعمال کیا جاتا ہے تاکہ فکسڈ معاوضے کو ملازمین کے لیے اتنا پُرکشش اور موزوں بنایا جاسکے کہ وہ یو بی ایل سے اپنی وابستگی قائم رکھیں۔

تغیر پذیر معاوضہ کارکردگی سے منسلک ہوتا ہے جیسا کہ بینک کے دیگر ملازمین کے لیے ہوتا ہے۔

مالیاتی کارکردگی میں کمی، غیر ضروری خطرات کا سامنا کرنے، کسٹمر سے متعلق مسائل، آڈٹ یا اندرونی انضباط اور کمپلائنس کی عدم موثریت کے عناصر میں ملازم کے سکور میں کمی کی جاسکتی ہے۔

التواء کا طریقہ کار (Deferral Mechanism)

MRTs اور MRCs کی ایک تغیر پذیر کمپنسیشن کی مقدار کو طے شدہ مدت کے لیے روک لیا جائے گا جب کہ باقی کمپنسیشن کو پیشگی ادا کیا جائے گا۔

اس کا مقصد ملازمین اور اسٹیک ہولڈرز کے مفادات میں توازن لانا اور اس بات کو تقویت دینا ہے کہ یہ کمپنسیشن طویل مدتی پائیدار کارکردگی سے منسلک ہو۔ زیر التواء مشاہرہ کی شرح 25٪ سے 40٪ کی حد میں ہوتی ہے جب کہ تمام MRTs اور MRCs کی التوائی معیاد تین سال ہوتی ہے اور التوائی معیاد کے دوران سالانہ اقساط میں متناسب طور پر ادا کی جائے گی، جو تفویض پر ادا ہوگی۔

رسک مینجمنٹ فریم ورک (Risk Management Framework)

یو بی ایل کی رسک اینڈ کریڈٹ پالیسی درج ذیل شعبوں پر مشتمل ہے:

- کارپوریٹ، کمرشل، ایس ایم ای اور مالیاتی اداروں کا رسک
- انٹرنیشنل رسک
- کنزیومر کریڈٹ
- انٹرپرائزر رسک
- مارکیٹ اینڈ ٹریژری رسک، اینڈ Basel
- آپریشنل رسک
- وینڈور مینیجمنٹ
- انفارمیشن سیکیورٹی
- کریڈٹ پالیسی اینڈ ریسرچ

بینک کی رسک گورننس کے لیے درج ذیل کمیٹیاں متحرک ہیں

1۔ آپریشنل اینڈ رسک مینیجمنٹ کمیٹی
2۔ پورٹ فولیو ریویو کمیٹی
3۔ انفارمیشن سیکیورٹی سٹیئرنگ کمیٹی
4۔ این پی ایل ریویو کمیٹی انٹرنیشنل

آپریشنل اور رسک مینیجمنٹ کمیٹی کے سربراہی بینک کے صدر اور سی ای او کرتے ہیں اور جب کہ ممبران میں رسک، کاروباری اور فنانس اور آپریشنز کے تمام شعبوں کے سربراہ شامل ہیں۔ رسک مینیجمنٹ کمیٹی

ارکان کو ڈائریکٹرز کی رپورٹ

بورڈ کے اجلاس (Meeting of the Board)

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے۔ سال کے دوران ہونے والے اجلاس میں ہر ڈائریکٹر کی حاضری کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	اجلاس میں حاضری
سر محمد انور پرویز، OBE، ہلال پاکستان	چیئرمین	6
جناب ضمیر ایم چوہدری، CBE، ستارۂ امتیاز (پاکستان)	ڈائریکٹر	6
جناب حیدر ضمیر چوہدری	ڈائریکٹر	6
جناب رضوان پرویز	ڈائریکٹر	6
جناب ارشد احمد میر	ڈائریکٹر	6
جناب خالد اے شیروانی (5 اگست 2020 کو مستعفی ہوئے)	ڈائریکٹر	4
جناب عامر ظفر خان	ڈائریکٹر	6
جناب طارق رشید	ڈائریکٹر	6
محترمہ شازیہ سید (عہدہ سنبھالنے کے بعد کوئی اجلاس نہیں ہوا)	ڈائریکٹر	-
محترمہ سیما کامل (30 جون 2020 کو سبکدوش ہوئیں)	پریزیڈنٹ اور چیف ایگزیکٹو آفیسر	2
جناب شہزاد جی داد (16 جولائی 2020 کو شمولیت اختیار کی)	پریزیڈنٹ اور چیف ایگزیکٹو آفیسر	3

شیئر ہولڈنگ پیٹرن (Pattern of Shareholding)

31 دسمبر 2020 کے مطابق شیئر ہولڈنگ پیٹرن ذیل میں دیا گیا ہے:

شیئر ہولڈرز	شیئرز کی تعداد	آرڈنری شیئرز کا فیصد
بیسٹ وے گروپ (BG)	752,569,602	61.48%
عوام الناس اور دیگر	336,618,325	27.49%
بینکس، DFIs اور NBFIs	26,004,716	2.12%
انشورنس کمپنیاں	67,048,735	5.48%
مضاربہ اور میوچل فنڈز	40,967,484	3.35%
انٹرنیشنل GDRs (نان ووٹنگ شیئرز)	969,111	0.08%
پرائیویٹائزیشن کمیشن آف پاکستان	1,714	0.00%
مجموعی آؤٹ اسٹینڈنگ شیئرز	**1,224,179,687**	**100.00%**

درج ذیل کی تحویل میں موجود مجموعی شیئرز:

		شیئرز کی تعداد
(a)	**منسلک کمپنیاں، معاہدہ جات اور متعلقہ پارٹیاں**	
	بیسٹ وے (ہولڈنگز) لمیٹڈ*	631,728,895
	بیسٹ وے سیمنٹ لمیٹڈ	93,649,744
(b)	**مضاربہ اور میوچل فنڈز****	40,967,484
(c)	**ڈائریکٹرز اور چیف ایگزیکٹو آفیسر *** **	
	سر محمد انور پرویز OBE، ہلال پاکستان	12,765,368
	جناب ضمیر ایم چوہدری، CBE، ستارۂ امتیاز (پاکستان)	2,403,870
	جناب حیدر ضمیر چوہدری	2,000,000
	جناب رضوان پرویز	129,500
	جناب ارشد احمد میر	2,500
	جناب عامر ظفر خان	2,500
	جناب طارق رشید	2,500
(d)	**ایگزیکٹوز**	668,902
(e)	**پبلک سیکٹر کمپنیاں اور کارپوریشنز**	118,628
(f)	**بینکس، NBFIs، DFIs اور انشورنس کمپنیاں**	93,053,451

*بینک بیسٹ وے (ہولڈنگز) لمیٹڈ کا ذیلی ادارہ ہے جو برطانیہ میں قائم شدہ ہے۔

**مضاربہ اور میوچل فنڈز بالحاظ نام تفصیلات شیئر ہولڈرز کی کیٹیگریز کے ساتھ منسلک ہیں۔

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

5 فیصد یا زائد ووٹنگ کے حقوق رکھنے والے شیئر ہولڈر	شیئرز کی تعداد	فیصد
بیسٹ وے (ہولڈنگز) لمیٹڈ	631,728,895	51.60%
بیسٹ وے سیمنٹ لمیٹڈ	93,649,744	7.65%

یو بی ایل کی شیئرز کی خرید و فروخت، جو اس کے ڈائریکٹرز، ایگزیکٹیوز اور ان کے / کی شریک حیات اور نوعمر بچوں کی طرف سے کی گئی، پیٹرن آف شیئر ہولڈنگ کے ہمراہ منسلک ہے۔

شریعہ بورڈ (Shariah Board)

شریعہ بورڈ اور اس کے ممبران سے متعلق مطلوبہ تفصیلات ڈائریکٹرز رپورٹ میں ظاہر کی جاتی ہیں جنہیں سالانہ رپورٹ کے ایک حصے کے طور پر شریعہ بورڈ کی رپورٹ میں شامل کیا گیا ہے۔

مشاہرے کا فریم ورک (Remuneration Framework)

ریگولیٹری گائیڈ لائنز کی پاسداری کے ساتھ یو بی ایل نے مشاہرے کی ایک جامع پالیسی نافذ کی ہوئی ہے تاکہ بینک میں بہترین صلاحیت کے حامل افراد کے لیے مشاہرہ کشش، برقراریت اور صلہ بخش ہو جو ضابطہ کے رہنما اصولوں کی پاسداری اور بینک کی مجموعی تزویراتی مقاصد سے ہم آہنگ ہو۔ مشاہرے کے لائحہ عمل کا ایک کلیدی عنصر رسک مینجمنٹ کو موثر بنانا ہے جو کہ بینک کے اندر اور بینک کی risk appetite کے مطابق ہو۔

یو بی ایل کے بورڈ آف ڈائریکٹرز کی یہ مجموعی ذمہ داری ہے کہ وہ مشاہرے کے لائحہ عمل کا جائزہ لیں، منظوری دیں، نگرانی کریں اور اس پر عمل درآمد کرائیں جس کی بنیاد یو بی ایل کے بورڈ ہیومن ریسورسز اور کمپنسیشن کمیٹی (HRCC) کی تجویز کردہ ہوں گی۔

بورڈ نومینیشن کمیٹی (BNC): اس کمیٹی کی بنیادی ذمہ داری ڈائریکٹرز کی نامزدگی کرنا ہوتا ہے جس میں ان کے مختصر تعارف، تعلیمی پس منظر، مہارتوں، علم اور تجربے کا احاطہ شامل ہے۔ یہ کمیٹی مجموعی طور ساخت، سائز اور بورڈ اور کمیٹیوں کی تشکیل کا جائزہ لینے اور اس ضمن میں بورڈ کو اپنی تجاویز پیش کرنے کی بھی ذمہ دار ہے۔ یہ کمیٹی جزووقتی اسامیاں پُر کرنے کی تجویز بورڈ کو اور ذیلی کمیٹیوں کو پیش کرنے کی بھی ذمہ دار ہے اور ضابطے کے تقاضوں کے مطابق سالانہ بورڈ کی قدرپیمائی کی نگرانی بھی اس کے فرائض میں شامل ہے۔

ڈائریکٹرز کی تقرری اور نامزدگی (Directors Appointment and Nomination)

بینک کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کرتے ہیں جب کہ جزوقتی اسامیاں ڈائریکٹرز ہی پُر کرتے ہیں جس میں آرٹیکلز آف ایسوسی ایشن اور تمام لاگو قوانین اور ضوابط کا خیال رکھا جاتا ہے۔ علاوہ ازیں ہر ڈائریکٹر کو اسٹیٹ بینک آف پاکستان کے طے کردہ معیار کے مطابق "لائق اور موزوں ٹیسٹ" پاس کرنا ہوتا ہے۔

کسی ڈائریکٹر کی تقرری کے وقت یہ یقینی بنایا جاتا ہے کہ بورڈ میں وہ ممبران شامل ہیں جن کا متنوع تجربہ، موزوں علم، موزوں ترین مہارتیں کے مجموعے، بینک آپریشن سے متعلق شہرت اور قابلیت موجود ہے جس سے موئثر فیصلہ سازادارے کی تشکیل ہو سکے۔ یہ بات بھی یقینی بنائی جاتی ہے کہ بورڈ موزوں طور پر نان ایگزیکٹیوز، آزاد اور خاتون ممبران پر مشتمل ہے جو کہ قابل اطلاق قوانین اور ضابطوں کے تقاضوں پر پورا اترتے ہیں جن میں بورڈ ممبران کی تعداد شامل ہے اور ان کے ذاتی مفادات کا کوئی ٹکراؤ نہیں ہے۔

بورڈ کی مجموعی طور پر موثریت کو بڑھانے کے لیے آزاد ڈائریکٹرز کے فعال کردار کو یقینی بنایا جاتا ہے۔ آزاد ڈائریکٹرز کے انتخاب اور تقرری کرتے ہوئے قابل اطلاق قانونی دفعات، رولز اور ضوابط کی سختی سے پاسداری کی جاتی ہے۔ آزاد ڈائریکٹرز کا انتخاب شفافیت اور ان کے منصفانہ کردار کے اظہار کے لیے کیا جاتا ہے تاکہ وہ بینک کے مفاد میں آزادانہ فیصلے کر سکیں۔

ہر ڈائریکٹر کا مختصر تعارف بشمول ان کی تعلیمی قابلیت، مہارت، ماضی کا عملی تجربہ مع ان کی حیثیت اور بورڈ یا کسی دوسری کمپنی کے شریعہ طور ڈمیں ان کی رکنیت، سبھی کچھ ڈائرکٹرز کی پروفائل میں سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ (Board Performance Evaluation)

اسٹیٹ بینک آف پاکستان بورڈ کے BPRD سرکلر نمبر 11 مورخہ 22 اگست 2016 کے تقاضوں کی پاسداری کرنے کے لیے منظور شدہ ضابطہ عمل کے تحت بورڈ اور اس کی کمیٹیوں کا جائزہ لیا جاتا ہے، جس کے لیے ایک آزاد ادارے کی خدمات حاصل کی گئی ہیں جس کی منظوری SECP نے دے دی ہیں۔

اس کے بورڈ کی بطور مجموعی کارکردگی کے باضابطہ پروسس کی قدرپیمائی کے لیے اس کی کمیٹیاں تشکیل دی گئی ہیں۔ اور بیرونی آزاد ادارے کے اور عمل درآمد کیا گیا ہے جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے منظوری دی، انہیں مشغول کیا گیا۔

منظور شدہ طریقہ کار کے تحت پاکستان انسٹی ٹیوٹ فار کارپوریٹ گورننس کی خدمات حاصل کر کے بورڈ اور اس کی ذیلی کمیٹیوں، چیئرمین، نان ایگزیکٹیو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کے ساتھ ساتھ صدر اور سی ای او کی مجموعی کارکردگی کا جائزہ بھی لیا جائے گا۔

ڈائریکٹرز کا معاوضہ (Compensation of Directors)

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 2 اگست 2018 کو اپنے 216 ویں اجلاس میں ڈائریکٹرز بشمول چیئرمین، جو بورڈ کے اجلاس میں شریک ہو اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لیے معاوضہ یا مشاہرے کی ادائیگی کے لیے ایک جامع پیکیج کی منظوری دی تھی۔ اس دستاویز میں بورڈ کے اجلاسوں سے متعلق دیگر اخراجات کا احاطہ بھی کیا گیا ہے۔ اس پالیسی کی منظوری 28 مارچ 2019 کو شیئر ہولڈرز کے سالانہ اجلاس عام میں دی گئی۔ 17 اگست 2019 کو جاری کردہ اسٹیٹ بینک آف پاکستان کے سرکلر نمبر 03 کے تحت فراہم کردہ گائیڈ لائنز کی روشنی میں بورڈ نے ڈائریکٹرز کی مشاہرہ پالیسی کی منظوری 19 فروری 2020 کو منعقد ہونے والے اجلاس میں دی۔ اس پالیسی کے تحت چیئرمین سمیت نان ایگزیکٹیو ڈائریکٹرز بورڈ کے اجلاس میں شرکت کی صورت میں 750,000 روپے فی اجلاس اور کمیٹیوں کے اجلاس میں شرکت کی صورت میں 750,000 روپے فی اجلاس معاوضہ لینے کے اہل ہوں گے۔ اجلاس فیس کے علاوہ چیئرمین اس عہدہ کی وجہ سے بورڈ اجلاس کی فیس کے اضافی 20 فیصد معاوضہ کا اہل بھی ہو گا۔ پالیسی میں سفری، لاجسٹکس اور رہائشی اخراجات کے ساتھ ساتھ یومیہ الاؤنس بھی دیے جائیں گے۔ اس پالیسی کو 25 مارچ 2020 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز نے منظور کیا۔

2020 میں ڈائریکٹرز کے معاوضہ کی تفصیلات غیر مجتمع مالیاتی گوشوارے کے نوٹ 40 میں درج ہیں۔

بورڈ کمیٹیوں کے اجلاس

سال کے دوران منعقد ہونے والے بورڈ کمیٹیوں کے اجلاسوں کی تعداد اور اجلاس میں شرکت کرنے والے ڈائریکٹرز کی تعداد درج ذیل ہے۔

	BAC	BRCC	HRCC	BITC	BNC
منعقدہ اجلاسوں کی تعداد	4	4	4	4	3
اجلاس میں شرکت کرنے والوں کی تعداد					
سر محمد انور پرویز، OBE، ہلالِ پاکستان	-	-	1	-	3
لارڈ ضمیر ایم چوہدری، CBE، ستارۂ امتیاز (پاکستان)	-	4	-	-	3
جناب حیدر ضمیر چوہدری	4	-	-	4	-
جناب رضوان پرویز	4	-	1	-	-
جناب ارشد احمد میر	-	4	4	-	3
جناب خالد اے شیروانی*	3	-	3	-	-
جناب عامر ظفر خان	3	-	3	-	-
جناب طارق رشید	1	-	1	4	-
محترمہ سیما کامل**	-	2	-	2	-
جناب شہزاد جی دادا***	-	2	-	2	-

*5 اگست 2020 کو مستعفی ہو گئے

**30 جون 2020 کو مدت ختم ہوئی

***16 جولائی 2020 کو شمولیت اختیار کی

بینک پانچ فنڈ شدہ ریٹائرمنٹ اسکیمیں چلاتا ہے جن میں پروویڈنٹ فنڈ، گریجویٹی فنڈ، پنشن فنڈ، بینوولینٹ فنڈ اور جنرل پروویڈنٹ فنڈ شامل ہیں۔ ان فنڈز میں سرمایہ کاری کے لیے مالیتوں کی بنیاد تازہ ترین آڈٹ شدہ مالیاتی گوشوارے ہیں جو کہ 31 دسمبر 2019 کے تحت درج ذیل ہیں:

	Rupees in '000
ملازمین کا پراویڈنٹ فنڈ	3,842,241
ملازمین کا گریجویٹی فنڈ	793,390
اسٹاف پنشن فنڈ	8,557,720
اسٹاف جنرل پراویڈنٹ فنڈ	788,247
آفیسرز / نان آفیسرز بینوولینٹ فنڈ	317,976

ارکان کو ڈائریکٹرز کی رپورٹ

- گزشتہ 6 سالوں کی کارکردگی کی جھلکیاں ان غیر مجتمع مالیاتی گوشواروں کے ساتھ منسلک ہے۔
- سال 2020 کے لئے 2.1 ارب روپے کا منافع Statutory ریزرو میں منتقل کیا جا چکا ہے۔
- بورڈ آف ڈائریکٹرز آٹھ (8) حضرات اور ایک (1) خاتون ممبر پر مشتمل ہے۔ بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کی اسٹیٹمنٹ کے پیراگراف نمبر 1 اور 2 میں دی گئی ہیں۔
- قابل اطلاق ریگولیٹری فریم ورک اور بہترین معمولات کے مطابق بورڈ اور اس کی سب کمیٹیز کی کارکردگی کے تجزیے کے لیے ایک معروف بیرونی کنسلٹنٹ کی خدمات حاصل کی گئی ہیں۔
- ڈائریکٹرز کے تربیتی پروگرام کی تفصیلات کوڈ آف کارپوریٹ گورننس کے ساتھ سٹیٹ منٹ آف کمپلائنس میں دیا گیا ہے۔
- نان ایگزیکٹیو ڈائریکٹرز بشمول آزاد ڈائریکٹرز بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ فیس اور لاجسٹک اخراجات وصول کرنے کے اہل ہوں گے۔ مزید براں ان ڈائریکٹرز کو ادا کی جانے والی فیس کو سالانہ عام اجلاس کے ایجنڈے کا حصہ بنایا گیا ہے تاکہ حصہ داران سے پوسٹ فیکٹو منظوری حاصل کی جاسکے۔
- بورڈ نے درج ذیل 5 کمیٹیاں تشکیل دی ہیں جن کے ٹرمز آف ریفرنس کا تعین کیا گیا ہے:

بورڈ آڈٹ کمیٹی (BAC)

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

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC)

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

بورڈ ہیومن ریسورس اینڈ کمپنسیشن کمیٹی (HRCC)

جناب طارق رشید	چیئرمین
سر محمد انور پرویز OBE، ہلالِ پاکستان	ممبر
جناب ارشد احمد میر	ممبر
جناب رضوان پرویز	ممبر
محترمہ سعدیہ سعید	سیکرٹری

بورڈ آئی ٹی کمیٹی (BITC)

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

بورڈ نومینیشن کمیٹی (BNC)

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

تمام کمیٹیوں کے افعال کا خلاصہ جو کہ ٹرمز آف ریفرنس کے مطابق ہے درج ذیل میں پیش کیا جاتا ہے۔

بورڈ آڈٹ کمیٹی (BAC): بورڈ آڈٹ کمیٹی کی بنیادی سرگرمی، مالیاتی رپورٹنگ پروسس، آڈٹ پروسس کے ساتھ ساتھ اندرونی انضباط کے نظام اور قانون وضابطوں کی پاسداری کے بارے میں اپنا جائزہ پیش کرنا ہے۔ کمیٹی آڈٹس کے نتائج کا بینک انتظامیہ کے ساتھ ساتھ اندرونی آڈیٹرز کے ساتھ جائزہ لیتی ہے۔ یہ کمیٹی اندرونی انضباط، آڈٹ پلان، رپورٹنگ فریم ورک اور طریقہ کار کی وسعتوں کا بھی جائزہ لیتی ہے اور یقینی بناتی ہے کہ اندرونی آڈٹ ڈیپارٹمنٹ کے پاس موزوں وسائل ہیں اور بینک میں ان کو موزوں طور پر تعینات کیا گیا ہے۔ کمیٹی مالیاتی رپورٹنگ کے اندرونی کنٹرولز (ICFR) کے سسٹم کی بھی نگرانی اور جائزہ لیتی ہے تاکہ اس پر موثر عمل درآمد کیا جائے اور حسب ضرورت ردوبدل کیا جائے۔

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC): یہ کمیٹی مجموعی طور پر بینک میں رسک مینجمنٹ کے فریم ورک کی تشکیل کی ذمہ دار ہے اور بدلتے ہوئے معاشی منظر نامے میں خطرات سے نمٹنے کے لیے رسک مینجمنٹ پالیسیوں کی قدر پیمائی اور موثریت کو یقینی بناتی ہے۔ یہ کمیٹی مجموعی طور پر بینک میں رسک مینجمنٹ کے امور کی نگرانی کرتی ہے اور آپریشنل رسک، Basel، ٹریژری اور مارکیٹ رسک، کریڈٹ رسک اور کریڈٹ پالیسی کے افعال کے ذریعے مختلف رسک مینجمنٹ پالیسیوں کے ساتھ کمپلائنس کو یقینی بناتی ہے۔ علاوہ ازیں کمیٹی رسک مینجمنٹ کے اقدامات کے موثر ہونے کی نگرانی بھی کرتی ہے تاکہ مالیاتی جرائم کی موثر روک تھام کے لیے خطرات کے حوالے سے ضابطوں کے تقاضوں کی پاسداری کو یقینی بنایا جاسکے

بورڈ ہیومن ریسورسز اینڈ کمپنسیشن کمیٹی (HRCC): یہ کمیٹی مجموعی طور پر بینک میں مشاہرے و معاوضے کے طریقہ کار اور پالیسیوں کی ترتیب کی ذمہ دار ہے اور اس بات کو یقینی بناتی ہے کہ پالیسیاں ضابطوں کے تقاضوں کے عین مطابق ہوں۔ کمیٹی کی ذمہ داریوں میں مجموعی طور پر بینک میں مشاہرے یا اجرتوں کا جائزہ لینا اور ساختیاتی فوائد بشمول میٹیریل رسک ٹیکرز (MRTs) اور میٹریل رسک کنٹرولرز (MRCs)، افرادی قوت کے ساتھ ساتھ ہیومن ریسورس مینجمنٹ پالیسیوں کی بورڈ کو سفارشات پیش کرنا ہے۔

یہ کمیٹی ڈائریکٹرز، ایگزیکٹیوز اور نان ایگزیکٹیو ڈائریکٹرز اور اعلیٰ انتظامیہ کے ممبران کے مشاہروں کے تعین کے لیے بورڈ کو ایک پالیسی فریم ورک مرتب کرنے کی ترغیب کی بھی ذمہ دار ہے جو کہ موجودہ ریگولیٹری گائیڈ لائنز کے مطابق ہوں۔

بورڈ آئی ٹی کمیٹی (BITC): یہ کمیٹی اس امر کی ذمہ دار ہے کہ وہ ایسی مونٹر گورننس کا فریم ورک فراہم کرے جو بینک کے ٹیکنالوجی سے متعلق امور کو بینک کی حکمت عملیوں اور مقاصد کو حاصل کرنے کے قابل بنائے۔ اس کے علاوہ کمیٹی اس بات کی ذمہ دار ہے کہ وہ رسک مینجمنٹ اسٹریٹیجیز کو اس طرح ترتیب دے اور عمل درآمد کرائے اور بینک کے انفارمیشن ٹیکنالوجی رسک اور سائبر سیکیورٹی رسکس کا انتظام و انصرام کرے کہ کسی بھی ممکنہ خطرات کا موثر حل پیش کیا جاسکے۔

ریورسل)، اس کی بنیادی وجہ انویسٹمنٹ پر خسارہ ہے۔ بینک کے انویسٹمنٹ پورٹ فولیو میں 7 فیصد اضافہ ہوا ہے، جبکہ فعال ایڈوانسز میں 30 فیصد اضافہ ہوا ہے۔ دسمبر 2019 کے مقابلہ میں ڈیپازٹس میں 30 فیصد اضافہ ہوا ہے۔

یو بی ایل سوئٹزر لینڈ اے جی مکمل طور پر یو بی ایل کا ملکیتی ذیلی ادارہ ہے۔ اس کے ریوینیوز بنیادی طور پر تجارت اور مالیاتی اداروں کے کاروبار سے حاصل ہوتے ہیں۔ سال 2020 میں یو بی ایل سوئٹزر لینڈ کا قبل از ٹیکس منافع 1.1 ملین سوئس فرانک رہا جو گزشتہ سال 2019 کی نسبت 60 فیصد کم ہے۔ گزشتہ سال کی نسبت نیٹ مارک اپ آمدنی 7 فیصد کمی ہوئی جبکہ نان مارک اپ آمدنی میں 27 فیصد کمی ہوئی ہے۔ کمیشن کی مد میں آمدنی میں سال بہ سال 27 فیصد کمی ہوئی ہے جس کی بڑی وجہ وباء کے باعث سست روی ہے۔ بیلنس شیٹ کا سالانہ حجم دسمبر 2019 کے مقابلہ میں 38 فیصد کم ہو گیا۔

یو بی ایل فنڈ مینیجرز لمیٹڈ، پاکستان (UBLFM) میں یو بی ایل کی ملکیت 98.9 فیصد ہے۔ UBLFM نے سال 2020 میں 454 ملین روپے قبل از ٹیکس منافع ریکارڈ کیا جو کہ 23 فیصد کی سال بہ سال نمو ہے۔ سال 2020 کے اختتام پر UBLFM کی مینجمنٹ کے پاس 90 ارب روپے کے فنڈز تھے (2019 میں 63 ارب روپے)۔

یو بی ایل بینک (تنزانیہ) لمیٹڈ (یو بی ٹی ایل) کا قیام 2012 میں عمل میں آیا اور اس کی مکمل ملکیت یو بی ایل کے پاس تھی۔ یو بی ٹی ایل کا ایگزم بینک تنزانیہ (لمیٹڈ) (EXIM) کے اثاثوں اور لائبیلٹیز کی خریداری کا سمجھوتا 22 مئی 2019 کو ہوا اور ایگزم بینک نے یو بی ٹی ایل کے اثاثوں اور لائبیلٹیز کا کنٹرول یکم نومبر 2019 کو لے لیا۔ یو بی ٹی ایل نے اپنے بینکنگ آپریشنز کو بند کر دیا اور رضاکارانہ طور پر کاروبار سمیٹنے اور لیکیوڈیشن کے عمل میں مصروف ہے۔ (بحوالہ نوٹ 9.13 مالیاتی گوشوارہ)

یونائیٹڈ ایگزیکیوٹرز اینڈ ٹرسٹی کمپنی لمیٹڈ پاکستان (یو ای ٹی) پاکستان میں 1965 کو ایک غیر مندرج (Unlisted) پبلک لمیٹڈ کمپنی قائم کی گئی اور یہ مکمل طور پر یو بی ایل کی ملکیت میں ایک ذیلی ادارہ ہے۔ اس کے بورڈ آف ڈائریکٹرز نے 19 فروری 2020 میں منعقدہ اپنے اجلاس میں کمپنی کو ختم کرنے کی قرارداد منظور کی تھی۔ کمپنی غیر فعال ہے اور بینک کے مجموعی منافع پر اس کا کوئی اثر نہیں ہو گا۔

کریڈٹ ریٹنگ (Credit Rating)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 29 جون 2020 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی اینٹیٹی ریٹنگز، "AAA/A-1+" (ٹرپل اے / اے ون پلس) کی توثیق کی ہے۔ علاوہ ازیں، یو بی ایل کی اضافی ٹیئر-1 (ADT-1) ٹی ایف سی کی بھی "AA+" (ڈبل اے پلس) کے طور پر توثیق کی ہے۔ تفویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

ایوارڈز اور اعترافات (Awards and Recognition)

یو بی ایل کو بینکر ایوارڈز میں "سال 2020 کا بہترین بینک" کے طور پر تسلیم کیا گیا ہے۔ بینکر فنانشل ٹائمز یو۔کے سے الحاق شدہ ہے اور دنیا بھر کا ایک نمایاں مالیاتی جریدہ ہے۔ یہ عالمی بینکنگ انڈسٹری ایک معتبر اعزاز ہے۔ بینکر زایوارڈز اعلیٰ کارکردگی اور صارف کے لیے قدر میں اضافہ، جدت اور سوسائٹی میں قیادت کا اعتراف ہیں۔ مقامی بینکنگ انڈسٹری میں، حالیہ وباء کے دوران، غیر معمولی حالات میں، پاکستان میں مالیاتی خدمات میں وسعت دینے جیسی بنیادی اسٹریٹجی اور جدت کے باعث یو بی ایل نے چوتھی بار یہ ایوارڈ جیتا ہے۔

سال 2020 کے دوران، یو بی ایل کو یورومنی کے ایک ایسوسی ایٹ، ایشامنی کی طرف سے پاکستان کا بہترین ڈیجیٹل بینک برائے سال 2020 قرار دیا گیا ہے۔ یہ ایوارڈ دراصل پاکستان میں ڈیجیٹل چینلز کے ذریعے مالیاتی وسعتوں کے اضافہ اور بینکاری میں جدت میں یو بی ایل کی شراکت کی ایک سند ہے۔

یو بی ایل کو پاکستان بینکنگ ایوارڈز کی طرف سے سال 2020 کا "بہترین ڈیجیٹل بینک" قرار دیا گیا ہے۔ اس سال یو بی ایل نے اپنے صارفین کو بہت سی جدید ٹیکنالوجی پر مبنی پروڈکٹس پیش کیں اور بہت سے جدت آمیز کام کیے۔ ایوارڈ سے یو بی ایل کی پوزیشن پاکستان کے نمایاں ترقی یافتہ اور جدت پر مبنی بینکوں میں مستحکم ہوئی ہے۔

مستقبل کی توقعات (Future Outlook)

کووڈ-19 وباء نے ڈومیسٹک کے ساتھ عالمی معیشت پر بھی نمایاں اثرات مرتب کیے ہیں۔ جسے نہایت معقول انداز سے سنبھالا گیا لیکن حالیہ مثبت مومینٹم کو برقرار رکھنا بہت اہمیت کا حامل ہے۔ یو بی ایل ملک کو معاشی بحران سے نکالنے میں وسیع پیمانے پر اپنی متنوع پروڈکٹس کی پیشکش اور اپنی وسیع تر موجودگی کی بنا پر قائدانہ صلاحیت رکھتا ہے۔ بینک درمیانی مارکیٹ اور بڑے کارپوریٹس کے لیے انٹرمیڈیئشن کی خدمات کو وسعت دینے کے لیے پرعزم ہے۔

برانچ بینکنگ یو بی ایل فرنچائز کی بنیاد ہے جس کا مقصد خدمت کے معیار کی مطلوبہ سطح کے حصول کے ذریعے بینک کی رسائی کو بڑھانا ہے۔ ہمارا مقصد پاکستان میں ہمارے بڑھتے ہوئے صارفین کو ترجیحی مالیاتی سروسز کی فراہمی ہے۔

بینک ایوارڈ یافتہ ڈیجیٹل پروپوزیشن کی تیاری کو جاری رکھے گا اور منفرد اور جدید سلوشن متعارف کرائے گا جس کا مقصد سب کے لیے بینکاری کو آسان اور رسائی کے قابل بنانا ہے اور اس میں آبادی کا وہ طبقہ بھی شامل ہے جو بینکاری کی سہولت سے محروم ہے۔

معاشی سرگرمیوں میں اضافے کے ساتھ ساتھ قرض دینے کی نئے راہیں بھی آہستہ آہستہ ہموار ہوں گی اور بینک قابل قبول خطرات میں رہتے ہوئے مستحکم اور ابھرتے ہوئے کاروباری طبقات کے ساتھ تعلقات کو مزید وسعت دینے کا متلاشی ہے۔

بینک عالمی بہترین پریکٹسز کے مطابق اپنی کمپلائنس کے معیارات کو مستحکم کرنے کے لیے مسلسل کوشاں ہے۔ یو بی ایل کا سب سے بڑا اثاثہ اس کے ملازمین ہیں، جہاں بینک اپنی بڑھوتری اور مستقبل کے لیے لیڈر تیار کرنے میں سرمایہ کاری جاری رکھے گا۔

کارپوریٹ گورننس (Corporate Governance)

ڈائریکٹرز کی اسٹیٹمنٹ (Directors' Statement)

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

- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
- بینک کی طرف سے اکاؤنٹس کے درست کھاتے مینٹین رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مستقلاً مناسب اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے۔ اکاؤنٹس کے تخمینے موزوں اور محتاط اندازے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کسی بھی پہلو تہی کے بغیر تعمیل کی گئی ہے۔
- بینک میں اندرونی انضباط کا نظام درست طرز پر ڈیزائن کیا گیا ہے اور اس کا مؤثر اطلاق اور نگرانی کی گئی ہے۔
- بینک کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔

ارکان کو ڈائریکٹرز کی رپورٹ

مقبولیت بڑھتی جارہی ہے، جیسا کہ 31 دسمبر 2020 تک رجسٹرڈ صارفین (users) کی تعداد 1.5 ملین سے تجاوز کر گئی۔ اس ایپ میں غیر مقیم پاکستانیوں (NRPs) کو پاکستان میں بینکاری، ادائیگیاں، اور سرمایہ کاری کی سرگرمیاں سرانجام دینے کے لیے بینکاری کی جدت آمیز سہولیات کی فراہمی کے لیے اسٹیٹ بینک آف پاکستان کے اقدام کے ایک حصے کے طور پر روشن ڈیجیٹل اکاؤنٹ کھولنے کی سہولت بھی شامل ہے۔

معاشی جائزہ (Economy Review)

ملک کی معیشت کوویڈ۔19 سے پہلے کی سطح پر بتدریج بحال ہورہی ہے اور 2020 کے دوسرے نصف میں صنعتی سرگرمیوں اور مجموعی طلب میں اضافہ ہوا ہے۔ کوویڈ۔19 کے نئے کیسز میں کمی کے باعث حکومت کی طرف سے پابندیوں میں نرمی کی گئی تو مالیاتی اور بیرونی شعبوں میں بھی بہتری آنا شروع ہوگئی ہے، تاہم وباء کی دوسری لہر کے ممکنہ خطرے کے پیش نظر ریمیٹینس میں سست روی، اجناس کی قیمتوں میں اضافے سے افراط زر اور اہم غذائی اشیاء کی سپلائی اور نمایاں فصلوں کی برآمدات میں رکاوٹ جیسے مسائل کے خدشات اب بھی موجود ہیں۔

افراط زر (CPI) دسمبر 2020 میں 8.0 فیصد ریکارڈ کی گئی (دسمبر 2019 میں 12.6 فیصد)، اوسط افراط زر 2019 کے 9.4 فیصد کے مقابلہ میں 2020 میں 9.5 فیصد ریکارڈ کی گئی۔ سال 2020 کے دوران اشیائے خوردونوش کی قیمتوں میں اضافہ ہوا جس کی بڑی وجہ سپلائی میں رکاوٹ رہی۔ تاہم، دیگر اشیاء کی قیمتیں مستحکم رہنے کی وجہ سے اس کے اثرات کم ہوگئے۔ اسٹیٹ بینک آف پاکستان نے 22 جنوری 2021 میں اپنی حالیہ مانیٹری پالیسی اسٹیٹمنٹ میں 7.0 فیصد پالیسی ریٹ کو برقرار رکھا جس سے افراط زر مالی سال 2021 میں کم سطح پر برقرار رہنے کا امکان ہے۔

بیرونی شعبے میں وباء کی وجہ سے آنے والے چیلنجز کے باوجود زبردست استحکام دیکھا گیا۔ مالی سال 2021 کے پہلے پانچ ماہ میں سرپلس کے بعد، دسمبر 2020 میں کرنٹ اکاؤنٹ خسارہ 662 ملین امریکی ڈالر ریکارڈ کیا گیا، اس کی سب سے بڑی وجہ درآمدات میں اضافہ ہے۔ تاہم، مالی سال 2020 کے نصف اول میں 2.0 ارب امریکی ڈالر کے کرنٹ اکاؤنٹ خسارہ کے مقابلہ میں مالی سال 2021 کے نصف اول میں کرنٹ اکاؤنٹ سرپلس 1.1 ارب امریکی ڈالر ریکارڈ کیا گیا۔ مالی سال 2021 کے نصف اول میں ملک کی درآمدات کا حجم 24.5 ارب امریکی ڈالر پر تھا، جو گزشتہ سال کی اسی مدت سے 6 فیصد زیادہ ہے۔ جبکہ مالی سال 2021 کے نصف اول میں برآمدات کا حجم 12.1 ارب امریکی ڈالر تھا، یہ مالی سال 2020 کے نصف اول کے مقابلہ میں 5 فیصد زیادہ ہے۔

ملک میں موجودہ مالی سال کے پہلے 6 ماہ میں ماہانہ ہوم ریمیٹینس 2.0 ارب امریکی ڈالر وصول ہوئے، سال بہ سال 25 فیصد کی نمو کے ساتھ مالی سال 2021 کے نصف اول میں ترسیلات کا حجم 14.2 ارب امریکی ڈالر رہا۔ سفری پابندیاں اور مثبت اقدامات بشمول اسٹیٹ بینک آف پاکستان کا ریمی ٹینس اور باضابطہ اور ڈیجیٹل چینلز کے فروغ جیسے بنیادی اقدامات کی بدولت ہی ترسیلات کا یہ تسلسل برقرار رہا۔ ان مثبت پیش رفتوں سے ملکی زرمبادلہ کے ذخائر کو تقویت ملی ہے جس سے یہ 20 ارب امریکی ڈالر کی حد سے تجاوز کر گئے جو دسمبر 2020 میں 20.5 ارب امریکی ڈالر پر تھے، جو کہ گزشتہ سال 2019 کے مقابلہ میں 13 فیصد اور جون 2020 کے مقابلہ میں 9 فیصد اضافہ ہے۔ سال کے دوران زرمبادلہ کی شرح مستحکم رہی اور دسمبر 2020 میں روپے 159.8 فی امریکی ڈالر پر اختتام ہو، دسمبر 2019 کے مقابلہ میں یہ 3 فیصد کمی ہے۔

KSE-100 انڈیکس مارچ 2019 میں 27,229 کی کم تر سطح سے بہتر ہوکر دسمبر 2020 میں 43,755 پوائنٹس پر بند ہوا۔ یہ دسمبر 2019 کے مقابلہ میں 7 فیصد اضافہ ہے۔

بینکنگ سیکٹر کا ڈیپازٹ دسمبر 2020 میں 17.9 ٹریلین روپے رہا ہے جو کہ دسمبر 2019 کے مقابلہ میں 22 فیصد کی ایک نمایاں نمو ہے۔ دسمبر 2020 میں بینکنگ سیکٹر کے ایڈوانسز 8.5 ٹریلین روپے ریکارڈ کیے گئے، اس طرح دسمبر 2019 کے مقابلہ میں 4 فیصد اضافہ ہوا۔ بینکنگ انڈسٹری کے غیر فعال قرضے بمطابق 31 دسمبر 2020، 829 ارب روپے تھے جس میں دسمبر 2019 کے مقابلہ میں 9 فیصد اضافہ ہے، جیسا کہ اثاثہ جات کی معیار کی سطح دسمبر 2019 میں 8.6 فیصد سے دسمبر 2020 تک 9.2 فیصد ہوگئی ہے۔

یو بی ایل انٹرنیشنل (UBL International)

کوویڈ۔19 وباء نے عالمی معیشت کے لیے دوررس نتائج مرتب کیے ہیں۔ دنیا بھر میں وائرس کے پھیلاؤ کو روکنے کے نتیجہ میں معاشی سرگرمیاں محدود ہوگئیں۔ خلیج تعاون کونسل کو خطہ میں اوپیک (OPEC) کی پیداوار اور عالمی اور علاقائی طلب میں کمی کے باعث معاشی مشکلات کا سامنا کرنا پڑا۔ ریجنل اتھارٹیز نے اس بحران کو کم کرنے کے لیے وسیع اقدامات کیے، جس میں مالیاتی ریلیف پیکیجز کا آغاز، مانیٹری اور پروڈنشل قوانین میں نرمی، اور بینکاری نظام میں لیکوڈٹی کی نمایاں شمولیت شامل ہیں۔ تاہم، موجودہ دور میں ریجن کے معاشی آؤٹ لک اور ریکوری کی رفتار میں سست روی رہنے کا امکان ہے۔

یو بی ایل انٹرنیشنل خلیج تعاون کونسل کے موجودہ خطرات سے نمٹنے کے لیے بھرپور اقدامات کے تحت اپنی بیلنس شیٹ کم کررہا ہے۔ بزنس ماڈل میں مستحکم مالی اداروں کے ساتھ تجارتی اور مالیاتی سرگرمیوں پر توجہ مرکوز ہے۔ ایسیٹ رائٹنگ سست رہی جب کہ قرض دینے کی سرگرمی موجودہ معیاری ریلیشن شپس تک محدود رہی اور ممکنہ نادہندگی پر کڑی نظر رکھی گئی۔ اسپیشل ایسیٹ مینجمنٹ یونٹ نے غیر فعال اکاؤنٹس کی وصولی کے لیے اپنی کوششوں میں مزید اضافہ کیا۔ جہاں منافع کے مواقع موجود ہوتے ہیں وہاں مستحکم منافع اور فعال ٹریڈنگ کے لیے غیر ملکی حکومتی سیکیورٹیز میں اضافی لیکوڈٹی رکھی گئی۔ بینک کم لاگتی ڈیپازٹ میں توسیع کے لیے خواہاں ہے اور خاص طور پر مہنگے طویل مدتی ڈیپازٹس میں توجہ کم کی جارہی ہے۔

یو بی ایل انٹرنیشنل کے اوسط ڈیپازٹس سال 2020 میں 1.4 ارب امریکی ڈالر رہے جو کہ گزشتہ سال کے مقابلہ میں 17 فیصد کم ہیں۔ سال 2019 میں ڈیپازٹس کی لاگت کے مقابلہ میں سال 2020 میں کمی آئی ہے جو 2.2 فیصد سے کم ہوکر 1.6 فیصد ہوگئی۔ اوسط لون پورٹ فولیو 2019 میں 982 ملین امریکی ڈالر سے کم ہوکر 2020 میں 666 ملین امریکی ڈالر ہوگیا جو کہ 32 فیصد کم ہے۔ سال 2020 میں فکسڈ انکم، حکومتی سیکیورٹیز پر مشتمل کل سرمایہ کاری اوسطاً 701 ملین امریکی ڈالر تھی جس سے 2020 میں 5.7 فیصد کا منافع حاصل ہوا۔ (سال 2019 میں 5.9 فیصد)۔

ذیلی اداروں کی کارکردگی کا جائزہ (Subsidiaries Performance Overview)

ہمارے ذیلی اداروں کی سال 2020 میں مالیاتی کارکردگی کے نمایاں نکات درج ذیل ہیں۔

یونائیٹڈ نیشنل بینک لمیٹڈ (یو بی ایل، یو کے) یو بی ایل کی سبسڈری ہے جس میں 55 فیصد شیئرز یو بی ایل کی ملکیت ہیں۔ سال 2020 کے دوران یو بی ایل برطانیہ نے ٹیکس کی ادائیگی سے قبل 2.2 ملین پاؤنڈز کا نیٹ خسارہ پوسٹ کیا (دسمبر 2019 میں 825 ہزار برطانوی پاؤنڈ کا خسارہ)۔ اسی طرح بینک کی سال بہ سال کی بنیاد پر نیٹ مارک اپ آمدنی میں 28 فیصد بہتری آئی۔ گزشتہ سال کے مقابلے میں نان مارک اپ آمدنی میں 28 فیصد کمی ہوئی۔ سال بہ سال فیس کی مد میں آمدنی میں 15 فیصد کمی ہوئی ہے، اس کی بڑی وجہ وباء کے باعث سست روی ہے۔ سال بہ سال انتظامی اخراجات میں 4 فیصد کمی ہوئی ہے۔ سال کے دوران 2.3 ملین پونڈ کے پرویژن اخراجات کی وجہ سے منافع پر اثر پڑا ہے (2019 میں 523 ہزار پونڈ پرویژن

معاملات کے لیے عملے کی تقرری اور پورے نیٹ ورک میں بہتری کے لیے افرادی لاگت 15.6 ارب روپے رہی جو کہ 2019 کے مقابلہ میں 7 فیصد زیادہ ہے۔ پراپرٹی سے متعلقہ اخراجات 6.7 ارب روپے ریکارڈ کیے گئے، یہ سال بہ سال 8 فیصد کم ہے۔ سال 2020 میں بینک کے آئی ٹی سے متعلقہ اخراجات 4.2 ارب روپے ریکارڈ کیے گئے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 15 فیصد زیادہ ہیں۔ اس کی وجہ مجموعی طور پر ڈیجیٹل اسٹریٹیجی کے تحت ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری جاری رکھنا ہے۔ دیگر اخراجات سال بہ سال 7 فیصد کم ہوئے ہیں۔ اس کی بڑی وجہ سال 2020 میں کاروبار کا سست روی کا شکار رہنا ہے۔

بیلنس شیٹ کا نظم ونسق (Balance Sheet Management)

یو بی ایل کی بیلنس شیٹ بمطابق دسمبر 2020، 2.0 ٹریلین روپے رہی جو کہ دسمبر 2019 سے 8 فیصد زائد ہے۔ بینک کا نیٹ ورک 1370 برانچوں پر مشتمل ہے (2019 میں 1376 برانچیں)۔ اس میں 100 اسلامک برانچیں شامل ہیں (2019 میں 100 برانچیں) اور اس کے ساتھ 187 اسلامک بینکاری کی ونڈوز بھی ہیں (2019 میں 162 اسلامک بینکاری کی ونڈوز)۔

دسمبر 2020 تک بینک کی سطح پر ڈیپازٹس 1.6 ٹریلین روپے رہے جو دسمبر 2019 سے 12 فیصد زائد ہیں۔ بینک کے پاس کثیر الجہتی لائبلٹی اسٹریٹیجی ہے جس کا مقصد موجودہ کسٹمرز سے والٹ شیئر کو بڑھانا اور فعال کسٹمرز کی تعداد میں اضافہ کرنا ہے۔ ہماری توجہ مستحکم اور طویل مدتی، کم لاگت والے ڈیپازٹس کو متحرک کرنے پر مرکوز رہی ہے۔

فرنچائز کی بنیاد برانچ بینکنگ گروپ ہے، جس نے اس سال میں بہت زبردست کارکردگی دکھائی ہے، جس کے باعث 2020 کے اختتام پر ڈومیسٹک ڈیپازٹس 1.4 ٹریلین روپے ریکارڈ کیے گئے، جو کہ دسمبر 2019 کے مقابلے میں 17 فیصد زائد ہیں۔ اس سے بینک کے لیے ممکن ہوا کہ یہ سال 2020 میں بینکنگ سیکٹر ڈیپازٹس کا 8.1 فیصد اوسط مارکیٹ شیئر برقرار رکھ سکے (سال 2019 میں 8.1 فیصد)۔ بینک نے اسلامی بینکاری میں بھی اپنی پیش قدمی جاری رکھی۔ دسمبر 2020 میں کل ڈیپازٹس 111 ارب روپے رہے ہیں جو دسمبر 2019 کے مقابلہ میں 37 فیصد زبردست نمو تھی۔ یو بی ایل انٹرنیشنل ڈیپازٹس دسمبر 2020 میں 1.4 ارب امریکی ڈالر تھے جو دسمبر 2019 کے مقابلہ میں 15 فیصد کم ہوئے ہیں۔

ڈومیسٹک کرنٹ ڈیپازٹس 615 ارب روپے پر برقرار رہے، جو دسمبر 2019 کے مقابلہ میں 18 فیصد کی زبردست نمو ہے۔ کرنٹ اور کل ڈیپازٹس کے تناسب میں بہتری ہوئی ہے جو دسمبر 2019 میں 42.7 فیصد تھا اور دسمبر 2020 میں 43.3 فیصد ہوگیا۔ ڈومیسٹک سیونگ ڈیپازٹس کا پورٹ فولیو دسمبر 2020 میں 596 ارب روپے رہا جس میں سال بہ سال 18 فیصد کی زبردست نمو ہوئی۔ اس سے بینک نے دسمبر 2019 میں 84.2 فیصد سے دسمبر 2020 میں 85.2 فیصد ڈومیسٹک CASA تناسب میں بہتری کو ممکن بنایا۔ ڈومیسٹک ٹرم ڈیپازٹ پورٹ فولیو 210 ارب روپے پر برقرار رہا، دسمبر 2019 کے مقابلہ میں اس میں 9 فیصد نمو دیکھی گئی ہے۔

دسمبر 2020 میں بینک کے نیٹ ایڈوانسز 530 ارب روپے رہے، جو دسمبر 2019 کے مقابلہ میں 17 فیصد کمی کے رجحان کو ظاہر کرتا ہے اسی طرح ڈومیسٹک فعال ایڈوانسز 430 ارب روپے رہے جس میں سال بہ سال 14 فیصد کمی دیکھی گئی ہے۔ قرض دینے کی حکمت عملی بدستور اثاثہ جات کا بلند ترین معیار برقرار رکھنے اور قرضہ جاتی تعلق پر مجموعی منافع میں بہتری پر مبنی ہے۔ بینک یو بی ایل انٹرنیشنل میں اپنی لون کی سرمایہ کاری کو کم کر رہا ہے، جیسا کہ فعال لون بک دسمبر 2019 میں 830 ملین امریکی ڈالر سے کم ہو کر دسمبر 2020 میں 601 ملین امریکی ڈالر ہوگئی ہے۔

بینک کا انویسٹمنٹ پورٹ فولیو دسمبر 2020 میں 1.1 ٹریلین روپے رہا (دسمبر 2019 میں 840 ارب روپے)۔ فنڈنگ ابتدائی طور پر ٹریژری سیکیورٹیز میں رکھی گئیں اور 237 ارب روپے پاکستان انویسٹمنٹ بانڈ میں فکس ریٹ پر انویسٹ کئے گئے جب کہ پاکستان انویسٹمنٹ بانڈ میں فلوٹنگ ریٹ پر 341 ارب روپے کی میں سرمایہ کاری کی گئی۔ اسی طرح ٹریژری بلز میں 345 ارب روپے کی سرمایہ کاری کی گئی۔ حالیہ کم شرح سود کے تناظر میں، لیکویڈٹی مختصر مدت کے ٹریژری بلز اور اور فلوٹنگ ریٹ بانڈز میں لگائی گئی تاکہ پیداوار کے مطابق منافع کو ممکن بنایا جاسکے۔ بینک کی ایکیوٹی ہولڈنگ دسمبر 2020 میں 10.4 ارب روپے رہی (دسمبر 2019 میں 13.4 ارب روپے) جیسا کہ سال کے دوران جہاں منافع بخش مواقع میسر آئے، تمسکات کی فروخت سے سرمایہ وصول کیا گیا۔ یو بی ایل کی انٹرنیشنل انویسٹمنٹ، بنیادی طور پر، غیر ملکی ڈیبٹ پر مشتمل ہے، جو دسمبر 2020 میں 771 ملین امریکی ڈالر تھی (دسمبر 2019 میں 699 ملین امریکی ڈالر)۔

سرمایہ جاتی تناسب (Capital Ratios)

بینک اور ریگولیٹری تقاضوں پر مناسب استحکامی اقدامات برقرار رکھنے اور مستقبل میں کاروباری توسیع کے لیے مستحکم پلیٹ فارم فراہم کرنے کے لیے مضبوط سرمایہ جاتی بنیاد برقرار رکھنے کا خواہش مند ہے۔

یو بی ایل کو اسٹیٹ بینک آف پاکستان کی جانب سے Domestic Systemically Important Bank (D-SIB) نامزد کیا گیا ہے، اس نامزدگی کے لئے بینک کو 1.5 فیصد زیادہ Higher Loss Absorbency Surcharge (HLA) رکھنا ضروری ہے جو کہ 2019 میں اس کی کم سے کم سرمائے Capital Adequacy Ratio (CAR) کی حد سے زیادہ ہونی چاہیے۔ جو مجتمع اور غیر مجتمع دونوں بنیادوں پر ہونا ضروری ہے، تاہم اسٹیٹ بینک آف پاکستان نے اپنی تازہ ترین D-SIB کے مطابق مارچ 2020 سے نافذ العمل HLA سرچارج میں 50 bps کی کمی کر کے 1.0 فیصد کر دیا ہے۔

اسٹیٹ بینک آف پاکستان نے اپنے صارفین کو کریڈٹ سہولیات میں توسیع دینے کے سلسلہ میں بینکنگ سیکٹر کی معاونت کے لیے ایک ریگولیٹری ریلیف برائے کووڈ-19 بھی فراہم کیا ہے۔ اس سلسلہ میں، اسٹیٹ بینک آف پاکستان نے کیپٹل کنزرویشن بفر (CCB) کی 2.5 فیصد کی موجود سطح کو کم کر کے 1.5 فیصد کر دی۔ لہٰذا 31 دسمبر 2020 کو یو بی ایل کے لیے درکار کم سے کم سرمایہ جاتی تناسب (CAR) 12.5 فیصد پر رہی (بشمول 1.0 فیصد کا HLA سرچارج)۔ جو دسمبر 2019 میں 14.0 فیصد کی کم از کم ریگولیٹری CAR کی حد سے 150 بنیادی پوائنٹس کم ہے (اس میں 1.5 فیصد کا HLA سرچارج شامل ہے)

دسمبر 2020 میں بینک کی مجموعی CAR 24.4 فیصد پر رہی (دسمبر 2019 میں 18.9 فیصد)، جو 12.5 فیصد کی کم از کم ریگولیٹری حد سے 11.9 فیصد زائد ہے۔ دسمبر 2020 میں کامن ایکویٹی ٹیئر 1 (CET-1) کا تناسب 17.0 فیصد رہا (دسمبر 2019 میں 13.7 فیصد)۔ دسمبر 2020 میں کل ٹیئر 1 سرمایہ جاتی تناسب 18.4 فیصد رہا (دسمبر 2019 میں 14.9 فیصد)۔

24 فروری 2021 کو یو بی ایل کے بورڈ آف ڈائریکٹرز کے اجلاس منعقدہ کراچی میں 95 فیصد یعنی 9.5 روپے فی شیئر کے حتمی ڈیویڈنڈ کے ساتھ 31 دسمبر 2020 کو ختم ہونے والے سال کے نتائج کا اعلان کیا گیا۔

یو بی ایل ڈیجیٹل (UBL Digital)

یو بی ایل، ڈومیسٹک بینکنگ میں اپنے بڑھتے ہوئے صارفین کو بلا تعطل ڈیجیٹل سروسز کی فراہمی میں پیش پیش رہا ہے اس کے ساتھ ساتھ بینکنگ سے محروم طبقات کی شمولیت میں رکاوٹوں کو کم کرنے کے ذریعے مالیاتی شمولیت میں اضافے کے لیے کوشاں رہا ہے۔ ایک جامع ڈیجیٹل اسٹریٹیجی کے تحت بینک کا مقصد، اپنی پراڈکٹس، طریقہ کار، کسٹمرز سے روابط اور مجموعی طرز عمل اور بینکاری میں جدت لانا ہے جس کے نتیجے میں ایک ایسا جامع ایکو سسٹم تیار کرنا ہے جس سے صارفین اپنی ترجیحی طریقہ کار کو اپنی سہولت کے لیے استعمال کر کے اپنی بینکاری کی تمام ضروریات کو پورا کر سکیں۔

یو بی ایل ڈیجیٹل ایپ، ہماری ڈیجیٹل بینکنگ اسٹریٹیجی کے اہم اصولوں کا احاطہ کرتی ہے۔ ایپ نہ صرف مالیاتی خدمات کی فراہمی میں انقلاب انگیز ہے بلکہ بینک کے ساتھ ایک باقاعدہ تعلقات کی طرف نئے صارفین کے لیے ایک منفرد اور آسان ذریعہ بھی ہے۔ یو بی ایل ڈیجیٹل ایپ کی بینک کے صارفین میں

ارکان کو ڈائریکٹرز کی رپورٹ

بینک کی منافع بخش سرمایہ کاری کا حجم سال 2020میں اوسطاً1.0ٹریلین روپے رہا جو کہ گزشتہ سال کے مقابلہ میں 24فیصد نمو ہے۔ حکومتی سیکیورٹیز پورٹ فولیو سال 2020میں اوسطاً839ارب روپے رہا، جس میں سال کے دوران 27فیصد کا اضافہ ہوا اور اس پر شرح آمدن 10.0فیصد رہی(2019 میں 10.3 فیصد)۔ یو بی ایل انٹرنیشنل کی منافع بخش انویسٹمنٹ بنیادی طور پر خود مختار حکومتی قرضوں(Soveriegn Government Debt) پر مشتمل ہے، جو سال بہ سال 7فیصد اضافہ کے ساتھ 2020کے دوران 705ملین امریکی ڈالر رہی اور اس سے بینک نے 6.0فیصد منافع حاصل کیا ہے(سال2019میں 6.2فیصد)۔

نان مارک اپ آمدنی (Non-Markup Income)

بینک میں سال2019کی 21.7ارب روپے کے مقابلہ میں سال2020کے دوران 17.1 ارب روپے کی نان مارک اپ آمدنی دیکھی گئی اس طرح بینک کے مجموعی محاصل میں نان مارک اپ کا حصہ 19 فیصد رہا(2019میں 26فیصد)۔ گزشتہ سال نان مارک اپ آمدنی میں بینک کے نیویارک آپریشنز کو سمیٹتے ہوئے ڈپازٹس کی وصولی پر ہونے والا منافع شامل تھا۔

سال 2020میں فیس اور کمیشن کی مد میں 11.1ارب روپے ریکارڈ کیے گئے، جو کہ گزشتہ سال کے مقابلہ میں 20فیصد کم ہے۔ سال 2020میں کل نان مارک اپ آمدنی 65فیصد فیس اور کمیشن پر مشتمل ہے (سال2019میں 64فیصد)۔ کورونا کی وجہ سے مجموعی معاشی سرگرمیوں کے خلل کی وجہ سے مقامی، فرنچائز کے ساتھ، خلیج تعاون کونسل کا خطہ بھی متاثر ہوا۔ تاہم، کاروباری سرگرمیاں سال کے دوسرے نصف حصہ میں بحال ہونا شروع ہوئیں اور فیسوں کے حوالے سے ڈومیسٹک بینک میں کورونا سے پہلے کی سطح پر 25فیصد کی سہ ماہی نمو رپورٹ کی گئی۔

برانچ بینکنگ آپریشنز میں کسٹمرز کی فیس1.6ارب روپے سال 2020میں ریکارڈ کی گئی جو کہ سال بہ سال17فیصد کم ہے، جس کی وجہ سال کے ابتدائی حصے میں کسٹمرز کی آمد ورفت میں کمی ہے۔ بینک ہوم ریمیٹینس بزنس میں مارکیٹ لیڈر رہا ہے۔ سال 2020میں اوسطاً23.3فیصد مارکیٹ شیئر ریکارڈ کیا گیا، جس کے نتیجہ میں سال 2020میں ہوم ریمیٹینس سے فیس انکم 1.6ارب روپے رہی (سال2019میں 1.7ارب روپے)۔ ٹریڈ اور گارنٹی کی مد میں 1.3ارب روپے آمدنی ریکارڈ کی گئی جو سال بہ سال 10فیصد کم ہے کیونکہ سست روی کی وجہ عالمی تجارت بہت زیادہ متاثر رہی۔ تاہم، بینک کے مالیاتی اداروں کی کارکردگی کی بدولت ڈومیسٹک اور انٹرنیشنل سطح پر گارنٹی بزنس میں سال بہ سال نمو35فیصد ریکارڈ کی گئی۔

سال2020میں بینک ایشورنس کمیشن 1.2ارب روپے ریکارڈ کیا گیا، جو کہ سال 2019کے مقابلہ میں 27فیصد کم ہے، سال 2020میں پریمیم کا حجم2.6ارب روپے رہا ہے (2019میں 3.7ارب روپے)۔ تاہم، کاروباری تیزی بڑھنے کے ساتھ سال کی تیسری سہ ماہی کے مقابلہ میں چوتھی سہ ماہی میں، بینک ایشورنس کمیشن میں 48فیصد اضافہ ریکارڈ کیا گیا۔

سال کے دوران، 681,000 نئے ڈیبٹ کارڈز کے اجراء کے ساتھ دسمبر 2020میں فعال ڈیبٹ کارڈز کی مجموعی تعداد 2.1ملین ہو گئی اس کے نتیجہ میں ڈیبٹ اور کریڈٹ کارڈز سے 1.6ارب روپے آمدنی ہوئی جو سال2019 کے مساوی ہے۔ کنزیومر فیس سال 2020میں 877ملین روپے ریکارڈ کی گئی (سال2019میں 983ملین روپے)، کیونکہ بینک نے آٹوز لینڈنگ سیگمنٹ میں اپنی پیش قدمی کو مستحکم رکھا۔ سال 2020کے دوران کیش مینجمنٹ 8فیصد نمو ریکارڈ کرانے کے ساتھ 846ملین رہی جب کہ 2020میں 3.0ٹریلین روپے سے زائد کا مجموعی حجم پروسیس کیا گیا۔

بینک کو زرمبادلہ سے سال 2020میں 3.7ارب روپے کی آمدنی حاصل ہوئی ہے (سال 2019میں 4.5ارب روپے) جیسا کہ فارن ایکسچینج مارکیٹ سال میں بہت حد تک مستحکم رہی۔ سال 2020میں انرجی اور فرٹیلائزر اسٹاکس کے ساتھ ساتھ بینک کے ذیلی اداروں کے ایکویٹی ہولڈرز سے زبردست منافع کے باعث ڈیویڈنڈ کی مد میں 1.3ارب روپے آمدنی ریکارڈ کی گئی (سال 2019میں 1.5ارب روپے)۔ فکسڈ انکم اور ایکویٹی مارکیٹس میں یو بی ایل ڈومیسٹک کی فعال ٹریڈنگ اور فارن ڈیبٹس سیکیورٹیز مارکیٹس میں یو بی ایل انٹرنیشنل کی بدولت بینک نے سال2020میں 411ملین روپے کے کیپیٹل گینز حاصل کیے۔

قرضوں پر ممکنہ نادہندگی کے لیے مختص رقوم اور غیر فعال قرضہ جات (Provisions, loan losses and non-performing loans)

یو بی ایل نے سال2019میں 8.2ارب روپے کے نیٹ پرویژننگ(net provisioning)اخراجات کے مقابلہ میں سال2020میں 16.8ارب روپے کے نیٹ پرویژننگ اخراجات ریکارڈ کیے ہیں۔

بینک کی سطح پر غیر فعال قرضہ جات (NPLs)دسمبر 2019میں 77.0ارب روپے تھے جو کہ دسمبر 2020میں بڑھ کر 83.6ارب روپے ہو گئے۔ اس اضافہ میں غیر ملکی کرنسی میں غیر فعال قرضوں کی دوبارہ قدر پیمائی پر زرمبادلہ کے اثرات بھی شامل ہیں جو کہ تقریباً1.6ارب روپے رہے۔ مجموعی طور پر دسمبر 2020میں اثاثہ کے معیار کی پیمائش 13.7فیصد کی گئی تھی(دسمبر 2019میں 11.0فیصد)، جبکہ مخصوص کوریج دسمبر 2019میں 82.6فیصد سے بڑھ کر دسمبر 2020میں 85.8فیصد ہو گئی۔

یو بی ایل ڈومیسٹک (UBL Domestic)

مقامی غیر فعال قرضہ جات کا حجم دسمبر 2019میں 27.6 ارب روپے سے بڑھ کر دسمبر 2020میں 28.7ارب روپے ہو گیا ہے۔ یو بی ایل ڈومیسٹک میں خاص طور پر لون پورٹ فولیو میں 1.9ارب روپے کا نیٹ پرویژن ریکارڈ کیا گیا ہے، گزشتہ سال 2.2ارب روپے کا نیٹ پرویژن چارج لیا گیا تھا۔ دسمبر 2020میں اثاثہ کے معیار کی پیمائش 6.3فیصد کی گئی تھی (دسمبر 2019میں 5.3فیصد)اس اضافہ کی بنیادی وجہ مجموعی طور پر لون بک میں کمی ہے جبکہ مخصوص کوریج دسمبر 2020میں 85.7فیصد رہی تھی(دسمبر 19میں 92.2فیصد)۔

یو بی ایل انٹرنیشنل (UBL International)

خلیج تعاون کونسل میں چیلنجنگ کاروباری ماحول کے پس منظر میں، کووڈ۔19کے باعث معاملات میں تعطل آگیا، یو بی ایل انٹرنیشنل کے غیر فعال قرضہ جات دسمبر 2020میں 319ملین امریکی ڈالر سے بڑھ 343ملین امریکی ڈالر ہو گئے ہیں۔ نادہندگی کے مقابلہ میں مناسب buffer فراہم کرنے کے لیے سال2019میں 40.1ملین امریکی ڈالر کے نیٹ پرویژن چارج کے مقابلہ میں سال 2020 91.8ملین امریکی ڈالر کا نیٹ پرویژن چارج لیا گیا تھا۔ اس کے نتیجہ میں مخصوص کوریج جو دسمبر 2019میں 77.3فیصد تھی، بڑھ کر دسمبر 2020میں 85.9فیصد ہو گئی۔ تاہم، دسمبر 2020میں مورگیج شدہ جائیدادوں اور کیش کولیٹرل کی کی فورسڈ سیل ویلیو(FSV)کے ساتھ مخصوص کوریج 95.5فیصد رہی (دسمبر 2019میں 90.9فیصد، جس کا حوالہ مالیاتی گوشوارے کے نوٹ 10.4.2میں موجود ہے)۔

اخراجات کا نظم ونسق (Cost Management)

یو بی ایل نے بینک کے کاروباری معاملات اور دیگر معاون امور میں بہترین ہم آہنگی اور پورے نیٹ ورک کی لاگت میں کمی کے فروغ سے اپنے اخراجات پر موثر کنٹرول کا سلسلہ جاری رکھا۔ بینک کے انتظامی اخراجات سال2020کے دوران 40.1 ارب روپے ریکارڈ کئے گئے جو کہ گزشتہ سال کے مساوی ہیں۔ کاروباری

ارکان کو ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کی 62ویں سالانہ رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

تعارف (Introduction)

حالیہ انسانی تاریخ میں کوویڈ-19 (COVID-19) ایک خلل انگیز وقوعہ کے طور پر نمودار ہوا ہے، دنیا بھر میں اس وباء کے نتیجہ میں لاتعداد افراد اپنی زندگیوں سے ہاتھ دھو بیٹھے اور اس سے مقامی معیشت کے ساتھ ساتھ عالمی معیشت پر بھی غیر معمولی اثرات مرتب ہوئے ہیں، وائرس کی موثر ویکسین سے کچھ امید پیدا ہوئی کیونکہ دنیا میں انفیکشن کی دوسری لہر ابھر رہی ہے، تاہم، عالمی معیشت کے لیے صورتحال اب غیر یقینی نہیں رہی۔

مقامی محاذ پر، پاکستان نے وباء کے باعث خطہ کے دیگر ممالک کی نسبت صحت اور معیشت کو بہتر طریقہ سے سنبھالا ہے، حکومت پاکستان اور اسٹیٹ بینک آف پاکستان نے ملک کے غیر محفوظ شہریوں اور اس بحران میں معیشت کو چلانے کے لیے معاون کاروبار کے تحفظ کے لیے ریلیف پر مبنی اقدامات کا آغاز کیا، میکرو اکنامکس کے حوصلہ افزاء اشاریوں سے یہ ظاہر ہوتا ہے کہ مقامی طلب میں اضافہ ہوا ہے۔ یہ بہت ضروری تھا کہ اس درمیانی مدت میں مثبت پیش رفت کو برقرار رکھا جائے، جبکہ معاشی استحکام کے دوبارہ حصول کے لیے ملک کو درپیش سٹرکچرل مسائل سے نمٹنے کے لیے نمایاں اصلاحاتی اقدامات کی ضرورت اب بھی ہے۔

کارکردگی کا جائزہ (Performance Overview)

یو بی ایل نے سال 2020 میں 34.2 ارب روپے کا قبل از ٹیکس منافع ریکارڈ کیا جو کہ سال 2019 میں کمائے گئے قبل از ٹیکس منافع کے مساوی رہا۔

سال 2020 میں 92.1 ارب روپے کی مجموعی آمدنی ریکارڈ کی گئی، جو سال 2019 کے مقابلہ میں 10 فیصد زائد ہے، بینک نے نیٹ مارک اپ آمدنی میں سال بہ سال 21 فیصد نمو ریکارڈ کی ہے جو سال 2020 کے لیے 75.0 ارب روپے رہی۔ سال 2020 کے لیے، نان مارک اپ آمدنی 17.1 ارب روپے ریکارڈ کی گئی (سال 2019 میں یہ 21.7 ارب روپے تھی) جو گزشتہ سال کے مقابلہ میں کم ہے کیونکہ کورونا کے باعث فیسوں اور زرمبادلہ کی آمدنی میں کمی واقع ہوئی ہے۔

بینک کے انتظامی اخراجات قابو میں رہے، جو سال 2020 میں 40.1 ارب روپے رہے (سال 2019 میں 40.2 ارب روپے تھے)، آمدنی اور لاگت کے تناسب میں نمایاں بہتری آئی، جو سال 2019 میں 48.2 فیصد جبکہ سال 2020 میں 43.5 فیصد رہا۔

سال 2020 کے دوران نیٹ پروویژن چارج (net provision charge) مجموعی طور پر 16.8 ارب روپے رہے جب کہ سال 2019 کے دوران نیٹ پروویژن چارج (net provision charge) مجموعی طور پر 8.2 ارب روپے تھے جو بنیادی طور پر بینک کے انٹرنیشنل لونز اور ایڈوانسز کے پورٹ فولیو پر مشتمل ہیں۔

مالیاتی نتائج (Financial Results)

سال 2020 میں یو بی ایل نے 20.9 ارب روپے کا غیر مجتمع بعد از ٹیکس منافع (PAT) ریکارڈ کیا جو سال 2019 کے مقابلہ میں 9 فیصد نمو کو ظاہر کرتا ہے گزشتہ سال 15.63 روپے کے مقابلے میں غیر مجتمع فی شیئر منافع (EPS) 17.07 روپے ریکارڈ کیا گیا۔ مجتمع بنیادوں پر منافع بعد از ٹیکس 20.8 ارب روپے رہا ہے (سال 2019 میں 19.0 ارب روپے)۔ سال 2020 میں مجتمع فی شیئر منافع 17.10 روپے ریکارڈ کیا گیا (سال 2019 میں 15.60 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

یو بی ایل کی 2020 میں نیٹ مارک اپ آمدنی 75 ارب روپے رہی جو کہ 2019 کے مقابلے میں 21 فیصد کی زبردست نمو ہے۔ کورونا کی عالمی وباء کے باعث کساد بازاری سے نمٹنے کے لیے، اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں کمی کی ہے جو دسمبر 2019 میں 13.25 فیصد کی سطح سے 625 بنیادی پوائنٹس کی مجموعی کمی کے ساتھ جون 2020 میں 7.00 فیصد ہو گیا۔ بینک کے اوسط منافع بخش اثاثے سال 2020 کے دوران 1.6 ٹریلین روپے رہے جس میں سال بہ سال 7 فیصد اضافہ ہوا۔ بینک کی سطح پر انٹرسٹ کی مد میں منافع جات 2019 میں 4.3 فیصد کی سطح سے 47 بنیادی پوائنٹس کے اضافے کے ساتھ 2020 میں 4.7 فیصد رہے جبکہ یو بی ایل کے انٹرسٹ کی مد میں مقامی منافع جات میں بہتری ہوئی جو 2019 میں 4.5 فیصد کی سطح سے بڑھ کر اس سال 5.0 فیصد ہو گئے۔ اس کی بنیادی وجہ کم لاگتی ڈیپازٹ بیس میں اضافہ کی مدد سے اثاثوں پر بہترین منافع ہے، جس نے فنڈنگ کی مجموعی لاگتوں کو محدود رکھا۔

بینک کی سطح پر اوسط ڈیپازٹس 1.5 ٹریلین روپے ریکارڈ کیے گئے جس میں سال بہ سال 10 فیصد کا اضافہ ہوا۔ مقامی اوسط منافع بخش اثاثے سال 2020 کے دوران 1.4 ٹریلین روپے رہے جس میں سال بہ سال 11 فیصد اضافہ ہوا۔ یہ بنیادی طور پر کرنٹ اکاؤنٹس سیونگ اکاؤنٹس ڈیپازٹس (CASA) میں سال بہ سال 14 فیصد اضافہ (134 ارب روپے) کی وجہ سے ہے جو کہ سال 2020 میں 1.1 ٹریلین روپے رہے۔ بینک نے نئے صارفین، خاص طور پر کرنٹ اکاؤنٹس میں اپنی ایکٹیو سیلز کو جاری رکھا جس کے نتیجے میں سال 2020 میں 571,000 نئے کرنٹ اکاؤنٹس کا اضافہ ہوا (2019 میں 534,000 نئے کرنٹ اکاؤنٹس)۔ اس کی وجہ سے بینک کے اوسط کرنٹ ڈیپازٹس میں 13 فیصد نمو دیکھی گئی جو سال 2020 میں 63 ارب روپے کے اضافہ کے ساتھ 538 ارب روپے رہے۔ سال 2020 میں "ماہانہ آمدنی سیونگز اکاؤنٹس" میں اضافہ کی بدولت، اوسط ڈومیسٹک سیونگز ڈیپازٹس 544 ارب روپے ریکارڈ کیے گئے ہیں جو 2019 کے مقابلہ میں 15 فیصد زائد رہے، (70 ارب روپے کا اضافہ)۔ اس سے بینک نے 2020 میں کرنٹ اکاؤنٹ اور سیونگ اکاؤنٹ میں 85.4 فیصد اوسط تناسب برقرار رکھا ہے۔ (سال 2019 میں 86.2 فیصد)۔ کم لاگت کے بنیادی ڈیپازٹس میں فعالیت سے ڈومیسٹک بینک نے ڈیپازٹس کی لاگت میں سال 2019 میں 5.5 فیصد سے سال 2020 میں 4.5 فیصد تک 106 بنیادی پوائنٹس کی کمی کی ہے۔ سال 2020 میں یو بی ایل انٹرنیشنل کے اوسط ڈیپازٹس 1.4 ارب امریکی ڈالر رہے، جس میں سال بہ سال 17 فیصد کمی ہوئی۔ سال 2020 میں بینک کی سطح پر ڈیپازٹس کی لاگت 4.0 فیصد ریکارڈ کی گئی، جس میں سال بہ سال 87 بنیادی پوائنٹ کی کمی ہوئی۔

سال 2020 میں بینک کی ایڈوانسز سے اوسط آمدنی 569 ارب روپے رہی ہے جو کہ سال 2019 کے مقابلہ میں 10 فیصد کم ہے، سال 2020 میں اوسط فعال ملکی ایڈوانسز 461 ارب روپے رہے، جو گزشتہ سال کے مقابلہ میں 4 فیصد کم ہیں۔ اسلامک بینکنگ ایڈوانسز میں سال 2020 کے دوران 21 ارب روپے کی مضبوط نمو دیکھی گئی جو کہ سال 2019 کے مقابلہ میں دوگنا سے بھی زائد ہے۔ سست روی کے باوجود، کنزیومر لون بک گزشتہ سال کی طرح اوسطاً 17 ارب روپے رہی، جہاں پورٹ فولیو کا زیادہ ارتکاز محفوظ آٹو سیگمنٹ پر رہا۔ بینک نے بین الاقوامی کاروبار میں خطرات سے نکلنے کی حکمت عملی کو جاری رکھا جو لون بک میں سال بہ سال 32 فیصد کی کمی کے ساتھ سال 2020 میں اوسطاً 666 ملین امریکی ڈالر ہے۔

Sustainability at UBL - 2020

UBL's Board-approved Sustainability Policy Statement declares that as a responsible corporate citizen, the Bank work towards assisting the less fortunate by supporting causes and empowering communities. Focusing on the sectors of Education, Healthcare, Literature & Arts, Water Scarcity and Natural Disaster Relief, the Bank works both independently as well as in partnership with specialist organisations, to empower disadvantaged sections of the society through economic regeneration and employment creation.

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

In 2020, an unprecedented year mired by the ravages of a global pandemic, UBL strived to further its sustainability efforts by venturing into areas that fostered the Bank's mission to contribute positively to society at large. While a major portion of the projects the Bank participated in during 2020, directly or indirectly, brought relief to those impacted by the Covid-19 pandemic, there were many other projects which reinforced the core areas of UBL's sustainability efforts, i.e. education and healthcare. Employee engagement in some of the projects was encouraged and the UBL team actively volunteered as symbols of hope for their communities.

As recognition for its contributions, UBL was declared one of the top-ten 'Most Supportive Brands of Pakistan' during the Covid-19 crisis, by a survey conducted by IPSOS, a multinational market research and consulting firm in 2020.

President and CEO Review 2020

Financial Highlights 2020

Strong returns despite a challenging year

2020 was a difficult year for the bank with the impact of COVID-19 evident across all major sectors of the economy. Despite these challenges, UBL maintained its momentum with another year of stable returns. Gross Revenues grew by 10% to reach Rs. 92 billion in 2020 with standalone profit before tax (PBT) recorded at of Rs. 34.2 billion in 2020 (2019: Rs. 34.2 billion). Profit after tax (PAT) was recorded at Rs. 20.9 billion, a growth of 9% over the previous year. Bank level return on equity was measured at 13.9% in 2020 (2019: 13.8%).

These results were delivered by the highly dedicated UBL team, who have worked with the tremendous discipline and perseverance in the face of the challenges from COVID-19.

UBL's balance sheet crossed the Rs. 2 trillion mark in 2020, a growth of 8% over 2019. Bank level deposits grew to Rs. 1.6 trillion as at Dec'20, an increase of 12% over Dec'19. Domestic deposits grew by 17% over Dec'19, closing at Rs. 1.4 trillion, i.e. a net increase of Rs. 204 billion. This enabled the bank to maintain average domestic deposits market share of over 8.1% for the year. Lending opportunities remained restricted during most of 2020 due to the pandemic, while the bank continued its de-risking strategy in its International operations. Resultantly, UBL's net advances declined by 17% over Dec'19, standing at Rs. 530 billion at Dec'20.

The bank's capital base strengthened further during the year, with the total Capital Adequacy Ratio (CAR) improving from 18.9% at Dec'19 to 24.4% at the end of Dec'20, well above the applicable minimum regulatory requirements.

In 2020, UBL was recognized as the "Bank of the Year 2020 - Pakistan" at the Banker Awards. The Banker, is an affiliate of the Financial Times UK and is the world's leading financial publication. The award recognizes excellence in performance, adding customer value, innovation and leadership in society. UBL won the award, for the fourth time within a decade, on the back of its contribution, during extraordinary times during the current pandemic, while expanding the scope of financial services in Pakistan as a core strategy and spearheading innovation in the local banking industry.

Build up in core revenue with margin expansion

The bank's net markup income grew by 21% year on year to Rs. 75 billion. We continue to effectively utilize and grow our low cost deposit base in order to maximize net interest earnings. The average domestic CASA ratio was recorded at 85.4% for 2020, one of the highest in the industry. This allowed the bank to contain its domestic cost of deposit at 4.5% in 2020 (2019: 5.5%). The investment portfolio grew by 39% during the year to over Rs. 1.0 trillion (2019: Rs. 725 billion). Our investment book consists primarily of treasury bills, fixed rated and floating rate PIBs. This diversification enabled the bank to expand its domestic net interest margins from 4.5% in 2019 to 5.0% in 2020.

The bank recorded non-markup income of Rs. 17.1 billion in 2020 (2019: Rs. 21.7 billion). Income from fees and commissions were recorded at Rs. 11.1 billion for 2020, a decline of 20% against last year's levels. This is mainly as a result of the COVID related slowdown in the first half of the year. As business activity has taken a strong rebound in the second half of the year, all fee lines are now at pre COVID levels, as the domestic bank reported a strong 25% growth Q4'20 versus Q3'20.

Dividend income stood at Rs. 1.3 billion in 2020 as compared to Rs. 1.5 billion during 2019, mainly due to reduced payouts as COVID impacted revenues and liquidity positions of our equity holdings. FX earnings reduced by 19% on a year on year basis, impacted by the slowdown in trade as well as less volatile exchange rate regime. Capital gains amounting to Rs. 411 million were realized in 2020, mainly on listed shares and foreign bonds.

Maintaining a lean cost base while investing in technology

Administrative expenses were restricted to Rs. 40.1 billion for the year (2019: Rs. 40.2 billion). This was a result of the collective effort of the bank which continues to focus on improving operational efficiencies through rigorous monitoring of controllable expenses and maximizing cost synergies where possible. Technology remains a key component of our future growth strategy with the bank continuing to invest significantly in IT platforms. Resultantly, IT related expenses increased by 15% year on year. Lower costs accompanied with growth in revenues resulted in the cost to income ratio improving from 48.2% in 2019 to 43.5% in 2020.

Coverage enhanced mainly across International business

The bank recorded provisioning expense of Rs. 16.8 billion for 2020 (2019: Rs 8.2 billion), primarily against UBL International's loan portfolio. Non-performing loans (NPLs) stood at Rs. 83.6 billion at Dec'20, up by Rs. 6.6 billion from Dec'19. This included an exchange devaluation impact of approximately Rs. 1.6 billion on the foreign currency denominated loans of UBL International. Bank level asset quality ratio stood at 13.7% at Dec'20 compared with 11.0% at Dec'19. The overall coverage ratio has been strengthened to 85.8% at Dec'20 from 82.6% at Dec'19.

Our Strategic Priorities to reposition the bank towards a larger aspiration

As we enter into a new era that will redefine our business model across various industries, remaining agile and ready to take on the challenges of the future remains key. Market dynamics will change and large players in financial services such as UBL must be geared up to explore and evolve with the times. We believe that repositioning ourselves today across core segments with scale, innovation and entering new markets will take the bank towards its larger strategic aspirations. At the core of this strategy is customer centricity, which we define as the continuous improvement and focus on the "customer journey." Critical to the success of this strategy is our belief in a digital future and our goal of becoming a highly data driven organization.

The bank has identified three core strategic pillars that will be the drivers of this strategy and the key towards unlocking the franchise's true potential:

- Our People and Culture - Re-energize teams, hire and retain quality staff to build future enabling workforce
- Operational Efficiency and Controls - Renewed focus on business pocess re-engineering, cost optimization and governance
- Performance and Excellence - Be the best in whatever we choose to do

As we step into the development and execution of our long term strategy, our focus remains on enhancing shareholder value while building a sustainable business momentum. We have clearly defined our priorities for 2021 where the teams will lead a unified effort to deliver aggressively and rebuild business levels to our true potential.

We have identified five areas of focus to maximize our core earnings.

- The bank will look to reposition, optimize and improve the branch network by improving service levels with operational efficiencies.
- A re-focus on International, returning to profitability and evaluating the business model.

- Prioritizing non-fund income as a key component of our growth strategy, with a strong culture of cross sell.
- Technology enhancements – leverage and build digital capabililities to strengthen customer service
- More Proactive Treasury - Capitalize on AFS opportunities, better balance sheet management and reduce concentration risk

The wheels have been set in motion with initiatives across each area being carefully evaluated. We look forward to sharing the results in the near future.

Branch Banking Group (BBG)

Branch Network performance continues to drive earnings growth

Branch Banking remains the key driver for our domestic franchise. With a network of over 1,356 branches in Pakistan (2019: 1,362 branches), located in all major regions of the country, the bank remains well positioned to serve its ever growing customer base of over 10 million customers. Our acquisition drive, particularly within current accounts, continued as we on-boarded 571,000 new to bank (NTB) current deposit customers (2019: 534,000 NTB current deposits customers). This enabled the domestic franchise to record a 13% growth in average current deposits, which were measured at Rs. 538 billion in 2020. Active buildup of current deposits remained the key priority for our distribution teams with a multi-pronged focus on mobilizing new customers as well as deepening existing relationships. The bank is actively utilizing its digital and IT capabilities to better understand the banking needs of our customers in order to serve them with the right offerings. We have a segmented liabilities strategy serving a wide spectrum of customers ranging from retail and individual customers to top corporates, institutions as well as public sector entities.

UBL continues to be the industry leader in Home Remittances, with a market share of over 23% in 2020 and remittance flows of over USD 6 billion in 2020. Through its presence in the GCC, strong and longstanding partnerships with international exchange houses, UBL is facilitating expats to send their remittances through formal documented channels. Furthermore, UBL has been playing a leading role in supporting the Roshan Digital Account initiative as part of State Bank of Pakistan's (SBP) efforts to provide non-resident Pakistanis (NRPs) with basic banking and investment opportunities within Pakistan. For its efforts, UBL was recognized by the Government of Pakistan for having opened the highest number of Roshan Digital accounts in 2020.

Mr. Shazad G. Dada, President & CEO UBL receiving acknowledgement memento from Mr. Imran Khan, Prime Minister Pakistan on UBL achieving highest number of Roshan Digital Accounts opened.

Recognizing the significance and rapid growth of Islamic Banking in Pakistan, the bank is investing in its presence in the sector under our Islamic Banking proposition "UBL Ameen". Our Islamic network currently stands at 100 Islamic branches with 187 Islamic Banking windows spread across our conventional banking network to further expand our reach. Our efforts have yielded strong results with Islamic Deposits increasing to approx. Rs. 111 billion as at Dec'20, a growth of 37% versus Dec'19. The investments book has expanded by 34% over the same period to Rs. 63 billion as at Dec'20 while Islamic financing stood at Rs 20.5 billion at Dec'20, more than double the volumes at Dec'19. As a result, UBL Ameen posted a PBT of Rs. 2.5 billion for 2020, an increase of 62% over 2019.

During the year, the bank launched a unique current account product named, "UBL Good Citizen Account". With the objective to support the government's documentation drive, this product is designed for tax payers, offering lower markup rates on consumer and small business loans, free ATM cash withdrawals and natural, accidental (including Covid-19) life insurance along with fee waivers on banking services. Moreover, the product offers a tax filing service through our alliances. This product has been a resounding success with a portfolio of Rs. 15 billlion and over 41,000 accounts opened within the six months of its launch.

Diversified fee streams have strong rebound in last quarter

Customer fees from branch banking operations were recorded at Rs. 1.6 billion in 2020, down 17% year on year, due to lower branch traffic when compared with last year. Bancassurance commissions were recorded at Rs. 1.2 billion in 2020, down 27% over 2019, with premium volumes of Rs. 2.6 billion in 2020 (2019: Rs. 3.7 billion). However, business activity has picked up well in the second half of the year, and all fee lines are now at pre COVID levels.

Commission income from ATM / Debit cards were recorded at Rs. 1.6 billion in 2020, largely in line with last year's levels. The bank added 681,000 debit cards in 2020, taking the overall active debit cards portfolio to over 2.1 million. The bank maintains an ATM network size of 1,442 ATMs as at Dec'20 (Dec'19: 1,479 ATMs). The year also marked the success of our ATM network maintaining an excellent service uptime of 96.6%, one of the highest in the industry.

Maintaining a strong presence in the mid-market and individual lending space

The bank operates one of the largest networks with dedicated centers spread across all major business hubs in Pakistan. In 2020, UBL proactively supported small enterprises, partnering with the SBP to support businesses impacted by COVID through salary and wages support loans worth Rs. 904 million. Moreover, in order to provide cash flow support to the sector, the bank deferred payments of Rs. 1.0 billion under SBP's Loan Deferment scheme in 2020. Despite the COVID led challenges, UBL managed to book 140 new relationships during 2020.

Consumer Banking maintained its overall portfolio size at Rs 17 billion. The portfolio remains concentrated in the autos segment which grew by 8% during the year, with demand picking up well in the market in the last 6 months.

Corporate and Investment Banking Group (CIBG)

Portfolio quality remains strong with NFI focus

CIBG offers multi-dimensional solutions to its clients for their working capital, trade and long term financing needs. In 2020, given the challenging economic conditions plus the onset of COVID, our focus shifted towards de-risking and maintaining portfolio quality. During these difficult times, we played a leading role in facilitating our corporate clients under the relief measures introduced by the State Bank. This includes active participation in the SBP Rozgar Scheme, loan deferments to support our customers and commitments under the SBP Temporary Economic Relief Facility (TERF). CIBG advances closed Dec'20 at Rs. 366 billion, a decline of 17% over Dec'19. We enter 2021 well positioned to expand the book with a clear emphasis to facilitate greater intermediation, expand our share of trade volumes and actively build our non-markup income streams.

UBL's Investment Banking Group (IBG) prides itself in focusing on transactions and sectors that have been at the forefront of economic development in the country and promoted by both provincial and federal governments and the regulator. The Group distinguishes itself through four specialized functions namely Debt Capital Markets, Project Finance, Financial Advisory services and Syndications, Agency / Trustee and Custodian business. Our focus remains on continuously enhancing our product offerings across sectors and providing tailor-made solutions in line with needs of project sponsors, investors and the GoP whilst ensuring compliance with all applicable laws and regulations.

In 2020, the Group managed to close deals aggregating Rs. 200 billion, including UBL's own underwriting commitment of over Rs. 30 billion. These transactions were mainly within the energy sector. The highlight for the year was the successful closure of Punjab Thermal Power Limited, which is one of the largest Project Finance transactions in Pakistan. IBG continues to solicit advisory mandates and enters 2021 with a healthy pipeline.

The Transaction Banking Group (TBG) also delivered a strong throughput on collections and payments, including the digital portal. The bank on-boarded 120 new cash management mandates with volumes close to Rs. 3 trillion processed in 2020.

Treasury and Capital Markets (TCM)

Well diversified investment book with stable margins

UBL's Treasury and Capital Markets is at the forefront in market making activities of government securities. The bank is a primary dealer with a development role in the domestic market and was one of the first authorized derivatives dealers appointed by SBP in Pakistan. TCM provides access to primary markets for a wide array of clients along with facilitating other financial institutions like leasing companies, microfinance institutions, insurance companies, mutual funds, government entities and institutions. These strengths are primarily due to the UBL's brand and the size of our balance sheet.

We continued to build our treasury securities holdings in 2020, ensuring a diversified portfolio across treasury bills as well as fixed rated and floater PIBs which contributed towards healthy accrual income. The bank actively participates in the FX market, leveraging our top tier corporate client base, large home remittance and wide branch network to aggressively pursue cross sell opportunities. Proactive positioning despite a relatively stable exchange rate environment resulted in a contribution of Rs. 2.3 billion in FX earnings in 2020.

On the capital markets front, TCM maintains a healthy equity book, comprising a well-diversified portfolio, which led to stable dividend income during the year. KSE-100 index performance was impacted by COVID led slowdown during 2020, however, the markets did rally in the second half of the year. Seizing on the profitable opportunities, capital gains (including impairment reversals) of Rs. 1.1 billion were realized during the year.

Digital Banking Group

Strong shift towards Digital driving transformation road map

UBL remains the industry leader in providing innovative and technologically superior digital banking services to our growing customer base. Our digital strategy is centered around ensuring widespread use of digital channels, particularly amongst the vast unbanked segment of the population, to access basic banking facilities in a convenient and easy manner. The bank is continuously exploring innovative ways to redesign its products, processes and customer interactions to better serve the ever growing customer needs.

Mr. Shazad G. Dada, President & CEO UBL receiving the award of 'Best Digital Bank' from Dr. Reza Baqir, Governor State Bank of Pakistan and Mr. Mansur-Ur-Rehman Khan, Chief Executive IBP at the Pakistan Banking Awards 2020.

Our UBL Digital app. is an embodiment of the foundational principles of our digital philosophy. The app. not only provides a convenient mode to undertake banking activities but also serves as a unique channel to onboard customers towards a full-fledged liability relationship. The app. was released in 2018 and has gained immense popularity within our customer base. Our registered subscribers surpassed the 1.5 million mark as at December 31, 2020.

The bank continues to come up with innovative and exciting digital solutions to enable customers to make payments in a hassle free manner. We introduced a new payment feature on our digital app. - "UBL Pay". UBL Pay is a contactless payment solution that enables customers to make secure payments on any digital medium, while also safeguarding their confidential information. The app. also includes the facility to open a Roshan Digital account as part of SBP's initiative to support non-resident Pakistanis (NRPs) banking needs in Pakistan.

UBL's technological advancements continue to be well received by our customers and also recognized by industry observers. UBL was declared Pakistan's Best Digital Bank for 2020 by Asiamoney, an associate of Euromoney. The award is a testament to UBL's contribution in expanding the scope of financial services through digital channels in Pakistan and spearheading innovation in the local banking industry.

Furthermore, UBL was also declared the 'Best Digital Bank' at the 2020 Pakistan Banking Awards. The year has seen the bank work on innovative ways to bring about many customer centric technological offerings. The award is a testament to UBL's position as Pakistan's leading progressive and innovative bank.

UBL Information Technology Group

Information Technology remains the key driver of change within UBL

UBL IT ensures that our technology investments enable the bank to achieve its strategic objectives. The bank's IT teams have been working with front end businesses and support functions to ensure that end service delivery is in line with our overall Design Thinking and Agile Methodology. In response to the challenges posed by the pandemic, UBL IT worked tirelessly to ensure continued services availability across all channels including the Digital app., Net banking, ATMs and contact centers, as well as swiftly and efficiently scaling up to handle the higher traffic across various channels.

Collaborating with SBP on Raast - Pakistan's Instant Payment System

In order to broaden the scope of digital financial services in the country, SBP initiated Raast - Pakistan's Instant Payment System in 2020, intended to enable end-to-end digital payments amongst individuals, businesses and government entities instantaneously.

UBL believes in expanding the scope of financial services throughout Pakistan. The bank successfully collaborated with SBP to promote the Raast initiative and was one of the few financial institutions in the country to develop and launch payment messaging services and also establishing communication with the micropayment gateway.

We will continue to work with the regulators towards achieving the broader strategic aim of ensuring greater financial inclusion as well as promoting convenient payment modes within Pakistan.

Enhancing Information Security as use of digital channels becomes more extensive

The use of Digital and IT channels is fast becoming more widespread in the general economy. UBL remains cognizant of the evolution taking place within the local banking space. The bank has significantly scaled up its security measures to protect our customer's data as well as the bank's own intellectual assets.

The bank upgraded its protection measures against cyber threats through instituting greater access controls over systems' administrators including two-factor authentication, network, email and endpoint intrusion prevention, 24x7 security events monitoring, post-

incident malware forensics analysis, as well as internal and external vulnerability scanning and penetration tests, through continuous risk and configuration assessments.

The bank evaluates Information and cyber security risks on an ongoing basis through a comprehensive risk register, which enables IT to prioritize remediation efforts while ensuring service continued availability.

UBL International

Conservative outlook led to consolidation and de-risking

The COVID-19 pandemic has had far reaching consequences for the global economy. The GCC region has been hard hit by the pandemic and regional governments instituted strict lockdown and travel restrictions to control the spread. Prior to COVID, GCC economies were already being impacted by continued lower oil prices, mandated production cuts, slowdown in the non-oil economy due to slowdown in credit growth as well as weak overall regional demand.

GCC governments instituted a number of measures to help stimulate the economies including introducing fiscal stimulus measures, easing monetary rules and liquidity injections in the banking sector as part of a comprehensive reforms package. Furthermore, a number of GCC countries are now ensuring mass availability of vaccines to inoculate the general population.

Within our International operations, UBL continued with its de-risking strategy in 2020. The bank actively reduced its performing loan book, from USD 830 million at Dec'19 to USD 601 million at Dec'20, a year on year reduction of 28%. We have redefined our lending strategy in line with the region's economic realities. Loan disbursement decisions in all countries is centered around maintaining a cleaner overall portfolio. We are looking to expand and add quality FI names for placements and actively pursuing more opportunities in the trade financing space. Our control functions are exercising enhanced risk vigilance at all times to ensure optimal portfolio health and contain any new NPL formation while our special asset management teams are aggressively pursuing recoveries against non-performing accounts. The active reduction in the loan book enabled the bank to reduce our USD denominated RWAs by over USD 400 million since Dec'19.

Our liabilities strategy within international branches is centered around building a long term portfolio of sustainable CASA deposits to ensure each region has a stable base to fund their operations. UBL remains the preferred partner of the Pakistani diaspora, particularly within the GCC, for home remittances. As part of our strategy for acquiring NTB customers, the bank introduced the Digital app. within UAE to provide momentum to our sales drive. The digital app. along with an active sales effort in all regions is intended to onboard remittance customers towards a full deposits relationship. UBL International's deposits base stood at USD 1.4 billion as at Dec'20, declining by 15% since Dec'19. Furthermore, the bank is actively looking to reduce concentration levels particularly within fixed deposits. These efforts have helped in reducing the cost of deposits from 2.2% in 2019 to 1.6% in 2020.

Excess liquidity is deployed in sovereign government debt securities across all regions. The deployments enabled the bank to maintain stable interest income throughout the year. UBL International's investments averaged USD 701 million in 2020 (2019: USD 659 million), earning the bank healthy USD returns of 6.0% during the current year. Marked to market revaluation surplus on these holding stood close to USD 25 million at Dec'20 and the bank realized healthy capital gains when profitable opportunities presented during the year.

Human Resource (HR)

Building high performance culture while attracting the top talent

UBL's people remain the foundational pillar of our institution and our greatest asset. Our focus remains on being the country's premier banking institution, which continues to attract the best people and nurture their talent, transforming them into future leaders. The bank puts great emphasis on developing multi-skilled employees through trainings and internal rotations. Our remuneration structure remains highly competitive and ensures that we attract and retain the best talent. Employee recognition is a key component of our People strategy and we are committed in appreciating and rewarding our employees' contributions and tireless hard work. We pride ourselves on sustaining a culture that rewards excellence, teamwork and a customer first attitude. The bank is actively conducting townhalls via physical and virtual channels to promote greater unity, clearer communication of organizational strategy and objectives and more meaningful interaction between the bank's senior management and employees.

UBL's staff strength stood at 13,012 as at Dec'20 (Dec'19: 13,248). HR strategy for the estate network is aimed at ensuring that branches are adequately staffed with an optimal mix of front end and support staff. We are looking to actively expand our business teams through new hirings as well as internal transfers, while ensuring that all support functions are also adequately staffed.

Conclusion

2020 has been one of the most difficult years in recent memory. However, as a result of the dedication of our teams, we continue to deliver consistent and stable returns to our shareholders.

Looking ahead, our strategy is focused on enhancing performance and achieving excellence within our core businesses, building greater operational efficiencies and agility across the organization and continuously investing in our people and culture. We will build on our award winning digital proposition and ensure customer centricity remains at the heart of everything we do. These will be strategic pillars that will further strengthen the Bank for a more challenging business environment in the future.

Branch Banking will continue to play a leading role in enabling UBL to achieve its strategic ambitions. Growing our market share remains a key priority. We will achieve this by offering broad based attractive products, deepening our customer relationships and maximizing our network performance, while improving our customer service levels to be the best in class. On the asset side, lending strategy would be directed by maximizing relationship yields, efficient capital utilization and maintaining optimal asset quality. We are redefining our business model in each of our overseas locations, in view of evolving economic realities. We aim to lead within the digital space through innovation and by evolving our service offerings with state of the art digital solutions. Along with developing our businesses, we seek to adhere to the highest levels of compliance. For us, continuous investment in human capital remains the key to achieving our goals and creating the leaders of tomorrow.

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

Shazad G. Dada
President & CEO
February 24, 2021

Management Team

From left to right (Sitting)

Shazad G. Dada
President & CEO

Aameer M. Karachiwalla
Chief Financial Officer

From left to right (Standing)

Aslam Sadruddin
Group Executive - Operations

Sharjeel Shahid
Group Executive - Digital Banking

Sajid Hussain
Group Executive - Compliance

Irfan Farooq Memon
Group Head - Audit & Risk Review

Muhammad Faisal Anwar
Chief Information Officer

From left to right (Sitting)

Zia Ijaz
Group Executive - Branch Banking & International

Sadia Saeed
Group Executive - Human Resources

Aqeel Ahmed Nasir
Company Secretary & Chief Legal Counsel

From left to right (Standing)

Furrukh Zaeem
Global Head - Treasury & Capital Markets

Imran Sarwar
Group Executive - Risk & Credit Policy

Tanveer Farhan Mahmood
Head - Islamic Banking

Shahid Mahmood Khan
Group Head - Special Assets Management

Farooq Ahmed Khan
Group Head - Corporate & Investment Banking

Compassion Close at Hand

UBL has always strived to consolidate itself as a conscientious and respected corporate citizen. Building our immediate communities is at the heart of our transformation journey. We have a robust sustainability agenda geared towards contributing back to the society through multiple areas including education and healthcare.

In 2020, an unparalleled year consumed by the devastations of a global pandemic, we strived to further our sustainability efforts by venturing into areas that fostered our mission to contribute positively. From the onset of the pandemic, we actively sought to promote the Bank's Digital Vision to maximize customer safety and well-being. Under the auspices of the State Bank of Pakistan, we offered multiple financial relief packages to customers affected by the pandemic/lockdowns and most importantly, we very actively pursued a comprehensive supportive campaign to contribute back to the society. Not just that, we are also committed to celebrating the literary talents and efforts of our people, with the UBL Literary Awards which bring to the forefront budding authors from across the country.

We, at UBL, are invested in protecting and nurturing what is unique to us, while at the same time championing change to propel us into the future.

Growth at a Glance

Six Years Financial Summary

Standalone

Rs. in million

December 31	2020	2019	2018	2017	2016	2015
Balance Sheet						
Assets						
Cash and balances with treasury and other banks	264,727	256,591	206,813	177,099	146,428	128,870
Lendings to financial institutions	19,959	20,183	33,942	10,868	25,711	24,095
Investments - gross	1,138,018	849,441	792,857	1,095,555	808,959	721,651
Advances - gross	609,307	702,951	776,272	670,056	559,093	497,032
Operating fixed assets	53,037	54,348	47,556	46,205	35,582	31,630
Other assets	52,906	85,497	98,976	79,617	67,812	41,124
Total assets - gross	**2,137,954**	**1,969,011**	**1,956,417**	**2,079,400**	**1,643,585**	**1,444,402**
Provisions against non-performing advances	(79,028)	(67,117)	(60,336)	(42,697)	(40,525)	(41,618)
Provisions against diminution in value of investments	(9,344)	(9,118)	(6,482)	(3,769)	(2,428)	(2,133)
Total assets - net of provisions	**2,049,583**	**1,892,775**	**1,889,599**	**2,032,934**	**1,600,632**	**1,400,651**
Liabilities & Equity						
Deposits & other accounts	1,640,212	1,467,063	1,366,060	1,272,788	1,167,124	1,051,235
Borrowings from financial institutions	128,987	154,484	268,124	512,650	201,550	163,132
Subordinated loans	10,000	10,000	9,000	-	-	-
Bills payable	29,734	22,927	27,249	29,848	24,520	13,392
Other liabilities	56,577	69,232	67,896	58,341	55,651	30,757
Total liabilities	**1,865,510**	**1,723,706**	**1,738,329**	**1,873,627**	**1,448,845**	**1,258,516**
Net assets	**184,073**	**169,069**	**151,270**	**159,307**	**151,787**	**142,135**
Share capital	12,242	12,242	12,242	12,242	12,242	12,242
Reserves	62,274	59,320	54,439	43,847	40,455	38,402
Unappropriated profit	81,916	71,670	68,002	70,912	64,246	55,223
Equity - Tier I	**156,432**	**143,232**	**134,683**	**127,001**	**116,943**	**105,867**
Surplus on revaluation of assets - net of deferred tax	27,641	25,837	16,587	32,306	34,844	36,268
Total equity	**184,073**	**169,069**	**151,270**	**159,307**	**151,787**	**142,135**
Total liabilities & equity	**2,049,583**	**1,892,775**	**1,889,599**	**2,032,934**	**1,600,632**	**1,400,651**
Profitability						
Markup / return / interest earned	152,003	153,676	113,198	107,206	98,219	94,353
Markup / return / interest expensed	(77,044)	(91,902)	(56,964)	(50,781)	(41,177)	(38,511)
Net markup / return / interest income	**74,959**	**61,774**	**56,234**	**56,425**	**57,042**	**55,842**
Fee, commission, brokerage and exchange income	14,782	18,219	17,396	14,496	14,020	14,474
Capital gains & dividend income	1,681	1,541	6,648	6,762	8,629	6,442
Other income	631	1,916	967	904	960	1,070
Total non interest income	**17,094**	**21,676**	**25,011**	**22,162**	**23,609**	**21,986**
Gross income	**92,054**	**83,451**	**81,246**	**78,587**	**80,651**	**77,828**
Administrative expenses and other charges	(40,751)	(40,860)	(43,222)	(36,109)	(32,809)	(31,776)
Profit before donations and provisions	**51,303**	**42,590**	**38,024**	**42,478**	**47,842**	**46,052**
Donations	(342)	(129)	(203)	(110)	(87)	(167)
Provisions	(16,768)	(8,220)	(12,854)	(2,450)	(1,740)	(3,710)
Profit before taxation	**34,192**	**34,242**	**24,967**	**39,918**	**46,015**	**42,175**
Taxation	(13,294)	(15,108)	(9,741)	(14,739)	(18,285)	(16,448)
Profit after taxation	**20,899**	**19,134**	**15,226**	**25,179**	**27,730**	**25,727**
Cash Flow Statement - Summary						
Cash flow from operating activities	372,630	134,204	(244,642)	253,459	130,777	266,960
Cash flow from investing activities	(355,046)	(74,098)	271,086	(208,158)	(96,241)	(211,420)
Cash flow from financing activities	(10,312)	(14,629)	(5,800)	(15,480)	(16,257)	(15,942)
Cash and cash equivalents at the beginning of the year	256,591	206,813	177,099	146,428	128,870	87,573
Effect of exchange rate changes on cash and cash equivalents	865	4,300	9,070	850	(721)	1,699
Cash and cash equivalents at the end of the year	**264,727**	**256,591**	**206,813**	**177,099**	**146,428**	**128,870**

December 31	2020	2019	2018	2017	2016	2015
Financial Ratios						
Return on equity (RoE)	13.9%	13.8%	11.6%	20.6%	24.9%	25.7%
Return on assets (RoA)	1.1%	1.0%	0.8%	1.4%	1.8%	2.0%
Profit before tax ratio	37.1%	41.0%	30.7%	50.8%	57.1%	54.2%
Gross spread ratio	49.3%	40.2%	49.7%	52.6%	58.1%	59.2%
Return on capital employed (RoCE)	13.1%	12.9%	11.3%	20.6%	24.9%	25.7%
Advances to deposits ratio (ADR) - gross	33.5%	44.3%	53.2%	49.8%	45.6%	45.2%
Advances to deposits ratio (ADR) - net	28.7%	39.7%	48.7%	46.4%	42.1%	41.3%
Income to expense ratio	2.26	2.04	1.88	2.18	2.46	2.45
Cost to revenue ratio	43.5%	48.2%	47.8%	45.0%	39.6%	39.7%
Growth in gross income	10.3%	2.7%	3.4%	-2.6%	3.6%	21.1%
Growth in net profit after tax	9.2%	25.7%	-39.5%	-9.2%	7.8%	17.3%
Total assets to shareholders' funds	11.1	11.2	12.5	12.8	10.5	9.9
Intermediation cost ratio	2.6%	2.9%	3.3%	3.0%	3.0%	3.3%
Asset quality (NPL ratio)	13.7%	11.0%	8.8%	7.8%	8.0%	9.4%
Net infection ratio	0.9%	1.6%	1.1%	1.5%	0.8%	1.1%
Weighted average cost of debt	5.3%	6.5%	4.1%	4.2%	4.4%	5.0%
Capital adequacy ratio (CAR)	24.4%	18.9%	17.7%	15.4%	15.1%	14.6%
Share Information						
Cash dividend per share	12.00	12.00	11.00	13.00	13.00	13.00
Dividend yield (based on cash dividend)	7.3%	9.8%	5.9%	5.4%	8.4%	7.4%
Dividend payout ratio (total payout)	70.3%	76.8%	88.4%	63.2%	57.4%	61.9%
Earning per share (EPS) - Rs	17.07	15.63	12.44	20.57	22.65	21.02
Price earnings ratio	7.37	10.52	9.86	9.14	10.55	7.37
Market value per share - at the end of the year - Rs	125.86	164.50	122.64	187.97	238.90	154.95
Market value per share - highest during the year - Rs	181.96	173.53	219.70	283.00	243.72	186.75
Market value per share - lowest during the year - Rs	89.44	119.67	121.85	162.01	137.31	141.25
Breakup value per share - without surplus on revaluation of assets - Rs	127.79	117.00	110.02	103.74	95.53	86.48
Breakup value per share - with surplus on revaluation of assets - Rs	150.36	138.11	123.57	130.13	123.99	116.10
Other Information						
Non-performing advances (NPLs) - Rs in million	83,624	76,986	68,562	52,247	44,567	46,833
Import business - Rs in million	544,166	824,858	936,749	720,496	575,991	607,496
Export business - Rs in million	138,797	177,279	202,748	294,428	255,287	220,701
Number of employees	13,012	13,248	13,931	14,771	14,153	14,623
Number of branches - Domestic	1,356	1,362	1,364	1,361	1,341	1,312
Number of branches - International	14	14	15	18	18	18
Number of branches - Total	1,370	1,376	1,379	1,379	1,359	1,330

Growth at a Glance

Balance Sheet

December 31	2020	2019	2018	2017	2016	2015
Vertical Analysis						
Assets						
Cash and balances with treasury and other banks	12.9%	13.6%	10.9%	8.7%	9.1%	9.2%
Lendings to financial institutions	1.0%	1.1%	1.8%	0.5%	1.6%	1.7%
Investments - net	55.1%	44.4%	41.6%	53.7%	50.4%	51.4%
Advances - net	25.9%	33.6%	37.9%	30.9%	32.4%	32.5%
Operating fixed assets	2.6%	2.9%	2.5%	2.3%	2.2%	2.3%
Other assets	2.6%	4.5%	5.2%	3.9%	4.2%	2.9%
Total assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities & Equity						
Deposits & other accounts	80.0%	77.5%	72.3%	62.6%	72.9%	75.1%
Borrowings from financial institutions	6.3%	8.2%	14.2%	25.2%	12.6%	11.6%
Subordinated loans	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%
Bills payable	1.5%	1.2%	1.4%	1.5%	1.5%	1.0%
Other liabilities	2.8%	3.7%	3.6%	2.9%	3.5%	2.2%
Total liabilities	**91.0%**	**91.1%**	**92.0%**	**92.2%**	**90.5%**	**89.9%**
Share capital	0.6%	0.6%	0.6%	0.6%	0.8%	0.9%
Reserves	3.0%	3.1%	2.9%	2.2%	2.5%	2.7%
Unappropriated profit	4.0%	3.8%	3.6%	3.5%	4.0%	3.9%
Equity - Tier I	**7.6%**	**7.6%**	**7.1%**	**6.2%**	**7.3%**	**7.6%**
Surplus on revaluation of assets - net of deferred tax	1.3%	1.4%	0.9%	1.6%	2.2%	2.6%
Total equity	**9.0%**	**8.9%**	**8.0%**	**7.8%**	**9.5%**	**10.1%**
Horizontal Analysis						
Assets						
Cash and balances with treasury and other banks	205.4%	199.1%	160.5%	137.4%	113.6%	100.0%
Lendings to financial institutions	82.8%	83.8%	140.9%	45.1%	106.7%	100.0%
Investments - net	156.9%	116.8%	109.3%	151.7%	112.1%	100.0%
Advances - net	116.4%	139.6%	157.2%	137.8%	113.9%	100.0%
Operating fixed assets	167.7%	171.8%	150.4%	146.1%	112.5%	100.0%
Other assets	128.7%	207.9%	240.7%	193.6%	164.9%	100.0%
Total assets	**146.3%**	**135.1%**	**134.9%**	**145.1%**	**114.3%**	**100.0%**
Liabilities & Equity						
Deposits & other accounts	156.0%	139.6%	129.9%	121.1%	111.0%	100.0%
Borrowings from financial institutions	79.1%	94.7%	164.4%	314.3%	123.6%	100.0%
Subordinated loans	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
Bills payable	222.0%	171.2%	203.5%	222.9%	183.1%	100.0%
Other liabilities	183.9%	225.1%	220.7%	189.7%	180.9%	100.0%
Total liabilities	**148.2%**	**137.0%**	**138.1%**	**148.9%**	**115.1%**	**100.0%**
Share capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserves	162.2%	154.5%	141.8%	114.2%	105.3%	100.0%
Unappropriated profit	148.3%	129.8%	123.1%	128.4%	116.3%	100.0%
Equity - Tier I	**147.8%**	**135.3%**	**127.2%**	**120.0%**	**110.5%**	**100.0%**
Surplus on revaluation of assets - net of deferred tax	76.2%	71.2%	45.7%	89.1%	96.1%	100.0%
Total equity	**129.5%**	**118.9%**	**106.4%**	**112.1%**	**106.8%**	**100.0%**

Profit and Loss Account

December 31	2020	2019	2018	2017	2016	2015
Vertical Analysis						
Interest / Return / Non Interest Income Earned						
Markup / return / interest earned	89.9%	87.6%	81.9%	82.9%	80.6%	81.1%
Fee, commission, brokerage and exchange income	8.7%	10.4%	12.6%	11.2%	11.5%	12.4%
Capital gains & dividend income	1.0%	0.9%	4.8%	5.2%	7.1%	5.5%
Other income	0.4%	1.1%	0.7%	0.7%	0.8%	0.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Interest / Return / Non Interest Expense						
Markup / return / interest expensed	45.6%	52.4%	41.2%	39.3%	33.8%	33.1%
Operating expenses	24.3%	23.4%	31.4%	28.0%	27.0%	27.5%
Provisions	9.9%	4.7%	9.3%	1.9%	1.4%	3.2%
Taxation	7.9%	8.6%	7.0%	11.4%	15.0%	14.1%
Total expense - percentage of total income	**87.6%**	**89.1%**	**89.0%**	**80.5%**	**77.2%**	**77.9%**
Profit after taxation	12.4%	10.9%	11.0%	19.5%	22.8%	22.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Horizontal Analysis						
Interest / Return / Non Interest Income Earned						
Markup / return / interest earned	161.1%	162.9%	120.0%	113.6%	104.1%	100.0%
Fee, commission, brokerage and exchange income	102.1%	125.9%	120.2%	100.2%	96.9%	100.0%
Capital gains & dividend income	26.1%	23.9%	103.2%	105.0%	133.9%	100.0%
Other income	59.0%	179.1%	90.3%	84.5%	89.7%	100.0%
Total	**145.3%**	**150.7%**	**118.8%**	**111.2%**	**104.7%**	**100.0%**
Interest / Return / Non Interest Expense						
Markup / return / interest expensed	200.1%	238.6%	147.9%	131.9%	106.9%	100.0%
Operating expenses	128.6%	128.3%	135.9%	113.4%	103.0%	100.0%
Provisions	452.0%	221.6%	346.5%	66.0%	46.9%	100.0%
Taxation	80.8%	91.9%	59.2%	89.6%	111.2%	100.0%
Total	**163.6%**	**172.4%**	**135.7%**	**115.0%**	**103.8%**	**100.0%**
Profit after taxation	**81.2%**	**74.4%**	**59.2%**	**97.9%**	**107.8%**	**100.0%**

Statement of Value Added

	2020		2019	
	Rs in million	%	Rs in million	%
Mark-up / return / interest earned - net of provisions	135,235	106.4%	145,457	103.3%
Fee, commission, brokerage and exchange income	14,782	11.6%	18,219	12.9%
Capital gains & dividend income	1,681	1.3%	1,541	1.1%
Other income	631	0.5%	1,916	1.4%
	152,329	**119.8%**	**167,133**	**118.6%**
Administrative expenses	25,197	19.8%	26,259	18.6%
Value added	**127,132**	**100.0%**	**140,874**	**100.0%**
Distributed as follows:				
To employees as remuneration	15,554	12.2%	14,602	10.4%
To government as income tax	13,294	10.5%	15,108	10.7%
To depositors as profit on investments	60,642	47.7%	66,495	47.2%
To institutions & individuals as profit on borrowings	16,402	12.9%	25,406	18.0%
To society as donations	342	0.3%	129	0.1%
To shareholders as dividends / bonus	7,957	6.3%	13,466	9.6%
Retained in business as reserves and retained profits	12,941	10.2%	5,668	4.0%
	127,132	100%	140,874	100%

UBL International Network

INTERNATIONAL BRANCHES

UAE

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

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

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

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

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

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

Sheikh Hamdan Road Branch
Building No. 16,
Opposite Hamdan Center,
Sheikh Hamdan Bin Mohamed Street,
P.O. Box: 2340, Abu Dhabi - UAE.
Tel: 00971-2-5996450 & 00971-2-5996451
Swift Code: UNILAEAD
Branch Code: 0918

Bahrain

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

Muharraq Branch
Building 1127-B, Road 10, Area 215, Muharraq,
P.O. Box: 546, Kingdom of Bahrain.
Tel: 00973-17503582
Email: muharraq_branch@ublint.com
Swift Code: UNILBHBM
Branch Code: 0922

Yemen

Sana'a Branch
Dr. Mohammad Ahmed Othman Al-Absi Building,
Al-Zubairi Street,
P.O. Box: 1295, Sana'a - Republic of Yemen.
Tel: 00967-1-407540 (General) / 00967 771556955 (Mobile)
Fax: 00967-1-408212
Email: ibrahim_miyad@ublint.com
Swift Code: UNILYESA
Branch Code: 917

Hodeidah Branch
Essam Al-Shamsi Building, Al-Meena Street,
P.O. Box: 3927, Hodeida - Republic of Yemen.
Tel: 00967-3-201154 (General) / 00967 777312566 (Mobile)
Fax: 00967-3-201153
Email: hussein_mahmood@ublint.com
Swift Code: UNILYESA
Branch Code: 1781

Aden Branch
Aden Mall, Crater,
P.O. Box: 104, Aden - Republic of Yemen.
Tel: 00967-2-269191 (General) / 00967 738222677 (Mobile)
Email: nahyan_alsakkaf@ublint.com
Email: nahyan.alsakkaf@gmail.com
Fax: 00967-2-269065 & 00968-2-5215105
Swift Code: UNILYESA
Branch Code: 1700

Qatar

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

Salwa Branch
Qatar General Insurance Building, Salwa Road,
P.O. Box: 242, Doha - Qatar.
Tel: 00974-44254466
Email: mohammad_ali@ublint.com
Swift Code: UNILQAQAxxx
Branch Code: 1929

REPRESENTATIVE OFFICE

China
Room No. 2110, The Exchange Beijing, No. 118, Jianguo Road,
Chaoyang District, Beijing, 100022, Peoples Republic of China.
Tel: 0086-10-65675560, 0086-10-65675579
Fax: 0086-10-65675560

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

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

SUBSIDIARIES

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

United Kingdom
London
2 Brook Street,
London, W1S 1BQ.

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

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

Report of Shariah Board for the Financial Year-2020

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

Alhamdulillah, by the grace of Almighty Allah, UBL Ameen Pakistan has successfully completed 14 years of Islamic Banking operations. During the year, UBL Ameen witnessed an exponential growth in terms of business profitability and market penetration. UBL Ameen performed well and business recorded a Profit Before Tax (PBT) of PKR 2.51 Billion in comparison with Profit Before Tax (PBT) of PKR 1.55 Billion last year, thereby registering a growth of 62%.

Scope:

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

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

Shariah Board Meetings and Reviews:

In line with Shariah Governance Framework of State Bank of Pakistan, Shariah Board shall meet at least on quarterly basis. Hence, **twenty-three (23)** Shariah Board meetings were held till date out of which **four (4)** meetings were conducted in 2020. Minutes of meetings were subsequently submitted to Islamic Banking Department of State Bank of Pakistan. In addition, various meetings were held to discuss the matters related to Product Development, Islamic Banking Training, Shariah Compliance and Shariah Audit.

To observe Shariah Compliance environment as required by SBP-IBD, Shariah Board visited and conducted internal Shariah control review of selected number of branches and Head Office functions during the year.

Shariah Compliance Department:

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

During the year, internal Shariah control review was conducted for selected number of Islamic branches and Head Office functions. Total 80 visits were made by Shariah Compliance Department to Islamic Banking Branches and Islamic Banking Windows for Shariah compliance review. Shariah compliance review reports for Islamic branches and Islamic Banking Windows were shared with the District Management and Head Islamic Banking for rectification and compliance. Shariah Compliance Department submitted its consolidated quarterly reports to Shariah Board for ratification. Reports consisted details of all Shariah reviews and opinions given by Resident Shariah Board Member (in accordance with Shariah guidelines already provided by the Shariah Board) and opinions given by Shariah Board through circulation. Later on, RSBM and Shariah Board rulings were ratified by Shariah Board in the subsequent Shariah Board meetings.

UBL Ameen Branch Network:

With the network of 100 branches spread throughout the country, UBL Ameen is one of the leading Islamic Banking Institution in Pakistan. Also, with the addition of 25 new Islamic Banking Windows (IBWs) in 2020, IBWs are now being operated through 187 UBL branches country wide.

In compliance to the SBP IBD Circular No. 2 of 2020 for revised guidelines for Islamic Banking Windows (IBWs) Operations, Islamic Banking Windows (IBWs) Policy was developed by UBL Ameen. The policy was duly approved by Shariah Board and Board of Directors of the Bank.

Products & Services:

On Liability Side:

"UBL Ameen Good Citizen Account", Mudarabah based liability product was launched during the year. The product has been designed with the aim to promote documented economy with Shariah compliant manner. UBL Ameen Good Citizen is the first ever especially designed Islamic product with an aim to offer "Free Tax Facilitation" services to individuals and sole proprietors through an independent Tax Consultant to UBL Ameen Good Citizen accountholders, to help them understand not only the importance of filing income tax return timely but also how to file the tax returns and pay taxes with peace of mind.

"UBL Ameen Tezraftaar Asaan Remittance Account", the account facilitates customers who are beneficiaries of home remittances. The account also facilitates goal of financial inclusion in the country by expanding outreach of banking services to all segments of the society especially to unbanked or under banked population.

"UBL Ameen PayPak Debit Card", is added to the UBL Ameen debit card product suite, the card offers low cost payment solution to domestic customers, which enables 24/7 access to their bank account within Pakistan. The Card is accepted at all locations displaying the 1Link/MNet logos on POS terminals and can be used to pay for shopping, meals, travel, entertainment, holiday, fuel etc. The existing debit cards (VISA/Master) have also been updated with NFC technology.

"Takaful Coverage for UBL Ameen Customers", whereby UBL Ameen is offering complementary "Accidental Death and Permanent Disability Takaful Coverage" through UBL Insurers Window Takaful Operations to individual customers/accountholders of UBL Ameen.

"UBL Ameen Employee Banking (Ameen @ Work)", UBL Ameen Employee Banking proposition offers automated salary disbursement mechanism with multiple benefits for Corporate entities. It offers bundle of services to corporate clients in terms of cash management of payroll, hence further strengthening the account relationship with corporate entities.

"UBL Ameen Roshan Digital Account", is an Islamic version of UBL Roshan Digital Account which is a major initiative of State Bank of Pakistan, in collaboration with commercial banks operating in Pakistan. These accounts provide innovative banking solutions for millions of Non Resident Pakistanis (NRPs) seeking to undertake banking, payment and investment activities in Pakistan.

For the first time in Pakistan's history, Non-Resident Pakistanis (NRPs) are being provided an opportunity to remotely open an account in Pakistan through an entirely digital and Online process without any need to visit a bank branch. Opening of the account will require only a basic set of information and documents by completing all the necessary customer due diligence within 48 hours. Now NRPs willing to undertake banking, payment and investment activities, can do so through digital channels without visiting bank branches in Pakistan.

"Islamic Naya Pakistan Certificate (INPC)", are offered to Roshan Digital accountholders with an attractive returns. INPCs are USD and PKR denominated sovereign instruments issued and administered by the Government of Pakistan through special purpose vehicle, Islamic Naya Pakistan Certificate Company Limited (INPCCL) fully owned by it. INPCs are based on a Mudarabah structure whereby the investor invests in a Mudarabah pool that is used to extend financing to the Federal Government. Investment is remunerated from the profits earned by the pool.

On Consumer Side:

"UBL Ameen Mera Pakistan Mera Ghar", a low cost housing finance scheme with the Government of Pakistan and State Bank's support, to promote housing sector in the country. The scheme has been launched to facilitate the customers for purchase of a newly built/constructed house / apartment.

"UBL Ameen Drive", existing product program manual of auto financing product has been renewed and approved by the Shariah Board.

On Asset Side:

Product Program Manuals for Diminishing Musharakah, Commercial Ijarah and Treasury Products (Mudarabah, Wakala, Musharakah and Bai Moajjal) along with transaction documents were renewed and approved by the Shariah Board.

Corporate & SME:

During the year, total 671 Corporate and SME transactions were executed. For review of Corporate and SME transactions, Shariah Compliance process is categorized in three major stages:

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

UBL Ameen Treasury:

UBL Ameen has a separate and independent Treasury Department. During the year, 76 deals were executed under UBL Ameen treasury products namely, Musharakah, Wakalah, Mudarabah and GOP Ijarah Sukuk. Furthermore, total 16 deals were executed under SBP's approved product Bai Moajjal, out of which three deals were executed with Government of Pakistan.

Further, to manage excess liquidity or in case of short of funds, arrangement on the basis of Qard was approved with a strategy that on best effort basis, funds would be deployed in Corporate, SME and Islamic Financial Institutions.

Profit & Loss Distribution and Pool Management:

UBL Ameen has successfully implemented the Automation of Profit distribution and Pool Management system. UBL Ameen is one of the few banks in the Islamic Banking industry having IT based system to manage end to end calculation and distributions of profit to the various pools.

During the year, Profit and loss distribution mechanism, i.e. Pool calculations and weightages were discussed with the Shariah Compliance Department on monthly basis and were verified accordingly. Internal Shariah Audit Unit (ISAU) conducted its post disbursement pool audit on quarterly basis in line with the policies and announced Profit Sharing Ratio (PSR) & weightings, and presented reports to Shariah Board for opinion where required.

Training and Development:

During the year 2020, various Class room and Online Islamic Banking Training sessions (via Cisco Webex) were conducted for UBL and UBL Ameen staff on basic concepts of Islamic Banking and Islamic Banking Products & Services. Trainings were conducted by Shariah Compliance Department, Shariah Board Members and executives from Product & Operations Department. Shariah Board also conducted Online training for Executive Management of the bank. Further, to abreast the staff with expertise and skills, selected staff were trained through Centre of Excellence for Islamic Finance and National Institute of Banking & Finance (NIBAF), SBP.

Detailed training sessions for Mera Pakistan Mera Ghar – Low Cost Consumer Finance Product were conducted for all UBL & UBL Ameen branches country wide where all branch staff attended the training sessions.

In line with senior management directives to promote Islamic Banking training to all staff across the bank, UBL Ameen has initiated **Knowledge for You – Islamic Banking Awareness program** on weekly basis where Online Islamic Banking training is conducted through Shariah Board and UBL Ameen Shariah Scholars. In addition, Shariah Compliance Department developed two pager training brochure for UBL Ameen Branches. This will help branch staff to timely respond to customer queries at branch level.

In order to further reinforce training culture across the bank, Islamic Banking training presentations were approved by Shariah Board and made available on Learning Management System through e-learning module.

Internal Shariah Audit Unit (ISAU):

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

Charity Collections & Disbursements:

The opening balance of Charity fund as of 1st January 2020 was PKR 3.49 Million. During the year, charity of PKR 3.53 Million was received and charity of PKR 4.20 Million was disbursed to the charitable organizations after detailed screening and due diligence. The amount credited in charity account was due to late payments.

Shariah Opinion:

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

Based on above, we are of the view that:

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

Recommendations:

For further enhancement, Shariah Board recommends the following:

i. Shariah Board appreciates bank's efforts to increase deployment of funds in Shariah compliant avenues viz-a-viz increase in deposits, however, as observed and discussed during the Shariah Board review of key business areas, bank is advised to further improve Finance to Deposit ratio and ensure effective utilization of excess liquidity in Shariah Compliant avenues by UBL Ameen.
ii. During the Shariah Board review of branches, it was observed that staff posted in Islamic Banking branches and Islamic Banking Windows are not adequately trained for Islamic Banking products and services. As already advised, bank must ensure Islamic Banking training is imparted to all Islamic banking and support staff. Further, Islamic Banking training should be made an integral part of performance appraisals for all the Islamic Banking staff.
iii. In order to effectively respond to customer queries in branches, bank should ensure transfer and posting of Islamic Banking trained staff from Conventional to Islamic Banking branches where required. In case where rotation, induction and internal transfer is inescapable, it is then prudent to train and fill the knowledge gap of such staff prior to posting in Islamic Banking branches.
iv. Hiring of additional resources in Shariah Compliance Department, to further improve efficiency of the unit.
v. Hiring of dedicated resources in Risk Management Department, to avoid any Shariah non-compliance at various transaction stages.
vi. Although Shariah Board acknowledges bank's efforts to restrict Conventional account opening in UBL Ameen branches, however, bank is advised to close all such accounts opened prior to restrictions.
vii. Bank is further advised to ensure that all the Product Manuals and related agreements along with amendments are duly endorsed by the Shariah Board at all time and implemented accordingly, to comply with Shariah Governance Framework of State Bank of Pakistan.
viii. While appreciating other staff financing facilities which have been made available according to Shariah principles, we recommend that Provident Fund of Islamic banking staff should be invested in Shariah compliant avenues, as already recommended by the Shariah Board.
ix. Products and Services offered by other Islamic Banking Institutions should be compared with existing offerings and made available keeping in view the business potential.

Conclusion:

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

Mufti Imtiaz Alam
Resident Shariah Board Member

Dr. Mufti Ejaz Ahmed Samadani
Shariah Board Member

Dr. Mufti Muhammad Zubair Usmani
Chairman Shariah Board

Date of Report: 12th February, 2021.

انٹرنل شریعہ آڈٹ یونٹ (ISAU):

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

چیریٹی کی وصولی اور تقسیم:

یکم جنوری 2020 کو وصول شدہ چیریٹی کی کل مقدار 3.49 ملین روپے تھی۔ دورانِ سال 3.53 ملین روپے کی چیریٹی وصول ہوئی اور کڑی چھان بین اور مکمل احتیاط کے بعد خیراتی اداروں میں 4.20 ملین روپے کی چیریٹی تقسیم کی گئی۔ اس سال چیریٹی اکاؤنٹ میں جمع ہونے والی تمام رقم، ادائیگیوں میں تاخیر کی وجہ سے جمع ہوئی۔

شریعہ بورڈ کی رائے:

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

1. یو بی ایل امین نے مجموعی طور پر شریعہ بورڈ کی طرف سے جاری کردہ فتاویٰ، قوانین اور گائیڈ لائنز کی روشنی میں شریعت کے اصولوں اور قواعد کی پاسداری کی ہے۔
2. یو بی ایل امین نے مجموعی طور پر اسٹیٹ بینک آف پاکستان کی طرف سے شریعہ کمپلائنس کے سلسلے میں جاری کردہ اصولی ہدایات، قواعد وضوابط اور دستور عمل کی پاسداری کی ہے۔
3. یو بی ایل امین کے پاس مجموعی طور پر اپنی کاروباری سرگرمیوں میں شریعہ کمپلائنس کو یقینی بنانے کے لیے قابل اطمینان نظام موجود ہے۔
4. یو بی ایل امین میں ایک ایسا مناسب نظام موجود ہے جو اس بات کو یقینی بناتا ہے کہ شریعت کی رو سے ممنوعہ ذرائع یا طریقوں سے حاصل شدہ آمدنی چیریٹی اکاؤنٹ میں جائے اور اسے مناسب انداز میں استعمال کیا جائے۔
5. یو بی ایل امین نے نفع ونقصان کی تقسیم اور پول کے انتظام وانصرام (Pool Management) میں اسٹیٹ بینک آف پاکستان کی ہدایات کی پاسداری کی ہے۔
6. پروڈکٹس اور بینک کی کاروباری سرگرمیوں میں شریعہ کمپلائنس کے بارے میں عملے اور انتظامیہ کی آگاہی اور اہلیت اور حساسیت قابل اطمینان ہے۔
7. شریعہ بورڈ کو مناسب وسائل فراہم کیے گئے جس کی بدولت وہ اپنی ذمہ داریاں احسن طریقے سے انجام دے پایا۔

سفارشات:

مزید بہتری کے لیے شریعہ بورڈ درج ذیل سفارشات پیش کرتا ہے:

1. شریعہ بورڈ، بینک کی طرف سے فنڈز کے شریعہ کمپلائنٹ شعبوں میں استعمال کو بڑھانے اور ڈیپازٹ میں اضافے کی کوششوں کو سراہتا ہے، تاہم جیسا کہ بزنس کے مختلف شعبوں کے جائزے کے دوران یہ بات محسوس کی گئی اور ذکر بھی کی گئی کہ بینک کو چاہیے کہ وہ فائنانس اور ڈپوزٹ کے باہمی تناسب میں مزید اضافہ کرے اور اس بات کو یقینی بنائے کہ زائد لیکیوڈیٹی شریعہ کمپلائنٹ شعبوں میں ہی استعمال کی جائے۔
2. شریعہ بورڈ کے اسلامک بینکنگ برانچوں کے وزٹ کے دوران یہ بات مشاہدے میں آئی کہ اسلامک بینکنگ برانچوں اور اسلامک بینکنگ ونڈوز میں تعینات کردہ سٹاف کی اسلامک بینکنگ کی پروڈکٹ اور سروسز کے بارے میں آگاہی قابلِ اطمینان نہیں۔ جیسا کہ پہلے بھی کہا گیا کہ بینک، تمام اسلامی بینکنگ اور سپورٹ سٹاف کی اسلامک بینکنگ کی ٹریننگ کو یقینی بنائے۔
3. برانچ میں کسٹمر کے سوالات کے صحیح جوابات دینے کے لئے، بینک کو چاہیے کہ اگر ضرورت ہو تو کنوینشنل برانچوں سے اسلامک بینکنگ کی برانچوں میں عملہ کی تعینات اور تبادلہ میں اس بات کو یقینی بنایا جائے کہ صرف تربیت یافتہ عملہ ہی متعین کیا جائے البتہ اگر معمول کے مطابق تعینات اور انٹرنل تبادلہ ناگزیر ہو تو بہتر یہ ہے کہ ایسے عملہ کو اسلامک بینکنگ کی ٹریننگ دی جائے اور پھر برانچوں میں متعین کیا جائے تاکہ برانچوں میں کسٹمرز کے سوالات کا مؤثر انداز میں جواب دیا جاسکے۔
4. شریعہ کمپلائنس ڈیپارٹمنٹ کی کارکردگی کو مزید بہتر کرنے کیلئے ڈیپارٹمنٹ میں افرادی قوت کا اضافہ کیا جائے۔
5. رسک مینجمنٹ ڈپارٹمنٹ میں مخصوص افراد کا تقرر کیا جائے تاکہ ٹرانزیکشن کے مختلف مرحلوں میں شریعہ کمپلائنس کو یقینی بنایا جاسکے۔
6. اگرچہ شریعہ بورڈ یو بی ایل امین کی برانچز میں کنونشنل اکاؤنٹ کھولنے کی روک تھام کیلئے بینک کی کوششوں کو سراہتا ہے تاہم مذکورہ روک تھام سے پہلے سے کھلے ہوئے تمام اکاؤنٹس ختم کرنے کو بھی یقینی بنایا جائے۔
7. بینک اس بات کو بھی یقینی بنائے کہ تمام پروڈکٹ پروگرام مینولز اور متعلقہ اگریمنٹس، تمام تر تبدیلیوں سمیت، ہمہ وقت شریعہ بورڈ کے مصدقہ یا منظور ہوں اور وہی نافذ العمل ہوں، تاکہ اسٹیٹ بینک آف پاکستان کی طرف جاری کردہ شریعہ گورننس فریم ورک پر پوری طرح سے عمل ہو سکے۔
8. شریعہ بورڈ اس بات کو سراہتے ہوئے کہ سٹاف فائنانس کی دیگر سہولیات شرعی اصولوں کے مطابق فراہم کی جارہی ہیں یہ تجویز دیتا ہے کہ اسلامک بینکنگ سٹاف کے پراویڈنٹ فنڈ کو بھی شریعہ کمپلائنٹ شعبوں میں انوسٹ کیا جائے۔ جیسا کہ پہلے بھی یہ تجویز دی جاچکی ہے۔
9. دوسرے اسلامی بینکوں اور مالیاتی اداروں کی جانب سے پیش کردہ سروسز اور پروڈکٹس کا بینک کی موجودہ پروڈکٹس اور سروسز سے موازنہ کیا جائے اور کاروباری امکانات کو سامنے رکھتے ہوئے ان کی فراہمی کو یقینی بنایا جائے۔

اختتامیہ:

یو بی ایل امین کا شریعہ بورڈ یو بی ایل کے اسلامک بینکنگ ڈویژن "یو بی ایل امین – پاکستان" کی مجموعی کارکردگی اور آپریشنز سے مطمئن ہے اور امید کرتا ہے کہ انتظامیہ اسی طرح شریعہ کمپلائنس، مارکیٹ میں رسائی اور منافع کی رفتار کو برقرار رکھے گی اور ملک بھر میں اسلامک بینکنگ کے استحکام اور مزید فروغ میں مرکزی کردار ادا کرے گی۔

مفتی امتیاز عالم
ریزیڈنٹ شریعہ بورڈ ممبر

ڈاکٹر مفتی اعجاز احمد صمدانی
ممبر شریعہ بورڈ

ڈاکٹر مفتی محمد زبیر عثمانی
چیئرمین شریعہ بورڈ

رپورٹ کی تاریخ: 12 فروری 2021ء

"یو بی ایل امین روشن ڈیجیٹل اکاؤنٹ"، دراصل "یو بی ایل روشن ڈیجیٹل اکاؤنٹ" کا اسلامک متبادل ہے۔ یہ اسٹیٹ بینک آف پاکستان کا کمرشل بینکوں کی معیّت میں ایک اہم اقدام ہے۔ ایسے لاکھوں بیرونِ ملک مقیم پاکستانی شہری، جو پاکستان میں بینکاری، رقم کی ادائیگی یا انوسٹمنٹ کی خواہش رکھتے ہیں، اس اکاؤنٹ کے ذریعے نت نئے انداز میں بینکنگ سروسز حاصل کر سکتے ہیں۔

پاکستان کی تاریخ میں پہلی بار، بیرونِ ملک مقیم پاکستانی شہریوں کو برانچ وزٹ کے بغیر مکمل طور پر ڈیجیٹل اور آن لائن طریقے سے گھر بیٹھے اکاؤنٹ کھلوانے کی سہولت دی جارہی ہے۔ یہ اکاؤنٹ کھلوانے کے لئے صرف ضروری معلومات اور دستاویز، مطلوبہ احتیاط کے پروسیس کے ذریعے 48 گھنٹوں کے اندر اندر مہیا کرنا ہوتی ہیں۔ اور اب یہ سہولیات بھی وہ پاکستانی نژاد شہری، جو پاکستان میں بینکاری، رقم کی ادائیگی یا انوسٹمنٹ کی خواہش رکھتے ہیں، کسی بھی قسم کا برانچ وزٹ کیے بغیر ڈیجیٹل طریقے سے گھر بیٹھے حاصل کر سکتے ہیں۔

"اسلامک نیا پاکستان سرٹیفکیٹ (INPC)"، یہ سرٹیفکیٹ پرکشش منافع کے ساتھ صرف روشن ڈیجیٹل اکاؤنٹ ہولڈرز کو آفر کیے جاسکتے ہیں۔ INPC امریکی ڈالر اور پاکستان روپے کی مالیت میں حکومتی instruments ہیں جس کا اجراء اور انتظام حکومتِ پاکستان کی طرف سے ایک سپیشل پرپز وہیکل (SPV)، اسلامک نیا پاکستان سرٹیفکیٹ کمپنی لمیٹڈ کے ذریعے کیا جارہا ہے جو کہ مکمل طور پر ان instruments کی مالک ہے۔

کنزیومر کے حوالے سے:

"یو بی ایل امین میرا پاکستان میرا گھر"، یہ کم قیمت میں گھر کی فائنانسنگ کی سکیم ہے، جسے ملک میں ہاؤسنگ سیکٹر کو فروغ دینے کے لئے حکومتِ پاکستان اور اسٹیٹ بینک آف پاکستان کا تعاون حاصل ہے۔ اس سکیم کا مقصد کسٹمر کو نیا تعمیر شدہ گھر / اپارٹمنٹ خریدنے کی سہولیات فراہم کرنا ہے۔

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

ASSET کے حوالے سے:

شرکتِ متناقصہ، کمرشل اجارہ اور ٹریژری پروڈکٹس (انٹر بینک مضاربہ، مشارکہ، وکالہ اور بیع مؤجل) کے پروڈکٹ پروگرام مینولز اور ٹرانزیکشن ڈاکیومنٹس کا شریعہ بورڈ نے جائزہ لینے کے بعد منظوری بھی دی۔

کارپوریٹ اور ایس ایم ای (SME):

دوران سال مجموعی طور پر 671 کارپوریٹ اور ایس ایم ای ٹرانزکشنز عمل میں لائی گئیں۔ کارپوریٹ اور ایس ایم ای ٹرانزیکشنز کی شریعہ کمپلائنس کا جائزہ مندرجہ ذیل تین بنیادی مراحل پر مشتمل ہوتا ہے:

- **تمویل سے پہلے کا مرحلہ:** یہ ٹرانزیکشن کے آغاز کا مرحلہ ہے۔ اس مرحلے میں شریعہ بورڈ کی پہلے سے فراہم کردہ گائیڈلائنز کے مطابق ٹرانزیکشن کا ڈھانچہ اور پروسیس فلو (Process Flow) حتمی شکل اختیار کرتا ہے۔ اس مرحلے میں تمام متعلقہ عوامل کا باقاعدگی سے جائزہ لیا گیا اور ریزیڈنٹ شریعہ بورڈ ممبر سے منظوری لی گئی اور اس کی بعد میں شریعہ بورڈ کے اجلاس میں توثیق بھی کروائی گئی۔

- **تمویل کا مرحلہ:** یہ مرحلہ پروسیس فلوز (Process Flows) کے مطابق پہلی ٹرانزیکشن عمل میں لانے کے وقت کا مرحلہ ہے، جس میں شریعہ کمپلائنس ڈپارٹمنٹ کی طرف سے ٹرانزیکشن کی تمام مطلوبہ دستاویزات کا جائزہ بھی لیا جاتا رہا اور اسی کے مطابق ریزیڈنٹ شریعہ بورڈ ممبر سے پہلی ٹرانزیکشن کی منظوری بھی لی جاتی رہی۔ اس مرحلے میں شریعہ بورڈ کی پہلے سے موجود گائیڈلائنز کو مدنظر رکھا گیا اور ریزیڈنٹ شریعہ بورڈ ممبر کی تمام منظوریوں کی شریعہ بورڈ کے ہر آنے والے اجلاس میں توثیق بھی کروائی گئی۔

- **تمویل کے بعد کا مرحلہ:** اس مرحلے میں شریعہ کمپلائنس ڈپارٹمنٹ کی طرف سے ٹرانزیکشنز کا، نمونہ کی بنیاد پر، شریعہ بورڈ کی پہلے سے منظور شدہ گائیڈلائنز کے مطابق جائزہ لیا جاتا رہا۔

یو بی ایل امین ٹریژری:

یو بی ایل امین کا الگ اور خود مختار ٹریژری ڈیپارٹمنٹ ہے۔ دوران سال امین ٹریژری پروڈکٹس کے تحت کل 76 ٹرانزیکشنز ہوئیں، جن میں مشارکہ، مضاربہ، وکالہ، اور حکومتِ پاکستان کے اجارہ صکوک شامل ہیں۔ اس کے علاوہ اسٹیٹ بینک آف پاکستان کی منظور شدہ پروڈکٹ "بیع مؤجل" کے تحت 16 ٹرانزیکشنز ہوئیں جن میں سے 3 ٹرانزیکشنز حکومتِ پاکستان کے ساتھ کی گئیں۔ علاوہ ازیں، اضافی لیکویڈٹی یا فنڈز کی کمی کی صورت میں "قرض" کی بنیاد پر انتظامات کی منظوری دی گئی جو کہ اس بات کے ساتھ مشروط تھی کہ حتیٰ الوسع فنڈز کو کارپوریٹ، ایس ایم ای اور اسلامی مالیاتی اداروں میں انوسٹ کیا جانا چاہیے۔

نفع و نقصان کی تقسیم اور پول مینجمنٹ:

یو بی ایل امین نے نفع و نقصان کی تقسیم اور پول مینجمنٹ کے لئے "خود کار نظام" وضع کر دیا ہے۔ یو بی ایل امین اسلامک بینکنگ انڈسٹری ان چند بینکوں میں سے ہے جنہوں نے مختلف اقسام کے پولز کے تمام تر حسابات اور نفع و نقصان کی تقسیم کے لئے انفارمیشن ٹیکنالوجی کی مدد سے مکمل طور پر خود کار نظام متعارف کروایا ہے۔

اس سال کے دوران نفع و نقصان کی تقسیم کا طریقہ کار یعنی پول کا حساب کتاب اور Weightages کو ماہانہ بنیادوں پر شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ زیر بحث لایا گیا اور شریعہ کمپلائنس ڈپارٹمنٹ سے اسکی تصحیح و توثیق بھی کروائی گئی۔ انٹرنل شریعہ آڈٹ یونٹ (ISAU) نے تقسیم کے بعد سہ ماہی بنیادوں پر اس کا آڈٹ کیا اور جہاں ضرورت پیش آئی، شریعہ بورڈ کو رپورٹس پیش کر کے رائے بھی حاصل کی گئی۔

ٹریننگ اور ڈویلپمنٹ:

سال 2020ء کے دوران یو بی ایل امین کی طرف سے یو بی ایل امین اور یو بی ایل سٹاف کے لئے اسلامک بینکنگ کی ٹریننگ کے مختلف کلاس روم اور آن لائن (via Cisco Webex) سیشنز کا انعقاد کیا گیا، جن میں اسلامک بینکنگ، اسلامک بینکنگ کی پروڈکٹس، خدمات اور اسلامک بینکنگ کے برانچ آپریشنز کے بنیادی معاملات کی ٹریننگ دی گئی۔ ان ٹریننگ سیشنز کا انعقاد، شریعہ بورڈ ممبران، شریعہ کمپلائنس ڈپارٹمنٹ اور پروڈکٹس اینڈ آپریشنز ڈپارٹمنٹ کے ایگزیکٹوز کی جانب سے کیا گیا۔ اس کے علاوہ قابلیت اور تجربات میں اضافے کے لئے منتخب اسٹاف کو "سینٹر آف ایکسی لینس فار اسلامک فنانس (CEIF)" اور اسٹیٹ بینک آف پاکستان کے ذیلی شعبے "انسٹی ٹیوٹ آف بینکنگ اینڈ فائنانس (NIBAF)" کے ذریعے ٹریننگ دلوائی گئی۔

کنزیومر فائنانس Low Cost پروڈکٹ "میرا گھر میرا پاکستان" کے حوالے سے ملک بھر میں، یو بی ایل اور یو بی ایل امین کی مختلف برانچز کے لئے تفصیلی ٹریننگ سیشنز کا انعقاد کیا گیا، جس میں برانچ کے تمام سٹاف نے شرکت کی۔

سینئر مینجمنٹ کے ایماء پر پورے بینک میں، سٹاف کے لئے اسلامک بینکنگ ٹریننگ کو فروغ دینے کے لئے، یو بی ایل امین نے ہفتہ وار "نالج فار یو (Knowledge for You) اسلامک بینکنگ آگاہی پروگرام" کا آغاز کیا، جس میں یو بی ایل امین کے شریعہ بورڈ اور شریعہ سکالرز مختلف موضوعات پر اسلامک بینکنگ کی آگاہی فراہم کرتے ہیں۔ اس کے علاوہ شریعہ کمپلائنس ڈیپارٹمنٹ نے یو بی ایل امین برانچز کے لئے ٹریننگ کا مختصر کتابچہ تیار کیا جو کہ کسٹمر کی بروقت رہنمائی میں برانچ سٹاف کے لئے معاون ثابت ہوگا۔

اسی طرح بینک میں ٹریننگ کلچر کو فروغ دینے کے لیے، اسلامی بینکاری کے حوالے سے معلوماتی مواد کو شریعہ بورڈ نے منظور کیا اور اسے لرننگ مینجمنٹ سسٹم پر ای لرننگ موڈیول کے ذریعے دستیاب کیا گیا۔

شریعہ بورڈ رپورٹ
برائے مالی سال 2020ء

بسم اللہ الرحمن الرحیم

الحمدللہ، اللہ تعالی کے فضل و کرم سے یو بی ایل امین نے اسلامی بینکنگ کے 14 سال کامیابی کے ساتھ مکمل کر لیے ہیں۔ اس سال یو بی ایل امین کے کاروباری منافع اور مارکیٹ کی وسعت میں غیر معمولی اضافہ ہوا ہے۔

یو بی ایل امین نے بہترین کارکردگی دکھاتے ہوئے منافع قبل از ٹیکس (PBT) 2.51 بلین روپے ریکارڈ کیا جو گذشتہ سال کے 1.55 بلین روپے کے منافع قبل از ٹیکس کے مقابلے میں 62 فیصد اضافے کو ظاہر کرتا ہے۔

دائرہ کار:

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

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

شریعہ بورڈ کے اجلاس:

اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق شریعہ بورڈ کا سہ ماہی بنیادوں پر کم از کم ایک اجلاس منعقد ہونا لازمی ہے۔ چنانچہ شریعہ بورڈ کے اب تک کل 23 اجلاس منعقد ہو چکے ہیں، جن میں سے 4 اجلاس 2020ء میں ہوئے بعد ازاں ہر اجلاس کی روئیداد اسٹیٹ بینک آف پاکستان کے اسلامک ڈپارٹمنٹ میں جمع کروا دی گئی۔ اس کے علاوہ پروڈکٹ ڈویلپمنٹ، اسلامک بینکنگ کی ٹریننگ، شریعہ کمپلائنس اور شریعہ آڈٹ کے مختلف پہلوؤں پر تبادلہ خیال کے لئے کئی اجلاس منعقد ہوئے۔

شرعی ماحول کا جائزہ لینے کے لیے یو بی ایل امین (پاکستان) کی منتخب برانچوں اور ہیڈ آفس میں شرعی ماحول کا جائزہ لینے کے لئے دورانِ سال شریعہ بورڈ نے مختلف شعبوں کا دورہ کیا اور شریعہ کنٹرولز کا جائزہ لیا۔

شریعہ کمپلائنس ڈیپارٹمنٹ:

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

دوران سال اسلامک بینکنگ برانچوں اور ہیڈ آفس کے دیگر امور میں شرعی امور کی پاسداری کا جائزہ لیا گیا۔ شریعہ کمپلائس ڈپارٹمنٹ نے اسلامک بینکنگ برانچوں اور ونڈوز میں شریعہ کمپلائنس کے جائزے کیلئے 80 دورے کیے۔ اصلاح اور تعمیل کی غرض سے اسلامک بینکنگ برانچوں اور ونڈوز کے ہر دورے کی رپورٹ ڈسٹرک مینیجر اور اسلامک بینکنگ کے سربراہ کو جمع کروائی گئی۔

شریعہ کمپلائنس ڈپارٹمنٹ نے اپنی جامع رپورٹس ہر سہ ماہی کے بعد آنے والے اجلاس میں شریعہ بورڈ کو توثیق کے لئے پیش کیں۔ مذکورہ رپورٹس تمام شرعی جائزوں کی تفصیلات اور شریعہ بورڈ کی پہلے سے جاری کردہ ہدایات کی روشنی میں ریزیڈنٹ شریعہ بورڈ ممبر کی رائے اور شریعہ بورڈ کی سرکولیشن کے ذریعے دی گئی ہدایات پر مشتمل تھیں جنہیں شریعہ بورڈ کی توثیق کے لئے پیش کیا گیا اور شریعہ بورڈ نے ساعت کے بعد ان کی توثیق کر دی۔

یو بی ایل امین برانچ نیٹ ورک:

الحمدللہ، یو بی ایل امین کی اسلامک بینکنگ برانچوں کی تعداد اب 100 ہو گئی ہے۔ یو بی ایل امین پاکستان میں قائدانہ کردار ادا کرنے والے بینکوں میں سے ایک ہے۔ اس کے ساتھ ساتھ سال 2020ء میں 25 اسلامک بینکنگ ونڈوز کے اضافے کے ساتھ، اب ملک بھر میں اسلامک بینکنگ ونڈوز کی خدمات یو بی ایل کی 187 برانچوں میں فراہم کی جارہی ہیں۔ اسلامک بینکنگ ونڈوز کے حوالے سے، اسٹیٹ بینک آف پاکستان کے شعبہ اسلامک بینکنگ کی طرف سے جاری کیے گئے سرکلر نمبر 2 آف 2020 کی تعمیل کے لیے یو بی ایل امین نے اسلامک بینکنگ ونڈوز پالیسی تیار کی جس کی شریعہ بورڈ اور بینک کے بورڈ آف ڈائریکٹر سے منظوری لی گئی۔

پروڈکٹس اور خدمات:

Liability کے حوالے سے:

"یو بی ایل امین گڈ سٹیزن اکاؤنٹ" دوران سال بینک نے مضاربہ کی بنیاد پر مذکورہ لائیبلٹی پروڈکٹ کا آغاز کیا۔ اس پروڈکٹ کا مقصد شریعہ کمپلائنٹ طریقے سے دستاویزی معیشت کو فروغ دینا ہے۔ یو بی ایل امین گُڈ سٹیزن اپنی نوعیت کی پہلی پروڈکٹ ہے جسے ذاتی اور کاروباری اکاؤنٹ ہولڈر کو خود مختار کنسلٹنٹ کے ذریعے "ٹیکس گوشوارہ جمع کروانے کی مفت سہولیات" فراہم کرنے کیلئے ترتیب دیا گیا ہے۔ تاکہ ان میں نہ صرف یہ کہ بروقت انکم ٹیکس گوشوارہ جمع کروانے کی اہمیت کو اجاگر کیا جائے بلکہ ذہنی اطمینان کے ساتھ ٹیکس گوشوارہ جمع کروانے میں مدد بھی فراہم کی جائے۔

"یو بی ایل امین تیز رفتار آسان ریمیٹنس اکاؤنٹ"، یہ اکاؤنٹ ہوم ریمیٹنس سے مستفید ہونیوالے افراد کے لئے ہے۔ یہ اکاؤنٹ معاشرے کے تمام طبقات خاص طور پر بینکاری سے منقطع یا ایسے افراد جنہیں بینکنگ کی سہولیات تک مکمل رسائی نہ ہو کے لئے بینکنگ کی سہولیات تک رسائی کو وسعت دے کر ملک میں مالی شمولیت کے ہدف کے لئے بھی معاون ہے۔

"یو بی ایل امین PayPak ڈیبٹ کارڈ"، کو بھی یو بی ایل امین کے ڈیبٹ کارڈ کی پروڈکٹ میں شامل کیا گیا ہے۔ یہ اکاؤنٹ گھریلو صارفین کو انتہائی کم خرچ پر واجبات کی ادائیگی کا حل پیش کرتا ہے۔ جو صارفین کے لئے چوبیس گھنٹے اور پورے ہفتے پاکستان میں اپنے اکاؤنٹ تک رسائی ممکن بناتا ہے۔ یہ کارڈ اُن تمام مقامات پر قابلِ استعمال ہے جہاں POS ٹرمینلز پر 1Link/MNet کا لوگو آویزاں ہو۔ اسی طرح خرید و فروخت، کھانا، سفر، جائز انٹرٹینمنٹ، چھٹیاں اور فیول وغیرہ کی ادائیگی کے لئے بھی استعمال کیا جا سکتا ہے۔ موجودہ ڈیبٹ کارڈ کو بھی این ایف سی کے مطابق اپ ڈیٹ کر دیا گیا ہے۔

"یو بی ایل امین کے کسٹمرز کے لئے تکافل کوریج"، اس پروڈکٹ کے تحت یو بی ایل امین اپنے تمام کسٹمرز / اکاؤنٹ ہولڈرز کو اعزازی طور پر "یو بی ایل انشورر ونڈو تکافل آپریشنز" کے ذریعے "حادثاتی وفات اور مستقل معذوری کی صورت میں تکافل کوریج" پیش کر رہا ہے۔

"یو بی ایل امین ایمپلائی بینکنگ (امین @ ورک)"، یو بی ایل امین ایمپلائی بینکنگ کا مقصد کارپوریٹ اداروں کو اپنے ملازمین کی تنخواہیں خودکار سسٹم کے تحت ادا کرنے اور اس کے ساتھ دیگر فوائد کی پیشکش کرنا ہے۔ یہ اکاؤنٹ کارپوریٹ کسٹمرز کو تنخواہوں کی ادائیگی کے لئے کیش مینجمنٹ کے حوالے سے بہترین سروسز فراہم کرتا ہے جو کاروباری اداروں کے ساتھ اکاؤنٹ ریلیشن شپ پہلے سے زیادہ مضبوط بناتی ہیں۔

pwc

A·F·FERGUSON&Co.

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of United Bank Limited (the Bank) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2020.

Afferguson&Co

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 3, 2021

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

For the year ended December 31, 2020

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

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

2. The composition of the Board is as follows:

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

3. During the year, the term of the Board of Directors (BoD) was completed and the BoD of the Bank was reconstituted in the Annual General Meeting held on March 25, 2020. All the outgoing directors were re-elected. Moreover, the term of the President and CEO, Ms. Sima Kamil (a female director), was completed on June 30, 2020. Mr. Shazad G. Dada was appointed as President & CEO of the Bank effective from July 15, 2020 by the BoD.
   Subsequent to the appointment of the new President & CEO, Khalid Sherwani resigned on August 5, 2020 in order to pave the way for the induction of a female director as per requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Consequently, the BoD appointed Ms. Shazia Syed as Independent Director on November 9, 2020. The newly appointed director assumed her role effective from January 21, 2021 after clearance of Fit and Proper test from the State Bank of Pakistan;
4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
5. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
8. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
9. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
10. Seven directors have already attended SECP approved Directors' Training Program. Remaining Two Directors are exempt from the requirement of the training due to their relevant experience;
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
13. The Board has formed committees comprising of members given below;

a. BOARD AUDIT COMMITTEE (BAC):

Mr. Tariq Rashid	Chairman
Mr. Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member

b. BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (HRCC):

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPk	Member
Mr. Arshad Ahmad Mir	Member
Mr. Rizwan Pervez	Member

c. BOARD RISK & COMPLIANCE COMMITTEE (BRCC):

Mr. Arshad Ahmad Mir	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk, FCA	Member
Mr. Shazad G. Dada	Member

d. BOARD IT COMMITTEE (BITC):

Mr. Tariq Rashid	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk, FCA	Member
Mr. Haider Zameer Choudrey	Member
Mr. Shazad G. Dada	Member

e. BOARD NOMINATION COMMITTEE (BNC):

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

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

a. Board Audit Committee	Four quarterly meetings.
b. Board Human Resource & Compensation Committee	Four quarterly meetings.
c. Board Risk & Compliance Committee	Four quarterly meetings.
d. Board IT Committee	Four quarterly meetings.
e. Board Nomination Committee	Two meetings.

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

Sir Mohammed Anwar Pervez, OBE, HPk
Chairman
Karachi

Annual Statement on Internal Controls 2020

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

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

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

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

Evaluation

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

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

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

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

The Bank endeavors to follow the State Bank of Pakistan's guidelines on Internal Controls. The Bank is continuously making efforts to ensure that an effective and efficient Internal Control System remains active & implemented through consistent & continuous monitoring that would help in further improving the overall control environment.

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

Irfan Memon
Group Head – Audit & Risk Review

Aslam Sadruddin
Group Executive – Operations

Sajid Hussain
Group Executive - Compliance

Aameer Karachiwalla
Chief Financial Officer

Shazad G. Dada
President & CEO

Complaint Handling at UBL

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

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

Year 2020 started with a full enthusiasm whereas, COVID-19 impacted us all at a very personal level and in the conduct of our daily affairs. Nevertheless, Complaint Management was able to resolve customer issues efficiently & effectively. This not only shows the commitment and honesty of purpose to customers but also maintains an enhanced customer experience.

UBL has a robust mechanism in place for handling customer complaints where customers have complete access to register their grievances through the following modes (but not limited to): Email, Letter, Fax, Website, IP Hotlines & 24/7 Helpline.

UBL encourages its customers to approach the external dispute resolution forum i.e. Banking Mohtasib Pakistan, if they are not satisfied with the complaint resolution provided by the Bank.

Volume of complaints has been increased in year 2020, which mainly attribute with addition of products/services and due to COVID-19 pandemic, where customer focus also diverted towards digital channels, which resultantly increase rise in customer queries and complaints. However, Complaints trend and closure analysis also been shared with Senior Management & Business owners and remedial measures are taken accordingly.

To surpass the level of excellence and achieve customer satisfaction UBL is in process of continuous improvement while analyzing customer complaints, also with changing need of the customers, management committed to enhance its customer experience and formulated, Fair Treatment & Customer Service Committee (FTCSC), this committee comprises of senior executives and is chaired by the CEO.

Key highlights of year 2020 were as under:

- Complaint volume of 273,373 managed successfully.
- 87% complaints were resolved within the timelines provided to our customers.
- 99.4% resolutions were provided in 15 days' time (excluding Visa/Master & fraud related issues).
- Average complaint resolution time stood at 4.9 days.

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

Financial Statements 2020

INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 101 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No	Key Audit Matter	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 5.4 and 10.4 to the unconsolidated financial statements)	
	The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances. The PRs also require the creation of general provision for certain categories of advances. During the year, as a result of COVID-19, the SBP has allowed certain relaxations including deferment of principal payment, rescheduling / restructuring of principal and mark-up, extension in timeline of provisioning against trade bills while maintaining the customer status as "regular". Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes. The Bank has recognized a net provision against advances amounting to Rs. 16,203.144 million in the unconsolidated profit and loss account in the current year. As at December 31, 2020, the Bank holds a provision of Rs. 79,027.512 million against advances. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered the area of provision against advances as a key audit matter.	Our audit procedures to verify provision against domestic advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances. The testing of controls included testing of: ▪ controls over correct classification of non-performing advances on time-based criteria; ▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: ▪ checked repayments of loan / mark-up installments, tested classification of non-performing advances based on the number of days overdue and considered the relaxations provided by SBP as result of COVID-19; and ▪ evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and the management's consideration of the impact of COVID-19 on the borrower. We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs and relaxations provided by SBP as a result of COVID-19. We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

   a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

   c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

   d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 3, 2021

Unconsolidated Statement of Financial Position

As at December 31, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	250,838,052	235,861,767
Balances with other banks	7	13,888,765	20,729,005
Lendings to financial institutions	8	19,959,132	20,183,118
Investments	9	1,128,674,494	840,322,652
Advances	10	530,279,496	635,834,217
Fixed assets	11	51,207,703	52,396,877
Intangible assets	12	1,829,211	1,951,002
Deferred tax assets	13	6,399,267	3,300,164
Other assets	14	46,507,193	82,196,560
		2,049,583,313	1,892,775,362
LIABILITIES			
Bills payable	16	29,733,813	22,926,596
Borrowings	17	128,987,415	154,484,000
Deposits and other accounts	18	1,640,211,901	1,467,063,461
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	20	56,577,277	69,232,422
		1,865,510,406	1,723,706,479
NET ASSETS		184,072,907	169,068,883
REPRESENTED BY:			
Share capital	21	12,241,797	12,241,797
Reserves		62,274,068	59,319,612
Surplus on revaluation of assets	22	27,640,579	25,837,143
Unappropriated profit		81,916,463	71,670,331
		184,072,907	169,068,883
CONTINGENCIES AND COMMITMENTS	23		

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

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

Unconsolidated Profit and Loss Account

For the year ended December 31, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Mark-up / return / interest earned	25	152,003,210	153,676,364
Mark-up / return / interest expensed	26	77,044,038	91,901,868
Net mark-up / interest income		74,959,172	61,774,496
Non mark-up / interest income			
Fee and commission income	27	11,097,472	13,786,525
Dividend income		1,269,537	1,538,378
Foreign exchange income		3,684,585	4,526,109
(Loss) / income from derivatives		(13,076)	64,627
Gain on securities - net	28	411,440	2,199
Other income	29	644,381	1,758,493
Total non mark-up / interest income		17,094,339	21,676,331
Total income		92,053,511	83,450,827
Non mark-up / interest expenses			
Operating expenses	30	40,060,602	40,208,862
Workers' Welfare Fund	31	864,956	740,249
Other charges	32	167,335	40,055
Total non mark-up / interest expenses		41,092,893	40,989,166
Profit before provisions		50,960,618	42,461,661
Provisions and write-offs - net	33	16,768,148	8,219,792
Profit before taxation		34,192,470	34,241,869
Taxation	34	13,293,687	15,108,095
Profit after taxation		20,898,783	19,133,774
		---------- (Rupees) ----------	
Earnings per share - basic and diluted	35	17.07	15.63

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

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

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	---------- (Rupees in '000) ----------	
Profit after taxation for the year	20,898,783	19,133,774
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	864,578	4,299,622
Movement in surplus on revaluation of investments - net of tax	2,001,430	9,724,215
	2,866,008	14,023,837
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement loss on defined benefit obligations - net of tax	(803,081)	(516,524)
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	403	(83,149)
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(921)	39,599
	(803,599)	(560,074)
Total comprehensive income for the year	22,961,192	32,597,537

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

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

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
	(Rupees in '000)							
Balance as at January 1, 2019	12,241,797	23,176,891	31,262,348	(9,070,713)	25,551,923	105,856	68,001,846	151,269,948
Total comprehensive income for the year ended December 31, 2019								
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	19,133,774	19,133,774
Other comprehensive income - net of tax	-	4,299,622	-	9,724,215	(83,149)	39,599	(516,524)	13,463,763
Total comprehensive income for the year ended December 31, 2019	-	4,299,622	-	9,724,215	(83,149)	39,599	18,617,250	32,597,537
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(262,309)	(114,384)	376,693	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(53,895)	-	53,895	-
Transfer to statutory reserve	-	-	1,913,377	-	-	-	(1,913,377)	-
Transactions with owners for the year ended December 31, 2019								
Final cash dividend - December 31, 2018 declared subsequent to the year end at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - March 31, 2019 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Interim cash dividend - June 30, 2019 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Interim cash dividend - September 30, 2019 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)
	-	-	-	-	-	-	(13,465,976)	(13,465,976)
realisation of exchange translation reserve	-	(1,332,626)	-	-	-	-	-	(1,332,626)
Balance as at December 31, 2019	12,241,797	26,143,887	33,175,725	653,502	25,152,570	31,071	71,670,331	169,068,883
Total comprehensive income for the year ended December 31, 2020								
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	20,898,783	20,898,783
Other comprehensive income - net of tax	-	864,578	-	2,001,430	403	(921)	(803,081)	2,062,409
Total comprehensive income for the year ended December 31, 2020	-	864,578	-	2,001,430	403	(921)	20,095,702	22,961,192
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(116,346)	(29,237)	145,583	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(51,893)	-	51,893	-
Transfer to statutory reserve	-	-	2,089,878	-	-	-	(2,089,878)	-
Transactions with owners for the year ended December 31, 2020								
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
	-	-	-	-	-	-	(7,957,168)	(7,957,168)
Balance as at December 31, 2020	12,241,797	27,008,465	35,265,603	2,654,932	24,984,734	913	81,916,463	184,072,907

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

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

Unconsolidated Cash Flow Statement

For the year ended December 31, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		34,192,470	34,241,869
Less: Dividend income		1,269,537	1,538,378
		32,922,933	32,703,491
Adjustments:			
Depreciation on fixed assets		2,832,975	2,709,952
Depreciation on Islamic financing against leased assets (Ijarah)		216,195	227,783
Depreciation on right-of-use assets		1,655,038	2,097,081
Amortisation		793,562	645,869
Workers' Welfare Fund		864,956	740,249
Provision for retirement benefits		932,684	877,238
Provision for compensated absences		70,902	33,383
Provision against loans and advances - net		15,708,656	4,418,602
Provision against off balance sheet items		431,749	47,438
Provision for diminution in value of investments - net		341,551	3,199,011
Interest expense on lease liability against right-of-use assets		924,718	1,064,085
Gain on sale of operating fixed assets - net		(74,202)	(80,073)
Gain on sale of ijarah assets - net		(792)	(861)
Gain on sale of associate		-	(75,294)
Gain on sale of non-banking assets		(191,559)	54,649
Bad debts written-off directly		77,094	149,591
Unrealised (gain) / loss on revaluation of investments classified as held for trading		(228)	7,386
Realisation of exchange translation reserve - UBL New York branch		-	(1,332,626)
Other provisions / write-offs - net		209,098	405,150
		24,792,397	15,188,613
		57,715,330	47,892,104
Decrease in operating assets			
Lendings to financial institutions		223,986	13,758,428
Held for trading securities		68,126,135	30,437,764
Advances		89,518,531	74,889,116
Other assets (excluding advance taxation)		21,979,989	2,878,860
		179,848,641	121,964,168
Increase / (decrease) in operating liabilities			
Bills payable		6,807,217	(4,322,540)
Borrowings		(25,496,585)	(113,640,033)
Deposits and other accounts		173,148,440	101,003,413
Other liabilities (excluding current taxation)		(14,157,698)	(6,469,659)
		140,301,374	(23,428,819)
		377,865,345	146,427,453
Payments on account of staff retirement benefits		(1,731,020)	(1,823,996)
Income taxes paid		(3,504,366)	(10,399,114)
Net cash flow generated from operating activities		372,629,959	134,204,343
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(396,288,885)	(117,052,504)
Net investments in held to maturity securities		42,750,618	44,498,684
Net investments in subsidiaries and associates		-	(58,708)
Dividend income received		1,103,189	1,521,055
Investment in fixed assets and intangible assets		(2,905,701)	(3,404,239)
Sale proceeds from disposal of fixed assets		259,749	365,409
Sale proceeds from disposal of ijarah assets		35,037	32,729
Effect of translation of net investment in foreign branches		864,578	4,299,622
Net cash flow used in investing activities		(354,181,415)	(69,797,952)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts of subordinated debt		-	1,000,000
Payment of lease liability against right-of-use assets		(2,174,025)	(2,179,971)
Dividends paid		(8,138,474)	(13,448,704)
Net cash flow used in financing activities		(10,312,499)	(14,628,675)
Increase in cash and cash equivalents		8,136,045	49,777,716
Cash and cash equivalents at the beginning of the year		256,590,772	206,813,056
Cash and cash equivalents at the end of the year	36	264,726,817	256,590,772

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

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

1. STATUS AND NATURE OF BUSINESS

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,356 (2019: 1,362) branches inside Pakistan including 100 (2019: 100) Islamic Banking branches and 2 (2019: 2) branches in Export Processing Zones. The Bank also operates 14 (2019: 14) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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, IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

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

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

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

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

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

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 Critical accounting estimates and judgments

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

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

i) classification and valuation of investments (notes 5.3 and 9)

ii) provision against investments (notes 5.3 and 9.3), lendings to financial institutions (note 8) and advances (notes 5.4 and 10.4)

iii) income taxes (notes 5.8 and 34)

iv) staff retirement benefits (notes 5.10 and 38)

v) fair value of derivatives (note 5.15.2)

vi) fixed assets and intangible assets - revaluation, depreciation and amortisation (notes 5.5, 11 and 12)

vii) impairment (note 5.7)

viii) valuation of non-banking assets acquired in satisfaction of claims (note 5.6)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Cash and cash equivalents

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

5.2 Lendings to / borrowings from financial institutions

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

5.2.1 Purchase under resale agreements

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

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

5.2.2 Sale under repurchase agreements

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

5.2.3 Bai Muajjal

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

5.3 Investments

Investments of the Bank, other than investments in subsidiaries and associates, are classified as held for trading, held to maturity and available for sale.

Held for trading

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

Held to maturity

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

Available for sale

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

Initial measurement

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

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

Subsequent measurement

Held for trading

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

Held to maturity

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

Available for sale

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

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

Provisions for diminution in the value of term finance certificates and Sukuks are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provisions for diminution in the value of other securities are made for impairment, if any.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are valued at cost less accumulated impairment losses, if any. A reversal of an impairment loss on subsidiaries and associates is recognised in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

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

5.4 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provisions against domestic advances and general provision against domestic consumer loans portfolio are determined on the basis of the Prudential Regulations and other directives issued by the SBP. Specific provision is determined using the time based criteria and subjective evaluation of the credit worthiness of borrowers. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

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

The Bank determines write-offs in accordance with the criteria prescribed by the SBP vide BPRD Circular No. 06 dated June 05, 2007.

5.4.1 Finance lease receivables

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

5.4.2 Islamic financings and related assets

Receivables under Murabahah financing represent cost price plus an agreed mark-up on deferred sale arrangement. Mark-up income is recognised on a straight line basis over the period of the instalments.

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

Diminishing Musharakah is partnership agreement between the Bank and its customer for financing vehicle or plant and machinery. The receivable is recorded to the extent of Bank's share in the purchase of asset. Income is recognised on accrual basis.

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

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on stocks & receivable (manufacturing, stock and proceeds of sales).

5.5 Fixed assets and depreciation

5.5.1 Tangible assets

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

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected useful lives at the rates specified in note 11.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

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

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

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

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

5.5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of foreign branches include exchange differences arising on currency translation at the year-end rates of exchange. amortisation is calculated so as to write off the amortizable amount of the assets over their expected useful lives at the rates specified in note 12.1 to these unconsolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

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

5.5.3 Lease liability and Right-of-use asset

The bank enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period of 1 year to 50 years and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

The lease liability is initially measured at the present value of the lease payments over the period lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

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

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

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

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

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

5.6 Non-banking assets acquired in satisfaction of claims

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

Legal fees, transfer costs and direct costs of acquiring title to property are charged to the profit and loss account and not capitalised. Gains and losses on sale of non-banking assets are included in the profit and loss account, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to unappropriated profit.

5.7 Impairment

Impairment of available for sale equity investments

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

Impairment of investments in subsidiaries and associates

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

Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is charged to the profit and loss account except for an impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the revaluation surplus.

5.8 Taxation

5.8.1 Current

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

Current tax assets and liabilities are offset only if certain criteria are met.

5.8.2 Deferred

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

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

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

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

5.9 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Bank will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

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

5.10 Staff retirement and other benefits

5.10.1 Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees:

a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates:

- an approved contributory provident fund (defined contribution scheme); and
- an approved gratuity scheme (defined benefit scheme).

b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates:

- an approved non-contributory provident fund in lieu of the contributory provident fund; and
- an approved funded pension scheme, introduced in 1975 (defined benefit scheme).

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

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

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

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

5.10.2 Other benefits

a) Employees' compensated absences

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

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

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

5.10.3 Remeasurement of defined benefit obligations

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

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

5.11 Subordinated debt

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

5.12 Borrowings / deposits

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

5.13 Revenue recognition

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

5.13.1 Advances and investments

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

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

Lease financing

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

5.13.2 Dividend income

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

5.13.3 Fee, brokerage and commission income

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

5.13.4 Grants

Grants received are recorded as income when the right to receive the grant, based on the related expenditure having been incurred, has been established.

5.14 Foreign currencies

5.14.1 Functional and presentation currency

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

5.14.2 Foreign currency transactions

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

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

5.14.3 Foreign operations

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

5.14.4 Translation gains and losses

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

5.14.5 Contingencies and commitments

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

Provision for claims under guarantees

A provision for claims under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.15 Financial instruments

5.15.1 Financial assets and liabilities

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

5.15.2 Derivative financial instruments

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

5.15.3 Off setting

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

5.16 Segment reporting

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

5.16.1 Business segments

(a) Corporate / Commercial Banking

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

(b) Treasury

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

(c) Branch Banking

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

(d) Islamic Banking

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

(e) International Branch Operations

Represents Bank's operations in 4 countries including two branches in export processing zones in Karachi and Sialkot.

(f) Others

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

5.16.2 Geographical segments

The Bank operates in following geographical regions:

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

5.17 Dividends and appropriations to reserves

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

5.18 Earnings per share

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

5.19 Acceptances

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

6. CASH AND BALANCES WITH TREASURY BANKS	Note	2020	2019
		---------- (Rupees in '000) ----------	
In hand			
Local currency		20,776,101	12,394,957
Foreign currencies		12,098,863	5,095,923
		32,874,964	17,490,880
With State Bank of Pakistan in			
Local currency current accounts	6.1	75,604,954	77,855,915
Foreign currency current accounts	6.2	4,420,727	3,431,095
Foreign currency deposit accounts	6.3	7,767,517	10,081,214
		87,793,198	91,368,224
With other central banks in			
Foreign currency current accounts	6.4	28,800,193	28,806,149
Foreign currency deposit accounts	6.5	6,869,307	8,694,038
		35,669,500	37,500,187
With National Bank of Pakistan in local currency current accounts		92,628,531	89,136,038
Prize Bonds		1,871,859	366,438
		250,838,052	235,861,767

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

6.2 This represents a US Dollar settlement account maintained with the SBP and current accounts maintained with the SBP to comply with statutory requirements.

6.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2020, it carries mark-up at the rate of 0.00% (2019: 0.70%) per annum.

6.4 Deposits with other central banks are maintained to meet the minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

6.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 0.75% to 2.00% (2019: 1.50% to 2.00%) per annum.

		Note	2020	2019
7.	**BALANCES WITH OTHER BANKS**		--------- (Rupees in '000) --------	
	In Pakistan			
	In deposit accounts	7.1	2,000,000	-
	Outside Pakistan			
	In current accounts		7,354,534	9,401,214
	In deposit accounts	7.2	4,534,231	11,327,791
			11,888,765	20,729,005
			13,888,765	20,729,005

7.1 This carries mark-up at the rate of 7.15% per annum and is due to mature in January 2021.

7.2 These carry mark-up at rates ranging from 0.05% to 1.50% (2019: 1.30% to 3.50%) per annum.

		Note	2020	2019
8.	**LENDINGS TO FINANCIAL INSTITUTIONS**		--------- (Rupees in '000) --------	
	Call / clean money lending	8.2	10,500,000	-
	Repurchase agreement lendings (reverse repo)	8.3	-	9,450,000
	Bai Muajjal receivable			
	- with State Bank of Pakistan	8.4	6,433,114	-
	- with other financial institutions	8.5	3,026,018	10,733,118
			19,959,132	20,183,118

8.1 Particulars of lendings to financial institutions

In local currency	19,959,132	20,183,118

8.2 These represents unsecured lendings carrying mark-up at the rate of 7.15% to 7.30% per annum and is due to mature in February 2021.

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

	2020			2019		
	Held by Bank	Further given as collateral / sold	Total	Held by Bank	Further given as collateral / sold	Total
	---------- (Rupees in '000) ----------					
Pakistan Investment Bonds	-	-	-	-	9,450,000	9,450,000

8.3.1 The market value of securities held as collateral against repurchase agreement lendings amounted to nil (2019: Rs. 9,459.071 million).

8.4 These represent Bai Muajjal agreements entered into with State Bank of Pakistan whereby the Bank has sold sukuks having carrying value of Rs. 5,927.104 million on deferred payment basis. The average return on these transactions is 9.25% (2019: nil) per annum.

8.5 This represent Bai Muajjal agreement entered into with a financial institution whereby the Bank has sold sukuk having carrying value of Rs. 2,984.569 million (2019: Rs. 10,682.138 million) on deferred payment basis. The average return on these transactions is 6.85% (2019: 12.45%) per annum.

9. INVESTMENTS

9.1 Investments by type

	Note	2020 Cost / Amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying Value	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying Value
		(Rupees in '000)							
Held for trading securities									
Market Treasury Bills		3,009,238	-	228	3,009,466	71,095,652	-	(7,121)	71,088,531
Pakistan Investment Bonds		-	-	-	-	47,107	-	(265)	46,842
		3,009,238	-	228	3,009,466	71,142,759	-	(7,386)	71,135,373
Available for sale securities									
Market Treasury Bills		341,885,979	-	238,363	342,124,342	182,898,327	-	149,496	183,047,823
Pakistan Investment Bonds - fixed		76,334,054	-	333,950	76,668,004	107,776,079	-	(8,446,273)	99,329,806
Pakistan Investment Bonds - floaters		340,678,646	-	(2,569,332)	338,109,314	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Eurobonds		24,216,628	(105,010)	1,126,146	25,237,764	19,657,993	(271,160)	1,291,623	20,678,456
Government of Pakistan Sukuks		23,232,221	(8,713)	(50,261)	23,173,247	9,056,189	(32,577)	23,973	9,047,585
Governement of Pakistan Modaraba Pool	9.4	466,435	-	-	466,435	-	-	-	-
Corporate Sukuks		1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies		13,345,156	(5,479,476)	2,517,580	10,383,260	15,583,291	(5,372,542)	3,199,996	13,410,745
Preference shares		36,667	-	-	36,667	101,365	(64,698)	-	36,667
Ordinary shares of unlisted companies		808,294	(134,392)	36	673,938	753,900	(129,779)	-	624,121
Investment in REIT		458,590	-	(16,676)	441,914	458,590	-	62,118	520,708
Investment in Mutual Fund		250,000	-	(21,482)	228,518	250,000	-	2,931	252,931
Term Finance Certificates		662,335	(162,033)	-	500,302	791,519	(161,996)	-	629,523
Foreign bonds - sovereign		53,560,498	(909,881)	2,494,807	55,145,424	43,173,559	(582,836)	2,767,552	45,358,275
Foreign bonds - others		4,494,088	(24,002)	299,217	4,769,303	6,875,693	(39,741)	247,823	7,083,775
		881,649,591	(6,823,507)	4,352,348	879,178,432	485,534,079	(6,655,329)	1,071,315	479,950,065
Held to maturity securities									
Market Treasury Bills		2,696,727	-	-	2,696,727	3,458,029	-	-	3,458,029
Pakistan Investment Bonds		160,738,122	-	-	160,738,122	206,994,945	-	-	206,994,945
Government of Pakistan Eurobonds		9,383,208	(45,483)	-	9,337,725	9,147,510	(147,920)	-	8,999,590
Government of Pakistan Sukuks		824,745	(3,374)	-	821,371	800,728	(12,536)	-	788,192
Bai Muajjal with Government of Pakistan	9.5	29,569,648	-	-	29,569,648	26,443,679	-	-	26,443,679
Term Finance Certificates		4,516,483	(69,951)	-	4,446,532	5,355,210	(69,950)	-	5,285,260
Corporate Sukuks		12,022,820	(57,846)	-	11,964,974	13,725,143	(87,870)	-	13,637,273
Participation Term Certificates		437	(437)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		21,361,427	(628,582)	-	20,732,845	17,762,050	(332,446)	-	17,429,604
Foreign bonds - others		1,261,784	(23,219)	-	1,238,565	1,321,635	(61,085)	-	1,260,550
Recovery note		-	-	-	-	59,157	(59,141)	-	16
CDC SAARC Fund		347	-	-	347	336	-	-	336
		242,378,014	(831,158)	-	241,546,856	285,071,125	(773,651)	-	284,297,474
Associates									
UBL Financial Sector Fund		150,000	-	-	150,000	150,000	-	-	150,000
UBL Insurers Limited		240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	9.10	832,485	-	-	832,485	832,485	-	-	832,485
DHA Cogen Limited	9.11	-	-	-	-	-	-	-	-
		1,222,485	-	-	1,222,485	1,222,485	-	-	1,222,485
Subsidiaries									
United National Bank Limited (UBL UK)		2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL (Switzerland) AG		589,837	-	-	589,837	589,837	-	-	589,837
UBL Fund Managers Limited		100,000	-	-	100,000	100,000	-	-	100,000
United Executors and Trustees Company Limited	9.12	30,100	-	-	30,100	30,100	-	-	30,100
		3,575,160	-	-	3,575,160	3,575,160	-	-	3,575,160
Discontinued Operation									
UBL Bank (Tanzania) Limited	9.13	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
Total Investments		1,133,665,494	(9,343,576)	4,352,576	1,128,674,494	848,376,614	(9,117,891)	1,063,929	840,322,652

	2020				2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.2 Investments by segment	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	344,895,217	-	238,591	345,133,808	253,993,979	-	142,375	254,136,354
Pakistan Investment Bonds - fixed	237,072,176	-	333,950	237,406,126	314,818,131	-	(8,446,538)	306,371,593
Pakistan Investment Bonds - floaters	340,678,646	-	(2,569,332)	338,109,314	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Sukuks	24,056,966	(12,087)	(50,261)	23,994,618	9,856,917	(45,113)	23,973	9,835,777
Government of Pakistan Eurobonds	33,599,836	(150,493)	1,126,146	34,575,489	28,805,503	(419,080)	1,291,623	29,678,046
Bai Muajjal with Government of Pakistan	29,569,648	-	-	29,569,648	26,443,679	-	-	26,443,679
Governement of Pakistan Modaraba Pool	466,435	-	-	466,435	-	-	-	-
	1,010,338,924	(162,580)	(920,906)	1,009,255,438	730,855,783	(464,193)	(5,216,491)	725,175,099
Ordinary shares								
Listed companies	13,345,156	(5,479,476)	2,517,580	10,383,260	15,583,291	(5,372,540)	3,199,996	13,410,747
Unlisted companies	808,294	(134,392)	36	673,938	753,900	(129,779)	-	624,121
	14,153,450	(5,613,868)	2,517,616	11,057,198	16,337,191	(5,502,319)	3,199,996	14,034,868
Preference shares	36,667	-	-	36,667	101,365	(64,698)	-	36,667
Investment in Mutual Fund	250,000	-	(21,482)	228,518	250,000	-	2,931	252,931
Investment in REIT	458,590	-	(16,676)	441,914	458,590	-	62,118	520,708
Non-Government Debt Securities								
Listed companies	1,830,662	(162,035)	-	1,668,627	2,702,381	(223,114)	-	2,479,267
Unlisted companies	16,593,679	(130,498)	-	16,463,181	18,392,194	(99,407)	-	18,292,787
	18,424,341	(292,533)	-	18,131,808	21,094,575	(322,521)	-	20,772,054
Foreign Securities								
Market Treasury Bills	2,696,727	-	-	2,696,727	3,458,029	-	-	3,458,029
Sovereign bonds	74,921,925	(1,538,463)	2,494,807	75,878,269	60,935,609	(915,282)	2,767,552	62,787,879
CDC SAARC Fund	347	-	-	347	336	-	-	336
Recovery note	-	-	-	-	59,157	(59,141)	-	16
Other Bonds	5,755,872	(47,221)	299,217	6,007,868	8,197,328	(100,826)	247,823	8,344,325
	83,374,871	(1,585,684)	2,794,024	84,583,211	72,650,459	(1,075,249)	3,015,375	74,590,585
Associates								
UBL Financial Sector Fund	150,000	-	-	150,000	150,000	-	-	150,000
UBL Insurers Limited	240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	832,485	-	-	832,485	832,485	-	-	832,485
DHA Cogen Limited	-	-	-	-	-	-	-	-
	1,222,485	-	-	1,222,485	1,222,485	-	-	1,222,485
Subsidiaries								
United National Bank Limited (UBL UK)	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL (Switzerland) AG	589,837	-	-	589,837	589,837	-	-	589,837
UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
United Executors and Trustees Company Limited	30,100	-	-	30,100	30,100	-	-	30,100
	3,575,160	-	-	3,575,160	3,575,160	-	-	3,575,160
Discontinued operations								
UBL Bank (Tanzania) Limited	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
Total Investments	1,133,665,494	(9,343,576)	4,352,576	1,128,674,494	848,376,614	(9,117,891)	1,063,929	840,322,652

		Note	2020	2019
			------- (Rupees in '000) -------	
9.2.1	**Investments given as collateral - at market value**			
	Market Treasury Bills		59,846,168	67,189,682
	Pakistan Investment Bonds		-	13,499,874
			59,846,168	80,689,556
9.3	**Provision for diminution in value of investments**			
9.3.1	Opening balance		9,117,891	6,607,491
	Exchange adjustments		34,098	241,816
	Charge / (reversals)			
	Charge for the year		853,323	4,820,819
	Reversals for the year		(511,772)	(1,621,808)
		33	341,551	3,199,011
	Amounts written off		(149,964)	(930,427)
	Closing balance	9.14	9,343,576	9,117,891

9.3.1.1 The Bank has availed the relaxation given by the SBP in respect of determining the impairment charge against AFS securities and has accordingly recognised the impairment charge in a phased manner equally on a quarterly basis during the year ended December 31, 2020.

9.3.2 Particulars of provision against debt securities

Category of classification	2020		2019	
	Non performing investments (NPI)	Provision	Non performing investments (NPI)	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	292,496	292,496	714,023	322,520
Overseas				
Overdue by:				
> 365 days	-	-	78,784	78,784
Total	292,496	292,496	792,807	401,304

9.4 In accordance with SBP Circular no. 07 of 2020 dated October 22, 2020, the Government of Pakistan has established a wholly owned special purpose vehicle in the name of "Islamic NPC Company Limited" (INPCCL). According to the Circular, INPCCL has formed two Mudarabah pools for issurance of "Islamic Naya Pakistan Certificates" (INPCs) in Pakistani Rupee and US Dollar currencies denomination. This represents the outstanding amount of investment of the Bank in Mudarabah Pools amounting to Rs. 342.284 million and USD 0.777 million (equivalent to Rs. 124.151 million) as at December 31, 2020, respectively.

		2020	2019
9.5	**Bai Muajjal with Government of Pakistan**	------- (Rupees in '000) -------	
	Bai Muajjal Investment	33,031,000	33,031,000
	Less: Deferred Income	(3,461,352)	(6,587,321)
	Bai Muajjal Investment - net	29,569,648	26,443,679

9.6 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows;

	2020	2019
	Cost	
	------- (Rupees in '000) -------	
9.6.1 Domestic Securities		
9.6.1.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	341,885,979	182,898,327
Pakistan Investment Bonds - fixed	76,334,054	107,776,079
Pakistan Investment Bonds - floaters	340,678,646	96,937,574
Sukuks	23,232,221	9,056,189
Eurobonds	24,216,628	19,657,993
Modaraba Pool	466,435	-
	806,813,963	416,326,162
9.6.1.2 Shares		
Listed Companies		
Cement	592,327	1,083,609
Chemical	875,779	954,589
Commercial Banks	337,311	337,311
Fertilizer	5,104,212	5,282,498
Oil & Gas Exploration Companies	603,266	594,497
Oil & Gas Marketing Companies	579,373	666,558
Power Generation & Distribution	4,665,889	5,697,831
Technology & Communication	42,995	41,654
Textile Composite	543,544	543,544
Textile Others	460	353,314
	13,345,156	15,555,405

Unlisted Companies	2020		2019	
	Cost	Breakup value	Cost	Breakup value
	---------- (Rupees in '000) ----------			
SME Bank Limited	26,950	-	26,950	-
First Women Bank	21,100	69,511	21,100	69,511
N.I.F.T	1,527	51,998	1,526	51,641
NIT (Equity)	100	830,783	100	832,941
Passco	5,500	2,725,903	5,500	1,622,928
Swift (Belgium)	2,905	19,417	2,905	15,722
VIS Credit Information Services	325	64	325	45
Mastercard International	0.003	431	0.003	374
Kay Textile Mills Limited	3,778	-	3,778	-
World Bridge Connect Incorporation	77,606	-	77,606	-
Techlogix International Limited	50,703	24,941	50,703	29,537
Cinepax Limited	60,122	175,313	60,122	197,405
Pakistan Mortgage Refinance Company Limited.	500,000	630,862	500,000	507,460
1 Link (Private) Limited	54,287	202,032	-	-
	804,903	4,731,255	750,615	3,327,564

	2020	2019
	Cost	
	------- (Rupees in '000) -------	
9.6.1.3 Others		
Investment in REIT	458,590	458,590
Preference shares	36,667	36,667
Mutual Fund	250,000	250,000
9.6.1.4 Non Government Debt Securities		
Listed		
- AA+, AA, AA-	250,000	370,685
- A+, A, A-	250,000	250,000
- Unrated	162,335	162,336
	662,335	783,021
Unlisted		
- AAA	-	420,000
- AA+, AA, AA-	420,000	800,000
- A+, A, A-	800,000	-
- Unrated	-	8,498
	1,220,000	1,228,498

9.6.2 Foreign Securities

9.6.2.1 Government Securities	2020		2019	
	Cost	Rating	Cost	Rating
	---------- (Rupees in '000) ----------			
- Qatar	8,294,761	AA-	4,115,224	AA-
- United Arab Emirates	12,550,990	AA	6,851,604	AA
- Srilanka	4,528,945	CCC+	5,816,989	B
- Jordan	3,672,314	B+	3,562,863	BB-
- Bahrain	6,539,325	B	6,263,102	BB-
- Egypt	4,847,877	B	4,320,033	B
- Kenya	1,190,908	B	1,160,041	B
- Nigeria	1,563,239	B	1,520,018	B+
- Oman	5,342,200	BB-	5,140,974	BB+
- Turkey	4,230,991	B	4,133,659	BB-
- South Africa	798,948	BB	-	N/A
- Tanzania	-	N/A	289,052	B+
	53,560,498		43,173,559	

	2020	2019
	Cost	
	------- (Rupees in '000) -------	
9.6.2.2 Non Government Debt Securities		
Listed		
- AA+, AA, AA-	288,705	674,429
- BBB+, BBB, BBB-	734,470	2,826,520
- BB+, BB, BB-	-	460,440
- B+, B, B-	1,109,941	616,934
- Unrated	2,360,972	2,297,370
	4,494,088	6,875,693
9.6.2.3 Equity Securities		
Listed		
DP world - Bahrain	-	27,886
Unlisted		
The Benefit Company B.S.C	3,391	3,285
9.6.2.4 Preference Shares	-	64,698

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

9.7.1 Domestic Securities

9.7.1.1 Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	160,738,122	206,994,945
Sukuks	824,745	800,728
Bai Muajjal	29,569,648	26,443,679
Eurobonds	9,383,208	9,147,510
	200,515,723	243,386,862
9.7.1.2 Non Government Debt Securities		
Listed		
- AA+, AA, AA-	1,168,328	1,910,863
Unlisted		
- AAA	7,778,230	8,740,830
- AA+, AA, AA-	1,419,237	1,706,407
- A+, A, A-	685,713	821,427
- Unrated	5,490,498	5,903,529
	15,373,678	17,172,193
9.7.1.3 Others		
CDC SAARC Fund	347	336

9.7.2 Foreign Securities

9.7.2.1 Government Securities	2020 Cost	2020 Rating	2019 Cost	2019 Rating
	(Rupees in '000)			
- Qatar	3,434,345	AA-	1,821,876	AA-
- Jordan	2,768,623	B+	2,685,927	BB-
- Bahrain	3,008,615	B	1,843,236	BB-
- Egypt	2,488,387	B	2,386,064	B
- Kenya	1,190,482	B	1,159,578	B
- Oman	2,409,048	BB-	2,326,553	BB+
- Portugal	711,520	BBB-	691,396	BBB
- Sri Lanka	2,370,534	CCC+	2,683,484	B
- Tanzania	-	unrated	45,034	B+
- Turkey	2,180,924	B	2,118,902	BB-
- South Africa	798,948	BB	-	N/A
- Yemen	2,696,728	unrated	3,458,029	unrated
	24,058,154		21,220,079	

9.7.2.2 Non Government Debt Securities	2020 Cost	2019 Cost
	(Rupees in '000)	
Listed		
- BBB+, BBB, BBB-	63,934	61,939
- BB+, BB, BB-	473,922	460,440
- B+, B, B-	636,019	616,934
- Unrated	87,909	162,679
	1,261,784	1,301,992
Unlisted		
- Unrated	-	19,643

9.7.2.3 Others

Recovery Note	-	59,157

9.7.3 The market value of securities classified as held-to-maturity as at December 31, 2020, amounted to Rs. 246,788.536 million (2019: Rs. 281,380.415 million).

9.8 Investments include securities which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9.9 Investments include Rs. 118 million (2019: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2019: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

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

9.11 The Bank held 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration paid. DHA Cogen Limited has been sold during the year 2020 for a consideration of Rs. 152.755 million.

9.12 The shareholders of the Bank in their annual general meeting held on March 27, 2020, have resolved to wind up “United Executors and Trustees Company Limited”, a wholly owned subsidiary of the Bank. The Company is inactive, and will have no impact on the overall profitability of the Bank.

9.13 UBL Bank (Tanzania) Limited ("UBTL") is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities held as at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited ("Exim"), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is in process of winding up and voluntary liquidation.

9.14 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,748.301 million (2019: Rs. 1,460.657 million) on overseas branches.

9.15 Summary of financial position and performance of associates and subsidiaries

	2020					
	Country of Incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)
			(Rupees in '000)			
Associates						
UBL Financial Sector Fund	Pakistan	12.39%	1,178,034	73,543	(46,647)	(84,869)
UBL Insurers Limited	Pakistan	30.00%	5,876,518	4,205,955	1,841,543	65,865
Khushhali Bank Limited	Pakistan	29.69%	107,288,360	96,415,309	1,193,189	383,353
Subsidiaries						
United National Bank Limited (UBL UK)	United Kingdom	55.00%	131,552,572	114,916,979	2,565,956	(448,650)
UBL (Switzerland) AG	Switzerland	100.00%	23,062,408	16,471,494	879,409	145,515
UBL Fund Managers Limited	Pakistan	98.87%	2,781,415	771,203	928,450	311,888
UBL Bank (Tanzania) Limited	Tanzania	100.00%	219,488	11,575	312	(16,373)
United Executors and Trustees Company Limited	Pakistan	100.00%	135,259	701	9,911	6,535

	2019					
	Country of Incorporation	% Holding	Assets	Liabilities	Revenue	Profit / (loss)
			(Rupees in '000)			
Associates						
UBL Financial Sector Fund	Pakistan	16.00%	994,621	11,275	142,311	51,990
UBL Insurers Limited	Pakistan	30.00%	5,754,807	4,088,854	1,769,967	307,875
Khushhali Bank Limited	Pakistan	29.69%	81,714,191	72,286,516	1,027,104	202,318
Subsidiaries						
United National Bank Limited (UBL UK)	United Kingdom	55.00%	103,628,212	87,642,018	2,084,129	(141,894)
UBL (Switzerland) AG	Switzerland	100.00%	32,637,653	26,790,726	990,362	325,748
UBL Fund Managers Limited	Pakistan	98.87%	2,486,133	587,181	986,405	188,378
UBL Bank (Tanzania) Limited	Tanzania	100.00%	224,818	5,824	305,250	(1,224,735)
United Executors and Trustees Company Limited	Pakistan	100.00%	128,245	222	12,949	9,042

10. ADVANCES

	Note	Performing		Non-performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	10.2	474,312,018	572,733,264	80,691,738	73,673,653	555,003,756	646,406,917
Islamic financings and related assets	10.7	20,542,257	9,027,259	107,478	94,043	20,649,735	9,121,302
Bills discounted and purchased		30,828,990	44,205,242	2,824,527	3,218,030	33,653,517	47,423,272
Advances - gross		525,683,265	625,965,765	83,623,743	76,985,726	609,307,008	702,951,491
Provision against advances	10.4						
- Specific		-	-	(71,755,668)	(63,615,915)	(71,755,668)	(63,615,915)
- General		(7,271,844)	(3,501,359)	-	-	(7,271,844)	(3,501,359)
		(7,271,844)	(3,501,359)	(71,755,668)	(63,615,915)	(79,027,512)	(67,117,274)
Advances - net of provision		518,411,421	622,464,406	11,868,075	13,369,811	530,279,496	635,834,217

		2020	2019
10.1	**Particulars of advances - gross**	(Rupees in '000)	
10.1.1	In local currency	453,024,198	516,411,196
	In foreign currencies	156,282,810	186,540,295
		609,307,008	702,951,491

10.2 Includes net investment in finance lease as disclosed below:

	2020				2019			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Minimum lease payments	-	121,993	-	121,993	-	166,967	-	166,967
Financial charges for future periods	-	(22,484)	-	(22,484)	-	(58,339)	-	(58,339)
Present value of minimum lease payments	-	99,509	-	99,509	-	108,628	-	108,628

10.3 Advances include Rs. 83,623.743 million (2019: Rs. 76,985.726 million) which have been placed under non-performing status as detailed below:

	2020		2019	
Category of Classification	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned *	189,538	497	322,139	8,561
Substandard	2,690,171	662,589	764,745	188,848
Doubtful	1,599,695	798,209	325,325	169,274
Loss	24,259,582	23,164,558	26,152,963	25,041,562
	28,738,986	24,625,853	27,565,172	25,408,245
Overseas				
Not past due but impaired **	5,820,717	2,681,378	6,763,366	3,086,501
Overdue by:				
Upto 90 days	1,064,806	135,443	2,804,905	647,984
91 to 180 days	5,232,868	4,695,361	1,643,198	987,640
181 to 365 days	6,841,381	6,407,521	5,518,289	4,967,136
> 365 days	35,924,985	33,210,112	32,690,796	28,518,409
	54,884,757	47,129,815	49,420,554	38,207,670
Total	83,623,743	71,755,668	76,985,726	63,615,915

* 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.

10.4 Particulars of provision against advances

	Note	2020			2019		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		63,615,915	3,501,359	67,117,274	56,278,579	4,442,585	60,721,164
Exchange adjustments		917,623	155,659	1,073,282	3,536,985	261,133	3,798,118
Charge / (reversals)							
Charge for the year		14,394,123	3,623,212	18,017,335	9,660,850	25,209	9,686,059
Reversals		(1,805,805)	(8,386)	(1,814,191)	(3,521,386)	(1,220,012)	(4,741,398)
	33	12,588,318	3,614,826	16,203,144	6,139,464	(1,194,803)	4,944,661
Amounts written off	10.5	(5,282,212)	-	(5,282,212)	(2,754,617)	-	(2,754,617)
Amounts charged off - agriculture financing		(80,974)	-	(80,974)	-	-	-
Transfers (out) / in - net		(3,002)	-	(3,002)	415,504	(7,556)	407,948
Closing balance		71,755,668	7,271,844	79,027,512	63,615,915	3,501,359	67,117,274

10.4.1 General provision represents provision amounting to Rs. 319.955 million (2019: Rs. 328.342 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,951.889 million (2019: Rs. 3,173.017 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

10.4.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 18.337 million (2019: Rs. 27.992 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. 3,951.861 million (2019: Rs. 5,180.474 million) for the overseas branches.

10.4.3 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	24,085,365	319,955	24,405,320	24,890,486	328,342	25,218,828
In foreign currencies	47,670,303	6,951,889	54,622,192	38,725,429	3,173,017	41,898,446
	71,755,668	7,271,844	79,027,512	63,615,915	3,501,359	67,117,274

10.4.4 During the year, as a result of COVID-19, the SBP has allowed certain relaxations including deferment of principal payment, rescheduling / restructuring of principal and mark-up, extension and timeline of provisioning against trade bills while maintaining the customer status as "regular". These have been considered while determining the provisioning requirements on a time based criteria.

		Note	2020	2019
10.5	**Particulars of write-offs**		(Rupees in '000)	
10.5.1	Against provisions	10.4	5,282,212	2,754,617
	Directly charged to profit and loss account		77,094	149,591
			5,359,306	2,904,208
10.5.2	- Write-offs of Rs. 500,000 and above			
	Domestic	10.6	2,663,181	107,336
	Overseas		2,629,279	2,742,502
			5,292,460	2,849,838
	- Write-offs of below Rs. 500,000		66,846	54,370
			5,359,306	2,904,208

10.6 Details of loan write-offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2020, is given in annexure I to the unconsolidated financial statements (except in case of overseas branches write-offs which is restricted by overseas regulatory authorities).

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

		Note	2020	2019
11.	**FIXED ASSETS**		(Rupees in '000)	
	Capital work-in-progress	11.1	447,893	541,722
	Property and equipment	11.2	50,759,810	51,855,155
			51,207,703	52,396,877
11.1	**Capital work-in-progress**			
	Civil works		270,445	370,308
	Equipment		177,448	171,414
			447,893	541,722

11.2 Property and Equipment

	2020									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improve-ments	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of-use Asset - Property	Total
	(Rupees in '000)									
At January 1, 2020										
Cost / Revalued amount	6,433,625	21,515,547	2,790,183	6,930,058	5,771,075	2,254,526	14,979,480	356,804	9,107,226	70,138,524
Accumulated depreciation	-	(1,979)	(164,142)	(500,166)	(3,290,072)	(1,359,480)	(10,735,213)	(215,067)	(2,017,250)	(18,283,369)
Net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,046	4,244,267	141,737	7,089,976	51,855,155
Year ended December 31, 2020										
Opening net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,046	4,244,267	141,737	7,089,976	51,855,155
Additions	-	-	-	-	478,528	92,708	1,744,741	4,950	2,188,391	4,509,318
Net disposal / termination (book value)	-	(44,930)	-	(118,811)	(39,240)	(5,586)	(67,135)	(13,359)	(944,932)	(1,233,993)
Depreciation charge	-	-	(88,453)	(258,431)	(460,901)	(161,636)	(1,817,601)	(45,953)	(1,655,038)	(4,488,013)
Exchange rate adjustments	-	10	-	399	39,850	309	70,132	307	6,336	117,343
Closing net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
At December 31, 2020										
Cost / Revalued amount	6,433,625	21,470,690	2,790,183	6,797,040	5,786,556	2,187,778	15,455,565	314,148	9,558,101	70,793,686
Accumulated depreciation	-	(2,042)	(252,595)	(743,991)	(3,287,316)	(1,366,937)	(11,281,161)	(226,466)	(2,873,368)	(20,033,876)
Net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Rate of depreciation (percentage)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	-

	2019									
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold Improve-ments	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of-use Asset - Property	Total
	(Rupees in '000)									
At January 1, 2019										
Cost / Revalued amount	6,433,625	21,767,359	2,790,183	6,944,070	4,811,411	2,078,963	13,142,926	453,509	-	58,422,046
Accumulated depreciation	-	(1,775)	(75,689)	(236,845)	(2,814,645)	(1,178,215)	(8,998,129)	(261,882)	-	(13,567,180)
Net book value	6,433,625	21,765,584	2,714,494	6,707,225	1,996,766	900,748	4,144,797	191,627	-	44,854,866
Year ended December 31, 2019										
Opening net book value	6,433,625	21,765,584	2,714,494	6,707,225	1,996,766	900,748	4,144,797	191,627	-	44,854,866
Impact of adoption of IFRS 16 at January 1, 2019	-	-	-	-	-	-	-	-	8,281,058	8,281,058
Additions	-	-	-	4,091	901,648	149,999	1,797,869	19,105	881,802	3,754,514
Net disposal (book value)	-	(252,050)	-	(18,453)	(2,846)	(106)	(4,690)	(11,974)	-	(290,119)
Depreciation charge	-	-	(88,453)	(264,095)	(422,296)	(158,906)	(1,718,190)	(58,012)	(2,097,081)	(4,807,033)
Exchange rate adjustments	-	34	-	1,124	7,731	3,311	24,481	991	24,197	61,869
Closing net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,046	4,244,267	141,737	7,089,976	51,855,155
At December 31, 2019										
Cost / Revalued amount	6,433,625	21,515,547	2,790,183	6,930,058	5,771,075	2,254,526	14,979,480	356,804	9,107,226	70,138,524
Accumulated depreciation	-	(1,979)	(164,142)	(500,166)	(3,290,072)	(1,359,480)	(10,735,213)	(215,067)	(2,017,250)	(18,283,369)
Net book value	6,433,625	21,513,568	2,626,041	6,429,892	2,481,003	895,046	4,244,267	141,737	7,089,976	51,855,155
Rate of depreciation (percentage)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	-

11.3 Revaluation of properties

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2017. The revaluation was carried out by M/s. Engineering Pakistan Int'l (Private) Limited., M/s. M. J. Surveyors (Private) Limited, M/s. Harvestor Services (Private) Limited., and M/s. Iqbal A. Nanjee & Co. (Private) Limited. on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 6,366.149 million. The total surplus against revaluation of fixed assets as at December 31, 2020, amounts to Rs. 25,630.817 million. Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

		2020	2019
		------- (Rupees in '000) -----	
	Freehold land	782,581	782,581
	Leasehold land	3,330,789	3,331,039
	Building on freehold land	1,990,873	2,054,703
	Building on leasehold land	4,757,850	4,962,504
11.4	Carrying amount of temporarily idle property of the Bank	143,420	82,420
11.5	The cost of fully depreciated assets still in use		
	Furniture and fixtures	476,007	540,038
	Electrical, office and computer equipment	6,235,542	5,745,023
	Vehicles	118,403	52,446
	Leasehold improvements	831,886	1,164,000
		7,661,838	7,501,507

11.6 Details of disposal of operating fixed assets to related parties

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

		Note	2020	2019
12	**INTANGIBLE ASSETS**		------- (Rupees in '000) -----	
	Capital work-in-progress		190,355	262,404
	Intangible assets	12.1	1,638,856	1,688,598
			1,829,211	1,951,002
12.1	**At January 1**			
	Cost		5,875,765	5,015,073
	Accumulated amortisation and impairment		(4,187,167)	(3,469,200)
	Net book value		1,688,598	1,545,873
	Year ended December			
	Opening net book value		1,688,598	1,545,873
	Additions		742,731	761,437
	Disposals		(1,324)	(335)
	Amortisation charge		(793,562)	(645,869)
	Exchange rate adjustments		2,413	27,492
	Closing net book value		1,638,856	1,688,598
	At December 31			
	Cost		6,554,387	5,875,765
	Accumulated amortisation and impairment		(4,915,531)	(4,187,167)
	Net book value		1,638,856	1,688,598
	Rate of amortisation (percentage)		10-25	10-25
	Useful life (in years)		4 - 10	4 - 10

		Note	2020	2019
			------- (Rupees in '000) -----	
12.2	The cost of fully amortised assets still in use			
	Software		2,297,088	1,807,345

13. DEFERRED TAX ASSETS

Deferred tax assets	13.1	6,399,267	3,300,164

13.1 Movement in temporary differences during the year

	2020			
	At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Post retirement employee benefits	837,307	30,335	513,445	1,381,087
- Provision against advances, off balance sheet etc.	3,291,876	3,098,387	-	6,390,263
- Workers' Welfare Fund	1,495,858	337,333	-	1,833,191
	5,625,041	3,466,055	513,445	9,604,541
Taxable temporary differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(739,593)	33,079	59,848	(646,666)
- Surplus on revaluation of investments	(417,813)	-	(1,279,603)	(1,697,416)
- Accelerated tax depreciation	(1,147,656)	418,087	-	(729,569)
- Others	(19,815)	-	(111,808)	(131,623)
	(2,324,877)	451,166	(1,331,563)	(3,205,274)
	3,300,164	3,917,221	(818,118)	6,399,267

	2019			
	At January 1, 2019	Recognised in profit and loss account	Recognised in OCI	At December 31, 2019
	---------- (Rupees in '000) ----------			
Deductible temporary differences on:				
- Post retirement employee benefits	403,897	103,173	330,237	837,307
- Provision against advances, off balance sheet etc.	2,292,249	999,627	-	3,291,876
- Surplus on revaluation of investments	4,880,087	-	(5,297,900)	(417,813)
- Workers' Welfare Fund	1,083,350	412,508	-	1,495,858
- Others	788,897	(856,524)	47,812	(19,815)
	9,448,480	658,784	(4,919,851)	5,187,413
Taxable Temporary Differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(734,307)	32,786	(38,072)	(739,593)
- Accelerated tax depreciation	(907,089)	(240,567)	-	(1,147,656)
	(1,641,396)	(207,781)	(38,072)	(1,887,249)
	7,807,084	451,003	(4,957,923)	3,300,164

		Note	2020	2019
14.	**OTHER ASSETS**		------- (Rupees in '000) -------	
	Income / mark-up accrued in local currency - net of provision		21,075,804	28,748,779
	Income / mark-up accrued in foreign currencies - net of provision		2,117,215	2,515,758
		14.1	23,193,019	31,264,537
	Advance taxation - net of provision for taxation	14.2	5,921,083	19,595,118
	Receivable from staff retirement fund		24,160	208,312
	Receivable from other banks against telegraphic transfers and demand drafts		110,689	201,592
	Unrealised gain on forward foreign exchange contracts		2,703,865	6,652,236
	Rebate receivable - net		631,410	2,142,484
	Unrealised gain on derivative financial instruments	24.2	-	15,216
	Suspense accounts		51,215	349,099
	Stationery and stamps on hand		169,311	287,313
	Non-banking assets acquired in satisfaction of claims		241,683	1,040,517
	Advances, deposits, advance rent and other prepayments		916,276	1,100,041
	Acceptances	20	10,505,651	17,366,169
	Dividend Receivable		217,974	51,626
	Commission Receivable - Branchless Banking		658,524	650,685
	Receviable against fraud & forgery and looted notes		586,929	590,120
	Others		2,006,747	1,942,031
			47,938,536	83,457,096
	Provision held against other assets	14.3.3	(1,392,976)	(1,271,877)
	Other assets - net of provisions		46,545,560	82,185,219
	(Deficit) / surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.3 & 14.3.2	(38,367)	11,341
	Other assets - total		46,507,193	82,196,560

14.1 This includes unrealised mark-up held in suspense amounting to Rs. 13,639.898 million (2019: Rs. 10,303.471 million) kept against non-performing overseas advances / investment as per the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

14.2 The Income Tax returns of the Bank have been filed up to the tax year 2020 (accounting year ended December 31, 2019) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2019, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,610 million (2019: Rs.11,610 million), which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2020 (financial year 2019) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently, various addbacks and demands were raised creating a total demand of Rs. 1,274 million (2019: Rs. 889 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2019, under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of Qatari Riyal (QAR) 1 million (Rs: 43.895 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.

		2020	2019
		------- (Rupees in '000) -------	
14.3	**Market value of Non-banking assets acquired in satisfaction of claims**	203,316	1,051,858

14.3.1 During the current year, the valuation of non-banking assets acquired in satisfaction of the claims was carried out by M.J. Surveyors (Private) Limited from among the approved list of valuer of Pakistan Banker's Association.

		2020	2019
14.3.2	**Non-banking assets acquired in satisfaction of claims**	------- (Rupees in '000) -------	
	Opening balance	1,051,858	1,542,423
	Additions	-	82,500
	Revaluation	(1,509)	(7,821)
	Disposals	(846,541)	(525,649)
	Impairment	(268)	(39,595)
	Other adjustments	(224)	-
	Closing balance	203,316	1,051,858
14.3.3	**Provision held against other assets**		
	Advances and other receivables	84,272	84,272
	Non-banking assets acquired in satisfaction of claims	-	85,200
	Fraud & forgery	626,435	639,141
	Others	682,269	463,264
		1,392,976	1,271,877
14.3.3.1	**Movement in provision held against other assets**		
	Opening balance	1,271,877	1,086,072
	Exchange adjustments	655	3,093
	Charge / (reversals)		
	Charge for the year	249,664	326,647
	Reversals for the year	(94,809)	(72,670)
		154,855	253,977
	Transfers in / (out) - net	3,245	(17,000)
	Amounts written off	(37,656)	(54,265)
	Closing balance	1,392,976	1,271,877

15. CONTINGENT ASSETS

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

16. BILLS PAYABLE

In Pakistan	28,820,012	22,500,509
Outside Pakistan	913,801	426,087
	29,733,813	22,926,596

17. BORROWINGS

17.1 Particulars of borrowings

In local currency	119,309,820	138,128,878
In foreign currencies	9,677,595	16,355,122
	128,987,415	154,484,000

17.2 Details of borrowings

		2020	2019
		------- (Rupees in '000) -------	
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	17.3	30,724,174	30,354,891
Refinance facility for modernization of SME	17.4	3,955	10,022
Long term financing facility	17.5	22,243,644	22,959,023
Refinance scheme for payment of wages and salaries	17.6	5,587,037	-
Renewable energy scheme	17.7	146,985	-
Other borrowings	17.8	768,206	-
		59,474,001	53,323,936
Repurchase agreement borrowings	17.9	59,835,819	67,233,660
Bai Muajjal payable to other financial institutions		-	13,812,921
		119,309,820	134,370,517
Unsecured			
Call borrowings	17.10	2,397,485	4,680,579
Overdrawn nostro accounts		356,029	588,275
Money market deals	17.11	6,924,081	14,844,629
		9,677,595	20,113,483
		128,987,415	154,484,000

17.3 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2021. These carry mark-up at rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum.

17.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by February 2022 and carry mark-up at rates of 6.00% (2019: 5.00%) per annum.

17.5 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by April 2030. These carry mark-up at rates ranging from 2.00% to 9.70% (2019: 2.00% to 9.70%) per annum.

17.6 In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 2.00% per annum.

17.7 These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by October 2026. These carry mark-up at rates ranging from 3.00% to 4.00% per annum.

17.8 These represent borrrowings against refinance facility for combatting COVID-19, and temporary economic refinance facilities amounting to Rs. 460.666 million and Rs. 307.540 million respectively. These borrowing are repayable latest by June 2025 and June 2021 respectively and carry markup at the rates of 0.00% and 1.00% per annum respectively.

17.9 These repurchase agreement borrowings are secured against Pakistan Investment Bonds and Market Treasury Bills and carry mark-up at rates ranging from 6.05% to 7.00% per annum (2019: 13.20% to 13.29% per annum). These borrowings are repayable latest by January 2021. The market value of securities given as collateral against these borrowings is given in note 9.2.1.

17.10 These are unsecured borrowings carrying mark-up at the rate of 1.50% (2019: 1.75% to 12.52%) per annum, and are repayable latest by March 2021.

17.11 These borrowings carry mark-up at rates ranging from 1.86% to 3.50% (2019: 3.21% to 4.20%) per annum, and are repayable latest by June 2021.

18. DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Customers						
Fixed deposits	171,340,589	123,785,587	295,126,176	141,228,719	172,661,074	313,889,793
Savings deposits	509,712,356	48,079,084	557,791,440	450,464,549	33,040,464	483,505,013
Sundry deposits	5,022,037	1,750,251	6,772,288	12,592,638	848,530	13,441,168
Margin deposits	3,833,926	3,164,625	6,998,551	2,825,918	2,931,103	5,757,021
Current accounts - remunerative	1,387,144	5,240,221	6,627,365	1,799,190	6,026,771	7,825,961
Current accounts - non-remunerative	549,419,858	111,464,961	660,884,819	449,956,720	100,687,793	550,644,513
	1,240,715,910	293,484,729	1,534,200,639	1,058,867,734	316,195,735	1,375,063,469
Financial Institutions						
Current deposits	20,978,533	1,941,161	22,919,694	26,897,943	1,873,591	28,771,534
Savings deposits	56,409,524	42,544	56,452,068	36,132,073	25,334	36,157,407
Term deposits	25,207,956	1,431,544	26,639,500	25,783,802	1,287,249	27,071,051
	102,596,013	3,415,249	106,011,262	88,813,818	3,186,174	91,999,992
	1,343,311,923	296,899,978	1,640,211,901	1,147,681,552	319,381,909	1,467,063,461

18.1 Composition of deposits

	2020	2019
	------- (Rupees in '000) -----	
- Individuals	922,086,776	811,943,941
- Government (Federal and Provincial)	96,121,321	68,423,153
- Public Sector Entities	114,365,057	93,001,261
- Banking Companies	10,955,775	33,125,891
- Non-Banking Financial Institutions	95,055,487	58,874,101
- Private Sector	401,627,485	401,695,114
	1,640,211,901	1,467,063,461

This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 991,687.959 million (2019: Rs. 854,722.801 million).

19. SUBORDINATED DEBT

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

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

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

	Note	2020	2019
		------- (Rupees in '000) -------	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		11,628,846	8,964,301
Mark-up / return / interest payable in foreign currencies		1,306,907	2,142,257
		12,935,753	11,106,558
Accrued expenses		4,052,238	3,969,499
Branch adjustment account		105,228	227,950
Deferred income		882,954	367,158
Unearned commission and income on bills discounted		437,621	847,295
Provision against off - balance sheet obligations	20.1	1,065,233	622,264
Unrealised loss on forward foreign exchange contracts		3,318,593	6,962,186
Trading liability		-	6,120,767
Payable to staff retirement fund		1,122,023	725,619
Deferred liabilities	20.2	3,752,247	3,743,711
Unrealised loss on derivative financial instruments	24.2	-	18,155
Workers' Welfare Fund payable		4,700,490	3,835,534
Liabilities against ATM settlement		1,199,242	1,308,571
Insurance payable against consumer assets		615,406	449,263
Dividend payable		357,578	538,884
Acceptances	14	10,505,651	17,366,169
Charity fund balance		2,827	3,494
Lease liability	20.3	7,776,503	7,761,350
Levies and taxes payable		2,666,232	2,700,232
Others		1,081,458	557,763
		56,577,277	69,232,422

20.1 Provision against off-balance sheet obligations

Opening balance		622,264	833,397
Exchange adjustments		11,220	81,237
Charge for the year		568,987	288,288
Reversals for the year		(137,238)	(240,850)
	33	431,749	47,438
Transfer out		-	(339,808)
Closing balance		1,065,233	622,264

20.2 Deferred liabilities

Provision for post retirement medical benefits	38.5	2,028,687	1,950,906
Provision for compensated absences		954,555	1,037,908
Deferred liability for outsourced services		228,006	272,635
Deferred liability - overseas		540,999	482,262
		3,752,247	3,743,711

20.3 The total cash outflow for leases during the year was Rs. 2,174.025 million (2019: Rs. 2,179.971 million).

21. SHARE CAPITAL

21.1 Authorised Capital

2020	2019		2020	2019
(Number of shares)			------- (Rupees in '000) -------	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

21.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
(Number of shares)			------- (Rupees in '000) -------	
		Fully paid-up ordinary shares of Rs. 10 each		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
1,224,179,687	1,224,179,687		12,241,797	12,241,797

21.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2020, 242,278 (2019: 248,067) GDRs, representing 969,112 (2019: 992,268) shares were in issue.

21.4 Major shareholders (holding more than 5% of total paid-up capital)

	2020		2019	
Name of shareholder	**Number of shares held**	**Percentage of shareholding**	**Number of shares held**	**Percentage of shareholding**
Bestway (Holdings) Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

As at December 31, 2020, Bestway Group (Bestway) held 61.48% (2019: 61.48%) shareholding (including GDRs) of the Bank.

	2020	2019
21.5 Shares of the Bank held by its associates	------- (Number of shares) -------	
UBL Financial Sector Fund	1,616,986	479,400

22. SURPLUS ON REVALUATION OF ASSETS

	Note	2020	2019
		------- (Rupees in '000) -------	
Surplus arising on revaluation of assets			
Available for sale securities	22.1	4,352,348	1,071,315
Fixed assets	22.2	25,630,817	25,872,298
Non-banking assets acquired in satisfaction of claims	22.3	1,496	50,936
		29,984,661	26,994,549
Less: Deferred tax liability on revaluation of:			
Available for sale securities	22.1	1,697,416	417,813
Fixed assets	22.2	646,083	719,728
Non-banking assets acquired in satisfaction of claims	22.3	583	19,865
		2,344,082	1,157,406
		27,640,579	25,837,143

		Note	2020	2019
			------- (Rupees in '000) -------	
22.1	**Surplus / (deficit) on revaluation of available for sale securities**			
	Market Treasury Bills		238,363	149,496
	Pakistan Investment Bonds - fixed		333,950	(8,446,273)
	Pakistan Investment Bonds - floaters		(2,569,332)	1,772,076
	Ordinary shares and mutual fund		2,496,134	3,202,927
	REIT Investment		(16,676)	62,118
	Term Finance Certificates, Sukuks, other bonds etc.		(50,261)	23,973
	Foreign bonds		3,920,170	4,306,998
		9.1	4,352,348	1,071,315
	Related deferred tax liability		1,697,416	417,813
			2,654,932	653,502
22.2	**Surplus on revaluation of fixed assets**			
	Surplus on revaluation of fixed assets as at January 1		25,872,298	26,218,945
	Reversal of revaluation against fixed assets during the year		-	-
	Realised on disposal during the year		(162,824)	(263,135)
	Exchange adjustments		6,413	4,840
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(51,893)	(53,895)
	Related deferred tax liability on incremental depreciation charged during the year		(33,177)	(34,457)
			(241,481)	(346,647)
			25,630,817	25,872,298
	Less: Related deferred tax liability on			
	Revaluation as at January 1		719,728	667,022
	Surplus realised on disposal of fixed assets during the year		(46,478)	(826)
	Impact of change of deferred tax rate		-	77,907
	Reversal of revaluation against fixed assets during the year		-	-
	Exchange adjustments		6,010	10,082
	Incremental depreciation charged on related assets		(33,177)	(34,457)
			646,083	719,728
			24,984,734	25,152,570
22.3	**Surplus on revaluation of non-banking assets**			
	Surplus on revaluation of non-banking assets as at January 1		50,936	173,141
	Revaluation of non-banking assets during the year		(1,509)	(7,821)
	Realised on disposal during the year		(47,931)	(114,384)
			(49,440)	(122,205)
			1,496	50,936
	Less: Related deferred tax liability on			
	Revaluation as at January 1		19,865	67,285
	Revaluation of non-banking assets during the year		(588)	(3,050)
	Surplus realised on disposal of non-banking assets during the year		(18,694)	(44,370)
			583	19,865
			913	31,071

		Note	2020	2019
23.	**CONTINGENCIES AND COMMITMENTS**		------- (Rupees in '000) -------	
	Guarantees	23.1	147,936,161	170,495,301
	Commitments	23.2	891,767,423	1,206,093,067
	Other contingent liabilities	23.3	15,539,628	15,075,981
			1,055,243,212	1,391,664,349
23.1	**Guarantees:**			
	Financial guarantees		43,027,825	41,184,047
	Performance guarantees		104,908,336	129,311,254
			147,936,161	170,495,301
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		137,787,140	148,263,814
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.2	635,597,333	910,616,840
	- forward government securities transactions	23.2.3	-	14,307,720
	- derivatives	23.2.4		
	Interest rate swaps		-	316,500
	FX options		-	122,594
	- forward lending	23.2.5	115,451,442	130,389,022
	- operating leases	23.2.6	55,009	38,278
	Commitments for acquisition of:			
	- Fixed assets	23.2.7	2,876,499	2,031,196
	- Intangible assets	23.2.7	-	7,103
			891,767,423	1,206,093,067

23.2.1 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.

		2020	2019
23.2.2	**Commitments in respect of forward foreign exchange contracts**	------- (Rupees in '000) -------	
	Purchase	342,792,602	482,798,387
	Sale	292,804,731	427,818,453
23.2.3	**Commitments in respect of forward government securities transactions**		
	Purchase	-	3,043,541
	Sale	-	11,264,179
23.2.4	**Commitments in respect of derivatives**		
	Interest rate swaps	-	316,500
	FX options - purchased	-	61,297
	FX options - sold	-	61,297

		Note	2020	2019
			------- (Rupees in '000) -------	
23.2.5	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.5.1	57,591,623	71,503,628
	Others		57,859,819	58,885,394
			115,451,442	130,389,022

23.2.5.1 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.

		2020	2019
23.2.6	**Commitments in respect of operating leases**	------- (Rupees in '000) -------	
	Not later than one year	50,579	31,887
	Later than one year and not later than five years	4,197	3,136
	Later than five years	233	3,255
		55,009	38,278
23.2.7	**Commitments in respect of capital expenditure**	2,876,499	2,038,299
23.3	**Other contingencies**		
23.3.1	Claims against the Bank not acknowledged as debts	11,450,325	10,986,678

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

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

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

23.3.3 For contingencies relating to taxation, refer note 14.2.

24. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The authority for approving policies lies with the Board of Directors (BoD) and the Board Risk and Compliance Committee (BRCC). The Risk Management Committee (RMC) is responsible for ensuring compliance with these policies.

With regard to derivatives, the RMC is authorised to:

- Review the derivatives business with reference to market risk exposure and assign various limits in accordance with the risk appetite of the Bank.

- Review the Derivatives Business Policy and recommend approval to the BRCC / BoD.

- Review and approve derivatives product programs.

- Authorise changes in procedures and processes regarding derivatives and structured products.

Overall responsibility for derivatives trading activity lies with the Treasury and Capital Markets Group. Measurement and monitoring of market and credit risk exposure and limits and its reporting to senior management and the BoD is done by Treasury Middle Office (TMO), which also coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and handles its reporting to the SBP.

Derivatives risk management

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorized into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by TMO on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

24.1 Product analysis

Counterparties	2020									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)
	(Rupees in '000)									
With banks for										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With FIs other than Banks										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With other entities										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Counterparties	2019									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)
	(Rupees in '000)									
With banks for										
Hedging	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	-	-	-	-	9,223,670	14,850	9,540,170	(2,257)
	316,500	(17,107)	61,297	-	-	-	9,223,670	14,850	9,601,467	(2,257)
With FIs other than Banks										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	1,763,180	(488)	1,763,180	(488)
	-	-	-	-	-	-	1,763,180	(488)	1,763,180	(488)
With other entities										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	61,297	-	3,042,465	(94)	273,596	(100)	3,377,358	(194)
	-	-	61,297	-	3,042,465	(94)	273,596	(100)	3,377,358	(194)
Total										
Hedging	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	61,297	-	3,042,465	(94)	11,260,446	14,262	14,680,708	(2,939)
	316,500	(17,107)	122,594	-	3,042,465	(94)	11,260,446	14,262	14,742,005	(2,939)

24.2 Maturity analysis of derivatives

Remaining maturity	2020				
	No. of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
	-	-	-	-	-

Remaining maturity	2019				
	No. of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Upto 1 month	13	14,425,505	(1,048)	15,216	14,168
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	1	316,500	(17,107)	-	(17,107)
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
	14	14,742,005	(18,155)	15,216	(2,939)

25. MARK-UP / RETURN / INTEREST EARNED

	2020	2019
	(Rupees in '000)	
Loans and advances	52,047,111	66,213,054
Investments	96,870,108	80,448,836
Lendings to financial institutions	2,481,197	5,648,897
Balances with banks	604,794	1,365,577
	152,003,210	153,676,364

26. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	60,642,133	66,495,475
On borrowings	11,066,917	18,240,740
On subordinated debt	1,099,595	1,339,041
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,310,675	4,762,527
On lease liability against right of use assets	924,718	1,064,085
	77,044,038	91,901,868

		Note	2020	2019
			------- (Rupees in '000) -------	
27.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		1,637,366	1,978,120
	Consumer finance related fees		877,273	983,099
	Card related fees (debit and credit cards)		1,585,012	1,617,440
	Investment banking fees		329,561	390,261
	Financial Institution rebate / commission		280,324	298,616
	Corporate service charges / facility fee		410,214	644,616
	Commission on trade		593,785	935,736
	Commission on guarantees		750,871	555,131
	Commission on cash management		846,302	783,970
	Commission on remittances including home remittances - net		2,164,305	2,949,489
	Commission on bancassurance		1,170,790	1,612,583
	Commission on Benazir Income Support Program		38,145	609,932
	Rent on lockers		189,943	93,182
	Others		223,581	334,350
			11,097,472	13,786,525
28.	**GAIN ON SECURITIES - NET**			
	Realised	28.1	411,212	9,585
	Unrealised - held for trading	9.1	228	(7,386)
			411,440	2,199
28.1	**Realised gain on:**			
	Federal Government securities		(902,322)	858,203
	Shares		671,556	(1,014,879)
	Foreign securities		643,520	173,256
	Other securities		(1,542)	(6,995)
			411,212	9,585
29.	**OTHER INCOME**			
	Charges recovered		223,827	288,806
	Rent on properties		52,556	49,121
	Gain on sale of operating fixed assets - net		74,202	80,073
	Gain on sale of associate		-	75,294
	Gain on sale of Ijarah assets - net		792	861
	Gain / (loss) on disposal of non-banking assets - net	29.1	191,559	(54,649)
	Gain / (loss) on trading liabilities - net		101,445	(13,639)
	Realisation of exchange translation reserve - UBL New York branch		-	1,332,626
			644,381	1,758,493
29.1	**Gain / (loss) on disposal of Non-banking assets acquired in satisfaction of claims**			
	Disposal proceeds		1,038,100	471,000
	Less:			
	- Cost		798,610	411,265
	- Surplus		47,931	114,384
			846,541	525,649
	Net gain / (loss)		191,559	(54,649)

	Note	2020	2019
		------- (Rupees in '000) -------	
30. OPERATING EXPENSES			
Total compensation expense	30.1	15,553,886	14,601,683
Property expense			
Rent and taxes	30.8	1,057,354	1,157,370
Insurance		221,312	189,536
Utilities cost		1,450,761	1,734,152
Security		1,016,246	987,716
Repairs and maintenance		145,890	237,080
Depreciation		807,785	774,844
Depreciation - right-of-use assets	11.2	1,655,038	2,097,081
Others		30,820	30,490
		6,385,206	7,208,269
Information technology expenses			
Software maintenance		1,506,845	1,319,860
Hardware maintenance		323,173	215,741
Depreciation		824,627	743,096
Amortisation	12.1	793,562	645,869
Network charges		708,200	696,415
		4,156,407	3,620,981
Other operating expenses			
Directors' fees and allowances		86,200	96,075
Fees and allowances to Shariah Board		9,544	6,855
Legal and professional charges		606,089	1,126,854
Commission paid to branchless banking agents		356,060	1,031,746
Commission paid to sales force		1,235,330	1,500,302
Outsourced service costs		1,331,632	1,283,916
Travelling and conveyance		145,073	263,022
Clearing charges		225,278	216,365
Depreciation - others		1,200,563	1,192,012
Depreciation on Islamic financing against leased assets		216,195	227,783
Training and development		93,677	162,773
Postage and courier charges		305,077	396,138
Communication		453,795	477,423
Stationery and printing		952,771	708,224
Marketing, advertisement and publicity		570,878	760,285
Donations	30.6	341,986	128,723
Auditors' remuneration	30.7	85,269	80,095
Insurance		212,152	134,031
Deposit Protection Premium		1,367,556	1,302,279
Cash transportation and sorting charges		798,446	811,290
Entertainment		142,043	164,713
Vehicle expenses		91,013	108,291
Subscription		114,702	101,953
Office running expenses		177,247	179,485
Banking service charges		1,650,142	1,748,962
Repairs and maintenance		600,845	510,094
Miscellaneous expenses		595,540	58,240
		13,965,103	14,777,929
		40,060,602	40,208,862

		Note	2020	2019
			------- (Rupees in '000) -------	
30.1	**Total compensation expense**			
	Fees and Allowances etc		2,614,509	2,599,093
	Managerial Remuneration			
	i) Fixed		6,207,016	5,768,656
	ii) Variable - Cash Bonus / Awards etc.	30.2	972,579	930,115
	Charge for defined benefit plan		567,778	550,201
	Contribution to defined contribution plan		364,906	327,037
	Charge for compensated absenses		70,902	33,383
	Rent & house maintenance		2,271,681	2,086,193
	Utilities		1,217,620	1,119,158
	Medical		762,605	774,883
	Conveyance		321,206	310,700
	Group assurance premium		64,018	71,223
	Others		66	-
	Sub-total		15,434,886	14,570,642
	Sign-on Bonus	30.3	119,000	-
	Severance Allowance	30.4	-	31,041
	Grand Total		15,553,886	14,601,683

30.2 This includes accrual of employee benefits in the form of awards / bonus to all permanent staff including the Chief Executive Officer and is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate benefit determined in respect of all permanent staff amounted to Rs. 1,546.639 million (2019: Rs.1,242.046 million).

30.3 No sign-on bonus was paid to employees including Material Risk Contollers (MRCs) and Material Risk Takers (MRTs) during the years ended December 31, 2020 and 2019.

30.4 Severance allowance is paid to nil (2019: 10) employees. No severance allowance was paid to MRCs and MRTs during the years ended December 31, 2020 and 2019.

30.5 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,562.759 million (2019: Rs. 4,044.555 million). This cost includes outsourced service costs, which are disclosed specifically in note 30. Of the total cost of Rs. 1,562.759 million (2019: Rs. 4,044.555 million), Rs. 1,246.759 million (2019: Rs. 3,653.555 million) pertains to the payment to companies incorporated in Pakistan and Rs. 316 million (2019: Rs. 391 million) pertains to payment to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil (2019: nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017.

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2020	2019
		------- (Rupees in '000) -------	
Paradise Press (Private) Limited	Cheque printing	40,699	40,652
Apex Printry (Private) Limited	Cheque printing	45,096	43,254
Printlink	Cheque printing	40,890	37,140
ASC First Solution (Private) Limited	Digital & phsyical archiving of accounts opening forms and customer records	5,764	7,302
Wackenhut Pakistan (Private) Limited	Off-site ATM cash replinshment	1,098	-
Raaziq International	Storage and archiving service for accounts opening forms	14,418	13,254
Qadri Enterprises	Key Punch	9,710	10,065
TCS (private) Limited	Statement of account prinitng and dispatching	73,083	77,888

30.6 Details of donations

	2020	2019
	------- (Rupees in '000) -------	
Donations individually exceeding Rs.0.5 million		
PMs COVID-19 Pandemic Relief Fund – 2020	100,000	-
Namal Educational Foundation	95,000	-
Abdul Sattar Edhi Foundation	43,000	33,000
Shaukat Khanum Memorial Trust	33,000	33,000
Saylani Welfare International Trust	25,000	-
Noor International	11,200	-
Sahara for Life Trust	10,000	10,000
Lahore University of Management Sciences	10,000	10,000
Shalamar Hospital	5,000	5,000
Forman Christian College	5,000	5,000
IBA - National Talent Hunt Program	3,436	3,880
Marie Adelaide Leprosy Center	850	850
SOS Children's Village Pakistan	-	9,980
Bahauddin Zakariya University	-	3,840
The Citizens Foundation	-	2,800
Zindagi Trust	-	2,500
Center of Excellence in Journalism (IBA)	-	2,000
Kashmir Education Foundation	-	1,710
Nasra Schools	-	1,482
People’s Primary Healthcare Initiative	-	1,300
Chal Foundation	-	1,000
Hisaar Foundation	-	1,000
Donations individually not exceeding Rs. 0.5 million	500	381
	341,986	128,723

30.6.1 Donations were not made to any donee in which a Director or his spouse had any interest.

30.7 Auditors' remuneration

	2020		
	A. F. Ferguson & Co.	Overseas Auditors	Total
	---------- (Rupees in '000) ----------		
Audit fee	12,393	47,063	59,456
Fee for tax and other certifications	12,214	-	12,214
Out of pocket expenses	6,696	2,157	8,853
Consultancy and other services	4,746	-	4,746
	36,049	49,220	85,269

	2019		
	A. F. Ferguson & Co.	Overseas Auditors	Total
	---------- (Rupees in '000) ----------		
Audit fee	11,340	48,050	59,390
Fee for tax and other certifications	11,498	888	12,386
Out of pocket expenses	6,087	254	6,341
Consultancy and other services	1,978	-	1,978
	30,903	49,192	80,095

30.8 This includes expense in respect of short term leases, low value assets and expenses relating to variable lease payments not included in lease liabilites amounting to Rs. 24.687 million (2019: Rs. 29.312 million), Rs. 0.007 million (2019: Rs. 0.007 million) and nil (2019: nil) respectively.

31. WORKERS' WELFARE FUND

The Bank has made provision for Sindh Workers' Welfare Fund (SWWF) based on profit for the years ended December 31, 2014, and onwards. The Sindh Workers' Welfare Fund was levied from the year ended December 31, 2014, consequent to the 18th amendment in the constitution, the chargeability has been challenged before the Sindh High Court by filing a constitional petition, however, provision pertaining to years 2014 onwards has been maintained in respect of Sindh WWF. Matter is pending before Sindh High Court.

		Note	2020	2019
32.	**OTHER CHARGES**		------- (Rupees in '000) -------	
	Penalties imposed by the SBP		163,940	39,233
	Other penalties		3,395	822
			167,335	40,055
33.	**PROVISIONS AND WRITE-OFFS - NET**			
	Provision against loans and advances - net	10.4	16,203,144	4,944,661
	Provision for diminution in value of investments - net	9.3	341,551	3,199,011
	Bad debts written off directly	10.5	77,094	149,591
	Provision against other assets - net	14.3.3	154,855	253,977
	Provision against off - balance sheet obligations	20.1	431,749	47,438
	Recovery of written-off / charged off bad debts		(494,488)	(526,059)
	Other provisions / write-offs		54,243	151,173
			16,768,148	8,219,792
34.	**TAXATION**			
	Current		17,210,908	14,765,867
	Prior years		-	793,231
	Deferred		(3,917,221)	(451,003)
			13,293,687	15,108,095
34.1	**Relationship between tax expense and accounting profit**			
	Accounting profit for the year		34,192,470	34,241,869
	Tax on income @ 35% (2019: 35%)		11,967,365	11,984,654
	Super tax @ 4% (2019 : 4%)		1,367,699	1,369,675
	Tax effect of permanent differences		65,261	65,664
	Tax - prior years (net of deferred tax)		-	1,699,259
	Others		(106,638)	(11,157)
	Tax charge		13,293,687	15,108,095
35.	**EARNINGS PER SHARE**			
	Profit after taxation for the year		20,898,783	19,133,774
			------- (Number of shares) -------	
	Weighted average number of ordinary shares		1,224,179,687	1,224,179,687
			---------- (Rupees) ----------	
	Earnings per share - basic and diluted		17.07	15.63

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2020 and 2019.

		Note	2020	2019
36.	**CASH AND CASH EQUIVALENTS**		------- (Rupees in '000) -------	
	Cash and balances with treasury banks	6	250,838,052	235,861,767
	Balances with other banks	7	13,888,765	20,729,005
			264,726,817	256,590,772

36.1 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities					Equity			
	Bills payable	Borrowings	Deposits and other accounts	Subordinated debts	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets - net of deferred tax	Unappropriated profit
	(Rupees in '000)								
Balance as at January 1, 2020	22,926,596	154,484,000	1,467,063,461	10,000,000	69,232,422	12,241,797	59,319,612	25,837,143	71,670,331
Changes from financing cash flows									
Dividend Paid	-	-	-	-	-	-	-	-	(8,138,474)
Other Changes	-	-	-	-	729,827	-	-	(145,583)	508,195
Liability-related									
Changes in bills payable	6,807,217	-	-	-	-	-	-	-	-
Changes in borrowings	-	(25,496,585)	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	-	173,148,440	-	-	-	-	-	-
Changes in subordinated debt	-	-	-	-	-	-	-	-	-
Changes in other liabilities	-	-	-	-	-	-	-	-	-
- Cash based	-	-	-	-	(14,157,698)	-	-	-	-
- Dividend payable	-	-	-	-	(181,306)	-	-	-	(181,306)
- Non-cash based	-	-	-	-	954,032	-	-	-	-
Transfer of profit to reserve	-	-	-	-	-	-	2,089,878	-	(2,089,878)
Total Liability related other changes	6,807,217	(25,496,585)	173,148,440	-	(13,384,972)	-	2,089,878	-	(2,271,184)
Total Equity related other changes	-	-	-	-	-	-	864,578	1,949,019	20,147,595
Balance as at December 31, 2020	29,733,813	128,987,415	1,640,211,901	10,000,000	56,577,277	12,241,797	62,274,068	27,640,579	81,916,463

37. STAFF STRENGTH

	2020	2019
	(Number)	
Permanent	11,147	11,034
On contract	19	23
Bank's own staff strength	11,166	11,057
Outsourced	1,846	2,191
Total	13,012	13,248

37.1 Number of employees working domestically are 12,679 (2019: 12,905) and abroad are 333 (2019: 343).

38. DEFINED BENEFIT PLANS

38.1 General description

The Bank operates a funded pension scheme established in 1975. The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme. The Bank also operates a benevolent fund scheme and provides post retirement medical benefits to eligible retired employees. The benevolent fund scheme and the post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatization. The liabilities of the Bank in respect of these schemes are determined based on actuarial valuations carried out using the Projected Unit Credit Method. Actuarial valuations of the defined benefit schemes are carried out every year and the latest valuation was carried out as at December 31, 2020.

38.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2020	2019
	(Number)	
- Pension fund	7,049	7,064
- Gratuity fund	10,083	9,856
- Benevolent fund	1,982	1,966
- Employee compensated absences	1,258	1,428
- Post-retirement medical benefit scheme	7,346	7,240

The pension fund, benevolent fund and post-retirement medical benefit schemes include 2,243 (2019: 2,162), 955 (2019: 942) and 2,448 (2019: 2,501) members respectively who have retired or whose widows are receiving the benefits.

38.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2020, using the following significant assumptions:

	2020	2019
	----- Per annum -----	
Discount rate / expected rate of return on plan assets	9.75%	11.25%
Expected rate of salary increase	7.75%	9.25%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	3.75%	5.25%

38.4 Reconciliation of payable to / (receivable from) defined benefit plans

	Note	2020				2019			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		---------- (Rupees in '000) ----------							
Present value of obligations		11,604,939	1,049,184	331,363	2,028,687	10,098,497	911,763	329,300	1,950,906
Fair value of plan assets		(10,521,021)	(1,015,218)	(330,708)	-	(9,318,843)	(968,544)	(424,706)	-
Payable / (receivable)		1,083,918	33,966	655	2,028,687	779,654	(56,781)	(95,406)	1,950,906

38.5 Movement in defined benefit obligations

Obligations at the beginning of the year		10,098,497	911,763	329,300	1,950,906	8,986,977	831,363	321,682	1,821,847
Service cost		23,856	152,839	4,109	524	19,957	145,775	4,463	687
Interest cost		994,529	105,266	34,197	213,970	989,305	112,796	39,045	235,459
Benefits paid by the Bank		(901,142)	(126,864)	(42,236)	(97,195)	(730,840)	(139,740)	(62,976)	(129,591)
Return allocated to other funds	38.8.1	58,882	-	-	-	73,834	-	-	-
Re-measurement loss / (gain)		1,330,317	6,180	5,993	(39,518)	759,264	(38,431)	27,086	22,504
Obligations at the end of the year		11,604,939	1,049,184	331,363	2,028,687	10,098,497	911,763	329,300	1,950,906

38.6 Movement in fair value of plan assets

Fair value at the beginning of the year	9,318,843	968,544	424,706	-	8,168,441	805,576	461,597	-
Interest income on plan assets	996,935	111,322	44,373	-	1,034,319	109,585	56,465	-
Contribution by the Bank	877,014	92,184	1,601	-	849,453	180,780	1,840	-
Contribution by the employees	-	-	1,601	-	-	-	1,840	-
Amount paid by the fund to the Bank	(703,722)	(125,781)	(137,717)	-	(645,000)	(129,306)	(97,748)	-
Re-measurements gain / (loss)	31,951	(31,051)	(3,856)	-	(88,370)	1,909	712	-
Fair value at the end of the year	10,521,021	1,015,218	330,708	-	9,318,843	968,544	424,706	-

38.7 Movement in payable / (receivable) under defined benefit schemes

Opening balance	779,654	(56,781)	(95,406)	1,950,906	818,536	25,787	(139,915)	1,821,847
Mark-up receivable on Bank's balance with the fund	(9,749)	(310)	(539)	-	(8,944)	(189)	(5,368)	-
Charge / (reversal) for the year	80,332	146,783	(7,668)	214,494	48,777	148,986	(14,797)	236,146
Contribution by the Bank	(877,014)	(92,184)	(1,601)	-	(849,453)	(180,780)	(1,840)	-
Amount paid by the Fund to the Bank	703,722	125,781	137,717	-	645,000	129,306	97,748	-
Benefits paid by the Bank	(901,142)	(126,864)	(42,236)	(97,195)	(730,840)	(139,740)	(62,976)	(129,591)
Re-measurement loss / (gain) recognised in OCI during the year	1,308,115	37,541	10,388	(39,518)	856,578	(40,151)	31,742	22,504
Closing balance	1,083,918	33,966	655	2,028,687	779,654	(56,781)	(95,406)	1,950,906

38.8 Charge for defined benefit plans

38.8.1 Cost recognised in profit and loss

	Note	2020				2019			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		(Rupees in '000)							
Current service cost		23,856	152,839	4,109	524	19,957	145,775	4,463	687
Past service cost		-	-	-	-	-	-	-	-
Net interest on defined benefit asset / (liability)		(2,406)	(6,056)	(10,176)	213,970	(45,014)	3,211	(17,420)	235,459
Return allocated to other funds	38.8.1.1	58,882	-	-	-	73,834	-	-	-
Employees' contribution		-	-	(1,601)	-	-	-	(1,840)	-
		80,332	146,783	(7,668)	214,494	48,777	148,986	(14,797)	236,146

38.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 5.11.1.

38.8.2 Re-measurements recognised in OCI during the year

	2020				2019			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	(Rupees in '000)							
Loss / (gain) on obligation								
- Financial assumptions	1,379,653	(9,341)	28,729	153,627	1,401,522	(10,623)	28,103	399,959
- Experience adjustment	(49,336)	15,521	(22,736)	(193,145)	(642,258)	(27,808)	(1,017)	(377,455)
Return on plan assets over interest income	(31,951)	31,051	3,856	-	88,370	(1,909)	(712)	-
Adjustment for markup	9,749	310	539	-	8,944	189	5,368	-
Total re-measurements recognised in OCI	1,308,115	37,541	10,388	(39,518)	856,578	(40,151)	31,742	22,504

38.9 Components of plan assets

	2020			2019		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net of current liabilities	236,332	103,110	27,891	801,016	151,344	106,984
Quoted securities						
Ordinary shares	89,090	5,483	12,491	116,441	7,137	16,321
Term finance certificates	244,257	23,270	11,893	53,203	26,873	20,232
Mutual Funds Units	167,165	16,737	-	-	35,077	-
Pakistan Investment Bonds	4,970,102	316,307	133,867	4,512,007	314,689	134,818
Market Treasury Bills	3,306,798	539,015	135,330	3,446,115	433,424	-
Special Savings Certificates	-	-	-	-	-	140,151
National Saving Certificates / Bonds	1,507,277	11,103	2,830	-	-	-
Certificate of Investments	-	-	6,406	-	-	6,200
Repurchase Agreements	-	193	-	-	-	-
Term deposit	-	-	-	390,061	-	-
	10,521,021	1,015,218	330,708	9,318,843	968,544	424,706

38.9.1 The Funds primarily invests in government securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

38.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Increase in Discount Rate by 1 %	(955,565)	(69,878)	(17,184)	(209,939)
Decrease in Discount Rate by 1 %	1,126,711	79,657	11,910	253,902
Increase in expected future increment in salary by 1%	-	85,670	-	-
Decrease in expected future increment in salary by 1%	-	(76,263)	-	-
Increase in expected future increment in pension by 1%	1,118,891	-	-	-
Decrease in expected future increment in pension by 1%	(965,068)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	232,951
Decrease in expected future increment in medical benefit by 1%	-	-	-	(198,687)

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

38.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2021, would be as follows:

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,499	-
Expected charge for the year	109,601	167,443	2,479	193,055

38.12 Maturity profile

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
The weighted average duration of the obligation (in years)	9.36	7.09	4.23	7.93

38.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Asset Volatility

Only three Schemes out of the all the Schemes are funded: Pension; Gratuity; and Benevolent Fund. The combined investment of the three funds is Rs. 11.9 billion. Almost 92% is invested in Government Bonds with a maturity that is less than the maturity of the corresponding liability.

The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk.

There is an insignificant equity exposure and investment in corporate bonds of around 1% respectively.

Changes in Bond Yields

There are two dimensions to the changes in Bond yields: first, as described above; second, the valuation of the Gratuity Liability is discounted with reference to the government bond yields. So, any increase in Bond yields will lower the Retirement Benefits Liability and vice versa, but, it will also lower the Asset values.

Inflation Risk

The salary inflation (especially the final salary risk) is the major risk that the Gratuity and compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalization benefit is susceptible to medical inflation risk.

In a general economic sense and in a longer view, there is a case that if bond yields increase, the ensuing change in salary inflation generally offsets the gains from the decrease in discounted gratuity. But viewed with the fact that, for gratuity, asset values will also decrease; the salary inflation does, as an overall effect, increases the net liability of the Bank.

Life Expectancy / Withdrawal Rate

The Gratuity and Compensated Absences are paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the Gratuity and Compensated Absences. Thus, the risk of life expectancy is almost negligible. However, post-retirement benefit given by the Bank like monthly pension, post-retirement medical gives rise to a significant risk which is quite difficult to value even by using advance mortality improvement models. Thus, this risk carries valuation risk as well.

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. This includes:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.

- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.

- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.

- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.

- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

39. OTHER EMPLOYEE BENEFITS

39.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 10,083 (2019: 9,856) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total Compensation Expense

	2020						
	Directors						
Items	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in '000)						
Fees and Allowances etc.	10,495	-	75,705	9,544	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	81,542	148,050	307,058
ii) Variable - Cash Bonus / Awards	-	-	-	-	117,930	174,685	165,154
Contribution to defined contribution plan	-	-	-	-	6,795	9,817	24,888
Charge for defined benefit plan	-	-	-	-	2,484	4,469	14,957
Rent & house maintenance	-	-	-	-	5,915	66,622	138,176
Utilities	-	-	-	-	1,551	29,610	61,412
Medical	-	-	-	-	-	14,805	30,706
Conveyance	-	-	-	-	1,155	23,835	87,940
Others	-	-	-	-	3,811	1,263	16,044
Total	10,495	-	75,705	9,544	221,183	473,156	846,335
Number of Persons	1	-	7	3	2	15	88

	2019						
	Directors						
Items	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in '000)						
Fees and Allowances etc.	11,710	-	84,365	6,855	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	60,000	147,880	496,698
ii) Total Variable - Cash Bonus / Awards	-	-	-	-	21,850	88,789	373,243
Contribution to defined contribution plan	-	-	-	-	5,000	10,133	25,280
Charge for defined benefit plan	-	-	-	-	2,315	5,359	14,096
Rent & house maintenance	-	-	-	-	3,055	66,546	150,603
Utilities	-	-	-	-	1,140	29,576	106,458
Medical	-	-	-	-	-	14,788	32,250
Conveyance	-	-	-	-	453	9,359	10,008
Others	-	-	-	-	1,113	616	-
Total	11,710	-	84,365	6,855	94,926	373,046	1,208,636
Number of Persons	1	-	7	3	1	15	107

40.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2020							
		Meeting Fees and Allowances Paid							
			For Board Committees						
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	6,300	-	750	-	-	3,000	445	10,495
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,250	-	-	3,000	750	3,000	587	12,587
3	Mr. Haider Zameer Choudrey	5,250	3,750	-	-	3,000	-	587	12,587
4	Mr. Arshad Ahmad Mir	5,250	1,500	3,000	2,250	-	2,250	436	14,686
5	Mr. Rizwan Pervez	5,250	3,750	750	-	-	-	595	10,345
6	Mr. Khalid Ahmed Sherwani	3,000	2,250	2,250	-	-	-	-	7,500
7	Mr. Amar Zafar Khan	4,500	2,250	2,250	-	-	-	-	9,000
8	Mr. Tariq Rashid	4,500	750	750	-	3,000	-	-	9,000
	Total Amount Paid	39,300	14,250	9,750	5,250	6,750	8,250	2,650	86,200

		2019							
		Name of Directors							
Sr. No.	Name of Meetings	Sir Mohammed Anwar Pervez, OBE, HPk	Lord Zameer M. Choudrey, CBE, SI Pk	Mr. Haider Zameer Choudrey	Mr. Arshad Ahmad Mir	Mr. Rizwan Pervez	Mr. Khalid Ahmed Sherwani	Mr. Amar Zafar Khan	Mr. Tariq Rashid
		(Number of meetings attended)							
1	Board Meetings	6	6	6	5	6	6	6	6
2	Board Audit Committee (BAC)	-	-	5	-	5	5	5	-
3	Board Human Resource & Compensation Committee (HRCC)	-	-	-	3	-	4	4	-
4	Board Risk & Compliance Committee (BRCC)	-	4	-	3	-	-	-	-
5	Board IT Committee (BITC)	-	-	5	-	-	-	-	5
6	Board Nomination Committee (BNC) *	-	-	-	-	-	-	-	-
	Total meetings attended	6	10	16	11	11	15	15	11
	Meeting fees and allowances paid (Rs. in 000's)	11,710	11,753	11,753	9,651	11,710	13,622	12,945	12,931
	Total meeting fees and allowances paid (Rs. in 000's)	96,075							

**The BNC was constituted in the Board Meeting of October 2019.*

40.2.1 The directors' fee for the year ended December 31, 2019, is based on their attendance per set of meetings which includes Board meetings and / or committee(s) meeting(s) before or after the regular Board meeting. The amount disclosed for each director during the year ended December 31, 2019, in note 40.2 can therefore not be distributed for each type of meeting.

40.3 Remuneration paid to Shariah Board Members

Items	2020			2019		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	(Rupees in '000)					
Meeting Fees and Allowances	2,772	4,000	2,772	2,540	1,775	2,540
Total Number of Persons	1	1	1	1	1	1

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

41.1 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:

	2020				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Modaraba Pool)	808,788,572	-	808,788,572	-	808,788,572
Foreign Bonds - Sovereign	55,145,424	-	55,145,424	-	55,145,424
Foreign Bonds - others	4,769,303	-	4,769,303	-	4,769,303
Ordinary shares of listed companies	10,383,260	10,383,260	-	-	10,383,260
Mutual Fund	228,518	-	228,518	-	228,518
Debt securities (TFCs, Sukuks)	1,720,302	-	1,720,302	-	1,720,302
Investment in REIT	441,914	441,914	-	-	441,914
	881,477,293	10,825,174	870,652,119	-	881,477,293

	2020				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - disclosed but not measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	200,466,866	-	206,791,388	-	206,791,388
Foreign Bonds - Sovereign	23,429,572	-	22,141,647	-	22,141,647
Foreign Bonds - others	1,238,565	-	1,285,465	-	1,285,465
Debt securities (TFCs, Sukuks)	16,411,853	-	16,570,036	-	16,570,036
	241,546,856	-	246,788,536	-	246,788,536
	1,123,024,149	10,825,174	1,117,440,655	-	1,128,265,829
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	635,597,333	-	(614,728)	-	(614,728)
Interest rate swaps	-	-	-	-	-
FX options - purchased and sold	-	-	-	-	-
Forward purchase of Government Securities	-	-	-	-	-
Forward sale of Government Securities	-	-	-	-	-

	2019				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds)	481,948,693	-	481,948,693	-	481,948,693
Foreign Bonds - Sovereign	45,358,275	-	45,358,275	-	45,358,275
Foreign Bonds - others	7,083,775	-	7,083,775	-	7,083,775
Ordinary shares of listed companies	13,410,745	13,410,747	-	-	13,410,747
Mutual Fund	252,931	-	252,931	-	252,931
Debt securities (TFCs)	1,849,523	-	1,914,241	-	1,914,241
Investment in REIT	520,708	520,708	-	-	520,708
	550,424,650	13,931,455	536,557,915	-	550,489,370
Financial assets - disclosed but not measured at fair value					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	243,226,406	-	241,092,760	-	241,092,760
Foreign Bonds - Sovereign	20,887,633	-	18,781,407	-	18,781,407
Foreign Bonds - others	1,260,550	-	1,301,904	-	1,301,904
Debt securities (TFCs, Sukuks)	18,922,885	-	20,204,344	-	20,204,344
	284,297,474	-	281,380,415	-	-
	834,722,124	13,931,455	817,938,330	-	550,489,370

	2019				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	910,616,840	-	(309,950)	-	(309,950)
Interest rate swaps	316,500	-	(17,107)	-	(17,107)
FX options - purchased and sold	122,594	-	-	-	-
Forward purchase of Government Securities	3,043,541	-	(94)	-	(94)
Forward sale of Government Securities	11,264,179	-	14,262	-	14,262

41.2 Fair Value of non-financial assets

	2020				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed Assets	36,492,910	-	-	36,492,910	36,492,910
Non-banking assets acquired in satisfaction of claims	203,316	-	-	203,316	203,316
	36,696,226	-	-	36,696,226	36,696,226

	2019				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed Assets	37,003,126	-	-	37,003,126	37,003,126
Non-banking assets acquired in satisfaction of claims	1,051,858	-	-	1,051,858	1,051,858
	38,054,984	-	-	38,054,984	38,054,984

41.3 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.

41.4 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 financial statements.

42 SEGMENT INFORMATION

42.1 Segment details with respect to business activities

	2020						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
Profit & Loss	(Rupees in '000)						
Net mark-up / return / profit	36,465,776	72,064,538	(44,818,240)	4,118,716	7,731,711	(603,329)	74,959,172
Inter segment (expense) / revenue - net	(28,037,168)	(64,465,202)	85,797,705	1,068,993	-	5,635,672	-
Non mark-up / return / interest income	2,392,061	3,014,483	7,366,180	211,034	2,777,547	1,333,034	17,094,339
Total Income	10,820,669	10,613,819	48,345,645	5,398,743	10,509,258	6,365,377	92,053,511
Segment direct expenses	1,469,881	550,650	25,494,982	1,679,860	5,244,835	6,652,685	41,092,893
Inter segment expense allocation	558,166	71,664	4,760,410	114,868	539,126	(6,044,234)	-
Total expenses	2,028,047	622,314	30,255,392	1,794,728	5,783,961	608,451	41,092,893
Provisions - net	(1,489,772)	(123,276)	(277,900)	(12,905)	(14,853,113)	(11,182)	(16,768,148)
Profit / (loss) before tax	7,302,850	9,868,229	17,812,353	3,591,110	(10,127,816)	5,745,744	34,192,470
Balance Sheet							
Cash & Bank balances	125,596	81,844,130	122,425,507	12,153,493	47,378,919	799,172	264,726,817
Investments	4,803,162	932,393,450	-	62,729,601	123,251,328	5,496,953	1,128,674,494
Net inter segment lending	-	-	1,132,694,448	6,980,805	-	77,017,055	1,216,692,308
Lendings to financial institutions	-	-	-	19,959,132	-	-	19,959,132
Advances - performing	369,114,172	-	32,976,365	20,390,074	89,119,069	6,811,741	518,411,421
Advances - non-performing net of provision	3,289,437	-	807,045	10,126	7,754,943	6,524	11,868,075
Others	14,521,202	16,648,272	14,869,004	1,700,920	13,301,659	44,902,317	105,943,374
Total Assets	391,853,569	1,030,885,852	1,303,772,369	123,924,151	280,805,918	135,033,762	3,266,275,621
Borrowings	54,852,047	60,191,848	989,202	3,632,752	9,321,566	-	128,987,415
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	63,760,006	132,797	1,245,707,386	110,347,698	220,015,338	248,676	1,640,211,901
Net inter segment borrowing	255,020,028	960,917,205	-	-	755,075	-	1,216,692,308
Others	13,779,726	3,328,909	46,185,887	5,772,050	6,305,922	10,938,596	86,311,090
Total Liabilities	387,411,807	1,024,570,759	1,292,882,475	119,752,500	236,397,901	21,187,272	3,082,202,714
Equity	4,441,762	6,315,093	10,889,894	4,171,651	44,408,017	113,846,490	184,072,907
Total Equity & liabilities	391,853,569	1,030,885,852	1,303,772,369	123,924,151	280,805,918	135,033,762	3,266,275,621
Contingencies and Commitments	349,133,005	285,716,584	13,182,354	5,991,566	398,498,688	2,721,015	1,055,243,212

Segment details with respect to business activities

	2019						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
Profit & Loss	(Rupees in '000)						
Net mark-up / return / profit	45,818,682	44,777,720	(38,614,134)	3,158,882	8,769,288	(2,135,942)	61,774,496
Inter segment (expense) / revenue - net	(39,577,709)	(58,654,888)	91,402,316	1,111,925	-	5,718,356	-
Non mark-up / return / interest income	2,409,533	4,267,688	8,615,976	1,321,665	3,102,710	1,958,759	21,676,331
Total Income	8,650,506	(9,609,480)	61,404,158	5,592,472	11,871,998	5,541,173	83,450,827
Segment direct expenses	1,469,178	83,281	23,799,440	2,700,618	5,981,755	6,954,894	40,989,166
Inter segment expense allocation	617,774	74,997	5,087,240	84,797	740,244	(6,605,052)	-
Total expenses	2,086,952	158,278	28,886,680	2,785,415	6,721,999	349,842	40,989,166
Reversals / (Provisions) - net	549,733	(2,253,096)	122,712	(5,529)	(6,010,178)	(623,434)	(8,219,792)
Profit / (loss) before tax	7,113,287	(12,020,854)	32,640,190	2,801,528	(860,179)	4,567,897	34,241,869
Balance Sheet							
Cash & Bank balances	81,168	81,316,915	103,973,001	13,676,734	56,768,716	774,238	256,590,772
Investments	5,648,871	674,218,489	-	46,726,238	108,281,811	5,447,243	840,322,652
Net inter segment lending	-	-	966,323,335	7,455,399	-	54,818,509	1,028,597,243
Lendings to financial institutions	-	9,450,000	-	10,733,118	-	-	20,183,118
Advances - performing	446,782,942	18,964	35,584,682	9,015,164	125,319,182	5,743,472	622,464,406
Advances - non-performing net of provision	1,520,316	-	604,653	6,945	11,212,859	25,038	13,369,811
Others	25,179,372	23,500,874	14,988,165	308,095	14,826,734	61,041,363	139,844,603
Total Assets	479,212,669	788,505,242	1,121,473,836	87,921,693	316,409,302	127,849,863	2,921,372,605

	2019						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Borrowings	52,023,960	95,592,358	-	1,299,975	5,567,707	-	154,484,000
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	60,853,340	131,140	1,074,305,614	80,713,661	250,442,809	616,897	1,467,063,461
Net inter segment borrowing	341,773,834	686,617,978	-	-	205,431	-	1,028,597,243
Others	20,263,631	15,460,323	27,235,447	3,775,564	7,619,846	17,804,207	92,159,018
Total Liabilities	474,914,765	797,801,799	1,101,541,061	85,789,200	263,835,793	28,421,104	2,752,303,722
Equity	4,297,904	(9,296,557)	19,932,775	2,132,493	52,573,509	99,428,759	169,068,883
Total Equity & liabilities	479,212,669	788,505,242	1,121,473,836	87,921,693	316,409,302	127,849,863	2,921,372,605
Contingencies and Commitments	380,411,280	586,312,922	11,832,520	5,374,239	405,700,848	2,032,540	1,391,664,349

42.2 Geographical segment analysis

	2020			
	Pakistan	Middle East	Export Processing Zones	Total
Profit & Loss				
Net mark-up / return / profit	67,227,461	7,433,417	298,294	74,959,172
Non mark-up / return / interest income	14,316,792	2,748,589	28,958	17,094,339
Total Income	81,544,253	10,182,006	327,252	92,053,511
Segment direct expenses	35,848,058	5,223,825	21,010	41,092,893
Inter segment expense allocation	(539,126)	536,869	2,257	-
Total expenses	35,308,932	5,760,694	23,267	41,092,893
Provisions - net	(1,915,035)	(14,853,113)	-	(16,768,148)
Profit / (loss) before tax	44,320,286	(10,431,801)	303,985	34,192,470
Balance Sheet				
Cash & Bank balances	217,347,898	47,335,696	43,223	264,726,817
Investments	1,005,423,165	116,564,187	6,687,142	1,128,674,494
Net inter segment lending	1,216,692,308	-	-	1,216,692,308
Lendings to financial institutions	19,959,132	-	-	19,959,132
Advances - performing	429,292,352	89,098,600	20,469	518,411,421
Advances - non-performing net of provision	4,113,132	7,754,943	-	11,868,075
Others	92,641,108	13,036,360	265,906	105,943,374
Total Assets	2,985,469,095	273,789,786	7,016,740	3,266,275,621
Borrowings	119,665,849	9,321,566	-	128,987,415
Subordinated debt	10,000,000	-	-	10,000,000
Deposits & other accounts	1,420,196,563	214,733,420	5,281,918	1,640,211,901
Net inter segment borrowing	1,215,937,233	752,817	2,258	1,216,692,308
Others	80,005,148	6,141,982	163,960	86,311,090
Total Liabilities	2,845,804,793	230,949,785	5,448,136	3,082,202,714
Equity	139,664,302	42,840,001	1,568,604	184,072,907
Total Equity & liabilities	2,985,469,095	273,789,786	7,016,740	3,266,275,621
Contingencies and Commitments	656,744,525	398,335,422	163,265	1,055,243,212

	2019			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up / return / profit	53,005,208	8,536,463	232,825	61,774,496
Non mark-up / return / interest income	18,573,621	3,051,760	50,950	21,676,331
Total Income	71,578,829	11,588,223	283,775	83,450,827
Segment direct expenses	35,255,191	5,707,496	26,479	40,989,166
Inter segment expense allocation	(740,244)	737,515	2,729	-
Total expenses	34,514,947	6,445,011	29,208	40,989,166
Provisions - net	(2,209,614)	(6,010,178)	-	(8,219,792)
Profit / (loss) before tax	34,854,268	(866,966)	254,567	34,241,869

	2019			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Balance Sheet				
Cash & Bank balances	199,822,057	56,710,868	57,847	256,590,772
Investments	732,040,841	103,608,000	4,673,811	840,322,652
Net inter segment lending	1,028,597,243	-	-	1,028,597,243
Lendings to financial institutions	20,183,118	-	-	20,183,118
Advances - performing	497,145,224	125,280,859	38,323	622,464,406
Advances - non-performing net of provision	2,156,952	11,212,859	-	13,369,811
Others	125,017,868	12,430,339	2,396,396	139,844,603
Total Assets	2,604,963,303	309,242,925	7,166,377	2,921,372,605
Borrowings	148,916,293	5,567,707	-	154,484,000
Subordinated debt	10,000,000	-	-	10,000,000
Deposits & other accounts	1,216,620,652	244,850,452	5,592,357	1,467,063,461
Net inter segment borrowing	1,028,391,812	92,708	112,723	1,028,597,243
Others	84,539,171	7,461,053	158,794	92,159,018
Total Liabilities	2,488,467,928	257,971,920	5,863,874	2,752,303,722
Equity	116,495,375	51,271,005	1,302,503	169,068,883
Total Equity & liabilities	2,604,963,303	309,242,925	7,166,377	2,921,372,605
Contigencies and Commitments	985,963,501	405,584,968	115,880	1,391,664,349

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

43. TRUST ACTIVITIES

The Bank acts as a custodian for some of the Term Finance Certificates it arranges and distributes on behalf of its customers. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included as such in the unconsolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2020			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	3	-	1,110,500	-	1,110,500
Corporates	22	4,246,500	-	3,237,500	7,484,000
Individuals	95	154,900	-	1,447,770	1,602,670
Insurance Companies	42	372,299,700	413,000	2,352,000	375,064,700
NGO / Charitable Organisation	14	400,000	-	739,300	1,139,300
Pension & Employee Funds	164	42,824,000	175,000	11,021,255	54,020,255
Others	38	2,500,700	-	4,124,345	6,625,045
	378	**422,425,800**	**1,698,500**	**22,922,170**	**447,046,470**

Category	Number of IPS Accounts	2019			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	85,000	-	85,000
Corporates	20	15,829,100	-	6,626,200	22,455,300
Individuals	113	202,800	-	1,527,745	1,730,545
Insurance Companies	36	338,959,700	707,000	15,660,000	355,326,700
NGO / Charitable Organisation	8	400,000	-	787,800	1,187,800
Pension & Employee Funds	138	38,067,200	50,000	9,435,350	47,552,550
Others	24	476,000	-	5,966,740	6,442,740
	340	**393,934,800**	**842,000**	**40,003,835**	**434,780,635**

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

44. 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 year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2020						2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Balances with other banks												
In current accounts	-	-	-	1,482,280	-	-	-	-	-	1,614,178	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	3,871,626	-	-
	-	-	-	1,482,280	-	-	-	-	-	5,485,804	-	-
Investments												
Opening balance	-	-	-	5,406,166	1,582,485	3,943,202	-	-	-	5,406,166	1,238,483	4,183,880
Investment made during the year	-	-	-	-	-	54,287	-	-	-	-	360,000	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-	(15,998)	(240,353)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	(325)
Closing balance	-	-	-	5,406,166	1,582,485	3,997,489	-	-	-	5,406,166	1,582,485	3,943,202
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,544,596	-	-	-	1,688,911	-	1,134,720
Advances												
Opening balance	-	4,624	220,133	-	2,155,149	12,715,998	-	2,221	160,405	-	2,155,149	6,747,749
Addition during the year	-	838	72,462	-	-	16,398,899	-	15,958	145,417	-	-	6,591,282
Repaid during the year	-	(5,452)	(68,603)	-	(152,755)	(19,749,210)	-	(13,555)	(85,689)	-	-	(623,033)
Transfer out - net	-	-	13,869	-	(2,002,394)	-	-	-	-	-	-	-
Closing balance	-	10	237,861	-	-	9,365,687	-	4,624	220,133	-	2,155,149	12,715,998
Provision held against advances	-	-	-	-	-	-	-	-	-	-	2,155,149	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2020						2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Other Assets												
Interest mark-up accrued	-	-	-	-	4,282	232,471	-	-	-	-	7,289	325,704
Receivable from staff retirement fund	-	-	-	-	-	24,160	-	-	-	-	-	208,312
Advances, Deposits & Prepayments	-	-	-	-	-	63,634	-	-	-	-	-	113,634
Prepaid insurance	-	-	-	-	1,002	-	-	-	-	-	2,167	-
Dividend Receivable	-	-	-	-	-	104,215	-	-	-	-	-	-
Other receivable	-	-	-	11,983	-	30,164	-	-	-	21,989	1,505	30,164
Provision against other assets	-	-	-	-	-	30,164	-	-	-	-	-	30,164
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	1,364,695	-	12,400
Borrowings during the year	-	-	-	1,760,102	-	1,538,000	-	-	-	613,492	-	579,400
Settled during the year	-	-	-	(161,779)	-	(1,538,000)	-	-	-	(1,978,187)	-	(591,800)
Closing balance	-	-	-	1,598,323	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	8,679,450	49,368	211,870	6,502,931	11,346,752	-	6,245,367	66,302	312,882	11,638,644	8,488,923
Received during the year	-	29,415,769	1,265,710	15,708,641	144,141,551	177,627,329	-	38,666,071	913,271	14,227,866	160,641,938	267,658,066
Withdrawn during the year	-	(31,659,519)	(1,192,377)	(15,639,495)	(148,166,050)	(172,469,603)	-	(36,231,988)	(930,205)	(14,328,878)	(165,777,647)	(264,800,237)
Transfer (out) / in - net	-	(3,910)	(59,940)	-	-	6,541	-	-	-	-	(4)	-
Closing balance	-	6,431,790	62,761	281,016	2,478,432	16,511,019	-	8,679,450	49,368	211,870	6,502,931	11,346,752
Other Liabilities												
Interest / mark-up payable on deposits and borrowings	-	39,335	210	1,182	7,651	115,024	-	35,257	-	-	72,233	94,554
Payable to staff retirement fund	-	-	-	-	-	1,122,023	-	-	-	-	-	725,619
Unearned income	-	-	-	1,485	-	-	-	-	-	-	-	13,869
Other Payable	-	3,900	-	-	22,353	-	-	-	-	24,344	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2020						2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Contingencies and Commitments												
Letter of guarantee	-	-	-	11,053	-	4,360	-	-	-	220,092	-	-
Forward foreign exchange contracts purchase	-	-	-	1,777,719	-	-	-	-	-	2,035,238	-	-
Forward foreign exchange contracts sale	-	-	-	1,758,178	-	-	-	-	-	2,028,078	-	-
Income												
Mark-up / return / interest earned	-	-	15,823	87,462	34,835	1,220,364	-	-	13,145	132,218	57,978	820,943
Commission / charges recovered	-	61	3,751	1,094	24,666	23,059	-	425	3,995	597	12,617	22,937
Dividend income	-	-	-	379,039	18,472	175,794	-	-	-	323,599	91,518	373,764
Net gain on sale of securities	-	-	-	-	-	-	-	-	-	-	-	28,515
Other income	-	-	7,166	2,285	524	15,359	-	-	989	1,490	4,214	22,827
Reserval of Provision	-	-	-	-	152,755	-	-	-	-	-	-	-
Switch Revenue	-	-	-	-	-	220,127	-	-	-	-	-	249,124
Management fee	-	-	-	2,548	-	-	-	-	-	4,857	-	-
Expense												
Mark-up / return / interest paid	-	184,964	663	13,020	373,541	345,484	-	155,289	1,373	41,683	767,200	386,351
Remuneration paid	-	-	670,774	-	-	-	-	-	445,165	-	-	-
Post employment benefits	-	-	23,565	-	-	-	-	-	22,807	-	-	-
Non-executive directors' fee	-	86,200	-	-	-	-	-	96,075	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	364,906	-	-	-	-	-	327,037
Net (reversal) / charge for defined benefit plans	-	-	-	-	-	272,592	-	-	-	-	-	228,742
Other expenses	-	-	-	14,922	-	44,875	-	-	-	13,594	-	49,363
Clearing Charges	-	-	-	-	-	138,487	-	-	-	-	-	129,727
Seminar and Membership fees	-	-	-	-	-	8,246	-	-	-	-	-	13,845
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	-	7,358	-	-	-	-	-	14,534
Custody Charges	-	-	-	-	-	4,757	-	-	-	-	-	6,401
Insurance premium paid	-	-	-	-	536,298	-	-	-	-	-	348,690	-
Insurance claims settled	-	-	-	-	485,047	-	-	-	-	-	330,415	-

45. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	------- (Rupees in '000) -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	126,860,060	114,847,818
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,834,770
Total Eligible Tier 1 Capital	136,794,830	124,682,588
Eligible Tier 2 Capital	45,102,462	33,900,041
Total Eligible Capital (Tier 1 + Tier 2)	181,897,292	158,582,629
Risk Weighted Assets (RWAs):		
Credit Risk	532,509,650	641,690,286
Market Risk	54,441,838	48,583,248
Operational Risk	157,614,605	146,919,473
Total	744,566,093	837,193,007
Common Equity Tier 1 Capital Adequacy Ratio	17.04%	13.72%
Tier 1 Capital Adequacy Ratio	18.37%	14.89%
Total Capital Adequacy Ratio	24.43%	18.94%

The SBP through its BSD Circular No. 07 dated April 15, 2009, has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the year ended December 31, 2020, stood at Rs.12,241.797 million (2019: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 2.5% and High Loss Absorbency Requirement of 1.0% of the risk weighted exposures of the Bank.

In order to dampen the effects of COVID-19, the State Bank of Pakistan under BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2020. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 24.4% whereas CET 1 and Tier 1 ratios stood at 17.0% and 18.4% respectively.

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

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

	2020	2019
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	136,794,830	124,682,588
Total Exposures	2,456,802,603	2,377,100,067
Leverage Ratio	5.57%	5.25%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,035,616,032	530,454,588
Total Net Cash Outflow	324,975,005	206,998,861
Liquidity Coverage Ratio	318.68%	256.26%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,714,566,321	1,598,050,689
Total Required Stable Funding	770,865,635	1,170,120,900
Net Stable Funding Ratio	222.42%	136.57%

45.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at https://www.ubldigital.com/Investor-Relations/CAR-Statements.aspx.

46. RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity, and operational risks.

The Bank has an integrated risk management structure in place covering domestic and International franchise.The Board Risk and Compliance Committee (BRCC) oversees the entire risk management process of the Bank. Furthermore, Risk Management Committee has been formed which looks at all risks collectively at senior management level. The committee is chaired by the President and comprises of Heads of all Risk areas, Finance, Business etc. The Risk and Credit Policy Group is responsible for the development and implementation of all risk policies as approved by the BRCC / BoD. The group is organized into the functions of Market & Treasury Risk, Financial Institution Risk, Credit Policy & Research, Consumer Credit Policy, Credit Risk Management and Operational Risk & Basel. Each risk function is headed by a senior manager who reports directly to the Group Executive, Risk and Credit Policy. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Developing systems and resources to review the key risk exposures of the Bank.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Reviewing the adequacy of credit training across the Bank.
- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.
- Establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.

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

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

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

46.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for Corporate, Commercial, SME & Agri, Collateral Management Policy, Credit Policy International, Credit Policy UAE and Credit Manual, which provides policies and procedures in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorised by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for International, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions domestic & international are centrally organized.

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth.

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

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

46.2.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	6,433,114	-	-	-	-	-
Private	13,526,018	20,183,118	-	-	-	-
	19,959,132	20,183,118	-	-	-	-

46.2.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Airlines	-	391,504	-	391,504	-	-
Automobile and transportation equipment	3,517,627	6,180,479	-	-	-	-
Chemical and pharmaceuticals	163,719	194,104	61,263	91,288	61,263	91,288
Construction	927,180	955,929	-	-	-	-
Exports / Imports	734,470	773,421	-	-	-	-
Fertilizers	252,767	1,384,516	-	-	-	-
Financial	1,083,468,800	770,901,869	-	78,784	-	78,784
Food	436	437	436	437	436	437
Insurance	62,207	1,607,579	-	-	-	-
Power (electricity), gas, water, sanitary	19,112,814	24,462,115	-	-	-	-
Telecommunication	-	837,100	-	-	-	-
Textile	529,263	529,262	228,925	228,922	228,925	228,923
Others	3,368,506	16,382,166	1,872	1,872	1,872	1,872
	1,112,137,789	824,600,481	292,496	792,807	292,496	401,304

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Credit risk by public / private sector						
Public / Government	1,022,772,243	813,397,809	-	391,504	-	-
Private	89,365,546	11,202,672	292,496	401,303	292,496	401,304
	1,112,137,789	824,600,481	292,496	792,807	292,496	401,304

46.2.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Agri business	7,598,682	9,637,263	1,170,019	716,680	599,102	316,451
Airlines	5,401,008	7,495,899	1,452,187	1,429,361	1,452,187	1,429,288
Automobile and transportation equipment	12,951,474	13,824,442	125,409	122,851	122,109	122,105
Cables	1,026,167	1,175,344	616,751	646,792	616,751	646,792
Cement	8,822,532	7,919,680	285,636	278,426	285,636	136,211
Chemical and pharmaceuticals	6,336,985	12,846,614	113,399	127,834	113,399	120,009
Construction	22,498,752	26,783,185	7,112,201	7,124,989	6,159,594	4,008,433
Contractors	4,753,204	9,971,659	1,120,451	842,215	1,120,451	679,587
Electronics and electrical appliances	10,092,057	13,708,661	8,367,344	8,243,692	6,366,180	6,230,582
Engineering	15,557,031	20,368,902	1,516,238	1,109,848	446,044	39,379
Fertilizer dealers	11,819,949	14,811,984	63,246	53,298	61,996	46,548
Financial	42,955,164	46,793,024	3,530,909	3,459,784	3,530,909	3,459,718
Food industries	70,617,073	81,649,269	7,212,424	7,479,545	5,609,657	5,158,605
Glass and allied	277,867	386,633	-	-	-	-
Hotels	2,190,534	2,111,627	595,259	616,777	595,259	616,777
Individuals	48,150,725	51,755,223	8,076,206	8,240,618	5,678,232	5,179,753
Paper and allied	2,013,682	2,000,326	639,480	625,182	628,987	614,656
Polyester and fiber	3,280,957	4,498,424	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	155,746,888	193,356,305	5,068,974	4,890,901	3,391,991	4,925,046
Shoes and leather garments	2,816,497	2,975,885	2,191,352	2,320,414	2,189,602	2,281,613
Sports goods	173,915	272,124	4,300	5,100	4,300	5,100
Sugar	4,454,866	5,626,661	175,729	180,729	175,729	180,729
Surgical and metal	200,557	42,987	-	-	-	-
Telecommunication	24,101,854	20,027,491	3,293,224	2,815,881	3,293,224	2,827,769
Textile composite	40,862,679	32,023,671	3,782,368	3,910,358	3,782,368	3,910,358
Textile others	11,232,898	16,890,483	2,047,876	2,402,729	2,041,748	2,395,346
Textile spinning	12,912,492	19,088,233	3,662,420	3,867,408	3,662,420	3,867,408
Textile weaving	5,975,856	7,819,768	351,348	421,724	351,348	356,813
Wholesale traders	38,286,130	35,673,686	11,210,283	8,069,156	10,600,840	7,977,518
Others	36,198,533	41,416,038	8,261,659	5,406,383	7,298,554	4,506,270
	609,307,008	702,951,491	83,623,743	76,985,726	71,755,668	63,615,915

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	204,260,276	237,692,845	1,089,630	1,089,630	22,313	22,313
Private	405,046,732	465,258,646	82,534,113	75,896,096	71,733,355	63,593,602
	609,307,008	702,951,491	83,623,743	76,985,726	71,755,668	63,615,915

	2020	2019
	(Rupees in '000)	
46.2.4 Contingencies and Commitments		
Credit risk by industry sector		
Agri business	17,715,477	5,468,525
Airlines	2,262,738	1,799,768
Automobile and transportation equipment	1,957,467	1,969,736
Cables	574,708	359,209
Cement	2,795,619	5,557,937
Chemical and pharmaceuticals	4,929,608	3,534,842
Construction	5,062,724	12,048,828
Containers and ports	1,069,170	1,154,416
Contractors	1,782,745	2,649,175
Electronics and electrical appliances	2,473,426	398,469
Engineering	9,018,950	8,274,367
Fertilizer dealers	5,651,372	3,179,706
Financial	697,641,219	1,003,277,075
Food industries	5,254,917	7,336,979
Glass and allied	186,220	287,000
Hotels	2,015,989	69,740
Individuals	18,277,661	15,431,641
Paper and allied	1,686,887	2,638,436
Polyester and fiber	2,829,494	3,819,949
Production and transmission of energy	127,733,243	142,488,054
Shoes and leather garments	30,075	56,330
Sugar	58,914	99,262
Surgical and metal	507,612	155,994
Telecommunication	6,024,903	14,700,186
Textile composite	1,958,314	673,835
Textile others	6,075,082	6,143,341
Textile spinning	6,375,600	2,261,400
Textile weaving	2,284,934	1,614,426
Wholesale traders	1,434,752	1,270,211
Others	119,573,392	142,945,512
	1,055,243,212	1,391,664,349
Credit risk by public / private sector		
Public / Government	256,923,452	426,665,080
Private	798,319,760	964,999,269
	1,055,243,212	1,391,664,349

46.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 284,824 million (2019: 307.757 million) are as following:

	2020	2019
	------- (Rupees in '000) -------	
Funded	140,816,028	175,759,229
Non Funded	144,008,127	131,997,318
Total Exposure	284,824,155	307,756,547

The sanctioned limits against these top 10 exposures aggregated to Rs. 306,651 million (2019: Rs.322,710 million).

46.2.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2020						
		Utilisation					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	127,665,134	127,665,134	-	-	-	-	-
Sindh	195,268,735	-	195,268,735	-	-	-	-
KPK including FATA	986,009	-	-	986,009	-	-	-
Balochistan	826,969	-	-	-	826,969	-	-
Islamabad	117,094,564	-	-	-	-	117,094,564	-
AJK including Gilgit-Baltistan	119,277	-	-	-	-	-	119,277
Total	441,960,688	127,665,134	195,268,735	986,009	826,969	117,094,564	119,277

Province / Region	2019						
		Utilisation					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	163,251,257	163,251,257	-	-	-	-	-
Sindh	221,221,535	-	221,221,535	-	-	-	-
KPK including FATA	1,409,927	-	-	1,409,927	-	-	-
Balochistan	869,842	-	-	-	869,842	-	-
Islamabad	120,402,344	-	-	-	-	120,402,344	-
AJK including Gilgit-Baltistan	151,138	-	-	-	-	-	151,138
Total	507,306,043	163,251,257	221,221,535	1,409,927	869,842	120,402,344	151,138

46.3 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

Measuring and controlling market risk is usually carried out at a portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers.

Trading activities are centered in the Treasury and Capital Markets Group which facilitates clients and also runs proprietary positions. The Bank is active in the cash and derivative markets for equity, interest rate and foreign exchange.

The Market and Treasury Risk division performs market risk management activities. Within this division, the Market Risk Management unit is responsible for the development and review of market risk policies and processes, and is involved in research, financial modelling and testing / implementation of risk management systems, while Treasury Middle Office is responsible for implementation and monitoring of market risk and other policies, escalation of deviations to senior management, and MIS reporting.

The functions of the Market Risk Management unit are as follows:

- Monitor the market risk exposure remain within the Bank's risk appetite as assigned by the BoD and the BRCC.

- To develop, review and upgrade procedures for the effective implementation of market risk management policies approved by the BoD and BRCC.

- To review new product proposals and propose / recommend / approve procedures for the management of their market risk. Various limits are assigned to different businesses on a product / portfolio basis. The products are approved through product programs, where risks are identified and limits and parameters are set. Any transactions / products falling outside these product programs are approved through separate transaction / product memos.

- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and Trading books.

46.3.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	250,838,052	-	250,838,052	235,861,767	-	235,861,767
Balances with other banks	13,888,765	-	13,888,765	20,729,005	-	20,729,005
Lendings to financial institutions	19,959,132	-	19,959,132	20,183,118	-	20,183,118
Investments	434,377,680	694,296,814	1,128,674,494	447,683,065	392,639,587	840,322,652
Advances	530,279,496	-	530,279,496	635,834,217	-	635,834,217
Fixed assets	51,207,703	-	51,207,703	52,396,877	-	52,396,877
Intangible assets	1,829,211	-	1,829,211	1,951,002	-	1,951,002
Deferred tax assets	6,399,267	-	6,399,267	3,300,164	-	3,300,164
Other assets	46,507,193	-	46,507,193	82,196,560	-	82,196,560
	1,355,286,499	694,296,814	2,049,583,313	1,500,135,775	392,639,587	1,892,775,362

46.3.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures are monitored by currency to ensure that they remain within the established limits for each currency. Exposures are also monitored on an overall basis to ensure compliance with the Bank's SBP approved Foreign Exchange Exposure Limit.

The Bank is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by the Treasury and Capital Markets Group (TCM). These trading exposures are monitored through prescribed stress tests and sensitivity analyses.

The Bank's reporting currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in multiple currencies. From time to time, TCM proactively hedges foreign currency exposures resulting from its market making activities, subject to pre-defined limits.

	2020				2019			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
US Dollar	200,545,109	119,630,099	(80,120,668)	794,342	207,760,592	129,030,118	(79,134,955)	(404,481)
Pound Sterling	3,810,575	19,901,304	16,561,167	470,438	1,461,050	18,625,631	17,589,517	424,936
Japanese Yen	115,813	98,074	(16,149)	1,590	139,508	116,852	(18,246)	4,410
Euro	3,605,786	8,234,827	4,725,445	96,404	2,209,520	7,446,947	5,327,214	89,787
UAE Dirham	73,955,103	156,890,634	81,890,688	(1,044,843)	99,199,810	187,237,582	89,194,894	1,157,122
Bahraini Dinar	13,936,810	26,800,952	11,751,534	(1,112,608)	15,531,293	25,372,795	10,065,814	224,312
Qatari Riyal	16,168,969	28,718,594	12,279,612	(270,013)	19,460,863	27,995,180	9,359,104	824,787
Other Currencies	3,867,084	5,311,469	1,387,653	(56,732)	3,998,119	5,715,995	1,203,330	(514,546)
	316,005,249	365,585,953	48,459,282	(1,121,422)	349,760,755	401,541,100	53,586,672	1,806,327

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account				
+1% change	-	-	-	-
-1% change	-	-	-	-
- Other comprehensive income				
+1% change	(11,214)	-	18,063	-
-1% change	11,214	-	(18,063)	-

46.3.3 Equity Position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the prices of individual stocks or the levels of equity indices. The Bank's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. The Bank has availed the relaxation given by the SBP in respect of determining the impairment charge against AFS securities and has accordingly recognised the impairment charge in a phased manner equally on a quarterly basis during the year ended December 31, 2020. Product program manuals have been developed to provide guidelines on the objectives and policies, risks and mitigants, limits and controls for the equity portfolios of the Bank.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on,				
Other comprehensive income				
+5% change	-	552,685	-	709,219
-5% change	-	(552,685)	-	(709,219)

46.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account				
+1% change	-	(3,363)	-	(141,853)
-1% change	-	3,363	-	141,853
- Other comprehensive income				
+1% change	(4,314,788)	(1,731,516)	(4,639,066)	(1,630,607)
-1% change	4,314,788	1,731,516	4,639,066	1,630,607

46.3.4.1 Mismatch of interest rate sensitive assets and liabilities

	2020											
	Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
	%	(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.07%	250,838,052	14,636,825	-	-	-	-	-	-	-	-	236,201,227
Balances with other banks	1.47%	13,888,765	4,535,935	-	-	-	-	-	-	-	-	9,352,830
Lendings to financial institutions	9.00%	19,959,132	18,959,132	1,000,000	-	-	-	-	-	-	-	-
Investments	9.54%	1,128,674,494	99,704,221	339,731,672	300,860,675	79,376,250	107,521,913	4,278,010	47,141,321	83,413,637	-	66,646,795
Advances												
Performing	9.11%	518,411,421	22,539,678	294,575,740	126,300,245	17,838,256	6,145,891	4,958,021	10,243,123	26,965,990	7,813,770	1,030,707
Non-performing		11,868,075	-	-	-	-	-	-	-	-	-	11,868,075
Other assets		36,406,306	-	-	-	-	-	-	-	-	-	36,406,306
		1,980,046,245	160,375,791	635,307,412	427,160,920	97,214,506	113,667,804	9,236,031	57,384,444	110,379,627	7,813,770	361,505,940
Liabilities												
Bills payable		29,733,813	-	-	-	-	-	-	-	-	-	29,733,813
Borrowings	6.97%	128,987,415	64,139,213	21,645,935	6,870,621	12,189,517	1,245,978	1,422,721	21,087,774	-	-	385,656
Deposits and other accounts	4.02%	1,640,211,901	81,298,711	732,048,749	44,946,507	41,407,311	8,391,302	2,874,467	26,694,827	3,542,979	150	699,006,898
Subordinated debt	11.00%	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		38,566,762	-	-	-	-	-	-	-	-	-	38,566,762
		1,847,499,891	155,437,924	753,694,684	51,817,128	53,596,828	9,637,280	4,297,188	47,782,601	3,542,979	150	767,693,129
On-balance sheet Gap		132,546,354	4,937,867	(118,387,272)	375,343,792	43,617,678	104,030,524	4,938,843	9,601,843	106,836,648	7,813,620	(406,187,189)
Net non financial assets		51,526,553										
Total net assets		184,072,907										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		-	-	-	-	-	-	-	-	-	-	-
Interest Rate Derivatives - Short position		-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swap - Long position		-	-	-	-	-	-	-	-	-	-	-
Cross Currency Swap - Short position		-	-	-	-	-	-	-	-	-	-	-
FX Options - Long position		-	-	-	-	-	-	-	-	-	-	-
FX Options - Short position		-	-	-	-	-	-	-	-	-	-	-
Forward purchase of Government Securities		-	-	-	-	-	-	-	-	-	-	-
Forward sale of Government Securities		-	-	-	-	-	-	-	-	-	-	-
Foreign currency forward purchases		342,792,602	131,916,225	100,357,088	75,434,166	35,085,123	-	-	-	-	-	-
Foreign currency forward sales		(292,804,731)	(124,114,829)	(82,679,373)	(50,909,910)	(35,100,619)	-	-	-	-	-	-
Off-balance sheet Gap		49,987,871	7,801,396	17,677,715	24,524,256	(15,496)	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		182,534,225	12,739,263	(100,709,557)	399,868,048	43,602,182	104,030,524	4,938,843	9,601,843	106,836,648	7,813,620	(406,187,189)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			12,739,263	(87,970,294)	311,897,754	355,499,936	459,530,460	464,469,303	474,071,146	580,907,794	588,721,414	182,534,225

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019											
	Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
	%	(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.26%	235,861,767	18,775,252	-	-	-	-	-	-	-	-	217,086,515
Balances with other banks	3.92%	20,729,005	7,830,772	3,096,952	400,067	-	-	-	-	-	-	9,401,214
Lendings to financial institutions	11.10%	20,183,118	20,183,118	-	-	-	-	-	-	-	-	-
Investments	9.83%	840,322,652	133,871,877	174,287,939	72,131,087	80,353,972	128,473,486	94,506,781	45,483,895	86,952,547	5,719,743	18,541,325
Advances												
Performing	10.47%	622,464,406	202,510,090	209,713,843	175,792,305	25,996,807	32,763	163,300	3,462,040	1,267,038	629,023	2,897,197
Non-performing		13,369,811	-	-	-	-	-	-	-	-	-	13,369,811
Other assets		57,969,541	-	-	-	-	-	-	-	-	-	57,969,541
		1,810,900,300	383,171,109	387,098,734	248,323,459	106,350,779	128,506,249	94,670,081	48,945,935	88,219,585	6,348,766	319,265,603
Liabilities												
Bills payable		22,926,596	-	-	-	-	-	-	-	-	-	22,926,596
Borrowings	8.79%	154,484,000	79,970,182	30,354,891	6,631,431	13,980,198	22,959,023	-	-	-	-	588,275
Deposits and other accounts	4.89%	1,467,063,461	99,414,211	624,736,150	57,788,946	20,302,866	42,047,459	5,853,492	-	33,269,989	4,234,301	579,416,047
Subordinated debt	13.51%	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		42,167,207	-	-	-	-	-	-	-	-	-	42,167,207
		1,696,641,264	189,384,393	655,091,041	64,420,377	34,283,064	65,006,482	5,853,492	-	33,269,989	4,234,301	645,098,125
On-balance sheet Gap		114,259,036	193,786,716	(267,992,307)	183,903,082	72,067,715	63,499,767	88,816,589	48,945,935	54,949,596	2,114,465	(325,832,522)
Net non financial assets		54,809,847										
Total net assets		169,068,883										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		316,500	-	-	-	316,500	-	-	-	-	-	-
Interest Rate Derivatives - Short position		(316,500)	-	(316,500)	-	-	-	-	-	-	-	-
FX Options - Long position		61,297	61,297	-	-	-	-	-	-	-	-	-
FX Options - Short position		(61,297)	(61,297)	-	-	-	-	-	-	-	-	-
Forward purchase of Government Securities		3,043,541	-	3,043,541	-	-	-	-	-	-	-	-
Forward sale of Government Securities		(11,264,179)	(2,008,835)	-	-	(9,208,510)	-	(46,834)	-	-	-	-
Foreign currency forward purchases		482,798,387	198,626,902	149,166,343	107,694,181	27,310,961	-	-	-	-	-	-
Foreign currency forward sales		(427,818,453)	(188,870,359)	(121,636,949)	(98,569,424)	(18,741,721)	-	-	-	-	-	-
Off-balance sheet Gap		46,759,296	7,747,708	30,256,435	9,124,757	(322,770)	-	(46,834)	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		161,018,332	201,534,424	(237,735,872)	193,027,839	71,744,945	63,499,767	88,769,755	48,945,935	54,949,596	2,114,465	(325,832,522)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			201,534,424	(36,201,448)	156,826,391	228,571,336	292,071,103	380,840,858	429,786,793	484,736,389	486,850,854	161,018,332

46.4 Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank. The operational risk management framework of the Bank is governed by the Operational Risk Management Policy and Procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

In accordance with the Operational Risk policy and framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the bank, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives.

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

46.5 Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Assets and Liabilities Management Committee (ALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required.

The Bank’s approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank’s business.

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

46.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

The maturity profile presented below has been prepared as required by IFRS on the basis of contractual maturities, except for products that do not have a contractual maturity which are shown in the first bucket.

	2020													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	250,838,052	-	-	-	250,838,052	-	-	-	-	-	-	-	-	-
Balances with other banks	13,888,765	7,352,829	5,033,491	639,338	863,107	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,959,132	-	5,000,000	4,500,000	9,459,132	1,000,000	-	-	-	-	-	-	-	-
Investments	1,128,674,494	18,949,010	-	686,207	65,057,047	16,791,291	157,358,330	144,162,841	68,119,281	22,153,944	130,634,546	40,664,538	133,394,425	330,703,034
Advances	530,279,496	21,409,075	5,321,819	6,359,416	55,412,543	15,884,179	74,173,452	90,347,710	22,772,430	42,655,158	60,557,343	44,829,028	50,979,056	39,578,287
Fixed assets	51,207,703	-	-	-	308,690	-	483,463	796,145	-	923,884	2,358,874	2,263,281	2,814,618	41,258,748
Intangible assets	1,829,211	-	-	-	63	-	7,904	10,113	-	99,212	282,015	439,821	712,404	277,679
Deferred tax asset	6,399,267	-	-	-	6,399,267	-	-	-	-	-	-	-	-	-
Other assets	46,507,193	-	-	-	7,851,352	-	10,824,050	4,754,839	-	9,810,943	4,999,223	1,262,750	2,320,995	4,683,041
	2,049,583,313	47,710,914	15,355,310	12,184,961	396,189,253	33,675,470	242,847,199	240,071,648	90,891,711	75,643,141	198,832,001	89,459,418	190,221,498	416,500,789
Liabilities														
Bills payable	29,733,813	-	-	-	29,733,813	-	-	-	-	-	-	-	-	-
Borrowings	128,987,415	-	60,075,295	172,500	7,485,553	8,084,109	16,991,427	7,579,703	4,600	30,128	4,698,445	1,189,722	3,554,904	19,121,029
Deposits and other accounts	1,640,211,901	1,216,995,046	32,362,654	18,111,216	71,085,275	23,855,924	77,850,744	45,862,597	14,996,819	32,168,500	14,378,439	8,436,770	35,593,707	48,514,210
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	56,577,277	-	-	-	16,296,654	-	36,193,003	193,822	-	1,827,084	207,331	44,142	73,858	1,741,383
	1,865,510,406	1,216,995,046	92,437,949	18,283,716	124,601,295	31,940,033	131,035,174	53,636,122	15,001,419	34,025,712	19,284,215	9,670,634	39,222,469	79,376,622
Net assets	184,072,907	(1,169,284,132)	(77,082,639)	(6,098,755)	271,587,958	1,735,437	111,812,025	186,435,526	75,890,292	41,617,429	179,547,786	79,788,784	150,999,029	337,124,167
Represented by:														
Share capital	12,241,797													
Reserves	62,274,068													
Unappropriated profit	81,916,463													
Surplus on revaluation of assets	27,640,579													
	184,072,907													

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	235,861,767	-	-	-	235,861,767	-	-	-	-	-	-	-	-	-
Balances with other banks	20,729,005	9,395,791	4,682,026	1,021,994	929,085	3,511,630	-	1,188,479	-	-	-	-	-	-
Lendings to financial institutions	20,183,118	-	1,000,000	7,738,865	11,444,253	-	-	-	-	-	-	-	-	-
Investments	840,322,652	46,710,311	2,052,765	-	116,395,490	18,078,476	86,080,733	40,225,822	79,079,625	6,203,585	114,188,685	77,530,220	45,566,427	208,210,513
Advances	635,834,217	-	-	-	142,742,064	-	89,203,132	74,585,099	-	63,752,959	47,835,880	45,259,486	80,025,198	92,430,399
Fixed assets	52,396,877	-	-	-	593,636	-	362,763	596,288	-	936,068	2,007,987	2,412,223	3,209,275	42,278,637
Intangible assets	1,951,002	-	-	-	6	-	1,008	367,921	-	188,794	305,682	469,543	261,291	356,757
Deferred tax assets	3,300,164	-	-	-	3,300,164	-	-	-	-	-	-	-	-	-
Other assets	82,196,560	-	-	-	14,365,105	-	19,291,079	6,293,590	-	24,883,309	3,981,608	3,898,977	2,691,055	6,791,837
	1,892,775,362	56,106,102	7,734,791	8,760,859	525,631,570	21,590,106	194,938,715	123,257,199	79,079,625	95,964,715	168,319,842	129,570,449	131,753,246	350,068,143
Liabilities														
Bills payable	22,926,596	-	-	-	22,926,596	-	-	-	-	-	-	-	-	-
Borrowings	154,484,000	749,520	67,938,997	2,091,876	1,243,615	10,201,407	14,537,304	21,185,177	13,840,077	46,895	530,363	242,987	2,293,306	19,582,476
Deposits and other accounts	1,467,063,461	1,127,161,318	22,770,048	47,752,068	27,048,394	18,068,555	65,976,506	47,486,360	17,666,479	43,078,232	11,663,533	6,475,994	17,485,663	14,430,311
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	69,232,422	-	-	-	29,093,913	-	10,896,698	7,570,412	-	5,436,958	2,370,122	3,088,462	3,336,709	7,439,148
	1,723,706,479	1,127,910,838	90,709,045	49,843,944	80,312,518	28,269,962	91,410,508	76,241,949	31,506,556	48,562,085	14,564,018	9,807,443	23,115,678	51,451,935
Net assets	169,068,883	(1,071,804,736)	(82,974,254)	(41,083,085)	445,319,052	(6,679,856)	103,528,207	47,015,250	47,573,069	47,402,630	153,755,824	119,763,006	108,637,568	298,616,208

Represented by:

Share capital	12,241,797
Reserves	59,319,612
Unappropriated profit	71,670,331
Surplus on revaluation of assets	25,837,143
	169,068,883

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

46.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank (ALCO)

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The maturity profile of certain non-contractual assets and liabilities which are related to specific assets and liabilities follows the maturity profile of the underlying asset or liability. The maturity profile of other non-contractual assets and liabilities is expected to follow historical patterns of behaviour. The methodology and the assumptions used to derive the maturity profile of non-contractual assets and liabilities have been approved by ALCO.

	2020									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	250,838,052	140,535,013	5,066,408	4,965,281	7,187,883	9,999,287	7,672,723	12,167,183	50,122,466	13,121,808
Balances with other banks	13,888,765	13,888,765	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,959,132	18,959,132	1,000,000	-	-	-	-	-	-	-
Investments	1,128,674,494	68,133,687	174,149,621	144,162,841	101,326,881	130,634,546	40,664,538	133,394,425	326,735,043	9,472,912
Advances - Performing	518,411,421	88,502,853	90,057,631	90,347,710	65,427,588	60,557,343	44,829,028	50,979,056	22,486,049	5,224,163
- Non-performing - net of provisions	11,868,075	-	-	-	-	-	-	-	-	11,868,075
Fixed assets	51,207,703	308,690	483,463	796,145	923,884	2,358,874	2,263,281	2,814,618	4,749,641	36,509,107
Intangible assets	1,829,211	63	7,904	10,113	99,212	282,015	439,821	712,404	277,679	-
Deferred tax asset	6,399,267	-	-	-	1,599,817	1,599,817	1,599,817	1,599,816	-	-
Other assets	46,507,193	7,851,352	10,824,050	4,754,839	9,810,943	4,999,223	1,262,750	2,320,995	4,374,863	308,178
	2,049,583,313	338,179,555	281,589,077	245,036,929	186,376,208	210,431,105	98,731,958	203,988,497	408,745,741	76,504,243
Liabilities										
Bills payable	29,733,813	10,629,807	7,780,787	7,625,482	3,697,737	-	-	-	-	-
Borrowings	128,987,415	67,733,348	25,075,536	7,579,703	34,728	4,698,445	1,189,722	3,554,904	19,121,029	-
Deposits and other accounts	1,640,211,901	200,528,223	154,834,343	97,929,834	122,539,344	119,233,575	88,894,946	163,181,971	506,328,203	186,741,462
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	56,577,277	16,296,654	36,193,003	193,822	1,827,084	207,331	44,142	73,858	1,090,578	650,805
	1,865,510,406	295,188,032	223,883,669	113,328,841	128,098,893	124,139,351	90,128,810	166,810,733	536,539,810	187,392,267
Net assets	184,072,907	42,991,523	57,705,408	131,708,088	58,277,315	86,291,754	8,603,148	37,177,764	(127,794,069)	(110,888,024)
Represented by:										
Share capital	12,241,797									
Reserves	62,274,068									
Unappropriated profit	81,916,463									
Surplus on revaluation of assets	27,640,579									
	184,072,907									

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	235,861,767	134,742,682	5,666,087	5,552,991	8,038,669	11,182,841	8,580,896	13,607,338	36,689,021	11,801,242
Balances with other banks	20,729,005	16,028,896	3,511,630	1,188,479	-	-	-	-	-	-
Lendings to financial institutions	20,183,118	20,183,118	-	-	-	-	-	-	-	-
Investments	840,322,652	145,373,652	104,159,209	40,225,822	99,504,260	114,188,685	77,530,220	45,566,427	198,486,928	15,287,449
Advances - Performing	622,464,406	142,742,064	89,203,132	74,585,099	63,752,959	47,835,880	45,259,486	80,025,198	60,394,829	18,665,759
- Non-performing - net of provisions	13,369,811	-	-	-	-	-	-	-	-	13,369,811
Fixed assets	52,396,877	593,636	362,763	596,288	936,068	2,007,987	2,412,223	3,209,275	5,209,865	37,068,772
Intangible assets	1,951,002	6	1,008	367,921	188,794	305,682	469,543	261,291	356,757	-
Deferred tax asset	3,300,164	-	-	-	825,041	825,041	825,041	825,041	-	-
Other assets	82,196,560	14,365,105	19,291,079	6,293,590	24,883,309	3,981,608	3,898,977	2,691,055	5,493,455	1,298,382
	1,892,775,362	474,029,159	222,194,908	128,810,190	198,129,100	180,327,724	138,976,386	146,185,625	306,630,855	97,491,415
Liabilities										
Bills payable	22,926,596	7,812,659	5,719,262	5,605,105	3,789,570	-	-	-	-	-
Borrowings	154,484,000	72,024,008	24,738,711	21,185,177	13,886,972	530,363	242,987	2,293,306	19,564,718	17,758
Deposits and other accounts	1,467,063,461	184,339,868	146,789,617	108,978,522	149,762,529	135,498,970	111,041,740	147,094,742	365,255,299	118,302,174
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	69,232,422	29,093,913	10,896,698	7,570,412	5,436,958	2,370,122	3,088,462	3,336,709	3,422,863	4,016,285
	1,723,706,479	293,270,448	188,144,288	143,339,216	172,876,029	138,399,455	114,373,189	152,724,757	398,242,880	122,336,217
Net assets	169,068,883	180,758,711	34,050,620	(14,529,026)	25,253,071	41,928,269	24,603,197	(6,539,132)	(91,612,025)	(24,844,802)

Represented by:

Share capital	12,241,797
Reserves	59,319,612
Unappropriated profit	71,670,331
Surplus on revaluation of assets	25,837,143
	169,068,883

47. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

47.1 The Board of Directors in its meeting held on February 24, 2021, has proposed a final cash dividend in respect of 2020 of Rs. 9.5 per share (2019: Rs. 4.0 per share). In addition, the Directors have also announced a bonus issue of nil (2019: nil). These appropriations will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2020, do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2021.

48. GENERAL

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

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

49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 24, 2021, by the Board of Directors of the Bank.

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

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

					At the beginning				Written-off			
Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
1	Muhammad Ashraf Malik & Sons Shop # 13 New Green Market Multan Road Bahawalpur.	Muhammad Ashraf Malik	31202-9156003-9	Bashir Ahmed	325	1,936	-	2,261	-	1,936	-	1,936
2	Mansoor Autos Highway Road Dharanwala.	Mumtaz Ali	31102-8050035-3	Chaudry Akber Ali	345	1,698	-	2,043	-	1,698	-	1,698
3	Bismillah Traders Permit Road Jatoi.	Rao Zia ur Rehman	32302-4501253-5	Abdul Rehman	599	1,062	-	1,662	-	1,042	-	1,042
4	Rauf Afaq Karachi Beach Residency Flat No 511 7Th Floor Plot No 3 Clifton Near Bilawal House.	Rauf Afaq	35202-3066975-7	M Afaq	514	-	-	514	446	54	11	511
5	Muhammad Yaqoob H No 605 B Block Johar Town Allah Hoo Chowk.	Muhammad Yaqoob	34302-0821509-5	Arshad Ullah	418	-	-	418	472	36	44	552
6	Mirza Abbas Munir Fl No A 303 Rim Jhim Towers 3Rd Flr Safoora Chowrangi.	Mirza Abbas Munir	42201-1684494-7	Mirza Munir Akhter	580	-	-	580	490	64	26	581
7	Faiz Muhammad Ward No 9 Shaikh Muhallah Nasirabad Larkana.	Faiz Muhammad	43207-0959126-1	Karim Bux	587	-	-	587	548	57	15	621
8	M Shoaib Mansha House No 50 Street Villas # 02 Sctor C Xpark View Phase 8 DHA Near Allama Iqbal Airport.	M Shoaib Mansha	35202-3187822-1	Malik Muhammad Mansha	551	-	-	551	562	526	39	1,127
9	Kh Hassan Ashraf House # 239-E, Phase - V, DHA.	Kh Hassan Ashraf	35200-7680157-3	Ashraf Ali Khawaja	624	-	-	624	567	4	52	624
10	Kh Mehmood Rehman Al Rehman House#13-E-1, Officers Colony Mulatan.	Kh Mehmood Rehman	36302-0273260-3	Khawaja Bashir Ahmed	247	-	-	247	766	74	23	863
11	Malik Rizwan Anwar H No 45 C Block Model Town.	Malik Rizwan Anwar	33100-3897036-9	Malik M Anwar	879	-	-	879	799	76	31	906
12	Pak Rock Oil Trading Corp. (Pvt.) Ltd. Office # 5 & 6, Ground Floor, Zubaida Garden, Shahrah-er-Faisal Karachi.	Syed Anis Hassan Syed Ammar Yasir Zaidi	42201-3133099-1 42301-1115116-9	Asrar Hussain Zaidi	217,416	-	318,444	535,860	217,416	-	318,444	535,860
13	Shahraj Fabrics (Pvt.) Ltd. 147-148 M, Quaid-E-Azam Industrial Estate, Kot Lakhpat, Lahore.	Rana Khadim Hussain Rana Ghulam Hussain Rana Ali Raza	35202-2968222-7 35202-1207171-7 35202-8456699-5	Rana Walaayat Ali Khan Rana Walaayat Ali Khan Rana Walaayat Ali Khan	183,461	129,665	-	313,126	183,461	129,665	-	313,126
14	New Allied Electronics (Pvt.) Ltd. 7th Floor, Lakson Square Building No.1, Sarwar Shaheed Road Karachi.	Mian Pervaz Akhter Abdul Rauf	42301-7176596-3 42201-3539213-1	Mian Muhammad Rafiq Anwar Abdul Ghafoor Atiq	157,415	91,730	-	249,145	157,415	91,730	-	249,145
15	Bhatti Cotton Links 18-Km, Raiwind Road, Lahore.	Muhammad Iqbal Bhatti	35202-7936106-1	Muhammad Din Bhatti	102,538	12,757	75,428	190,723	12,469	12,757	75,428	100,654

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

					At the beginning				Written-off			
Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
16	Taj Textile Mills Ltd 49-Km, Lhr-Multan Rd, Near Bhai Pheru, Distt, Kasur.	Jahangir Elahi Tanvir Elahi Amir Jahangir	35202-2561094-5 35200-5522225-3 35202-0676798-7	Ehsan Elahi Ehsan Elahi Jahangir Elahi	54,813	13,096	59,607	127,517	18,261	13,096	59,607	90,965
17	Any Agro (Pvt) Ltd 61-L Gulberg-III, Near Kalama Chowk,Lahore.	Javed Mahmood Umer Nasir Amir Naseer	35202-2588597-3 35202-1239216-5 35200-0695319-3	Sh. Muhammad Ahmed Sh. Naseer Ahmed Sh. Naseer Ahmed	40,155	1,115	40,657	81,927	40,155	1,115	40,657	81,927
18	MGM Corporation (Pvt) Limited 20-Km Sheikhupura, Faisalabad, Road, District Sheikhupura, Punjab.	Mirza Ghulam Mustafa Mrs. Najmus Sehar Mirza Ghulam Mujtaba	42301-5780499-9 42301-1738292-2 42301-3512150-9	Mirza Ghulam Muhammad Mirza Ghulam Mustafa Mirza Ghulam Mustafa	61,101	-	62,353	123,454	3,601	-	62,353	65,954
19	Peshawar Pipe Mills (Pvt) Ltd 146 Industrial Estate, Jamrud Road, Peshawar.	Mrs. Shazia Subhani Ghulam Subhani Zia	17301-3775274-8 17301-7079543-7	Ghulam Subhani Zia Afzal Zia	76,728	53,784	-	130,512	-	53,784	-	53,784
20	Syed Corporation Plot#65, I&T Centre, Sector G-8/1 Islamabad.	Ehsan Ullah Qureshi	61101-5055806-7	Aman Ullah Qureshi	85,000	54,567	-	139,567	-	46,767	-	46,767
21	M/S G. M. Garments Ws-11/1, Block-2, F.B. Area, Karachi.	Ghulam Murtaza	42101-5421783-5	Ghulam Muhammad Sabri	37,706	-	20,190	57,896	10,015	20,190	-	30,205
22	Najia Spinning Mills (Pvt) Ltd 1-Km Chunian Road, Habibabad Distt Kasur.	M. Naveed Rehmat M. Naseer Sheikh	35202-6016395-1 35202-5720954-7	Rehmat Ali Rehmat Ali	55,000	9,743	-	64,743	12,500	9,743	-	22,243
23	Bahawalpur Cotton Company 1-A Chowk Saraiki Bahawalpur.	Mr. Muhammad Akram Mr. Ch.munir Ahmad Mr. Ch.rashid Akhtar Mrs. Sabiha Iftikhar	31202-6766571-9 31202-0273508-7 31202-0273505-9 31202-8532609-0	Malik Muhammad Akbar Muhammad Rafiq Muhammad Rafiq W/o Iftikhar Ahmad Malik	12,955	-	13,163	26,118	-	-	13,118	13,118
24	The Madina Interiors Malik Centre, Tehsil Chowk Chiniot.	Muhammad Bilal Ahmed	33201-3032058-5	Khushi Muhammad	26,000	-	11,980	37,980	-	-	11,980	11,980
25	Fine Pack Lahore 21 K.M Feroze Pur Road, Near Green Cap Scheme, Lahore.	Malik Shafqat Hayat	35201-1326487-9	Malik Muhammad Hussain	29,303	749	11,205	41,257	-	-	10,770	10,770
26	Asia Spinners Marh Balochan, Tehsil Sagla Hill, District Nankana Sahib.	Mr. M. Arshad Butt Mrs. Farzana Arshad	34101-2665877-9 34101-2516061-8	Muhammad Aslam Muhammad Arshad Butt	15,221	-	10,523	25,744	-	-	10,444	10,444
27	Lasani Cotton Industries Multan Road Vehari.	Ch. Naveed Pervaiz Saeed Ahmad	36603-6265968-9 36603-7884509-3	Muhammad Akram Pervaiz Niaz Muhammad	4,033	-	7,945	11,978	-	-	7,828	7,828
28	Abid Weaving (Pvt) Ltd. 22 Km Ferozepur Road, Rohi Nala, Lahore.	Abid Mahmood Tahir Sanaullah Dogar Asad Mahmood Zahid Mahmood Kalsoom Bibi	35404-5164664-7 35404-5069569-7 34101-0516374-3 35404-5260519-7 35404-8559340-8	Sanaullah Dogar Dost Muhammad Dogar Sanaullah Dogar Sanaullah Dogar Sanaullah Dogar	22,676	-	7,123	29,799	-	-	7,123	7,123

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning				Written-off			
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
29	Lasani Flour & Gen. Mills Shahjahanabad, Sardehri, Tehsil/ Distt. Charsaddah.	Shahjahan	17101-8740110-3	Haji Abdul Karim	1,660	-	6,807	8,467	-	-	6,807	6,807
30	Crest Pack 57, The Mall, Lahore.	Aamir Latif	35202-0537454-5	Muhammad Abdul Latif	14,000	530	6,012	20,542	-	530	6,012	6,542
31	Ehtasham Zaheer Ali, Rashid Zaheer Ali, Ismat Ibrahim, Aneela Kamal Zaheer Nagar Burewala.	Ehtasham Zaheer Ali Rashid Zaheer Ali Ismat Ibrahim Aneela Kamal	35200-9032252-7 35200-2261170-9 35201-3062626-0 35200-5650657-6	S/o Ibrahim Zaheer Ali S/o Ibrahim Zaheer Ali Wd/o Ibrahim Zaheer Ali Wd/o Kamal Zaheer Ali	13,570	-	7,356	20,926	-	-	5,926	5,926
32	Kamal Fabrics (Pvt.) Ltd. F-340, Central Avenue, Site, Karachi.	Afzal Malik Amra Afzal	42301-1174091-7 42301-0999122-8	Malik Ahmedduin Afzal Malik	23,801	-	7,862	31,662	-	-	5,457	5,457
33	Ittehad Flour Mills 2-Km Kotla Moosa Khan Road, Ahmadpur East District Bahawalpur.	Muhammad Aslam	31201-6311813-9	Manzoor Ahmad	6,006	1,429	3,423	10,858	-	1,429	3,423	4,852
34	Alam Traders G.T Road, Rahwali, Mohallah Sharif Farm Gujranwala.	Muhammad Imran	34101-2919709-5	Muhammad Akram	7,000	-	4,481	11,481	-	-	3,959	3,959
35	Frontier Steel (Pvt.) Ltd. Industrial Estate, Gadoon Amazai.	Abdul Rasheed Yousufzai Javed Khan Jadoon Rashid Ahmed Khan Toor Khan	130-55-3566-3 130-74-446724 16202-2370008-9 N/A	N/A	3,423	-	3,382	6,804	-	-	3,382	3,382
36	E2E Supply Chain Management Limited Suit# 311-313, The Plaza, KDA Scheme #5, Block-9, Clifton, Karachi.	Abid Butt Syed M. Ahmed Alam Zahid Javed Butt	42301-4053131-3 42201-0783130-5 42000-0468553-7	Zahid Javed Butt Syed Alam Shah M. Ishaq Butt	23,995	3,266	-	27,261	-	3,261	-	3,261
37	Popular Traders 2-A, Ali Town, Raiwind Road, Lahore.	Muhammad Ajmal Muhammad Amjad	35202-9746793-1 35202-9852148-1	Sheikh Muhammad Ashraf Sheikh Muhammad Ashraf	29,995	2,246	-	32,241	-	2,246	-	2,246
38	Insaf Timber & Iron Supply Katchery Road, Near Daskar More Pasrur.	Mirza Waheed Ahmed	34602-6507285-9	Bashir Ahmed	4,000	-	1,951	5,951	-	-	1,951	1,951
39	Bismillah Poultry Farm Plot No. D/4, Nacalas No.98, Deh Kotiro, Near Steel Town, Karachi.	Syed Arshad Ali Rizvi	42301-1091489-1	Syed Aziz Ur Rehman	3,000	-	1,842	4,842	-	-	1,842	1,842
40	City Agro Office 102-104, Mall Plaza, Multan Cantt.	Syed Hamad Raza Azhar Nawaz Ather Nawaz	36302-6934612-9 36302-6132586-1 36302-0469516-7	Syed Murtaza Shah Mazhar Nawaz Mazhar Nawaz	4,653	-	2,702	7,355	-	-	1,828	1,828
41	Aqeel Ahmad Butt & Sons Ghass Mandi Bazar Branch, Sahiwal.	Aqeel Ahmad Butt	36502-3672578-3	Mr.khalil Ahmad Butt	8,136	-	2,383	10,520	-	-	1,800	1,800
42	Bajwa Rice Dealers Opposite Sughra Shafi Medical Complex, Muridkey Road, Narowal.	Sarfraz Ahmed Bajwa	34501-1915464-3	Said Ahmed	6,700	-	1,297	7,997	-	-	1,192	1,192

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

					At the beginning				Written-off			
Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
43	Kashif Traders 87/G Machli Bazar, Burewala.	Kashif Ali	36601-2377027-3	Sheikh Muhammad Aslam	3,000	1,281	-	4,281	-	1,181	-	1,181
44	M/S New Modern Jewellers Main Bazar Haroonabad, District Bahawalnagar.	Muhammad Rasheed	31104-1700107-7	Muhammad Yaqoob	905	-	1,473	2,378	-	-	1,128	1,128
45	G Way Traders Qayyum Street, Roras Road Sialkot.	Arshad Mahmood	301-56-331131	Ch. Fazal Ahmad	603	46	890	1,539	-	-	829	829
46	Guard Super Store Head Quarter Pakistan Coast Guards, Kayani Shaheed Road, Karachi.	Daud Salar	42201-9194740-5	Saeed Ahmed Salar	950	-	632	1,582	-	-	607	607
47	Malik Sardar Ali Noor Manzil, Railway Road, Kot Radha Kishan, Kasur.	Malik Sardar Ali	35102-8088666-3	Malik Muhammad Sarwar	1,500	-	632	2,132	-	-	582	582
48	Syed Ali Imran Rizvi House No. R-937/3, Sector 16-A North Karachi.	Syed Ali Imran Rizvi	42101-8087640-5	S.Mushtaq Rizvi	1,078	686	-	1,764	-	564	-	564
49	Syed Ali Raza H/No. 17, Ayesha Block, Abdullah Garden, Canal Road, Faisalabad.	Syed Ali Raza	33100-0739773-3	Syed Tasadduq Hussain	7,933	543	-	8,476	-	543	-	543
50	Sajid Khan S-K Garment Room No 28 Second Floor Rehmat Market New Anarkali Lahore.	Sajid Khan	35202-7421477-9	Muhammad Aslam Khan	1,183	18	-	1,201	-	826	169	995
51	Faraz Changaiz Khan H No R-72 Block 16 F.B Area Karachi.	Faraz Changaiz Khan	42101-6723993-1	Changaiz Khan	428	-	-	428	-	263	352	615
52	Maqsood Alam 42/5 Street 13 Model Colony Karachi Shop 04 Kanwal Arcade Model Colony Karachi.	Maqsood Alam	42201-2681503-1	Muhammad Mehfooz Hussain	-	-	-	-	87	428	49	564
53	Khawaja Shakeel H No 45 Food Street Chamber Lane Road Gawalmandi Lahore.	Khawaja Shakeel	35200-1454285-5	Khawaja Abdul Rasheed	1,242	24,794	-	26,036	-	24,879	156	25,034
54	Tariq Mehmood Gulshan Bakery Street Ali Aprk Khan Pur Road Near Ali Da Dera.	Tariq Mehmood	31303-2385467-5	Mehmood	-	635	-	635	-	675	77	752
55	Shaoib Mehmood H No 223-B, Shadman Ii, Lahore.	Shaoib Mehmood	35202-3989988-5	Abdul Rab Sajid	9,539	15,883	-	25,422	-	16,256	202	16,458
56	Humayoun Shabir Flat No 7 3Rd Floor Building 5 Bagh-E-Rizwan Block 16 Gulshan-E-Iqbal Karachi.	Humayoun Shabir	42000-6245441-9	Shabir Hussain	883	-	-	883	-	298	407	705

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

					At the beginning				Written-off			
Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
57	Asad Jawaid Arain Scale Mechanical Electro H No 222 Block D Unit No 10 Latifabad Hyderabad.	Asad Jawaid	41304-5514852-9	Ghulam Rasool Arain	236	476	-	712	-	467	56	523
58	Abdul Ghani Shaikh Plot No 48 New Murad Wahan Larkana.	Abdul Ghani Shaikh	43203-5741146-9	Shaikh	358	559	-	918	178	578	62	818
59	Sunny Saleem C-9 Raheemabad Colony Bi-14 F.B Area Karachi Nasirabad Patel Telephone Ex Karachi.	Sunny Saleem	42101-5826378-1	Saleem	178	451	-	629	105	467	49	622
60	Mohammad Ali Abbasi H No 15 Block B Unit No 10 Q A Colony Latifabad Hyderabad.	Mohammad Ali Abbasi	41304-2740187-5	Arshad Ali	714	-	-	714	-	426	202	628
61	Tehzeeb Ul Hassan H No F-4 P & T Colony Unit No 7 Latifabad Hyderabad.	Tehzeeb Ul Hassan	41304-6327700-1	Rehan	727	-	-	727	-	412	202	614
62	Shahid Raza H # 7/A, St # 4-G, Rasool Park, Multan Road.	Shahid Raza	35202-9848821-1	Syed Mushtaq Hussain	1,084	355	-	1,439	-	456	149	605
63	Muhammad Zahid H No 3 Abdullah House St No 3 Chak No 11/P Sharqi Rahim Yar Khan.	Muhammad Zahid	31303-9915107-1	Irshad Ahmad	452	-	-	452	-	275	286	561
64	Muhammad Mansoor Suite No:4 Bombay Plaza Mezzanine Floor, Opp New Custom House Bohra Road, Karachi.	Muhammad Mansoor	42101-5245641-7	Mansoor	947	1,248	-	2,195	184	1,367	141	1,692
65	Pardeep Kumar Office No 205 Abdullah Square New Challi Karachi.	Pardeep Kumar	43205-1525675-7	Kumar	400	651	-	1,051	43	685	74	803
66	Wajid Hussain H No D-1 Block D New Labour Colony SITE Karachi.	Wajid Hussain	42401-1957311-1	M Bashir	665	-	-	665	-	270	309	579
67	Muhammad Ali Khan Amir Rajput Catering 95 H Block 2 PECHS Karachi.	Muhammad Ali Khan	42101-1943784-3	Nasir Ali Khan	345	437	-	782	103	513	57	674
68	Huma Gohar Qasmi H.No.C-3, St # 10-4 Nazimabad Nr Abbasi Shaheed Hospital Karachi.	Huma Gohar Qasmi	42101-5472605-8	Gohar Mahmood Qasmi	612	-	-	612	-	227	355	582
69	Muhammad Shahbaz Wahla H No 95 Gulshan Block A I Town.	Muhammad Shahbaz Wahla	35302-5271932-9	Wahla	392	579	-	971	143	654	72	869

Annexure 'I' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Details of loans write-offs of Rs. 500,000 and above

Rs. in thousands

					At the beginning				Written-off			
Sr. No.	Name and Address	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
70	Dha Cogen Limited D-35, Block 5, Clifton Karachi.	Yap Kong Hwee Robert Kheng Col. (r) Ather Ali Khan Lt. Col. (r) Najamul Islam Haseeb Khan Muhammad Waqas Khursheed Zafar Saeed Iqbal Hassan Raza	N/A N/A 42301-0993999-5 42301-1108277-3 35201-1261577-3 42301-8916034-1 35201-7027646-9 42201-1992656-9 35201-1697336-1	N/A N/A Mukaram Ali Khan Pakistani Naseer Ahmed Rishi Abdul Muqit Khan N/A N/A Zafar Iqbal Siddiqi Humayun Raza	2,155,150	-	-	-	2,002,395	-	-	2,002,395
					3,528,633	**428,015**	**691,743**	**2,493,243**	**2,663,181**	**444,590**	**668,144**	**3,775,921**

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

1. ISLAMIC BANKING BUSINESS

The Bank operates 100 (2019: 100) Islamic Banking branches and 187 (2019: 162) Islamic Banking windows.

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

	Note	2020	2019
		--------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks		9,784,450	13,092,570
Balances with other banks		2,277,264	804,553
Due from financial institutions	1.1	19,959,132	10,733,118
Investments	1.2	62,729,601	46,726,238
Islamic financing and related assets - net	1.3	20,538,157	9,017,375
Fixed assets		984,416	1,038,809
Intangible assets		4,638	7,263
Due from Head Office		7,997,409	6,824,821
Other assets		716,619	473,513
Total Assets		124,991,686	88,718,260
LIABILITIES			
Bills payable		2,487,519	924,527
Due to financial institutions		3,632,752	1,299,975
Deposits and other accounts	1.6	111,478,161	81,432,150
Due to Head Office		-	-
Other liabilities		2,324,027	1,532,732
		119,922,459	85,189,384
NET ASSETS		5,069,227	3,528,876
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(86,052)	(59,860)
Accumulated profit		2,974,279	1,407,736
		5,069,227	3,528,876
CONTINGENCIES AND COMMITMENTS	1.9		

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

		2020	2019
		--------- (Rupees in '000) ---------	
Profit / return earned	1.10	8,702,285	7,655,956
Profit / return expensed	1.11	(4,582,413)	(4,603,982)
Net profit / return		4,119,872	3,051,974
Other income			
Fee and Commission Income		162,670	240,015
Dividend Income		-	-
Foreign Exchange Income		5,712	22,270
Income / (loss) from derivatives		-	-
Loss on securities		(5,797)	(6,994)
Other Income		15,821	22,053
Total Other Income		178,406	277,344
Total Income		4,298,278	3,329,318
Other expenses			
Operating expenses		1,723,247	1,734,456
Workers Welfare Fund		47,479	33,731
Other charges		-	-
Total other expenses		1,770,726	1,768,187
Profit before provisions		2,527,552	1,561,131
Provisions and write-offs - net		12,813	9,567
Profit before taxation		2,514,739	1,551,564
Taxation		948,196	627,017
Profit after taxation		1,566,543	924,547

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

1.1 Due from Financial Institutions

	2020			2019		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Call money lending	10,500,000	-	10,500,000	-	-	-
Bai Muajjal Receivable from other Financial Institutions	3,026,018	-	3,026,018	10,733,118	-	10,733,118
Bai Muajjal Receivable from State Bank of Pakistan	6,433,114	-	6,433,114	-	-	-
	19,959,132	-	19,959,132	10,733,118	-	10,733,118

1.2 Investments by segments

		2020				2019			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Federal Government Securities									
- Ijarah Sukuks		19,992,452	-	(86,052)	19,906,400	5,900,860	-	(59,860)	5,841,000
- Government of Pakistan Modaraba Pool		466,435	-	-	466,435	-	-	-	-
- Bai Muajjal with Govt. of Pakistan	1.2.1	29,569,648	-	-	29,569,648	26,443,679	-	-	26,443,679
		50,028,535	-	(86,052)	49,942,483	32,344,539	-	(59,860)	32,284,679
Non Government Debt Securities									
- Listed		450,000	-	-	450,000	450,000	-	-	450,000
- Unlisted		12,337,118	-	-	12,337,118	13,991,559	-	-	13,991,559
		12,787,118	-	-	12,787,118	14,441,559	-	-	14,441,559
Total Investments		62,815,653	-	(86,052)	62,729,601	46,786,098	-	(59,860)	46,726,238

	Note	2020	2019
		(Rupees in '000)	

1.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment		33,031,000	33,031,000
Less: Deferred Income		(3,461,352)	(6,587,321)
Bai Muajjal Investment - net		29,569,648	26,443,679

1.3 Islamic financing and related assets

Ijarah	1.4	440,754	654,998
Murabahah	1.5	272,766	421,509
Musharakah		8,392,690	64,199
Diminishing Musharakah		6,754,380	5,554,909
Istisna		39,584	139,105
Islamic Export Refinance scheme - Musharakah		2,989,544	999,544
Islamic Export Refinance scheme - Murabahah		-	303,449
Advances against Islamic assets			
Advances against Ijarah		77,190	18,939
Advances for Diminishing Musharakah		410,595	114,776
Advances for Murabahah		33,427	153,105
Advances for Murabahah - IERS		456,623	-
Advances agaisnt Mera Pakistan Mera Ghar		459	-
Advances for Istisna		148,586	416,601
Inventory related to Islamic financing			
Istisna		296,918	166,760
Profit and other receivables against financings		336,219	113,408
Gross Islamic financing and related assets		20,649,735	9,121,302
Less: Provision against Islamic financings			
- Specific		(90,927)	(85,346)
- General		(20,651)	(18,581)
		(111,578)	(103,927)
Islamic financing and related assets - net of provision		20,538,157	9,017,375

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

1.4 Ijarah

	2020						
	Cost			Accumulated Depreciation			Book Value as at 31 Dec 2020
	At January 1, 2020	Additions / (deletions)	At December 31, 2020	At January 1, 2020	Charge for the year	At December 31, 2020	
	(Rupees in '000)						
Plant & Machinery	673,648	15,923 (184,489)	505,082	309,046	109,483 (166,040)	252,489	252,593
Vehicles	408,490	20,273 (37,117)	391,646	118,094	106,711 (21,320)	203,485	188,161
Total	1,082,138	(185,410)	896,728	427,140	28,834	455,974	440,754

	2019						
	Cost			Accumulated Depreciation			Book Value as at 31 Dec 2019
	At January 1, 2019	Additions / (deletions)	At December 31, 2019	At January 1, 2019	Charge for the year	At December 31, 2019	
	(Rupees in '000)						
Plant & Machinery	510,676	191,251 (28,279)	673,648	215,764	118,733 (25,451)	309,046	364,602
Vehicles	262,411	276,604 (130,525)	408,490	110,531	109,048 (101,485)	118,094	290,396
Total	773,087	309,051	1,082,138	326,295	100,845	427,140	654,998

Future Ijarah payments receivable

	2020				2019			
	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	245,443	245,509	-	490,952	333,252	425,273	-	758,525

		Note	2020	2019
1.5	**Murabahah**		(Rupees in '000)	
	Murabahah financing	1.5.1	272,766	421,509
	Inventory for Murabahah		-	-
	Advances for Murabahah		33,427	153,105
			306,193	574,614
1.5.1	Murabahah receivable - gross	1.5.2	272,766	421,509
	Less: Deferred murabahah income	1.5.4	(2,159)	(6,133)
	Less: Profit receivable shown in other assets		(3,510)	(11,510)
	Murabahah financings		267,097	403,866

1.5.2 The movement in Murabahah financing during the year is as follows:

	2020	2019
Opening balance	421,509	742,302
Sales during the year	1,161,818	2,260,825
Adjusted during the year	(1,310,561)	(2,581,618)
Closing balance	272,766	421,509

		2020	2019
1.5.3	Murabahah sale price	272,766	421,509
	Murabahah purchase price	(267,097)	(403,866)
		5,669	17,643

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

		2020	2019
		--------- (Rupees in '000) ---------	
1.5.4	Deferred Murabahah income		
	Opening balance	6,133	13,943
	Arising during the year	33,269	76,899
	Less: recognised during the year	(37,243)	(84,709)
	Closing balance	2,159	6,133

1.6 Deposits

	2020			2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Current deposits	39,475,999	884,081	40,360,080	32,478,116	779,264	33,257,380
Savings deposits	18,710,264	-	18,710,264	13,018,167	-	13,018,167
Term deposits	5,662,065	-	5,662,065	8,414,762	-	8,414,762
	63,848,328	884,081	64,732,409	53,911,045	779,264	54,690,309
Financial Institutions						
Current deposits	2,046,933	-	2,046,933	2,488,822	-	2,488,822
Savings deposits	22,697,263	-	22,697,263	8,772,019	-	8,772,019
Term deposits	22,001,556	-	22,001,556	15,481,000	-	15,481,000
	46,745,752	-	46,745,752	26,741,841	-	26,741,841
	110,594,080	884,081	111,478,161	80,652,886	779,264	81,432,150

		2020	2019
1.6.1	**Composition of deposits**	--------- (Rupees in '000) ---------	
	- Individuals	32,635,739	28,043,544
	- Government / Public Sector Entities	2,216,437	91,025
	- Banking Companies	9,033,791	17,937,862
	- Non-Banking Financial Institutions	37,711,961	8,803,979
	- Private Sector	29,880,233	26,555,740
		111,478,161	81,432,150

1.6.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 31,125.997 million (2019: Rs. 39,534.355 million).

		2020	2019
1.7	**Charity Fund**	--------- (Rupees in '000) ---------	
	Opening balance	3,491	2,597
	Additions during the period		
	Received from customers on account of delayed payment	3,239	3,494
	Profit on charity saving account	296	-
		3,535	3,494
	Payments / utilisation during the year		
	Education	(1,000)	-
	Health	(2,700)	(2,600)
	Others	(500)	-
		(4,200)	(2,600)
	Closing balance	2,826	3,491

1.8 Islamic Banking Business Unappropriated Profit

Opening balance	1,407,736	483,189
Add: Islamic Banking profit for the year	2,514,739	1,551,564
Less: Taxation	(948,196)	(627,017)
Closing balance	2,974,279	1,407,736

1.9 Contingencies and commitments

- Guarantees	111,454	10,602
- Commitments	5,880,112	5,363,637
	5,991,566	5,374,239

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

		2020	2019
1.10	**Profit / Return Earned on Financing, Investments and Placement**	--------- (Rupees in '000) ---------	
	Profit earned on:		
	Financing	1,860,616	1,074,949
	Investments	5,394,613	4,948,004
	Placements	1,174,739	1,350,349
	Rental Income from Ijarah	272,317	282,654
		8,702,285	7,655,956
1.11	**Profit on Deposits and other Dues Expensed**		
	Deposits and other accounts	4,430,595	4,471,693
	Due to Financial Institutions	54,756	25,016
	Return expense on leases	97,062	107,273
		4,582,413	4,603,982

1.12 Disclosures for profit and loss distribution and pool management

The Bank operates general and special pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Wakalah and Musharakah modes.

Under the General deposits pools, the Bank accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the Corporate Customers, other banks and State Bank of Pakistan for liquidity management and Islamic Export Refinance to the Bank's customers respectively under the Musharakah/ Mudarabah / Wakalah modes.

General Pools

For General Pools, the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business and Investments in Sovereign Guarantee Sukuk, Corporate Sukuk, Bai Muajjal with Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis.

IERS Pool(s)

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to Corporate Customers and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

Treasury Pool(s)

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah/ Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding company.

Special Pool(s)

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

Annexure ‘II’ as referred to in notes 2.3 and 10.7 of the Bank’s Unconsolidated and Consolidated Financial Statements

Equity Pools

All other assets including fixed assets, advance against financing, bai-salam financing and subsidized financing to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Bank as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

During the year, the Bank has given General Hiba to the depositors in General and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba are given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib’s share on Deposits for the period ended December 31, 2020, is Rs.2,931.92 million (45.17% of distributable profit of Mudarabah Pool). Of this, an amount of Rs.556.30 million (45.17% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 10.47% per annum and the rate of profit paid on average deposits was 7.10% per annum.

The risk characteristic of pool

The risk characteristic of each pool mainly depends on the assets and liability profile of the pool. As per the Bank 's policy, relatively low risk / secured financing transactions and assets are allocated to the pool. The Bank maintains General Pools, Special Pools, FI Pools, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

The Parameters used for allocation of profit, expenses and provisions to the Pool

- The profit of each deposit pool is calculated on all The remunerative assets booked by utilising The funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on ijarah assets, takaful premium, amortisation of Premium on investment etc.
- No expense of general or administrative nature is charged to the pools.
- No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset.
- The profit of the pool is shared between equity and Rab-ul-Maal of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity.
- The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee.

Annexure 'II' as referred to in notes 2.3 and 10.7 of the Bank's Unconsolidated and Consolidated Financial Statements

The Bank managed following pools during the year.

	2020								
	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	12	Mudarbahah	Monthly	5.79%	50.00%	8,446	4.15%	7.74%	654
Special Pools	120	Mudarbahah	Monthly	10.84%	36.96%	888,011	8.26%	36.14%	320,970
IERS Pools	24	Musharakah	Monthly	5.48%	86.92%	358,319	2.00%	0.00%	-
General Pools	12	Mudarbahah	Monthly	10.83%	50.00%	2,035,467	8.66%	20.00%	407,004
Treasury Pools	-	-	-	-	-	-	-	-	-

	2019								
	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	12	Mudarbahah	Monthly	5.08%	50.00%	7,829	2.81%	10.47%	820
Special Pools	133	Mudarbahah	Monthly	11.39%	9.20%	197,508	10.56%	19.47%	38,459
IERS Pools	33	Musharakah	Monthly	4.11%	74.84%	63,596	2.00%	0.00%	-
General Pools	12	Mudarbahah	Monthly	8.71%	50.00%	1,453,994	7.92%	34.91%	507,609
Treasury Pools	2	Musharakah	As required	12.93%	25.77%	1,278	9.60%	0.00%	-

	2020	2019
	------- (Rupees in '000) -------	
1.13 Deployment of Mudarabah based deposits by class of business		
Chemical and pharmaceuticals	2,230,052	881,578
Agri business	8,745,482	341,340
Textile	1,991,142	1,795,124
Financial	13,335,120	12,480,670
Food industries	318,037	508,003
Plastic	299,263	290,050
Individuals	1,981,422	1,460,332
Production and transmission of energy	13,496,129	15,341,872
Government of Pakistan Securities	59,401,615	32,284,679
Others	3,817,471	2,065,022
	105,615,733	67,448,670

Annexure 'III' as referred to in Note 11.6 of the Bank's Unconsolidated Financial Statements

Disposals of operating fixed assets to related parties during the year 2020

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	(Rupees in '000)					
Land & Building						
Leasehold Improvements	6,557	6,557	-	2,215	Claim proceeds	UBL Insurers Limited
Civil Work	1,628	1,628	-	550	Claim proceeds	UBL Insurers Limited
Furniture, Electric and Civil Work	3,222	2,416	806	1,088	Claim proceeds	UBL Insurers Limited
	11,407	**10,601**	**806**	**3,853**		
Vehicles						
Toyota Corolla	1,807	1,410	397	1,400	Claim proceeds	UBL Insurers Limited
Toyota Corolla	1,807	1,626	181	1,400	Claim proceeds	UBL Insurers Limited
Mercedes S500	35,829	23,110	12,719	19,885	Buy Back	Sima Kamil
	39,443	**26,146**	**13,297**	**22,685**		
Electrical, office and computer equipment						
15 KVA Genset	1,419	1,254	165	416	Claim proceeds	UBL Insurers Limited
30 KVA Genset	1,618	1,618	-	890	Claim proceeds	UBL Insurers Limited
40 KVA Genset	1,818	1,818	-	545	Claim proceeds	UBL Insurers Limited
20KVA Genset	1,065	1,065	-	108	Claim proceeds	UBL Insurers Limited
	5,920	**5,755**	**165**	**1,959**		
Total	**56,770**	**42,502**	**14,268**	**28,497**		

INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Opinion

We have audited the annexed consolidated financial statements of United Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 5.5 and 10.4 to the consolidated financial statements)	
	The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances. The PRs also require the creation of general provision for certain categories of advances. During the year, as a result of COVID-19, the SBP has allowed certain relaxations including deferment of principal payment, rescheduling / restructuring of principal and mark-up, extension in timeline of provisioning against trade bills while maintaining the customer status as "regular". Provision against advances of overseas branches and subsidiaries is made as per the requirements of the respective regulatory regimes. The Group has recognized a net provision against advances amounting to Rs. 16,139.278 million in the consolidated profit and loss account in the current year. As at December 31, 2020, the Group holds a provision of Rs. 79,350.874 million against advances. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered the area of provision against advances as a key audit matter.	Our audit procedures to verify provision against domestic advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances. The testing of controls included testing of: ▪ controls over correct classification of non-performing advances on time-based criteria; ▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ▪ controls over accurate computation and recording of provisions; and ▪ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: ▪ checked repayments of loan / mark-up installments, tested classification of non-performing advances based on the number of days overdue and considered the relaxations provided by SBP as result of COVID-19; and ▪ evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and the management's consideration of the impact of COVID-19 on the borrower. We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs and relaxations provided by SBP as a result of COVID-19. We issued instructions to auditors of those overseas branches and subsidiaries which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches and subsidiaries performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditor of the Group, evaluated the work performed by the component auditors and the results thereof.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 3, 2021

Consolidated Statement of Financial Position

As at December 31, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	6	258,139,459	243,370,701
Balances with other banks	7	29,583,028	42,958,677
Lendings to financial institutions	8	22,212,442	21,692,946
Investments	9	1,167,803,512	874,435,902
Advances	10	611,851,676	694,548,909
Fixed assets	11	57,467,580	58,276,411
Intangible assets	12	2,034,551	2,070,938
Deferred tax assets	13	4,682,494	1,723,553
Other assets	15	48,101,456	83,740,942
		2,201,876,198	2,022,818,979
LIABILITIES			
Bills payable	17	29,741,206	22,929,220
Borrowings	18	131,827,185	170,405,060
Deposits and other accounts	19	1,764,392,286	1,557,995,306
Liabilities against assets subject to finance lease	20	15,957	19,095
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	22	58,267,678	70,598,427
		1,994,244,312	1,831,947,108
NET ASSETS		207,631,886	190,871,871
REPRESENTED BY:			
Share capital	23	12,241,797	12,241,797
Reserves		71,020,586	66,676,412
Surplus on revaluation of assets	24	29,334,212	27,404,558
Unappropriated profit		87,527,909	77,335,249
Total equity attributable to the equity holders of the Bank		200,124,504	183,658,016
Non-controlling interest	25	7,507,382	7,213,855
		207,631,886	190,871,871
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

Consolidated Profit and Loss Account

For the year ended December 31, 2020

	Note	2020	2019
		------ (Rupees in '000) ------	
Mark-up / return / interest earned	28	156,078,787	157,277,853
Mark-up / return / interest expensed	29	79,005,574	93,936,935
Net mark-up / interest income		77,073,213	63,340,918
Non mark-up / interest income			
Fee and commission income	30	12,830,086	15,725,077
Dividend income		872,029	1,123,261
Foreign exchange income		3,857,888	4,669,102
(Loss) / income from derivatives		(13,076)	64,627
Gain on securities - net	31	610,230	216,670
Other income	32	687,298	1,759,245
Total non mark-up / interest income		18,844,455	23,557,982
Total income		95,917,668	86,898,900
Non mark-up / interest expenses			
Operating expenses	33	43,743,044	43,843,588
Workers' Welfare Fund	34	873,966	747,859
Other charges	35	167,335	40,109
Total non mark-up / interest expenses		44,784,345	44,631,556
Share of profit of associates	9.9.1	504,542	776,853
Profit before provisions		51,637,865	43,044,197
Provisions and write offs - net	36	17,255,678	7,313,543
Profit before taxation from continuing operations		34,382,187	35,730,654
Taxation	37	13,577,280	15,457,158
Profit after taxation from continuing operations		20,804,907	20,273,496
Discontinued operation			
Loss from discontinued operation - net of tax	14	(16,373)	(1,225,198)
		20,788,534	19,048,298
Attributable to:			
Equity holders of the Bank			
from continuing operations		20,954,291	20,320,339
from discontinued operation		(16,373)	(1,225,198)
		20,937,918	19,095,141
Non-controlling interest	25.1	(149,384)	(46,843)
		20,788,534	19,048,298
		---------- (Rupees) ----------	
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank			
Basic and diluted		17.12	16.60
Earnings per share for profit attributable to the ordinary equity holders of the Bank			
Basic and diluted	38	17.10	15.60

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	------- (Rupees in '000) -------	
Profit after taxation for the year attributable to:		
Equity holders of the Bank	20,937,918	19,095,141
Non-controlling interest	(149,384)	(46,843)
	20,788,534	19,048,298
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	2,233,579	5,994,907
Non-controlling interest	425,820	777,237
	2,659,399	6,772,144
Movement in surplus on revaluation of investments - net of tax		
Equity holders of the Bank	2,121,194	10,419,759
Non-controlling interest	74,478	562,734
	2,195,672	10,982,493
	4,855,071	17,754,637
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement loss of defined benefit obligations - net of tax		
Equity holders of the Bank	(876,031)	(540,185)
Non-controlling interest	(60,410)	(19,359)
	(936,441)	(559,544)
Movement in surplus on revaluation of fixed assets - net of tax		
Equity holders of the Bank	7,917	383,870
Non-controlling interest	5,283	381,296
	13,200	765,166
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(921)	39,598
	(924,162)	245,220
Total comprehensive income for the year	24,719,443	37,048,155
Attributable to:		
Equity holders of the Bank	24,423,656	35,393,090
Non-controlling interest	295,787	1,655,065
	24,719,443	37,048,155

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Attributable to equity shareholders of the Bank									Non-controlling Interest	Total
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus / (deficit) on revaluation of Investments	Fixed Assets	Non Banking Assets	Unappro-priated profit	Sub total		
	(Rupees in '000)										
Balance as at January 1, 2019	12,241,797	3,000	31,353,522	28,722,348	(10,230,277)	27,117,327	105,856	73,749,955	163,063,528	5,560,330	168,623,858
Total comprehensive income for the year ended December 31, 2019											
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	-	19,095,141	19,095,141	(46,843)	19,048,298
Other comprehensive income - net of tax	-	-	-	5,994,907	10,419,759	383,870	39,598	(540,185)	16,297,949	1,701,908	17,999,857
Total comprehensive income for the year ended December 31, 2019	-	-	-	5,994,907	10,419,759	383,870	39,598	18,554,956	35,393,090	1,655,065	37,048,155
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,540)	(1,540)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(262,309)	(114,383)	376,692	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(54,883)	-	54,883	-	-	-
Transfer to statutory reserve	-	-	1,935,261	-	-	-	-	(1,935,261)	-	-	-
Transactions with owners for the year ended December 31, 2019											
Final cash dividend - December 31, 2018 declared subsequent to the year end at Rs. 3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - March 31, 2019 declared at Rs. 2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Interim cash dividend - June 30, 2019 declared at Rs. 2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Interim cash dividend - September 30, 2019 at Rs. 3.0 per share	-	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Realisation of exchange translation reserve	-	-	-	(1,332,626)	-	-	-	-	(1,332,626)	-	(1,332,626)
Balance as at December 31, 2019	12,241,797	3,000	33,288,783	33,384,629	189,482	27,184,005	31,071	77,335,249	183,658,016	7,213,855	190,871,871
Total comprehensive income for the year ended December 31, 2020											
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	20,937,918	20,937,918	(149,384)	20,788,534
Other comprehensive income - net of tax	-	-	-	2,233,579	2,121,194	7,917	(921)	(876,031)	3,485,738	445,171	3,930,909
Total comprehensive income for the year ended December 31, 2020	-	-	-	2,233,579	2,121,194	7,917	(921)	20,061,887	24,423,656	295,787	24,719,443
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2,260)	(2,260)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(116,346)	(29,237)	145,583	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(52,953)	-	52,953	-	-	-
Transfer to statutory reserve	-	-	2,110,595	-	-	-	-	(2,110,595)	-	-	-
Transactions with owners for the year ended December 31, 2020											
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs. 2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Balance as at December 31, 2020	12,241,797	3,000	35,399,378	35,618,208	2,310,676	27,022,623	913	87,527,909	200,124,504	7,507,382	207,631,886

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

Consolidated Cash Flow Statement

For the year ended December 31, 2020

		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation including discontinued operation		34,364,850	34,771,052
Less: Dividend income		872,029	1,123,261
Share of profit of associates		504,542	776,853
		32,988,279	32,870,938
Adjustments:			
Depreciation on fixed assets		2,911,166	2,806,191
Depreciation on Islamic financing against leased assets (Ijarah)		216,195	227,783
Depreciation on right-of-use assets		1,662,049	2,112,273
Amortisation		855,574	701,155
Workers' Welfare Fund		873,966	747,859
Provision for retirement benefits		1,106,435	1,062,007
Charge for compensated absences		70,902	33,383
Provision against loans and advances - net		15,644,790	4,318,706
Provision for diminution in value of investments - net		826,795	2,392,687
Interest expense on lease liability against right-of-use assets		925,848	1,068,434
Provision against off balance sheet items		431,749	47,438
Gain on sale of operating fixed assets - net		(69,565)	(120,056)
Gain on sale of ijarah assets - net		(792)	(861)
Gain on sale of non-banking assets		(191,559)	54,649
Bad debts written off directly		143,246	149,591
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(228)	7,386
Realisation of exchange translation reserve - UBL New York branch		-	(1,332,626)
Other provisions / write offs		209,098	405,121
		25,615,669	14,681,120
		58,603,948	47,552,058
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(519,496)	13,653,605
Held for trading securities		68,126,135	30,445,150
Advances		66,658,757	54,889,311
Other assets (excluding advance taxation)		21,631,471	4,085,204
		155,896,867	103,073,270
Increase / (Decrease) in operating liabilities			
Bills payable		6,811,986	(4,343,747)
Borrowings		(38,577,875)	(109,513,065)
Deposits and other accounts		206,396,980	109,671,265
Other liabilities (excluding current taxation)		(14,508,286)	(7,044,788)
		160,122,805	(11,230,335)
		374,623,620	139,394,993
Payments on account of staff retirement benefits		(2,027,991)	(1,915,878)
Income taxes paid		(3,681,563)	(10,396,331)
Net cash flow generated from operating activities		368,914,066	127,082,784
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(400,870,853)	(101,929,186)
Net investments in held to maturity securities		42,646,734	41,789,700
Net investments in associates		(102,635)	103,820
Dividend income received		867,067	1,128,326
Investment in fixed assets and intangible assets		(3,056,727)	(4,216,578)
Sale proceeds from disposal of fixed assets		676,645	539,516
Sale proceeds from disposal of ijarah assets		35,037	32,729
Effect of translation of net investment in foreign branches and subsidiaries attributable to:			
- Equity holders of the Bank		2,233,579	5,994,907
- Non-controlling interest		425,820	777,237
Net cash flow used in investing activities		(357,145,333)	(55,779,529)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease obligation		(3,138)	9,095
Receipts of subordinated debt		-	1,000,000
Payment of lease liability against right-of-use assets		(2,231,752)	(2,195,458)
Dividends paid to:			
- Equity holders of the Bank		(8,138,474)	(13,448,704)
- Non-controlling interest		(2,260)	(1,540)
Net cash flow used in financing activities		(10,375,624)	(14,636,607)
Increase in cash and cash equivalents		1,393,109	56,666,648
Cash and cash equivalents at the beginning of the year		286,329,378	229,662,730
Cash and cash equivalents at the end of the year	39	287,722,487	286,329,378

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

- **Holding company**

  United Bank Limited ("the Bank") is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,356 (2019: 1,362) branches inside Pakistan including 100 (2019: 100) Islamic Banking branches and 2 (2019: 2) branches in Export Processing Zones. The Bank also operates 14 (2019: 14) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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

- **Subsidiary companies**

  - United National Bank Limited - 55% holding (2019: 55% holding)

    United National Bank Limited ("UBL UK") is an authorised banking institution incorporated in the United Kingdom. UBL UK was formed in 2001 from the merger of the UK branches of United Bank Limited and National Bank of Pakistan. The principal activities of UBL UK are to provide retail banking services through its branch network in major cities of the UK, wholesale banking and treasury services to financial institutions and trade finance facilities to businesses of all sizes. UBL UK operates 3 (2019: 3) branches inside United Kingdom. UBL UK operates under the trade name United Bank UK.

  - UBL (Switzerland) AG - 100% holding (2019: 100% holding)

    UBL (Switzerland) AG ("USAG") is a commercial bank owned by the Bank. Founded in 1967, its main activities are in credit operations and trade financing. USAG operates 1 (2019: 1) branch in Zurich, Switzerland. USAG previously operated under the name, United Bank AG Zurich.

  - United Executors and Trustees Company Limited, Pakistan - 100% holding (2019: 100% holding)

    United Executors and Trustees Company Limited ("UET" or the Company) was incorporated in Pakistan in 1965 as an unlisted public limited company. The registered office of the Company is situated at State Life Building No. 1, I.I. Chundrigar Road, Karachi. The shareholders of the Bank in their annual general meeting held on March 27, 2020, have resolved to wind up the Company. The Company is inactive, and will have no impact on the overall profitability of the Group.

  - UBL Fund Managers Limited, Pakistan - 98.87% holding (2019: 98.87% holding)

    UBL Fund Managers Limited ("UBL FM" or the Company) was incorporated as a unlisted public limited company in Pakistan on April 3, 2001. The Company is licensed to carry out Asset Management and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal activities of the Company are floating and managing mutual funds and providing investment advisory services. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

  - Al Ameen Financial Services (Private) Limited - effective holding 98.87% (2019: 98.87% holding)

    UBL Fund Managers has incorporated a wholly owned subsidiary Al Ameen Islamic Financial Services (Private) Limited ("the Company") on February 27, 2015. The principal activity of the subsidiary is provision of shariah compliant financial services including distribution of shariah compliant mutual funds. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

- UBL Bank (Tanzania) Limited - 100% holding (2019: 100% holding)

  UBL Bank (Tanzania) Limited ("UBTL") was incorporated on March 13, 2012, and had commenced operations in May 2013. The Banking operations of the subsidiary ceased on November 1, 2019. Details of the discontinued operation and related financial information are disclosed in note 14.

2. BASIS OF PRESENTATION

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

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 consolidated financial statements as such, but are restricted to the amount of facility actually utilised 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 annexure II to these consolidated financial statements.

3. STATEMENT OF COMPLIANCE

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

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

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

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, IFRS 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

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

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

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

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

There are certain other new amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021, but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 Critical accounting estimates and judgments

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

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

i) classification of investments (notes 5.4 and 9)

ii) provision against investments (notes 5.4 and 9.3), lendings to financial institutions (note 8) and advances (notes 5.5 and 10.4)

iii) income taxes (notes 5.9 and 37)

iv) staff retirement benefits (notes 5.11 and 41)

v) fair value of derivatives (note 5.16.2)

vi) fixed assets and intangible assets - revaluation, depreciation and amortisation (notes 5.6, 11 and 12)

vii) impairment (note 5.8)

viii) valuation of non-banking assets acquired in satisfaction of claims (note 5.7)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Basis of consolidation

5.1.1 Subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group untill the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9 and IAS 40, and overseas subsidiaries which are required to comply with local regulations enforced within the respective jurisdictions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group recognises non-controlling interests (NCI) in subsidiaries at the non-controlling interest's proportionate share of the net assets. NCI in the equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Discontinued operation

A discontinued operation is a component of the Bank that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation is presented separately in the consolidated profit and loss account.

5.2 Cash and cash equivalents

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

5.3 Lendings to / borrowings from financial institutions

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

5.3.1 Purchase under resale agreements

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

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

5.3.2 Sale under repurchase agreements

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

5.3.3 Bai Muajjal

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

5.4 Investments

Investments of the Group, other than investments in associates, are classified as held for trading, held to maturity and available for sale.

Held for trading

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

Held to maturity

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

Available for sale

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

Initial measurement

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

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

Subsequent measurement

Held for trading

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

Held to maturity

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

Available for sale

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

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

Provisions for diminution in the value of Term Finance Certificates and Sukuks are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provisions for diminution in the value of other securities are made for impairment, if any.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

5.5 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provisions against domestic advances and general provision against domestic consumer loans portfolio are determined on the basis of the Prudential Regulations and other directives issued by the SBP. Specific provision is determined using the time based criteria and subjective evaluation of the credit worthiness of borrowers. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

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

The Bank determines write-offs in accordance with the criteria prescribed by the SBP vide BPRD Circular No. 06 dated June 05, 2007.

5.5.1 Finance lease receivables

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

5.5.2 Islamic financings and related assets

Receivables under Murabahah financing represent cost price plus an agreed mark-up on deferred sale arrangement. Mark-up income is recognised on a straight line basis over the period of the instalments.

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

Diminishing Musharakah is partnership agreement between the Bank and its customer for financing vehicle or plant and machinery. The receivable is recorded to the extent of Bank's share in the purchase of asset. Income is recognised on accrual basis.

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

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on stocks & receivable (manufacturing, stock and proceeds of sales).

5.6 Fixed assets and depreciation

5.6.1 Tangible assets

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

Depreciation is calculated so as to write-off the depreciable amount of the assets over their expected useful lives at the rates specified in note 11.2 to these consolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

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

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

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

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

5.6.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of foreign branches and subsidiaries include exchange differences arising on currency translation at the year-end rates of exchange. amortisation is calculated so as to write-off the amortizable amount of the assets over their expected useful lives at the rates specified in note 12.1 to these consolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

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

5.6.3 Lease liability and Right-of-use asset

The Bank leases various branches, ATMs and warehouses. Rental contracts are typically for a fixed period of 1 year to 50 years and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

The lease liability is initially measured at the present value of the lease payments over the period lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

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

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

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

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

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

5.7 Non-banking assets acquired in satisfaction of claims

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

5.8 Impairment

Impairment of available for sale equity investments

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

Impairment of investments in associates

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

Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is charged to the profit and loss account except for an impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the revaluation surplus.

5.9 Taxation

5.9.1 Current

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

5.9.2 Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Bank is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

5.10 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

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

5.11 Staff retirement and other benefits

5.11.1 The Bank

Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees

a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates

- an approved contributory provident fund (defined contribution scheme); and
- an approved gratuity scheme (defined benefit scheme).

b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates

- an approved non-contributory provident fund in lieu of the contributory provident fund; and
- an approved funded pension scheme, introduced in 1986 (defined benefit scheme).

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

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

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

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

Other benefits

a) Employees' compensated absences

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

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

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

Remeasurement of defined benefit obligations

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

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

5.11.2 United National Bank Limited ("UBL UK")

Defined benefit scheme

UBL UK operates a pension scheme (defined benefit scheme) for certain staff. This scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010. Gains and losses on settlements and curtailments are charged to the profit and loss account. The interest cost and the expected return on assets are included in other liabilities and other assets respectively. Remeasurement gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of UBL UK, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured based on actuarial valuations using the Projected Unit Credit Method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

Defined contribution scheme

UBL UK operates a defined contributory pension scheme. The contribution payable in the year in respect of pension costs and other post-retirement benefits is charged to the profit and loss account. Differences between the contribution payable in the year and contribution actually paid are shown as either accruals or prepayments in the statement of financial position.

5.11.3 UBL Fund Managers Limited ("UBL FM")

Defined benefit plan

UBL FM operates an approved funded gratuity scheme for all employees. Annual contributions to the fund are made on the basis of actuarial advice using the Projected Unit Credit Method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Defined contribution plan

UBL FM operates an approved contributory provident fund (defined contribution scheme) for all eligible employees.

Employee Stock Option Scheme

UBL FM provides an incentive scheme for its top performing employees in the form of share options under the Employee Stock Option Scheme (ESOS). The scheme has been approved by the SECP.

5.11.4 UBL (Switzerland) AG ("USAG")

UBL (Switzerland) AG maintains a contribution-oriented pension scheme for employees who have reached the age of 25. It bears a large share of the costs of the occupational pension plan for all employees as well as their surviving dependents pursuant to legal requirements. The employee benefit obligations and the assets serving as coverage are outsourced to a collective insurance firm. The organization, management and financing of the pension plan comply with legal regulations, the deed of foundation and the applicable regulations of the benefit plan.

5.12 Subordinated debt

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

5.13 Borrowings / deposits

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

5.14 Revenue recognition

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

5.14.1 Advances and investments

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

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

Lease financing

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

5.14.2 Dividend income

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

5.14.3 Fee, brokerage and commission income

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

5.14.4 Grants

Grants received are recorded as income when the right to receive the grant, based on the related expenditure having been incurred, has been established.

5.15 Foreign currencies

5.15.1 Functional and presentation currency

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

5.15.2 Foreign currency transactions

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

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

5.15.3 Foreign operations and subsidiaries

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

5.15.4 Translation gains and losses

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

5.15.5 Contingencies and commitments

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

Provision for claims under guarantees

A provision for claims under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.16 Financial instruments

5.16.1 Financial assets and liabilities

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

5.16.2 Derivative financial instruments

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

5.16.3 Off setting

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

5.17 Segment reporting

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

5.17.1 Business segments

(a) Corporate / Commercial Banking

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

(b) Treasury

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

(c) Branch Banking

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

(d) Islamic Banking

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

(e) International Branch Operations

Represents Bank's operations in 4 countries including two branches in export processing zones in Karachi and Sialkot.

(f) Subsidiaries

Represents operations by Bank's subsidiaries.

(g) Others

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

5.17.2 Geographical segments

The Group operates in following geographical regions:

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

5.18 Dividends and appropriations to reserves

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

5.19 Earnings per share

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

5.20 Acceptances

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

	Note	2020	2019
		------- (Rupees in '000) -------	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		20,776,101	12,394,957
Foreign currencies		12,160,057	5,155,165
		32,936,158	17,550,122
With State Bank of Pakistan in			
Local currency current accounts	6.1	75,604,954	77,855,915
Foreign currency current accounts	6.2	4,420,727	3,431,095
Foreign currency deposit account	6.3	7,767,517	10,081,214
		87,793,198	91,368,224
With other central banks in			
Foreign currency current accounts	6.4	36,040,406	36,255,841
Foreign currency deposit accounts	6.5	6,869,307	8,694,038
		42,909,713	44,949,879
With National Bank of Pakistan in local currency current accounts		92,628,531	89,136,038
Prize Bonds		1,871,859	366,438
		258,139,459	243,370,701

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

6.2 This represents a US Dollar settlement account maintained with the SBP and current accounts maintained with the SBP to comply with statutory requirements.

6.3 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2020, it carries mark-up at the rate of 0.00% (2019: 0.70%) per annum.

6.4 Deposits with other central banks are maintained to meet the minimum cash reserves and capital requirements pertaining to the foreign branches and subsidiaries of the Group.

6.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 0.75% to 2.00% (2019: 1.50% to 2.00%) per annum.

	Note	2020	2019
		------- (Rupees in '000) -------	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		-	17
In deposit accounts	7.1	2,015,383	3,458
		2,015,383	3,475
Outside Pakistan			
In current accounts		19,102,946	20,047,723
In deposit accounts	7.2	8,464,699	22,907,479
		27,567,645	42,955,202
		29,583,028	42,958,677

7.1 This carries mark-up at the rate of 7.15% per annum and is due to mature in January 2021.

7.1.1 Balances pertaining to subsidiaries carry mark-up at rates ranging from 5.00% to 5.50% per annum.

7.2 These carry mark-up at rates ranging from 0.05% to 3.50% (2019: 1.30% to 3.50%) per annum.

	Note	2020	2019
		------- (Rupees in '000) -------	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	8.2	10,624,519	-
Repurchase agreement lendings (reverse repo)	8.3	-	9,450,000
Bai Muajjal receivable			
- with State Bank of Pakistan	8.4	6,433,114	-
- with other financial institutions	8.5	3,026,018	10,733,118
Other lendings to financial institutions	8.6	2,128,791	1,509,828
		22,212,442	21,692,946

8.1 Particulars of lendings to financial institutions

In local currency	19,959,132	20,183,118
In foreign currencies	2,253,310	1,509,828
	22,212,442	21,692,946

8.2 These represent unsecured lendings carrying mark-up at the rate of 7.15% to 7.30% per annum and are due to mature by February 2021.

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

	2020			2019		
	Held by Group	Further given as collateral / sold	Total	Held by Group	Further given as collateral / sold	Total
	---------- (Rupees in '000) ----------					
Pakistan Investment Bonds	-	-	-	-	9,450,000	9,450,000

8.3.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. nil (2019: Rs. 9,459.071 million).

8.4 These represents Bai Muajjal agreements entered into with State Bank of Pakistan whereby the Bank has sold sukuks having carrying value of Rs. 5,927.104 million on deferred payment basis. The average return on these transactions is 9.25% per annum.

8.5 This represents Bai Muajjal agreement entered into with a financial institution whereby the Bank has sold sukuk having carrying value of Rs. 2,984.569 million (2019: Rs. 10,682.138 million) on deferred payment basis. The average return on these transactions is 6.85% (2019: 12.45%) per annum.

8.6 Lendings pertaining to foreign subsidiaries carry mark-up at rates ranging from 0.03% to 4.92% (2019: 0.60% to 7.04%) per annum and are due to mature latest by December 22, 2021.

9. INVESTMENTS

9.1 Investments by type

	Note	2020 Cost / Amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying Value	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying Value
		(Rupees in '000)							
Held for trading securities									
Market Treasury Bills		3,009,238	-	228	3,009,466	71,095,652	-	(7,121)	71,088,531
Pakistan Investment Bonds - fixed		-	-	-	-	47,107	-	(265)	46,842
		3,009,238	-	228	3,009,466	71,142,759	-	(7,386)	71,135,373
Available for sale securities									
Market Treasury Bills		341,885,979	-	238,363	342,124,342	182,898,327	-	149,496	183,047,823
Pakistan Investment Bonds - fixed		76,334,054	-	333,950	76,668,004	107,776,079	-	(8,446,273)	99,329,806
Pakistan Investment Bonds - floaters		340,678,646	-	(2,569,332)	338,109,314	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Eurobonds		25,519,619	(105,010)	1,226,132	26,640,741	19,657,993	(271,160)	1,291,623	20,678,456
Government of Pakistan Sukuk		24,873,538	(8,713)	(48,193)	24,816,632	9,056,189	(32,577)	23,973	9,047,585
Governement of Pakistan Modaraba Pool	9.4	466,435	-	-	466,435	-	-	-	-
Corporate Sukuks		1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies		13,345,156	(5,479,476)	2,517,580	10,383,260	15,583,327	(5,372,566)	3,199,996	13,410,757
Preference shares		36,667	-	-	36,667	101,365	(64,698)	-	36,667
Ordinary shares of unlisted companies		808,294	(134,392)	36	673,938	754,150	(130,029)	-	624,121
Investment in REIT		458,590	-	(16,676)	441,914	458,590	-	62,118	520,708
Investment in Mutual Fund		250,000	-	(21,482)	228,518	250,000	-	2,931	252,931
Term Finance Certificates		662,335	(162,033)	-	500,302	791,519	(161,998)	-	629,521
Foreign bonds - sovereign		81,369,066	(1,401,942)	1,742,758	81,709,882	62,394,975	(582,836)	2,370,837	64,182,976
Foreign bonds - others		7,256,300	(24,002)	271,352	7,503,650	16,580,570	(39,741)	(241,305)	16,299,524
		915,164,679	(7,315,568)	3,674,488	911,523,599	514,460,658	(6,655,605)	185,472	507,990,525
Held to maturity securities									
Market Treasury Bills		2,696,727	-	-	2,696,727	3,458,029	-	-	3,458,029
Pakistan Investment Bonds - fixed		160,738,122	-	-	160,738,122	206,994,945	-	-	206,994,945
Government of Pakistan Eurobonds		10,706,182	(45,483)	-	10,660,699	10,448,042	(147,920)	-	10,300,122
Government of Pakistan Sukuk		1,296,245	(3,374)	-	1,292,871	1,252,731	(12,536)	-	1,240,195
Bai Muajjal with Government of Pakistan	9.5	29,569,648	-	-	29,569,648	26,443,679	-	-	26,443,679
Term Finance Certificates		4,516,483	(69,951)	-	4,446,532	5,355,210	(69,950)	-	5,285,260
Corporate Sukuks		12,022,820	(57,846)	-	11,964,974	13,725,143	(87,870)	-	13,637,273
Participation Term Certificates		437	(437)	-	-	437	(437)	-	-
Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign		25,058,739	(646,731)	-	24,412,008	21,379,268	(332,446)	-	21,046,822
Foreign bonds - others		1,261,784	(23,219)	-	1,238,565	1,321,635	(61,085)	-	1,260,550
Recovery note		-	-	-	-	59,157	(59,141)	-	16
CDC SAARC Fund		347	-	-	347	336	-	-	336
		247,869,800	(849,307)	-	247,020,493	290,440,878	(773,651)	-	289,667,227
Associates									
UBL Liquidity Plus Fund	9.9	1,837,605	-	-	1,837,605	1,460,128	-	-	1,460,128
UBL Stock Advantage Fund	9.9	107,282	-	-	107,282	180,936	-	-	180,936
UBL Financial Sector Fund	9.9	225,640	-	-	225,640	359,485	-	-	359,485
UBL Cash Fund	9.9	-	-	-	-	106,456	-	-	106,456
UBL Exchange Traded Fund	9.9	21,374	-	-	21,374	-	-	-	-
UBL Special Savings Fund II	9.9	101,850	-	-	101,850	-	-	-	-
Al Ameen Islamic Energy Fund	9.9	92,471	-	-	92,471	101,395	-	-	101,395
UBL Insurers Limited	9.9	499,948	-	-	499,948	499,786	-	-	499,786
Khushhali Bank Limited	9.9	3,363,784	-	-	3,363,784	2,934,591	-	-	2,934,591
DHA Cogen Limited	9.9.1.5	-	-	-	-	-	-	-	-
		6,249,954	-	-	6,249,954	5,642,777	-	-	5,642,777
Total Investments		1,172,293,671	(8,164,875)	3,674,716	1,167,803,512	881,687,072	(7,429,256)	178,086	874,435,902

9.2 Investments by segment

	2020				2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	344,895,217	-	238,591	345,133,808	253,993,979	-	142,375	254,136,354
Pakistan Investment Bonds - fixed	237,072,176	-	333,950	237,406,126	314,818,131	-	(8,446,538)	306,371,593
Pakistan Investment Bonds - floaters	340,678,646	-	(2,569,332)	338,109,314	96,937,574	-	1,772,076	98,709,650
Government of Pakistan Eurobonds	36,225,801	(150,493)	1,226,132	37,301,440	30,106,035	(419,080)	1,291,623	30,978,578
Government of Pakistan Sukuk	26,169,783	(12,087)	(48,193)	26,109,503	10,308,920	(45,113)	23,973	10,287,780
Bai Muajjal with Government of Pakistan	29,569,648	-	-	29,569,648	26,443,679	-	-	26,443,679
Governement of Pakistan Modaraba Pool	466,435	-	-	466,435	-	-	-	-
	1,015,077,706	(162,580)	(818,852)	1,014,096,274	732,608,318	(464,193)	(5,216,491)	726,927,634
Ordinary shares								
Listed companies	13,345,156	(5,479,476)	2,517,580	10,383,260	15,583,327	(5,372,566)	3,199,996	13,410,757
Unlisted companies	808,294	(134,392)	36	673,938	754,150	(130,029)	-	624,121
	14,153,450	(5,613,868)	2,517,616	11,057,198	16,337,477	(5,502,595)	3,199,996	14,034,878
Preference shares	36,667	-	-	36,667	101,365	(64,698)	-	36,667
Investment in REIT	458,590	-	(16,676)	441,914	458,590	-	62,118	520,708
Investment in Mutual Fund	250,000	-	(21,482)	228,518	250,000	-	2,931	252,931
Non Government Debt Securities								
Listed companies	1,830,662	(162,035)	-	1,668,627	2,702,381	(223,114)	-	2,479,267
Unlisted companies	16,593,679	(130,498)	-	16,463,181	18,392,194	(99,407)	-	18,292,787
	18,424,341	(292,533)	-	18,131,808	21,094,575	(322,521)	-	20,772,054
Foreign Securities								
Market Treasury Bills	2,696,727	-	-	2,696,727	3,458,029	-	-	3,458,029
Sovereign bonds	106,427,805	(2,048,673)	1,742,758	106,121,890	83,774,243	(915,282)	2,370,837	85,229,798
Recovery note	-	-	-	-	59,157	(59,141)	-	16
CDC SAARC Fund	347	-	-	347	336	-	-	336
Other bonds	8,518,084	(47,221)	271,352	8,742,215	17,902,205	(100,826)	(241,305)	17,560,074
	117,642,963	(2,095,894)	2,014,110	117,561,179	105,193,970	(1,075,249)	2,129,532	106,248,253
Associates								
UBL Liquidity Plus Fund	1,837,605	-	-	1,837,605	1,460,128	-	-	1,460,128
UBL Stock Advantage Fund	107,282	-	-	107,282	180,936	-	-	180,936
UBL Financial Sector Fund	225,640	-	-	225,640	359,485	-	-	359,485
UBL Cash Fund	-	-	-	-	106,456	-	-	106,456
UBL Exchange Traded Fund	21,374	-	-	21,374	-	-	-	-
UBL Special Savings Fund II	101,850	-	-	101,850	-	-	-	-
Al Ameen Islamic Energy Fund	92,471	-	-	92,471	101,395	-	-	101,395
UBL Insurers Limited	499,948	-	-	499,948	499,786	-	-	499,786
Khushhali Bank Limited	3,363,784	-	-	3,363,784	2,934,591	-	-	2,934,591
DHA Cogen Limited	-	-	-	-	-	-	-	-
	6,249,954	-	-	6,249,954	5,642,777	-	-	5,642,777
Total Investments	1,172,293,671	(8,164,875)	3,674,716	1,167,803,512	881,687,072	(7,429,256)	178,086	874,435,902

		Note	2020	2019
9.2.1	**Investments given as collateral - at market value**		------- (Rupees in '000) -------	
	Market Treasury Bills		59,846,168	67,189,682
	Pakistan Investment Bonds		-	13,499,874
			59,846,168	80,689,556
9.3	**Provision for diminution in value of investments**			
9.3.1	Opening balance		7,429,256	5,725,128
	Exchange adjustments		58,788	241,868
	Charge / (reversals)			
	Charge for the year		1,389,189	4,014,497
	Reversals for the year		(562,394)	(1,621,810)
		36	826,795	2,392,687
	Amounts written off		(149,964)	(930,427)
	Closing balance	9.8	8,164,875	7,429,256

9.3.1.1 The Bank has availed the relaxation given by the SBP in respect of determining the impairment charge against AFS securities and has accordingly recognised the impairment charge in a phased manner equally on a quarterly basis during the year ended December 31, 2020.

9.3.2 Particulars of provision against debt securities

Category of classification	2020		2019	
	Non Performing Investment (NPI)	Provision	Non Performing Investment (NPI)	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	292,496	292,496	714,023	322,520
Overseas				
Not past due but impaired	2,004,405	510,210	-	-
Overdue by:				
> 365 days	-	-	78,784	78,784
Total	2,296,901	802,706	792,807	401,304

9.4 In accordance with SBP Circular no. 07 of 2020 dated October 22, 2020, the Government of Pakistan has established a wholly owned special purpose vehicle in the name of "Islamic NPC Company Limited" (INPCCL). According to the Circular, INPCCL has formed two Mudarabah pools for issurance of "Islamic Naya Pakistan Certificates" (INPCs) in Pakistani Rupee and US Dollar currencies denomination. This represents the outstanding amount of investment of the Bank in Mudarabah Pools amounting to Rs. 342.284 million and USD 0.777 million (equivalent to Rs. 124.151 million) as at December 31, 2020, respectively.

		2020	2019
9.5	**Bai Muajjal Government of Pakistan**	------- (Rupees in '000) -------	
	Bai Muajjal Investment	33,031,000	33,031,000
	Less: Deferred Income	(3,461,352)	(6,587,321)
	Bai Muajjal Investment - net	29,569,648	26,443,679

9.6 Investments include securities which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9.7 Investments include Rs. 118 million (2019: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2019: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

9.8 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,748.301 million (2019: Rs: 1,460.657 million).

9.9 Investment in associates

9.9.1 Movement of Investment in associates

	Note	2020							
		Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised (loss) / surplus on assets	Investment at the end of the year
				(Rupees in '000)					
UBL Liquidity Plus Fund	9.9.1.1	Pakistan	7.62%	1,460,128	371,817	73,700	(68,040)	-	1,837,605
UBL Financial Sector Fund	9.9.1.1	Pakistan	20.43%	359,485	(88,847)	(44,998)	-	-	225,640
UBL Stock Advantage Fund	9.9.1.1	Pakistan	1.44%	180,936	(82,579)	8,925	-	-	107,282
UBL Special Savings Fund II	9.9.1.1	Pakistan	70.28%	-	99,039	8,928	(6,416)	299	101,850
UBL Exchange Traded Fund	9.9.1.1	Pakistan	45.44%	-	18,672	(19)	(13)	2,734	21,374
UBL Cash Fund	9.9.1.1	Pakistan	-	106,456	(103,786)	(2,670)	-	-	-
United Growth and Income Fund	9.9.1.1	Pakistan	-	-	(35,374)	35,374	-	-	-
UBL Income Opportunity Fund	9.9.1.1	Pakistan	-	-	(3,325)	3,325	-	-	-
UBL Government Securities Fund	9.9.1.1	Pakistan	-	-	(130)	2,890	(2,760)	-	-
UBL Money Market Fund	9.9.1.1	Pakistan	-	-	(9)	9	-	-	-
Al Ameen Islamic Energy Fund	9.9.1.2	Pakistan	37.52%	101,395	1,908	(10,832)	-	-	92,471
Al Ameen Shariah Stock Fund	9.9.1.2	Pakistan	-	-	(6,696)	6,696	-	-	-
Al Ameen Islamic Cash Plan	9.9.1.2	Pakistan	-	-	-	824	(824)	-	-
Al Ameen Islamic Cash Fund	9.9.1.2	Pakistan	-	-	(167)	168	(1)	-	-
Al Ameen Islamic Financial Planning Fund II	9.9.1.2	Pakistan	-	-	(96)	96	-	-	-
Al Ameen Islamic Sovereign Fund	9.9.1.2	Pakistan	0.00%	-	-	-	-	-	-
UBL Insurers Limited	9.9.1.3	Pakistan	30.00%	499,786	-	18,634	(18,472)	-	499,948
Khushhali Bank Limited	9.9.1.4	Pakistan	29.69%	2,934,591	-	403,492	-	25,701	3,363,784
				5,642,777	170,427	504,542	(96,526)	28,734	6,249,954

	2019							
	Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised (loss) / surplus on assets	Investment at the end of the year
			(Rupees in '000)					
UBL Liquidity Plus Fund	Pakistan	14.85%	11,700	1,429,963	23,154	(4,689)	-	1,460,128
UBL Financial Sector Fund	Pakistan	36.56%	119,529	195,858	44,098	-	-	359,485
UBL Stock Advantage Fund	Pakistan	2.87%	207,469	(87,910)	61,377	-	-	180,936
UBL Special Savings Fund II	Pakistan	-	-	-	-	-	-	-
UBL Exchange Traded Fund	Pakistan	-	-	-	-	-	-	-
UBL Cash Fund	Pakistan	33.43%	-	100,360	6,519	(423)	-	106,456
United Growth and Income Fund	Pakistan	-	-	(36,516)	69,841	(33,325)	-	-
UBL Income Opportunity Fund	Pakistan	-	1,542,968	(1,517,949)	1,408	(26,427)	-	-
UBL Government Securities Fund	Pakistan	-	-	-	-	-	-	-
UBL Money Market Fund	Pakistan	-	32,069	(39,848)	7,779	-	-	-
Al Ameen Islamic Energy Fund	Pakistan	49.84%	-	100,000	1,395	-	-	101,395
Al Ameen Shariah Stock Fund	Pakistan	-	-	-	-	-	-	-
Al Ameen Islamic Cash Plan	Pakistan	-	-	-	-	-	-	-
Al Ameen Islamic Cash Fund	Pakistan	-	-	-	-	-	-	-
Al Ameen Islamic Financial Planning Fund II	Pakistan	-	-	-	-	-	-	-
Al Ameen Islamic Sovereign Fund	Pakistan	-	-	(32)	32	-	-	-
UBL Insurers Limited	Pakistan	30.00%	414,884	-	100,477	(15,575)	-	499,786
Khushhali Bank Limited	Pakistan	29.69%	2,572,719	-	437,887	(75,944)	(71)	2,934,591
Oman United Exchange Company, Muscat	Oman	25.00%	68,406	(91,292)	22,886	-	-	-
			4,969,744	52,634	776,853	(156,383)	(71)	5,642,777

9.9.1.1 These represent open ended mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

9.9.1.2 These represent open ended shariah compliant mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

9.9.1.3 UBL Insurers Limited is an unquoted public company, whose principal objective is to conduct general insurance business.

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

Khushhali Bank Limited is a microfinance bank. The principal objective of the bank is to provide microfinance services and promote social welfare through community building and social mobilisation.

	2020	2019
	------ (Rupees in '000) ------	
Net Assets	10,873,051	9,427,675
Percentage holding	29.69%	29.69%
Group share of Net Assets	3,228,661	2,799,468
Goodwill	135,123	135,123
Carrying amount of interest in associates	3,363,784	2,934,591

9.9.1.5 The Group held 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration paid. DHA Cogen Limited has been sold during the year 2020 for a consideration of Rs. 152.755 million.

9.9.2 Summary of financial position and performance

	2020				2019			
	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
	---------- (Rupees in '000) ----------							
UBL Liquidity Plus Fund	24,280,390	168,904	1,304,366	1,151,974	10,700,149	864,510	1,162,483	1,029,282
UBL Financial Sector Fund	1,178,034	73,543	(46,647)	(84,869)	994,621	11,275	142,311	51,990
UBL Stock Advantage Fund	7,648,838	202,397	952,937	645,495	6,457,825	163,765	1,136,731	610,693
UBL Special Savings Fund II	148,421	3,501	12,395	9,608	-	-	-	-
UBL Exchange Traded Fund	47,727	686	2,014	889	-	-	-	-
UBL Cash Fund	-	-	-	-	319,423	990	12,118	11,768
UBL Income Opportunity Fund	-	-	-	-	667,517	15,860	101,192	83,002
UBL Money Market Fund	-	-	-	-	4,653,720	372,498	400,015	351,207
Al Ameen Islamic Energy Fund	260,507	14,040	3,026	(9,347)	224,866	21,426	1,044	327
UBL Insurers Limited	5,876,518	4,205,955	1,841,543	65,865	5,754,807	4,088,854	1,769,967	307,875
Khushhali Bank Limited	107,288,360	96,415,309	1,193,189	383,353	81,714,191	72,286,516	1,027,104	202,318
DHA Cogen Limited	-	-	-	-	4,503,235	18,010,428	-	-

9.10 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows

9.10.1 Domestic Securities

9.10.1.1 Federal Government Securities - Government guaranteed

	2020	2019
	Cost	
	---- (Rupees in '000) -----	
Market Treasury Bills	341,885,979	182,898,327
Pakistan Investment Bonds - fixed	76,334,054	107,776,079
Pakistan Investment Bonds - floaters	340,678,646	96,937,574
Eurobonds	25,519,619	19,657,993
Sukuks	24,873,538	9,056,189
Modarba Pool	466,435	-
	809,758,271	416,326,162

9.10.1.2 Shares

	2020	2019
Listed Companies		
Cement	592,327	1,083,609
Chemical	875,779	954,589
Commercial Banks	337,311	337,311
Fertilizer	5,104,212	5,282,498
Oil and Gas Exploration Companies	603,266	594,497
Oil and Gas Marketing Companies	579,373	666,558
Power Generation and Distribution	4,665,889	5,697,831
Technology and Communication	42,995	41,654
Textile Composite	543,544	543,544
Financial	-	36
Textile Others	460	353,314
	13,345,156	15,555,441

	2020		2019	
Unlisted Companies	Cost	Breakup value	Cost	Breakup value
	---------- (Rupees in '000) ----------			
SME Bank Limited	26,950	-	26,950	-
First Women Bank	21,100	69,511	21,100	69,511
N.I.F.T	1,527	51,998	1,526	51,641
NIT (Equity)	100	830,783	100	832,941
PASSCO	5,500	2,725,903	5,500	1,622,928
Swift (Belgium)	2,905	19,417	2,905	15,722
VIS Credit Information Services	325	64	325	45
Mastercard International	0.003	431	0.003	374
Kay Textile Mills Limited	3,778	-	3,778	-
World Bridge Connect Incorporation	77,606	-	77,606	-
Techlogix International Limited	50,703	24,941	50,703	29,537
Cinepax Limited	60,122	175,313	60,122	197,405
Pakistan Mortgage Refinance Co. Limited	500,000	630,862	500,000	507,460
1 Link (Private) Limited	54,287	202,032	-	-
Tri Star Shipping Company	-	-	250	-
	804,902	4,731,255	750,865	3,327,564

9.10.1.3 Others

	2020	2019
	Cost	
	------- (Rupees in '000) -------	
Investment in REIT	458,590	458,590
Preference shares	36,667	36,667
Mutual Fund	250,000	250,000

	2020	2019
	Cost	
9.10.1.4 Non-Government Debt Securities	------- (Rupees in '000) -------	
Listed		
- AA+, AA, AA-	250,000	370,685
- A+, A, A-	250,000	250,000
- Unrated	162,335	162,336
	662,335	783,021
Unlisted		
- AAA	-	420,000
- AA+, AA, AA-	420,000	800,000
- A+, A, A-	800,000	-
- Unrated	-	8,498
	1,220,000	1,228,498

9.10.2 Foreign Securities

	2020		2019	
	Cost	Rating	Cost	Rating
9.10.2.1 Government Securities	---------- (Rupees in '000) ----------			
- Qatar	8,294,761	AA-	4,115,224	AA-
- United Arab Emirates	12,550,990	AA	6,851,601	AA
- Srilanka	6,334,446	CCC+	7,558,608	B
- Jordan	3,672,314	B+	3,562,863	BB-
- Bahrain	6,539,325	B	6,263,102	BB-
- Egypt	4,847,877	B	4,320,033	B
- Kenya	1,190,908	B	1,160,041	B
- Nigeria	1,563,239	B	1,520,018	B+
- Oman	5,342,200	BB-	6,254,963	BB+
- Turkey	4,230,991	B	4,133,659	BB-
- South Africa	798,948	BB	-	-
- Tanzania	-	-	289,052	B+
- United Kingdom	6,587,323	AA	2,272,997	AA
- United States of America	3,436,991	AAA	3,825,355	AAA
- Republic of Zambia	1,061,525	CCC	1,024,056	CCC
- Supranational entities (Banks)	14,917,228	AAA	9,243,403	AAA
	81,369,066		62,394,975	

	2020	2019
	Cost	
9.10.2.2 Non-Government Debt Securities	---- (Rupees in '000) -----	
Listed		
- AA+, AA, AA-	288,705	674,429
- BBB+, BBB, BBB-	734,470	4,272,729
- BB+, BB, BB-	403,386	1,320,410
- B+, B, B-	2,984,178	6,725,303
- CCC+, CCC, CCC-	484,589	825,277
- Unrated	2,360,972	2,762,422
	7,256,300	16,580,570
9.10.2.3 Equity Securities		
Listed		
DP world - Bahrain	-	27,886
Unlisted		
The Benefit Company B.S.C	3,392	3,285
9.10.2.4 Preference Shares	-	64,698

		2020	2019
9.11	**Particulars relating to Held to Maturity securities are as follows:**	Cost	
		---- (Rupees in '000) -----	
9.11.1	**Domestic Securities**		
9.11.1.1	**Federal Government Securities - Government guaranteed**		
	Pakistan Investment Bonds - fixed	160,738,122	206,994,945
	Sukuks	1,296,245	1,252,731
	Bai Muajjal	29,569,648	26,443,679
	Eurobonds	10,706,182	10,448,042
		202,310,197	245,139,397
9.11.1.2	**Non-Government Debt Securities**		
	Listed		
	- AA+, AA, AA-	1,168,328	1,910,863
	Unlisted		
	- AAA	7,778,230	8,740,830
	- AA+, AA, AA-	1,419,237	1,706,407
	- A+, A, A-	685,713	821,427
	- Unrated	5,490,498	5,903,529
		15,373,678	17,172,193
9.11.1.3	**Others**		
	CDC SAARC Fund	347	336

		2020		2019	
9.11.2	**Foreign Securities**	Cost	Rating	Cost	Rating
9.11.2.1	**Government Securities**	---------- (Rupees in '000) ----------			
	- Qatar	3,434,345	AA-	1,821,876	AA-
	- Jordan	2,768,623	B+	2,685,927	B-
	- Bahrain	3,529,236	B	2,354,816	BB-
	- Egypt	3,597,705	B	3,469,278	B
	- Kenya	1,850,460	B	1,802,397	B
	- Oman	2,857,738	BB-	2,755,189	BB+
	- Portugal	711,520	BBB-	691,396	BBB
	- Sri Lanka	3,329,240	CCC+	3,610,330	B
	- Tanzania	-	-	69,157	B+
	- Turkey	2,180,924	B	2,118,902	BB-
	- South Africa	798,948	BB	-	-
	- Yemen	2,696,727	Unrated	3,458,029	Unrated
		27,755,466		24,837,297	

9.11.2.2 Non Government Debt Securities

	2020	2019
	Cost	
	---- (Rupees in '000) -----	
Listed		
- BBB+, BBB, BBB-	63,934	61,939
- BB+, BB, BB-	473,922	460,440
- B+, B, B-	636,019	616,934
- Unrated	87,909	162,679
	1,261,784	1,301,992
Unlisted		
- Unrated	-	19,643
9.11.2.3 Other		
Recovery Note	-	59,157

9.11.3 The market value of securities classified as held-to-maturity as at December 31, 2020, amounted to Rs. 252,280.321 million (2019: Rs. 286,750.415 million).

10. ADVANCES

	Note	Performing		Non-performing		Total	
		2020	2019	2020	2019	2020	2019
		---- (Rupees in '000) ----					
Loans, cash credits, running finances, etc.	10.2	549,179,452	629,171,538	82,324,861	74,520,520	631,504,313	703,692,058
Islamic financings and related assets	10.7	20,542,257	9,027,259	107,478	94,043	20,649,735	9,121,302
Bills discounted and purchased		36,223,975	46,023,954	2,824,527	3,218,030	39,048,502	49,241,984
Advances - gross		605,945,684	684,222,751	85,256,866	77,832,593	691,202,550	762,055,344
Provision against advances	10.4						
- Specific		-	-	(72,036,997)	(63,887,915)	(72,036,997)	(63,887,915)
- General		(7,313,877)	(3,618,520)	-	-	(7,313,877)	(3,618,520)
		(7,313,877)	(3,618,520)	(72,036,997)	(63,887,915)	(79,350,874)	(67,506,435)
Advances - net of provision		598,631,807	680,604,231	13,219,869	13,944,678	611,851,676	694,548,909

		2020	2019
10.1	**Particulars of advances - gross**	---- (Rupees in '000) -----	
10.1.1	In local currency	453,024,198	516,928,932
	In foreign currencies	238,178,352	245,126,412
		691,202,550	762,055,344

10.2 Includes net investment in finance lease as disclosed below:

	2020				2019			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	---- (Rupees in '000) ----							
Minimum lease payments	-	121,993	-	121,993	-	166,967	-	166,967
Financial charges for future periods	-	(22,484)	-	(22,484)	-	(58,339)	-	(58,339)
Present value of minimum lease payments	-	99,509	-	99,509	-	108,628	-	108,628

10.3 Advances include Rs. 85,256.866 million (2019: Rs. 77,832.593 million) which have been placed under non-performing status as detailed below:

Category of Classification	2020 Non-Performing Loans	2020 Provision	2019 Non-Performing Loans	2019 Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	189,538	497	322,139	8,561
Substandard	2,690,171	662,589	764,745	188,848
Doubtful	1,599,695	798,209	325,325	169,274
Loss	24,259,582	23,164,558	26,152,963	25,041,562
	28,738,986	24,625,853	27,565,172	25,408,245
Overseas				
Not past due but impaired**	5,820,717	2,681,378	6,763,366	3,086,501
Overdue by:				
Upto 90 days	1,064,806	135,443	2,804,905	647,984
91 to 180 days	5,232,868	4,695,361	1,643,198	987,640
181 to 365 days	8,266,045	6,451,881	5,518,289	4,967,136
> 365 days	36,133,444	33,447,081	33,537,663	28,790,409
	56,517,880	47,411,144	50,267,421	38,479,670
Total	85,256,866	72,036,997	77,832,593	63,887,915

* 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.

10.4 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		(Rupees in '000)					
Opening balance		63,887,915	3,618,520	67,506,435	56,763,234	4,642,931	61,406,165
Exchange adjustments		937,162	160,201	1,097,363	3,575,975	280,401	3,856,376
Charge / (reversals)							
Charge for the year		14,338,496	3,623,212	17,961,708	9,660,851	25,209	9,686,060
Reversals		(1,734,374)	(88,056)	(1,822,430)	(3,568,092)	(1,273,203)	(4,841,295)
		12,604,122	3,535,156	16,139,278	6,092,759	(1,247,994)	4,844,765
Amounts written off	10.5	(5,282,212)	-	(5,282,212)	(2,754,618)	-	(2,754,618)
Amounts charged off - agriculture financing		(80,974)	-	(80,974)	-	-	-
Transfers (out) / in - net		(29,016)	-	(29,016)	210,565	(56,818)	153,747
Closing balance		72,036,997	7,313,877	79,350,874	63,887,915	3,618,520	67,506,435

10.4.1 General provision represents provision amounting to Rs. 319.955 million (2019: Rs. 328.342 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,993.922 million (2019: Rs. 3,290.178 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate.

10.4.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said Circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 18.337 million (2019: Rs. 27.992 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to

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. 3,951.861 million (2019: Rs. 5,180.474 million) for the overseas branches.

10.4.3 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	24,085,365	319,955	24,405,320	24,097,983	382,342	24,480,325
In foreign currencies	47,951,632	6,993,922	54,945,554	39,789,932	3,236,178	43,026,110
	72,036,997	7,313,877	79,350,874	63,887,915	3,618,520	67,506,435

10.4.4 During the year, as a result of COVID-19, the SBP has allowed certain relaxations including deferment of principal payment, rescheduling / restructuring of principal and mark-up, extension and timeline of provisioning against trade bills while maintaining the customer status as "regular". These have been considered while determining the provisioning requirements on a time based criteria.

		Note	2020	2019
			(Rupees in '000)	
10.5	**Particulars of write-offs**			
10.5.1	Against provisions	10.4	5,282,212	2,754,618
	Directly charged to profit and loss account		143,246	149,591
			5,425,458	2,904,209
10.5.2	**Bank**			
	- Write-offs of Rs. 500,000 and above			
	Domestic	10.6	2,663,181	107,336
	Overseas		2,629,279	2,742,502
			5,292,460	2,849,838
	- Write-offs of below Rs. 500,000		66,846	54,371
			5,359,306	2,904,209
	Subsidiaries			
	Write-offs		66,152	-
			5,425,458	2,904,209

10.6 Details of loan write-offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2020, is given in annexure I to these consolidated financial statements (except in case of overseas branches and subsidiaries write-offs which is restricted by overseas regulatory authorities).

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

		Note	2020	2019
			(Rupees in '000)	
11.	**FIXED ASSETS**			
	Capital work-in-progress	11.1	447,893	541,722
	Property and equipment	11.2	57,019,687	57,734,689
			57,467,580	58,276,411
11.1	**Capital work-in-progress**			
	Civil works		270,445	370,308
	Equipment		177,448	171,414
			447,893	541,722

11.2 Property and equipment

	2020									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improve-ments	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of-use Asset - Property	Total
	Rupees '000									
At January 1, 2020										
Cost / Revalued amount	6,433,625	21,515,547	9,131,960	6,924,511	5,865,596	2,650,850	15,432,002	369,444	9,169,956	77,493,491
Accumulated depreciation	-	(1,979)	(844,058)	(494,621)	(3,383,813)	(1,656,984)	(11,125,242)	(227,707)	(2,024,398)	(19,758,802)
Net book value	6,433,625	21,513,568	8,287,902	6,429,890	2,481,783	993,866	4,306,760	141,737	7,145,558	57,734,689
Year ended December 2020										
Opening net book value	6,433,625	21,513,568	8,287,902	6,429,890	2,481,783	993,866	4,306,760	141,737	7,145,558	57,734,689
Additions	-	-	-	-	485,146	93,434	1,908,749	4,950	2,230,528	4,722,807
Movement in surplus during the year	-	-	61,238	-	-	-	-	-	-	61,238
Net disposal / termination (book value)	-	(44,930)	(306,448)	(118,811)	(39,240)	(12,342)	(71,950)	(13,359)	(944,932)	(1,552,012)
Depreciation charge	-	-	(105,017)	(258,436)	(469,546)	(186,817)	(1,845,397)	(45,953)	(1,662,049)	(4,573,215)
Net exchange rate adjustments	-	10	406,463	399	41,348	4,656	78,408	307	94,589	626,180
Closing net book value	6,433,625	21,468,648	8,344,138	6,053,042	2,499,491	892,797	4,376,570	87,682	6,863,694	57,019,687
At December 31, 2020										
Cost / Revalued amount	6,433,625	21,470,627	9,293,213	6,806,099	6,352,850	2,736,598	17,347,209	361,342	10,550,141	81,351,704
Accumulated depreciation	-	(1,979)	(949,075)	(753,057)	(3,853,359)	(1,843,801)	(12,970,639)	(273,660)	(3,686,447)	(24,332,017)
Net book value	6,433,625	21,468,648	8,344,138	6,053,042	2,499,491	892,797	4,376,570	87,682	6,863,694	57,019,687
Rate of depreciation (percentage)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	-

	2019									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improve-ments	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of-use Asset - Property	Total
	Rupees '000									
At January 1, 2019										
Cost / Revalued amount	6,433,625	21,767,359	8,160,119	6,944,070	4,959,090	2,442,434	13,585,230	482,725	-	64,774,652
Accumulated depreciation	-	(1,775)	(636,115)	(245,857)	(2,922,506)	(1,438,623)	(9,362,221)	(290,842)	-	(14,897,939)
Net book value	6,433,625	21,765,584	7,524,004	6,698,213	2,036,584	1,003,811	4,223,009	191,883	-	49,876,713
Year ended December 2019										
Opening net book value	6,433,625	21,765,584	7,524,004	6,698,213	2,036,584	1,003,811	4,223,009	191,883	-	49,876,713
Impact of adoption of IFRS 16 at January 1, 2019	-	-	-	-	-	-	-	-	8,396,393	8,396,393
Additions	-	-	1,061	13,832	901,648	170,985	1,830,305	19,104	824,569	3,761,504
Movement in surplus during the year	-	-	300,597	-	-	-	-	-	-	300,597
Net disposal (book value)	-	(252,050)	(134,168)	(18,454)	(29,668)	(111)	(27,015)	(11,977)	-	(473,443)
Depreciation charge	-	-	(120,709)	(264,096)	(427,938)	(186,321)	(1,749,116)	(58,011)	(2,112,273)	(4,918,464)
Net exchange rate adjustments	-	34	717,117	395	1,157	5,502	29,577	738	36,869	791,389
Closing net book value	6,433,625	21,513,568	8,287,902	6,429,890	2,481,783	993,866	4,306,760	141,737	7,145,558	57,734,689
At December 31, 2019										
Cost / Revalued amount	6,433,625	21,515,547	9,131,960	6,924,511	5,865,596	2,650,850	15,432,002	369,444	9,169,956	77,493,491
Accumulated depreciation	-	(1,979)	(844,058)	(494,621)	(3,383,813)	(1,656,984)	(11,125,242)	(227,707)	(2,024,398)	(19,758,802)
Net book value	6,433,625	21,513,568	8,287,902	6,429,890	2,481,783	993,866	4,306,760	141,737	7,145,558	57,734,689
Rate of depreciation (percentage)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	-

11.3 Revaluation of properties

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2017. The revaluation was carried out by M/s. Engineering Pakistan Int'l (Private) Limited., M/s. M. J. Surveyors (Private) Limited, M/s. Harvestor Services (Private) Limited., and M/s. Iqbal A. Nanjee & Co. (Private) Limited. on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 6,366.149 million. The total surplus against revaluation of fixed assets as at December 31, 2020, amounts to Rs. 25,630.817 million.

The properties of UBL UK were last revalued by independent professional valuer, Quantum Valuation LLP, as at December 31, 2019. The total surplus arising against the revaluation of fixed assets as at December 31, 2020, amounts to Rs. 4,672.521 million (2019: Rs. 4,293.226 million).

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

		2020	2019
		------- (Rupees in '000) -------	
	Freehold land	782,581	782,581
	Leasehold land	3,330,789	3,331,039
	Buildings on freehold land	3,482,166	3,423,335
	Buildings on leasehold land	4,757,844	4,962,504
11.4	Carrying amount of temporarily idle properties of the Group	143,420	82,420
11.5	The cost of fully depreciated assets still in use		
	Furniture and fixtures	632,677	679,284
	Electrical, office and computer equipment	6,566,747	6,026,942
	Vehicles	118,403	52,446
	Building on leasehold land	57,110	-
	Leasehold improvements	1,008,772	1,271,817
		8,383,709	8,030,489

11.6 Details of disposals of operating fixed assets

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

		Note	2020	2019
12	**INTANGIBLE ASSETS**		------- (Rupees in '000) -------	
	Capital work-in-progress		232,545	262,404
	Intangible assets	12.1	1,802,006	1,808,534
			2,034,551	2,070,938
12.1	**At January 1**			
	Cost		6,845,905	5,831,215
	Accumulated amortisation and impairment		(5,037,371)	(4,179,944)
	Net book value		1,808,534	1,651,271
	Year ended December 31			
	Opening net book value		1,808,534	1,651,271
	Additions		839,107	820,004
	Disposals		(1,325)	(1,759)
	Amortisation charge		(855,574)	(701,155)
	Exchange rate adjustments		11,264	40,173
	Closing net book value		1,802,006	1,808,534
	At December 31			
	Cost		7,690,616	6,845,905
	Accumulated amortisation and impairment		(5,888,610)	(5,037,371)
	Net book value		1,802,006	1,808,534
	Rate of amortisation (percentage)		10-33.33	10-33.33
	Useful life (in years)		3 - 10	3 - 10
12.2	The cost of fully amortised assets still in use			
	Software		3,129,528	2,506,780

	Note	2020	2019
13. DEFERRED TAX ASSETS		------- (Rupees in '000) -------	
Deferred tax assets	13.1	4,682,494	1,723,553

13.1 Movement in temporary differences during the year

2020	At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	-	-	-	-
- Post-retirement employee benefits	837,426	30,335	518,389	1,386,150
- Provision against advances, off-balance sheet etc.	3,291,876	3,098,387	-	6,390,263
- Workers Welfare Fund	1,495,858	337,333	-	1,833,191
	5,625,160	3,466,055	518,389	9,609,604
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,339,305)	32,790	20,404	(1,286,111)
- Share of profit from associates	(922,114)	(161,346)	-	(1,083,460)
- Surplus on revaluation on investments	(375,338)	-	(1,322,078)	(1,697,416)
- Accelerated tax depreciation and others	(744,233)	458,055	-	(286,178)
- Others	(520,617)	289	(53,617)	(573,945)
	(3,901,607)	329,788	(1,355,291)	(4,927,110)
	1,723,553	3,795,843	(836,902)	4,682,494

2019	At January 1, 2019	Recognised in profit and loss account	Recognised in OCI	At December 31, 2019
	---------- (Rupees in '000) ----------			
Deductible temporary differences on				
- Tax losses carried forward	233,360	-	(233,360)	-
- Post-retirement employee benefits	404,016	103,173	330,237	837,426
- Provision against advances, off-balance sheet etc.	2,292,249	999,627	-	3,291,876
- Surplus on revaluation of investments	1,083,350	412,508	-	1,495,858
	4,012,975	1,515,308	96,877	5,625,160
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,412,044)	32,786	39,953	(1,339,305)
- Share of profit from Associates	(680,832)	(241,282)	-	(922,114)
- Workers' Welfare Fund	4,960,471	43,339	(5,379,148)	(375,338)
- Accelerated tax depreciation and others	(503,666)	(240,567)	-	(744,233)
- Others	309,048	(864,398)	34,733	(520,617)
	2,672,977	(1,270,122)	(5,304,462)	(3,901,607)
	6,685,952	245,186	(5,207,585)	1,723,553

14. DISCONTINUED OPERATION

UBL Bank (Tanzania) Limited ("UBTL") is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities held as at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited ("Exim"), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 1, 2019. The Banking operations of the subsidiary ceased on November 1, 2019. UBTL is in process of winding up and voluntary liquidation.

	2020	2019
14.1 Assets and liabilities under discontinued operation	------- (Rupees in '000) -------	
Assets		
Balances with other banks	219,488	236,450
Liabilities		
Other liabilities	11,575	17,936

		Note	2020	2019
14.2	**Loss from discontinued operation**		------- (Rupees in '000) -------	
	Mark-up / return / interest earned		-	396,413
	Mark-up / return / interest expensed		-	148,114
	Net mark-up / interest income		-	248,299
	Non mark-up / interest income			
	Fee and commission income		-	44,227
	Foreign exchange loss		-	(9,811)
	Loss on securities - net		-	(10,539)
	Other income		312	33,074
	Total non mark-up / interest income		312	56,951
	Total income		312	305,250
	Non mark-up / interest expenses			
	Operating expenses		17,649	635,337
	Loss on fair value measurement		-	536,145
	Total non mark-up / interest expenses		17,649	1,171,482
	Loss before provisions		(17,337)	(866,232)
	Provisions and write-offs - net		-	93,370
	Loss before taxation		(17,337)	(959,602)
	Taxation		(964)	265,596
	Loss after taxation for the year		(16,373)	(1,225,198)
15.	**OTHER ASSETS**			
	Income / mark-up accrued in local currency - net of provision		21,075,329	28,748,779
	Income / mark-up accrued in foreign currencies - net of provision		2,211,759	2,599,478
		15.1	23,287,088	31,348,257
	Advance taxation - net of provision for taxation	15.2	5,992,577	19,684,137
	Receivable from staff retirement fund		24,160	206,939
	Receivable from other banks against telegraphic transfers and demand drafts		110,689	201,592
	Unrealised gain on forward foreign exchange contracts		3,347,603	7,376,206
	Rebate receivable - net		631,410	2,142,484
	Unrealised gain on derivative financial instruments	27.2	-	15,216
	Suspense accounts		240,002	537,962
	Stationery and stamps on hand		169,311	287,314
	Non-banking assets acquired in satisfaction of claims		274,451	1,071,034
	Advances, deposits, advance rent and other prepayments		1,475,598	1,345,735
	Acceptances	22	10,505,651	17,366,169
	Dividend receivable		217,974	213,012
	Commission receivable - Branchless Banking		658,524	650,685
	Receviable against fraud & forgery and looted notes		586,929	590,120
	Others		2,010,832	1,964,616
			49,532,799	85,001,478
	Provision held against other assets	15.4	(1,392,976)	(1,271,877)
	Other assets - net of provision		48,139,823	83,729,601
	(Deficit) / surplus on revaluation of non-banking assets acquired in satisfaction of claims	24.3 & 15.3.2	(38,367)	11,341
	Other assets - total		48,101,456	83,740,942

15.1 This includes unrealised mark-up held in suspense amounting to Rs. 13,639.898 million (2019: Rs. 10,303.471 million) kept against nonperforming overseas advances / investment as per the requirements of the regulatory authorities of the respective countries in which the overseas branches operate.

15.2 The Income Tax returns of the Bank have been filed upto the tax year 2020 (accounting year ended December 31, 2019) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2019, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.11,610 (2019: Rs.11,610) million, which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches hve been filed upto the tax year 2019 (financial year 2018) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently, various addbacks and demands were raised creating a total demand of Rs. 1,166 (2019: Rs. 889) million. The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for Yemen, Qatar and UAE branches have been filed upto the year ended December 31, 2019, under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of Qatari Riyal (QAR) 1 million (Rs: 43.895 million) from the General Tax Authority (GTA) in respect of tax year 2004 with no supporting calculations from GTA. Management has requested details for 2004 assessment from GTA, however, to date no response has been received. Management is confident that the matters will be decided in favour of the Bank and the possibility of any outcome against it is remote.

For UBL UK, USAG, UBL FM and UET income tax returns have been filed upto the accounting year ended December 31, 2019, under the provisions of the laws prevailing in the respective countries and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, tax clearance has been issued for USAG, and UBL UK till the accounting year 2019 and 2018 and for UBTL till October 31, 2019. There are no material tax contingencies in any of the subsidiaries.

Tax Contingencies - Khushali Bank Limited (KBL) - Associate

For the period from January 2015 to December 2016, KBL received two orders from ACIR (Additional Commissioner Inland Revenue) dated November 22, 2017, and December 6, 2017, for chargeability of super tax on total income instead of business income of KBL as defined under section 18 (2) of the Income Tax Ordinance, 2001. KBL preferred an appeal against the alleged demand of Rs. 200.58 million which is pending adjudication before the Appellate Tribunal Inland Revenue (ATIR).

Moreover, there are certain other contingencies in respect of non-payment / short payment of Federal Excise Duty (FED), sales tax and witholding tax which are being contested by KBL at various appellate forums. The management believes that the outcome of the cases will be ultimately decided in the favour of KBL and hence, no provision has been recognised in respect of these contingencies in the consolidated financial statements.

		Note	2020	2019
			------- (Rupees in '000) -------	
15.3	**Market value of non-banking assets acquired in satisfaction of claims**	15.3.2	236,084	1,082,375

15.3.1 During the current year, the valuation of non-banking assets acquired in satisfaction of the claims were carried out by M.J. Surveyors (Private) Limited and MYK Associates from among the approved list of valuer of Pakistan Banker's Association.

		2020	2019
15.3.2	**Non-banking assets acquired in satisfaction of claims**	------- (Rupees in '000) -------	
	Opening Balance	1,082,375	1,770,265
	Additions	-	111,180
	Revaluation	(1,509)	(10,689)
	Disposals	(846,541)	(769,046)
	Impairment	(268)	(39,595)
	Other adjustments	(224)	-
	Exchange Impact	2,251	20,260
		236,084	1,082,375

		Note	2020	2019
15.4	**Provision held against other assets**		------- (Rupees in '000) -------	
	Advances, deposits, advance rent and other prepayments		84,272	84,272
	Non banking assets acquired in satisfaction of claims		-	85,200
	Fraud and forgery		626,435	639,141
	Others		682,269	463,264
			1,392,976	1,271,877
15.4.1	**Movement of provision held against other assets**			
	Opening balance		1,271,877	1,086,072
	Exchange adjustments		655	2,930
	Charge / (reversals)			
	Charge for the year		249,664	326,810
	Reversals		(94,809)	(72,670)
		36	154,855	254,140
	Transfers in - net		3,245	(17,000)
	Amounts written off		(37,656)	(54,265)
	Closing balance		1,392,976	1,271,877

16. CONTINGENT ASSETS

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

17. BILLS PAYABLE

In Pakistan		28,820,012	22,500,509
Outside Pakistan		921,194	428,711
		29,741,206	22,929,220

18. BORROWINGS

18.1 Particulars of borrowings

In local currency		119,729,587	138,528,835
In foreign currencies		12,097,598	31,876,225
		131,827,185	170,405,060

18.2 Details of borrowings

Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	18.3	30,724,174	30,354,891
Refinance facility for modernisation of SMEs	18.4	3,955	10,022
Long term financing facility	18.5	22,243,644	22,959,023
Refinance scheme for payment of wages and salaries	18.6	5,587,037	-
Renewable energy scheme	18.7	146,985	-
Other borrowings	18.8	1,166,820	399,702
		59,872,615	53,723,638
Repurchase agreement borrowings	18.9	59,835,819	74,748,710
Bai Muajjal payable to other financial institutions		-	13,812,921
		119,708,434	142,285,269
Unsecured			
Call borrowings	18.10	2,397,485	4,680,579
Overdrawn nostro accounts		379,564	591,378
Money market deals	18.11	9,341,702	22,847,834
		12,118,751	28,119,791
		131,827,185	170,405,060

18.3 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2021. These carry mark-up at rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum.

18.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by February 2022 and carry mark-up at rates of 6.00% (2019: 5.00%) per annum.

18.5 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by April 2030. These carry mark-up at rates ranging from 2.00% to 9.70% (2019: 2.00% to 9.70%) per annum.

18.6 In order to dampen effects of COVID-19, the SBP has introduced conventional and islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 2.00% per annum.

18.7 These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by October 2026. These carry mark-up at rates ranging from 3.00% to 4.00% per annum.

18.8 These represent borrowings against refinance facility for combatting COVID-19, and temporary economic refinance facilities amounting to Rs. 460.666 million and Rs. 307.540 million respectively. These borrowing are repayable latest by June 2025 and June 2021 respectively and carry mark-up at the rates of 0.00% and 1.00% per annum respectively.

18.8.1 This includes secured running finance facility availed by subsidiary company amounting to Rs. 398.614 (2019: Rs. 399.702) million from a financial institution carrying mark-up rate of 3 months average KIBOR plus 0.5% (2019: KIBOR plus 0.5%) per annum and is due to mature by March 2021.

18.9 These repurchase agreement borrowings are secured against Pakistan Investment Bonds and Market Treasury Bills and carry mark-up at rates ranging from 6.05% to 7.00% (2019: 13.20% to 13.29%) per annum. These borrowings are repayable latest by January 2021. The market value of securities given as collateral against these borrowings is given in note 9.2.1.

18.10 These are unsecured borrowings carrying mark-up at rates ranging from 1.50% (2019: 1.75% to 12.52%) per annum, and are repayable latest by March 2021.

18.11 These borrowings carry mark-up at rates ranging from 1.86% to 3.50% (2019: 3.21% to 4.20%) per annum, and are repayable latest by June 2021.

19. DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Fixed deposits	171,340,589	214,773,170	386,113,759	141,228,719	235,996,785	377,225,504
Savings deposits	509,563,742	53,146,711	562,710,453	450,326,401	35,690,677	486,017,078
Sundry deposits	5,022,037	2,173,583	7,195,620	12,592,638	1,289,671	13,882,309
Margin deposits	3,833,926	3,194,969	7,028,895	2,825,918	2,960,268	5,786,186
Current accounts - remunerative	1,387,144	6,911,630	8,298,774	1,799,190	8,392,401	10,191,591
Current accounts - non-remunerative	549,038,483	134,295,247	683,333,730	449,952,467	119,035,082	568,987,549
	1,240,185,921	414,495,310	1,654,681,231	1,058,725,333	403,364,884	1,462,090,217
Financial Institutions						
Current deposits	20,978,533	4,646,484	25,625,017	26,897,943	4,743,731	31,641,674
Savings deposits	56,409,524	2,373,413	58,782,937	36,132,073	25,334	36,157,407
Term deposits	25,207,956	95,145	25,303,101	25,783,802	2,322,206	28,106,008
	102,596,013	7,115,042	109,711,055	88,813,818	7,091,271	95,905,089
	1,342,781,934	421,610,352	1,764,392,286	1,147,539,151	410,456,155	1,557,995,306

19.1 Composition of deposits	2020	2019
	------- (Rupees in '000) -------	
- Individuals	1,024,507,840	893,983,544
- Government (Federal and Provincial)	99,008,897	68,423,163
- Public Sector Entities	114,365,057	93,003,677
- Banking Companies	14,655,568	37,048,530
- Non-Banking Financial Institutions	95,055,487	58,856,559
- Private Sector	416,799,437	406,679,833
	1,764,392,286	1,557,995,306

This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 991,687.959 million (2019: Rs. 854,722.801 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into for the lease of franking machine. At the end of the lease period, the ownership of the leased assets shall be transferred to the Group on payment of the residual values of the leased assets. The cost of operating and maintaining the leased assets is borne by the Group. The liabilities are secured by demand promissory notes, security deposits, and the franking machines which have been obtained under these leasing arrangements. The rate used for discounting future lease payments is 12.39% per annum (2019: 12.39% per annum). The amount of future minimum lease payments and the periods during which they become due are as follows:

	2020			2019		
	Minimum lease payments	Finance charges for future periods	Principal outstanding	Minimum lease payments	Finance charges for future periods	Principal outstanding
	---------- (Rupees in '000) ----------					
Not later than one year	5,562	452	5,110	5,180	832	4,348
Later than one year and not later than five years	11,132	285	10,847	15,549	802	14,747
	16,694	737	15,957	20,729	1,634	19,095

21. SUBORDINATED DEBT

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

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

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

		Note	2020	2019
22.	**OTHER LIABILITIES**		------- (Rupees in '000) -------	
	Mark-up / return / interest payable in local currency		11,630,286	8,964,544
	Mark-up / return / interest payable in foreign currencies		1,327,591	2,195,349
			12,957,877	11,159,893
	Accrued expenses		4,332,657	4,199,847
	Branch adjustment account		105,228	227,951
	Deferred income		882,954	367,158
	Unearned commission and income on bills discounted		453,296	921,121
	Provision against off-balance sheet obligations	22.1	1,076,530	632,785
	Unrealised loss on forward foreign exchange contracts		3,376,994	6,979,761
	Trading liability		-	6,120,767
	Payable to staff retirement fund		1,142,926	725,619
	Deferred liabilities	22.2	3,969,397	3,887,845
	Unrealised loss on derivative financial instruments		-	18,155
	Workers' Welfare Fund payable		4,752,294	3,878,370
	Liabilities against ATM settlement		1,199,242	1,308,571
	Insurance payable against consumer assets		615,405	449,263
	Dividend payable		357,578	538,884
	Acceptances		10,505,651	17,366,169
	Charity fund balance		2,828	3,494
	Lease Liability		7,950,494	7,826,864
	Levies and taxes payable		2,671,007	2,705,417
	Others		1,915,320	1,280,493
			58,267,678	70,598,427
22.1	**Provision against off-balance sheet obligations**			
	Opening balance		632,785	842,545
	Exchange adjustments		11,996	82,610
	Charge	36	568,987	288,288
	Reversals		(137,238)	(240,850)
			431,749	47,438
	Transfer out - net		-	(339,808)
			1,076,530	632,785
22.2	**Deferred liabilities**			
	Provision for post retirement medical benefits	41.1.4	2,028,687	1,950,906
	Provision for compensated absences		1,001,312	1,037,908
	Deferred liability for outsourced services		228,005	272,635
	Deferred liability - overseas		711,393	626,396
			3,969,397	3,887,845

22.3 The total cash outflow for leases during the year was Rs. 2,231.752 million (2019: Rs. 2,195.458 million).

23. SHARE CAPITAL

23.1 Authorised Capital

2020	2019		2020	2019
----- Number of shares -----			------- (Rupees in '000) -------	
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each	20,000,000	20,000,000

23.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
----- Number of shares -----			------- (Rupees in '000) -------	
		Fully paid-up ordinary shares of Rs.10 each		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
1,224,179,687	1,224,179,687		12,241,797	12,241,797

23.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2020, 242,278 (2019: 248,067) GDRs, representing 969,112 (2019: 992,268) shares, were in issue.

23.4 Major shareholders (holding more than 5% of total paid-up capital)

	2020		2019	
Name of shareholders	**Number of shares held**	**Percentage of shareholding**	**Number of shares held**	**Percentage of shareholding**
Bestway (Holdings) Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

As at December 31, 2020, Bestway Group (Bestway) held 61.48% (2019: 61.48%) shareholding (including GDRs) of the Bank.

	Note	2020	2019
23.5 Shares of the Bank held by its associates		------- (Number of shares) -------	
UBL Financial Sector Fund		1,616,986	479,400
UBL Stock Advantage Fund		3,321,071	2,288,991

	Note	2020	2019
24. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		------- (Rupees in '000) -------	
Surplus / (deficit) arising on revaluation of assets - net of tax			
Fixed assets	24.1	27,022,623	27,184,005
Available for sale securities	24.2	2,282,110	189,650
Non-banking assets acquired in satisfaction of claims	24.3	913	31,071
Surplus / (deficit) arising on revaluation of assets of associates		28,566	(168)
		29,334,212	27,404,558
24.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		30,165,526	29,742,871
Revaluation against fixed assets during the year		(250,405)	227,612
Realised on disposal during the year		(162,824)	(263,135)
Exchange adjustments		310,216	548,326
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(53,821)	(55,691)
Related deferred tax liability on incremental depreciation charged during the year		(33,177)	(34,457)
		(190,011)	422,655
		29,975,515	30,165,526
Less: Related deferred tax liability on			
Revaluation as on January 1		1,319,440	1,344,759
Surplus realised on disposal of fixed assets during the year		(46,478)	(826)
Impact of change of deferred tax rate		-	77,907
Reversal of revaluation against fixed assets during the year		(4,506)	(179,746)
Exchange adjustments		50,249	111,803
Incremental depreciation charged on related assets		(33,177)	(34,457)
	13.1	1,285,528	1,319,440
		28,689,987	28,846,086
Share of non-controlling interest		(1,667,364)	(1,662,081)
Group's share		27,022,623	27,184,005

		2020	2019
24.2	**Surplus / (deficit) on revaluation of available for sale securities**	------ (Rupees in '000) ------	
	Market Treasury Bills	238,363	149,496
	Pakistan Investment Bonds - fixed	333,950	(8,446,273)
	Pakistan Investment Bonds - floaters	(2,569,332)	1,772,076
	Ordinary shares and mutual fund	2,496,134	3,202,927
	REIT Investment	(16,676)	62,118
	Term Finance Certificates, Sukuks, other bonds etc.	(48,193)	23,973
	Foreign bonds	3,240,242	3,421,155
		3,674,488	185,472
	Related deferred tax liability	(1,697,416)	(375,338)
		1,977,072	(189,866)
	Share of non-controlling interest	305,038	379,516
	Group's share	2,282,110	189,650
24.3	**Surplus on revaluation of non-banking assets**		
	Surplus on revaluation of non-banking assets as at January 1	50,936	173,141
	Revaluation of non-banking assets during the year	(1,509)	(7,822)
	Realised on disposal during the year	(47,931)	(114,383)
		(49,440)	(122,205)
		1,496	50,936
	Less: Related deferred tax liability on		
	Revaluation as at January 1	19,865	67,285
	Revaluation of non-banking assets during the year	(588)	(3,051)
	Surplus realised on disposal of non-banking assets during the year	(18,694)	(44,369)
		583	19,865
		913	31,071

25. NON-CONTROLLING INTEREST

	2020			2019		
	UNBL 45%	UBL FM 1.13%	Total	UNBL 45%	UBL FM 1.13%	Total
	------- (Rupees in '000) -------			------- (Rupees in '000) -------		
Assets	131,552,572	2,825,139	134,377,711	104,270,398	2,363,489	106,633,887
Liabilities	114,916,979	934,432	115,851,411	88,284,204	587,563	88,871,767
Net assets	16,635,593	1,890,707	18,526,300	15,986,194	1,775,926	17,762,120
Net assets attributable to NCI	7,486,017	21,365	7,507,382	7,193,787	20,068	7,213,855

		2020		
		UNBL 45%	UBL FM 1.13%	Total
25.1	**Key financial information**	------- (Rupees in '000) -------		
	Income (Mark-up & Non-Mark-up)	2,629,764	928,300	3,558,064
	Expenses (including provisions)	(2,969,590)	(615,216)	(3,584,806)
	Profit for the year	(339,826)	313,084	(26,742)
	Other comprehensive income for the year	989,244	879	990,123
	Total Comprehensive Income	649,418	313,963	963,381
	(Loss) / profit allocated to NCI	(152,922)	3,538	(149,384)
	OCI allocated to NCI	445,160	11	445,171
	Cash flow from operating activities	5,477,010	247,743	5,724,753
	Cash flow from investing activities	(2,599,316)	(47,006)	(2,646,322)
	Cash flow from financing activities	(3,794,309)	(200,000)	(3,994,309)
		(916,615)	737	(915,878)

		Note	2020	2019
26.	**CONTINGENCIES AND COMMITMENTS**		------- (Rupees in '000) -------	
	- Guarantees	26.1	147,961,658	170,755,664
	- Commitments	26.2	970,991,372	1,278,107,824
	- Other contingent liabilities	26.3	15,554,510	15,089,090
			1,134,507,540	1,463,952,578

		2020	2019
26.1	**Guarantees:**	------- (Rupees in '000) -------	
	Financial guarantees	43,053,322	41,444,410
	Performance guarantees	104,908,336	129,311,254
		147,961,658	170,755,664

26.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		160,344,833	168,383,418
	Commitments in respect of:			
	- forward foreign exchange contracts	26.2.2	683,065,647	962,345,777
	- forward government securities transactions	26.2.3	-	14,307,720
	- derivatives			
	Interest rate swaps	26.2.4	-	316,500
	FX options	26.2.4	-	122,594
	- forward lending	26.2.5	124,510,935	130,389,022
	- operating leases	26.2.6	126,093	190,863
	Commitments for acquisition of:			
	- operating fixed assets	26.2.7	2,876,499	2,031,196
	- intangible assets	26.2.7	-	7,103
	Others		67,365	13,631
			970,991,372	1,278,107,824

26.2.1 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.

		2020	2019
26.2.2	**Commitments in respect of forward foreign exchange contracts**	------- (Rupees in '000) -------	
	Purchase	366,797,666	508,996,241
	Sale	316,267,981	453,349,536
26.2.3	**Commitments in respect of forward government securities transactions**		
	Purchase	-	3,043,541
	Sale	-	11,264,179
26.2.4	**Commitments in respect of derivatives**		
	Interest rate swaps	-	316,500
	FX options - purchased	-	61,297
	FX options - sold	-	61,297

		Note	2020	2019
26.2.5	**Commitments in respect of forward lending**		------- (Rupees in '000) -------	
	Undrawn formal standby facilities, credit lines and other commitments to lend	26.2.5.1	66,651,116	71,503,628
	Others		57,859,819	58,885,394
			124,510,935	130,389,022

26.2.5.1 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	2020	2019
26.2.6	**Commitments in respect of operating leases**		------- (Rupees in '000) -------	
	Not later than one year		58,443	48,366
	Later than one year and not later than five years		37,620	69,053
	Later than five years		30,030	73,444
			126,093	190,863
26.2.7	**Commitments in respect of capital expenditure**		2,876,499	2,038,299
26.3	**Other contingencies**			
	Claims against the Group not acknowledged as debts	26.3.1	11,465,207	10,999,787

26.3.1 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.

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

26.3.3 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.

26.4 For contingencies relating to taxation, refer note 15.2.

27. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The authority for approving policies lies with the Board of Directors (BoD) and the Board Risk and Compliance Committee (BRCC). The Risk Management Committee (RMC) is responsible for ensuring compliance with these policies.

With regard to derivatives, the RMC is authorised to:

- Review the derivatives business with reference to market risk exposure and assign various limits in accordance with the risk appetite of the Bank.

- Review the Derivatives Business Policy and recommend approval to the BRCC / BoD.

- Review and approve derivatives product programs.

- Authorise changes in procedures and processes regarding derivatives and structured products.

Overall responsibility for derivatives trading activity lies with the Treasury and Capital Markets Group. Measurement and monitoring of market and credit risk exposure and limits and its reporting to senior management and the BoD is done by Treasury Middle Office (TMO), which also coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and handles its reporting to the SBP.

Derivatives risk management

There are a number of risks undertaken by the Group, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Group's profitability. Credit risk associated with derivatives transactions is categorised into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by TMO on a daily basis.

Market risk

The Group, as a policy, hedges back-to-back all Options transactions. In addition, the Group does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Group has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Group mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off-balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives are carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Group's Audit and Inspection group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Group uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

27.1 Product analysis

Counterparties	2020									
	Interest rate swaps / cross currency swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)
	(Rupees in 000)									
With banks for										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With FIs other than Banks										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
With other entities										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Counterparties	2019									
	Interest rate swaps / cross currency swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market gain / (loss)
	(Rupees in 000)									
With banks for										
Hedging	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	-	-	-	-	9,223,670	14,850	9,540,170	(2,257)
	316,500	(17,107)	61,297	-	-	-	9,223,670	14,850	9,601,467	(2,257)
With FIs other than Banks										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	1,763,180	(488)	1,763,180	(488)
	-	-	-	-	-	-	1,763,180	(488)	1,763,180	(488)
With other entities										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	61,297	-	3,042,465	(94)	273,596	(100)	3,377,358	(194)
	-	-	61,297	-	3,042,465	(94)	273,596	(100)	3,377,358	(194)
Total										
Hedging	-	-	61,297	-	-	-	-	-	61,297	-
Market making	316,500	(17,107)	61,297	-	3,042,465	(94)	11,260,446	14,262	14,680,708	(2,939)
	316,500	(17,107)	122,594	-	3,042,465	(94)	11,260,446	14,262	14,742,005	(2,939)

27.2 Maturity analysis of derivatives

Remaining maturity	2020					2019				
	Number of contracts	Notional principal	Unrealised (Loss)	Unrealised Gain	Net	Number of contracts	Notional principal	Unrealised (Loss)	Unrealised Gain	Net
		(Rupees in '000)					(Rupees in '000)			
Upto 1 month	-	-	-	-	-	13	14,425,505	(1,048)	15,216	14,168
1 to 3 months	-	-	-	-	-	-	-	-	-	-
3 to 6 months	-	-	-	-	-	-	-	-	-	-
6 months to 1 year	-	-	-	-	-	1	316,500	(17,107)	-	(17,107)
1 to 2 years	-	-	-	-	-	-	-	-	-	-
2 to 3 Years	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	14	14,742,005	(18,155)	15,216	(2,939)

		Note	2020	2019
28.	**MARK-UP / RETURN / INTEREST EARNED**		------- (Rupees in '000) -------	
	Loans and advances		54,825,270	68,189,538
	Investments		98,053,683	81,855,592
	Lendings to financial institutions		2,634,660	5,990,798
	Balances with banks		565,174	1,241,925
			156,078,787	157,277,853
29.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	On deposits		62,102,063	67,611,116
	On borrowings		11,351,528	18,674,154
	On subordinated debt		1,099,595	1,339,041
	Cost of foreign currency swaps against foreign currency deposits / borrowings		3,526,540	5,244,190
	On lease liability against right-of-use assets		925,848	1,068,434
			79,005,574	93,936,935
30.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		1,734,499	2,094,255
	Consumer finance related fees		1,000,321	1,072,440
	Card related fees (debit and credit cards)		2,204,290	2,385,761
	Investment banking fees		329,561	390,261
	Financial Institution rebate / commission		280,324	298,616
	Corporate service charges / facility fee		410,214	644,616
	Commission on trade		594,536	939,656
	Commission on guarantees		751,361	556,635
	Commission on cash management		846,302	783,970
	Commission on remittances including home remittances - net		2,267,149	3,036,593
	Commission on bancassurance		1,170,790	1,612,583
	Commission on Benazir Income Support Program		38,145	609,932
	Management fee		707,413	800,997
	Rent on lockers		189,943	93,182
	Others		305,238	405,580
			12,830,086	15,725,077
31.	**GAIN ON SECURITIES - NET**			
	Realised	31.1	610,002	224,056
	Unrealised - held for trading		228	(7,386)
			610,230	216,670
31.1	**Realised gain / (loss) on:**			
	Federal Government securities		(893,939)	864,370
	Shares		671,556	(1,014,879)
	Foreign securities		833,927	381,560
	Other securities		(1,542)	(6,995)
			610,002	224,056
32.	**OTHER INCOME**			
	Charges recovered		285,249	288,777
	Rent on properties		38,688	85,213
	Gain on sale of operating fixed assets - net		69,565	120,056
	Gain on sale of Ijarah assets		792	861
	Gain / (loss) on sale of non-banking assets	32.1	191,559	(54,649)
	Gain / (loss) on trading liabilities - net		101,445	(13,639)
	Realisation of exchange translation reserve - UBL New York branch		-	1,332,626
			687,298	1,759,245

		Note	2020	2019
			------- (Rupees in '000) -------	
32.1	**Gain / (loss) on sale of non-banking assets acquired in satisfaction of claims**			
	Disposal proceeds		1,038,100	714,397
	Less:			
	- Cost		798,610	654,662
	- Surplus		47,931	114,384
			846,541	769,046
	Net gain / (loss)		191,559	(54,649)
33.	**OPERATING EXPENSES**			
	Total compensation expense	33.1	17,653,169	16,681,503
	Property expense			
	Rent and taxes	33.8	1,208,950	1,416,403
	Insurance		234,546	203,051
	Utilities cost		1,451,729	1,734,851
	Security		1,016,246	987,716
	Repairs and maintenance		177,345	253,487
	Depreciation		832,999	818,668
	Depreciation - right-of-use assets		1,662,049	2,112,273
	Others		42,162	52,579
			6,626,026	7,579,028
	Information technology expenses			
	Software maintenance		1,512,651	1,320,897
	Hardware maintenance		572,043	438,060
	Depreciation		855,627	770,821
	Amortisation	12.1	855,574	701,155
	Network charges		755,059	743,049
			4,550,954	3,973,982
	Other operating expenses			
	Directors' fees and allowances		122,734	96,075
	Fees and allowances to Shariah Board		9,544	6,855
	Legal and professional charges		748,442	1,289,918
	Outsourced service costs including sales commission		3,013,052	3,900,348
	Travelling and conveyance		157,708	283,983
	Clearing charges		225,278	216,365
	Depreciation others		1,222,540	1,216,702
	Depreciation on Islamic financing against leased assets		216,195	227,783
	Training and development		98,135	174,897
	Postage and courier charges		306,072	396,138
	Communication		520,961	534,188
	Stationery and printing		967,386	722,049
	Marketing, advertisement and publicity		648,028	795,293
	Auditors' remuneration	33.6	129,415	113,386
	Donations	33.7	342,245	129,497
	Insurance (including deposit protection)		1,602,360	1,445,485
	Cash transportation and sorting charges		805,942	820,254
	Entertainment		152,567	180,327
	Vehicle expenses		91,013	108,291
	Subscription		217,201	214,376
	Office running expenses		177,247	179,485
	Banking service charges		1,742,317	1,886,427
	Repairs and maintenance		661,209	578,158
	Miscellaneous expenses		735,304	92,795
			14,912,895	15,609,075
			43,743,044	43,843,588

		Note	2020	2019
33.1	**Total compensation expense**		------- (Rupees in '000) -------	
	Fees and Allowances etc		2,614,509	2,599,093
	Managerial remuneration			
	i) Fixed		8,166,684	7,375,044
	ii) Variable - Cash Bonus / Awards etc.	33.2	1,105,114	1,003,182
	Charge for defined benefit plan		588,091	563,113
	Contribution to defined contribution Plan		518,344	498,894
	Charge for compensated absences		70,902	33,383
	Rent & house maintenance		2,327,467	2,145,347
	Utilities		1,236,215	1,138,876
	Medical		813,484	822,453
	Conveyance		389,918	382,713
	Group assurance premium		64,018	71,223
	Others		(360,577)	17,141
	Sub-total		17,534,169	16,650,462
	Sign-on Bonus	33.3	119,000	-
	Severance Allowance	33.4	-	31,041
	Grand Total		17,653,169	16,681,503

33.2 This includes accrual of employee benefits in the form of awards / bonus to all permanent staff including the Chief Executive Officer and is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate benefit determined in respect of all permanent staff amounted to Rs. 1,546.639 million (2019: Rs.1,242.046 million).

33.3 No sign-on bonus was paid to employees including Material Risk Contollers (MRCs) and Material Risk Takers (MRTs) during the years ended December 31, 2020 and 2019.

33.4 Severance allowance is paid to nil (2019: 10) employees. No severance allowance was paid to MRCs and MRTs during the years ended December 31, 2020 and 2019.

33.5 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,562.759 million (2019: Rs. 4,044.555 million). This cost includes outsourced service costs, which are disclosed specifically in note 30. Of the total cost of Rs. 1,562.759 million (2019: Rs. 4,044.555 million), Rs. 1,246.759 million (2019: Rs. 3,653.555 million) pertains to the payment to companies incorporated in Pakistan and Rs. 316 million (2019: Rs. 391 million) pertains to payment to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil (2019: nil). Outsourcing shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017.

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2020	2019
		------- (Rupees in '000) -------	
Paradise Press (Private) Limited	Cheque printing	40,699	40,652
Apex Printry (Private) Limited	Cheque printing	45,096	43,254
Printlink	Cheque printing	40,890	37,140
ASC First Solution (Private) Limited	Digital & phsyical archiving of accounts opening forms and customer records	5,764	7,302
Wackenhut Pakistan (Private) Limited	Off-site ATM cash replenishment	1,098	-
Raaziq International	Storage and archiving service for accounts opening forms	14,418	13,254
Qadri Enterprises	Key Punch	9,710	10,065
TCS (Private) Limited	Statement of account printing and dispatching	73,083	77,888

33.6 Auditors' remuneration

	2020		
	A.F. Ferguson & Co.	Overseas Auditors	Total
	(Rupees in '000)		
Audit fee - Bank	12,393	47,063	59,456
Audit fee - subsidiaries	1,572	42,574	44,146
Fees for tax and other certifications	12,214	-	12,214
Out of pocket expenses	6,696	2,157	8,853
Consultancy and other services	4,746	-	4,746
	37,621	91,794	129,415

	2019		
	A.F. Ferguson & Co.	Overseas Auditors	Total
	(Rupees in '000)		
Audit fee - Bank	11,340	48,050	59,390
Audit fee - subsidiaries	1,574	31,717	33,291
Fees for tax and other certifications	11,498	888	12,386
Out of pocket expenses	6,087	254	6,341
Consultancy and other services	1,978	-	1,978
	32,477	80,909	113,386

33.7 Details of donations

	2020	2019
	(Rupees in '000)	
Donations individually exceeding Rs. 0.5 million		
PMs COVID-19 Pandemic Relief Fund – 2020	100,000	-
Namal Educational Foundation	95,000	-
Abdul Sattar Edhi Foundation	43,000	33,000
Shaukat Khanum Memorial Trust	33,000	33,000
Saylani Welfare International Trust	25,000	-
Noor International	11,200	-
Sahara for Life Trust	10,000	10,000
Lahore University of Management Sciences	10,000	10,000
Shalamar Hospital	5,000	5,000
Forman Christian College	5,000	5,000
IBA - National Talent Hunt Program	3,436	3,880
Marie Adelaide Leprosy Center	850	850
SOS Children's Village Pakistan	-	9,980
Bahauddin Zakariya University	-	3,840
The Citizens Foundation	-	2,800
Zindagi Trust	-	2,500
Center of Excellence in Journalism (IBA)	-	2,000
Kashmir Education Foundation	-	1,710
Nasra Schools	-	1,482
People’s Primary Healthcare Initiative	-	1,300
Chal Foundation	-	1,000
Hisaar Foundation	-	1,000
Donations individually not exceeding Rs. 0.5 million	759	1,155
	342,245	129,497

33.7.1 Donations were not made to any donee in which a Director or his spouse had any interest.

33.8 This includes expense in respect of short term leases, low value assets and expenses relating to variable lease payments not included in lease liabilites amounting to Rs. 24.687 million (2019: Rs. 29.312 million), Rs. 0.007 million (2019: Rs. 0.007 million) and nil (2019: nil) respectively.

34. WORKERS' WELFARE FUND

The Bank has made provision for Sindh Workers' Welfare Fund (SWWF) based on profit for the years ended December 31, 2014 and onwards. The Sindh Workers' Welfare Fund was levied from the year ended December 31, 2014, consequent to the 18th amendment in the constitution, the chargeability has been challenged before the Sindh High Court by filing a constitional petition, however, provision pertaining to years 2014 onwards has been maintained in respect of Sindh WWF. Matter is pending before Sindh High Court.

	Note	2020	2019
		------- (Rupees in '000) -------	
35. OTHER CHARGES			
Penalties imposed by the SBP		163,940	39,233
Other penalties		3,395	876
		167,335	40,109
36. PROVISIONS AND WRITE-OFFS - NET			
Provision against loans and advances - net	10.4	16,139,278	4,844,765
Provision for diminution in value of investments - net	9.3.1	826,795	2,392,687
Bad debts written off directly		143,246	149,591
Provision against other assets - net	15.4.1	154,855	254,140
Provision against off-balance sheet obligations - net	22.1	431,749	47,438
Recovery of written off / charged off bad debts		(494,488)	(526,059)
Other provisions / write-offs		54,243	150,981
		17,255,678	7,313,543
37. TAXATION			
Current		17,384,124	14,969,071
Prior years		(11,001)	733,273
Deferred		(3,795,843)	(245,186)
		13,577,280	15,457,158
37.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		34,382,187	35,730,654
Tax on income @ 35% (2019: 35%)		12,033,765	12,505,729
Super tax @ 4% (2019 : 4%)		1,367,699	1,369,675
Tax effect of items that are either not included in determining taxable profit or taxed at reduced rates (permanent differences)		71,429	(201,686)
Impact of different tax rates of subsidiaries (permanent differences)		54,403	41,696
Tax - prior years (net of deferred tax)		(11,001)	1,614,326
Others		60,985	127,418
Tax charge		13,577,280	15,457,158

	2020	2019
	------- (Rupees in '000) -------	
38. EARNINGS PER SHARE		
Profit after tax attributable to equity shareholders of the Bank	20,937,918	19,095,141
	----- (Number of shares) -----	
Weighted average number of ordinary shares	1,224,179,687	1,224,179,687
	---------- (Rupees) ----------	
Earnings per share - basic and diluted	17.10	15.60

38.1 There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2020 and 2019.

	Note	2020	2019
		------- (Rupees in '000) -------	
39. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	258,139,459	243,370,701
Balances with other banks	7	29,583,028	42,958,677
		287,722,487	286,329,378

39.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					Equity			
	Bills payable	Borrowings	Deposits and other accounts	Subordinated debt	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets	Unappropriated profit
	---------- (Rupees in '000) ----------								
Balance as at January 1, 2020	22,929,220	170,405,060	1,557,995,306	10,000,000	70,617,522	12,241,797	66,676,412	27,404,558	77,335,249
Changes from financing cash flows									
Dividend Paid	-	-	-	-	-	-	-	-	(8,138,474)
Other Changes	-	-	-	-	1,993,093	-	2,233,579	1,929,654	20,260,423
Liability-related									
Changes in bills payable	6,811,986	-	-	-	-	-	-	-	-
Changes in borrowings	-	(38,577,875)	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	-	206,396,980	-	-	-	-	-	-
Changes in subordinated debt	-	-	-	-	-	-	-	-	-
Changes in other liabilities									
- Cash based	-	-	-	-	(14,508,286)	-	-	-	-
-Dividend payable	-	-	-	-	181,306	-	-	-	181,306
- Non-cash based	-	-	-	-	-	-	-	-	-
Transfer of profit to reserve	-	-	-	-	-	-	2,110,595	-	(2,110,595)
Total Liability related other changes	6,811,986	(38,577,875)	206,396,980	-	(14,326,980)	-	2,110,595	-	(1,929,289)
Total Equity related other changes	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	29,741,206	131,827,185	1,764,392,286	10,000,000	58,283,635	12,241,797	71,020,586	29,334,212	87,527,909

	2020	2019
40. STAFF STRENGTH	---------- (Number) ----------	
Permanent	11,556	11,475
On contract	41	56
Group's own staff strength	11,597	11,531
Outsourced	1,888	2,239
Total	13,485	13,770

40.1 Number of employees working domestically 13,366 (2019: 13,657) and abroad 119 (2019: 113).

41. DEFINED BENEFIT PLANS

41.1 The Bank (Holding Company)

41.1.1 General description

The Bank operates a funded pension scheme established in 1975. The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme. The Bank also operates a benevolent fund scheme and provides post retirement medical benefits to eligible retired employees. The benevolent fund scheme and the post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatisation. The liabilities of the Bank in respect of these schemes are determined based on actuarial valuations carried out using the Projected Unit Credit Method. Actuarial valuations of the defined benefit schemes are carried out every year and the latest valuation was carried out as at December 31, 2020.

41.1.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2020	2019
	------ (Number) -----	
Pension fund	7,049	7,064
Gratuity fund	10,083	9,856
Benevolent fund	1,982	3,383
Employee compensated absences	1,258	1,417
Post-retirement medical benefit scheme	7,346	8,503

The pension fund, benevolent fund and post-retirement medical benefit schemes include 2,243 (2019: 2,162), 955 (2019: 942) and 2,448 (2019: 2,501) members respectively who have retired or whose widows are receiving the benefits.

41.1.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2020, using the following significant assumptions:

	2020	2019
	----- Per annum -----	
Discount rate / expected rate of return on plan assets	9.75%	11.25%
Expected rate of salary increase	7.75%	9.25%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	3.75%	5.25%

41.1.4 Reconciliation of payable to / (receivable from) defined benefit plans

	Note	2020				2019			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		---------- (Rupees in '000) ----------							
Present value of obligations		11,604,939	1,049,184	331,363	2,028,687	10,098,497	911,763	329,300	1,950,906
Fair value of plan assets		(10,521,021)	(1,015,218)	(330,708)	-	(9,318,843)	(968,544)	(424,706)	-
Payable / (receivable)		1,083,918	33,966	655	2,028,687	779,654	(56,781)	(95,406)	1,950,906

41.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year		10,098,497	911,763	329,300	1,950,906	8,986,977	831,363	321,682	1,821,847
Service cost		23,856	152,839	4,109	524	19,957	145,775	4,463	687
Interest cost		994,529	105,266	34,197	213,970	989,305	112,796	39,045	235,459
Benefits paid by the Bank		(901,142)	(126,864)	(42,236)	(97,195)	(730,840)	(139,740)	(62,976)	(129,591)
Return allocated to other funds	41.1.8.2	58,882	-	-	-	73,834	-	-	-
Re-measurement loss / (gain)		1,330,317	6,180	5,993	(39,518)	759,264	(38,431)	27,086	22,504
Obligations at the end of the year		11,604,939	1,049,184	331,363	2,028,687	10,098,497	911,763	329,300	1,950,906

	Note	2020				2019			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		(Rupees in '000)							
41.1.6 Movement in fair value of plan assets									
Fair value at the beginning of the year		9,318,843	968,544	424,706	-	8,168,441	805,576	461,597	-
Interest income on plan assets		996,935	111,322	44,373	-	1,034,319	109,585	56,465	-
Contribution by the Bank		877,014	92,184	1,601	-	849,453	180,780	1,840	-
Contribution by the employees		-	-	1,601	-	-	-	1,840	-
Amount paid by the fund to the Bank		(703,722)	(125,781)	(137,717)	-	(645,000)	(129,306)	(97,748)	-
Re-measurements gain / (loss)		31,951	(31,051)	(3,856)	-	(88,370)	1,909	712	-
Fair value at the end of the year		10,521,021	1,015,218	330,708	-	9,318,843	968,544	424,706	-
41.1.7 Movement in payable / (receivable) under defined benefit schemes									
Opening balance		779,654	(56,781)	(95,406)	1,950,906	818,536	25,787	(139,915)	1,821,847
Mark-up receivable on Bank's balance with the fund		(9,749)	(310)	(539)	-	(8,944)	(189)	(5,368)	-
Charge / (reversal) for the year		80,332	146,783	(7,668)	214,494	48,777	148,986	(14,797)	236,146
Contribution by the Bank		(877,014)	(92,184)	(1,601)	-	(849,453)	(180,780)	(1,840)	-
Amount paid by the Fund to the Bank		703,722	125,781	137,717	-	645,000	129,306	97,748	-
Benefits paid by the Bank		(901,142)	(126,864)	(42,236)	(97,195)	(730,840)	(139,740)	(62,976)	(129,591)
Remeasurement loss / (gain) recognised in OCI during the year		1,308,115	37,541	10,388	(39,518)	856,578	(40,151)	31,742	22,504
Closing balance		1,083,918	33,966	655	2,028,687	779,654	(56,781)	(95,406)	1,950,906
41.1.8 Charge for defined benefit plans									
41.1.8.1 Cost recognised in profit and loss									
Current service cost	41.1.5	23,856	152,839	4,109	524	19,957	145,775	4,463	687
Past service cost		-	-	-	-	-	-	-	-
Net interest on defined benefit asset / (liability)		(2,406)	(6,056)	(10,176)	213,970	(45,014)	3,211	(17,420)	235,459
Return allocated to other funds	41.1.8.2	58,882	-	-	-	73,834	-	-	-
Employees' contribution		-	-	(1,601)	-	-	-	(1,840)	-
		80,332	146,783	(7,668)	214,494	48,777	148,986	(14,797)	236,146

41.1.8.2 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 5.12.1.

	2020				2019			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)							
41.1.9 Re-measurements recognised in OCI during the year								
Loss / (gain) on obligation								
- Financial assumptions	1,379,653	(9,341)	28,729	153,627	1,401,522	(10,623)	28,103	399,959
- Experience adjustments	(49,336)	15,521	(22,736)	(193,145)	(642,258)	(27,808)	(1,017)	(377,455)
Return on plan assets over interest income	(31,951)	31,051	3,856	-	88,370	(1,909)	(712)	-
Adjustment for mark-up	9,749	310	539	-	8,944	189	5,368	-
Total re-measurements recognised in OCI	1,308,115	37,541	10,388	(39,518)	856,578	(40,151)	31,742	22,504

41.1.10 Components of plan assets

	2020			2019		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net of current liabilities	236,332	103,110	27,891	801,016	151,344	106,984
Quoted securities						
Ordinary shares	89,090	5,483	12,491	116,441	7,137	16,321
Term finance certificates	244,257	23,270	11,893	53,203	26,873	20,232
Mutual Funds units	167,165	16,737	-	-	35,077	-
Pakistan Investment Bonds	4,970,102	316,307	133,864	4,512,007	314,689	134,818
Market Treasury Bills	3,306,798	539,015	135,330	3,446,115	433,424	-
Special Savings Certificates	-	-	-	-	-	140,151
National Saving Certificates / Bonds	1,507,277	11,103	2,830	-	-	-
Repurchase Agreements	-	193	-	-	-	-
Term deposits	-	-	6,409	390,061	-	6,200
	10,521,021	1,015,218	330,708	9,318,843	968,544	424,706

41.1.10.1 The Funds primarily invests in Government securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

41.1.11 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Increase in discount rate by 1 %	(955,565)	(69,878)	(17,184)	(209,939)
Decrease in discount rate by 1 %	1,126,711	79,657	11,910	253,902
Increase in expected future increment in salary by 1%	-	85,670	-	-
Decrease in expected future increment in salary by 1%	-	(76,263)	-	-
Increase in expected future increment in pension by 1%	1,118,891	-	-	-
Decrease in expected future increment in pension by 1%	(965,068)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	232,951
Decrease in expected future increment in medical benefit by 1%	-	-	-	(198,687)

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

41.1.12 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2021, would be as follows:

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,499	-
Expected charge for the year	109,601	167,443	2,479	193,055

41.1.13 Maturity profile

	2020			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
The weighted average duration of the obligation (in years)	9.36	7.09	4.23	7.93

41.1.14 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Asset Volatility

Only three Schemes out of the all the Schemes are funded: Pension; Gratuity; and Benevolent Fund. The combined investment of the three funds is Rs. 11.9 billion. Almost 92% is invested in Government Bonds with a maturity that is less than the maturity of the corresponding liability.

The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk.

There is an insignificant equity exposure and investment in corporate bonds of around 1% respectively.

Changes in Bond Yields

There are two dimensions to the changes in Bond yields: first, as described above; second, the valuation of the Gratuity Liability is discounted with reference to the government bond yields. So, any increase in Bond yields will lower the Retirement Benefits Liability and vice versa, but, it will also lower the Asset values.

Inflation Risk

The salary inflation (especially the final salary risk) is the major risk that the Gratuity and compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer related to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalisation benefit is susceptible to medical inflation risk.

In a general economic sense and in a longer view, there is a case that if bond yields increase, the ensuing change in salary inflation generally offsets the gains from the decrease in discounted gratuity. But viewed with the fact that, for gratuity, asset values will also decrease; the salary inflation does, as an overall effect, increases the net liability of the Bank.

Life Expectancy / Withdrawal Rate

The Gratuity and Compensated Absences are paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the Gratuity and Compensated Absences. Thus, the risk of life expectancy is almost negligible. However, post-retirement benefit given by the Bank like monthly pension, post-retirement medical gives rise to a significant risk which is quite difficult to value even by using advance mortality improvement models. Thus, this risk carries valuation risk as well.

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. This includes:

- Retention risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.

- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

41.2 United National Bank Limited Pension and Life Assurance Scheme for U.K Employees

As part of the Shareholders' Agreement ("the Agreement") signed on November 9, 2001, between UBL UK and its shareholders, United Bank Limited and National Bank of Pakistan (NBP), it was agreed that UBL UK may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme ("the Scheme") with effect from November 19, 2001, the date of completion of transfer of the businesses from the Bank and NBP into UBL UK (the Completion Date). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary.

Under the terms of the Agreement, UBL UK is responsible for the funding requirements of the active members whose employment was transferred to UBL UK on the Completion Date and for any new members admitted to the scheme after the Completion Date. United Bank Limited remains responsible for the funding of the deferred members upto the Completion Date. The scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010.

Full actuarial valuations using the Projected Unit Credit Method are obtained triennially and updated at each statement of financial position date.

The last full actuarial valuation of the scheme was carried out by a qualified actuary. The major assumptions used by the actuary in the latest update as of December 31, 2020, are as follows:

	2020	2019
	---------- Per annum ----------	
Discount rate	1.35%	2.00%
Expected rate of pension increase	3.00%	3.00%
Retail price inflation	3.05%	3.10%
Consumer price inflation	2.25%	2.30%

41.2.1 The assets and liabilities of the scheme noted below relate to those employees for whom UBL UK has a funding liability.

	2020		2019	
	Return	Rupees in '000	Return	Rupees in '000
Insurance policy	1.35%	1,431,309	2.30%	1,276,423
Market value of assets		1,431,309		1,276,423
Present value of defined benefit obligation		(1,601,703)		(1,312,433)
Gross pension liability		(170,394)		(36,010)

41.2.2 Movement in surplus / (deficit) during the year

	2020	2019
	------- (Rupees in '000) -----	
Obligation at the beginning of the year	(36,010)	26,534
Interest expense	(624)	956
Employer contribution	10,180	8,222
Remeasurement gain	(134,214)	(71,700)
Exchange adjustment	(9,726)	(22)
Obligation at the end of the year	(170,394)	(36,010)

No Directors were members of the defined benefit scheme during the year or as at December 31, 2020.

		2020	2019
41.2.3	**Analysis of the amount credited / (debited) to net interest income**	------- (Rupees in '000) -----	
	Expected return on pension scheme assets	25,762	30,974
	Interest on pension scheme liabilities	(26,386)	(30,018)
	Net (expense) / income	(624)	956

41.2.4 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

	2020 Rupees in '000
Increase in discount rate by 1 %	(250,566)
Decrease in discount rate by 1 %	323,093
Increase in expected inflation rate by 1%	42,162
Decrease in expected inflation rate by 1%	(18,569)
Increase in life expectancy by 1 year	65,318
Decrease in life expectancy by 1 year	(64,662)

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

41.3 UBL Fund Managers Limited

41.3.1 Principal actuarial assumptions

UBL FM operates a funded gratuity scheme. The liability of UBL FM in respect of this scheme is determined based on an annual actuarial valuation carried out using the Projected Unit Credit Method. The latest valuation was carried out as at December 31, 2020. The main assumptions used in the actuarial valuation are as follows:

	2020	2019
	---------- Per annum ----------	
Discount rate	9.75%	11.25%
Expected rate of return on plan assets	9.75%	9.00%
Expected rate of salary increase	9.75%	11.25%

		2020	2019
41.3.2	**Reconciliation of payable to defined benefit plan**	------- (Rupees in '000) -----	
	Present value of defined benefit obligations	72,474	69,982
	Fair value of plan assets	(54,148)	(54,276)
	Payable	18,326	15,706
41.3.3	**Movement in defined benefit obligation**		
	Obligation at the beginning of the year	69,982	55,624
	Current service cost	14,976	13,615
	Interest cost	8,342	7,645
	Benefits paid	(19,671)	(7,702)
	Remeasurement (gain) / loss	(1,155)	800
	Obligation at the end of the year	72,474	69,982
41.3.4	**Movement in the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	54,276	54,726
	Return on plan assets	6,603	7,537
	Contributions to the plan	12,857	-
	Benefits paid	(19,671)	(7,702)
	Remeasurement gain / (loss)	83	(285)
	Fair value of plan assets at the end of the year	54,148	54,276

		2020	2019
41.3.5	**Composition of plan assets**	------- (Rupees in '000) -----	
	Debt securities	34,528	2,868
	PIB / T-Bills	-	32,877
	Cash	3,200	2,058
	Mutual Funds	498	2,719
	Equity securities	15,922	13,754
		54,148	54,276
41.3.6	**Charge for defined benefit plan**		
	Current service cost	14,976	13,615
	Interest cost	8,342	7,645
	Return on plan assets	(6,603)	(7,537)
		16,715	13,723
	Actual return on plan assets	6,207	6,354
41.3.7	**Movement in net liability recognised**		
	Opening net payable	15,706	898
	Expense recognised	16,715	13,723
	Contribution to the fund made during the year	(12,857)	-
	Remeasurement (gain) / loss	(1,238)	1,085
	Closing net payable	18,326	15,706

41.3.8 Maturity profile and expected future contribution

Based on actuarial advice, management estimates that the expected contribution and charge for the year ending December 31, 2021, would be Rs. 16.917 million and Rs. 16.715 million respectively. The weighted average duration of the obligation as of December 31, 2020, is 8.82 years.

41.3.9 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the defined benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

	2020 Rupees in '000
Increase in discount rate by 1 %	66,523
Decrease in discount rate by 1 %	79,381
Increase in salary increment rate by 1%	79,674
Decrease in salary increment rate by 1%	66,169

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

42 OTHER EMPLOYEE BENEFITS

42.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 10,083 (2019: 9,856) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

UBL FM operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

42.2 Employee Stock Option Scheme

UBL Fund Managers has an incentive scheme for its top performing employees in the form of share options under the policy of Employee Stock Option Scheme (ESOS). The options give a right to subscribe ordinary shares of the Company to the extent of the lower of two million shares or five percent of the share capital of the company as of the grant date. The scheme is divided into three phases and options are exercisable at their respective exercise price determined from time to time according to methodology provided in approved scheme. Each phase give a right to eligible employees to acquire options after a vesting period of two years, in two tranches i.e. 50% of the vested options are exercisable upon completion of vesting period, while remaining 50% can be exercised after one year. The last phase was completed in 2016 in which 18,121 shares were issued pursuant to exercise of the share options.

43. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

43.1 Total Compensation Expense

Items	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,495	-	75,705	9,544	-	31,164	-
Managerial Remuneration							
i) Fixed	-	-	-	-	81,542	668,091	529,088
ii) Variable - Cash Bonus / Awards	-	-	-	-	117,930	184,797	171,899
Charge for defined benefit plan	-	-	-	-	2,484	8,653	14,957
Contribution to defined contribution plan	-	-	-	-	6,795	38,470	61,998
Rent & house maintenance	-	-	-	-	5,915	68,037	138,176
Utilities	-	-	-	-	1,551	35,677	61,412
Medical	-	-	-	-	-	20,872	30,706
Conveyance	-	-	-	-	1,155	42,520	87,940
Others	-	-	-	-	3,811	2,723	16,044
Total	10,495	-	75,705	9,544	221,183	1,101,004	1,112,220
Number of Persons	1	-	7	3	2	48	103

Items	2019						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	11,710	-	84,365	6,855	-	24,232	-
Managerial Remuneration							
i) Fixed	-	-	-	-	60,000	592,741	647,202
ii) Variable - Cash Bonus / Awards	-	-	-	-	21,850	112,342	373,243
Charge for defined benefit plan	-	-	-	-	5,000	10,133	25,280
Contribution to defined contribution plan	-	-	-	-	2,315	31,397	25,184
Rent & house maintenance	-	-	-	-	3,055	84,035	150,603
Utilities	-	-	-	-	1,140	35,406	106,458
Medical	-	-	-	-	-	23,353	33,994
Conveyance	-	-	-	-	453	9,359	10,008
Others	-	-	-	-	1,113	51,208	20,770
Total	11,710	-	84,365	6,855	94,926	974,206	1,392,742
Number of Persons	1	-	7	3	1	45	118

43.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2020

Sr. No.	Name of Director	Meeting Fees and Allowances Paid							
			For Board Committees						
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	Total Amount Paid
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	6,300	-	750	-	-	3,000	445	10,495
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,250	-	-	3,000	750	3,000	587	12,587
3	Mr. Haider Zameer Choudrey	5,250	3,750	-	-	3,000	-	587	12,587
4	Mr. Arshad Ahmad Mir	5,250	1,500	3,000	2,250	-	2,250	436	14,686
5	Mr. Rizwan Pervez	5,250	3,750	750	-	-	-	595	10,345
6	Mr. Khalid Ahmed Sherwani	3,000	2,250	2,250	-	-	-	-	7,500
7	Mr. Amar Zafar Khan	4,500	2,250	2,250	-	-	-	-	9,000
8	Mr. Tariq Rashid	4,500	750	750	-	3,000	-	-	9,000
	Total Amount Paid	39,300	14,250	9,750	5,250	6,750	8,250	2,650	86,200

2019

Sr. No.	Name of Meetings	Name of Directors							
		Sir Mohammed Anwar Pervez, OBE, HPk	Lord Zameer M. Choudrey, CBE, SI Pk	Mr. Haider Zameer Choudrey	Mr. Arshad Ahmad Mir	Mr. Rizwan Pervez	Mr. Khalid Ahmed Sherwani	Mr. Amar Zafar Khan	Mr. Tariq Rashid
		(Number of meetings attended)							
1	Board Meetings	6	6	6	5	6	6	6	6
2	Board Audit Committee (BAC)	-	-	5	-	5	5	5	-
3	Board Human Resource & Compensation Committee (HRCC)	-	-	-	3	-	4	4	-
4	Board Risk & Compliance Committee (BRCC)	-	4	-	3	-	-	-	-
5	Board IT Committee (BITC)	-	-	5	-	-	-	-	5
6	Board Nomination Committee (BNC)	-	-	-	-	-	-	-	-
	Total meetings attended	6	10	16	11	11	15	15	11
	Meeting fees and allowances paid (Rs. in 000's)	11,710	11,753	11,753	9,651	11,710	13,622	12,945	12,931
	Total meeting fees and allowances paid (Rs. in 000's)	96,075							

The directors' fee for the year ended December 31, 2019, is based on their attendance per set of meetings which includes Board meetings and / or committee(s) meeting(s) before or after the regular Board meeting. The amount disclosed for each director during the year ended December 31, 2019, in note 43.2 can therefore not be distributed for each type of meeting.

43.3 Remuneration paid to Shariah Board Members

Items	2020			2019		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	(Rupees in '000)					
Meeting Fees and Allowances	2,772	4,000	2,772	2,540	1,775	2,540
Total Number of Persons	1	1	1	1	1	1

44. 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.

44.1 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:

	2020				
	Carrying /	Fair value			
On-balance sheet financial instruments	Notional value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	----------(Rupees in '000)----------				
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Modaraba Pool)	811,834,934	-	811,834,934	-	811,834,934
Foreign Bonds - sovereign	81,709,882	-	81,709,882	-	81,709,882
Foreign Bonds - others	7,503,650	-	7,503,650	-	7,503,650
Ordinary shares of listed companies	10,383,260	10,383,260	-	-	10,383,260
Mutual Funds	228,518	-	228,518	-	228,518
Debt securities (TFCs, Corporate Sukuks)	1,720,302	-	1,720,302	-	1,720,302
Investment in REIT	441,914	441,914	-	-	441,914
	913,822,460	10,825,174	902,997,286	-	913,822,460
Financial assets - disclosed but not measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	204,958,067	-	208,585,861	-	208,585,861
Foreign Bonds - sovereign	24,412,008	-	25,838,959	-	25,838,959
Foreign Bonds - others	1,238,565	-	1,285,465	-	1,285,465
Debt securities (TFCs, Corporate Sukuks and others)	16,411,853	-	16,570,036	-	16,570,036
	247,020,493	-	252,280,321	-	252,280,321
	1,160,842,953	10,825,174	1,155,277,607	-	1,166,102,781
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	683,065,647	-	(29,391)	-	(29,391)
Interest rate swaps	-	-	-	-	-
FX options - purchased and sold (net)	-	-	-	-	-
Forward purchase of Government Securities	-	-	-	-	-
Forward sale of Government Securities	-	-	-	-	-

	2019				
	Carrying /	Fair value			
	Notional 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 Eurobonds and Modarba Pool)	481,948,693	-	481,948,693	-	481,948,693
Foreign Bonds - sovereign	64,182,976	-	64,182,976	-	64,182,976
Foreign Bonds - others	16,299,524	-	16,299,524	-	16,299,524
Ordinary shares of listed companies	13,410,757	13,410,757	-	-	13,410,757
Mutual Funds	252,931	-	252,931	-	252,931
Debt securities (TFCs, Corporate Sukuks)	1,849,521	-	1,849,521	-	1,849,521
Investment in REIT	520,708	520,708	-	-	520,708
	578,465,110	13,931,465	564,533,645	-	578,465,110

	2019				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Financial assets - disclosed but not measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	248,436,970	-	242,845,295	-	242,845,295
Foreign Bonds - sovereign	21,046,822	-	22,398,872	-	22,398,872
Foreign Bonds - others	1,260,550	-	1,301,904	-	1,301,904
Debt securities (TFCs, Corporate Sukuks and others)	18,922,885	-	20,204,344	-	20,204,344
	289,667,227	-	286,750,415	-	286,750,415
	868,132,337	13,931,465	851,284,060	-	865,215,525
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)

44.2 Fair Value of non-financial assets

	2020				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	42,299,453	-	-	42,299,453	42,299,453
Non-banking assets acquired in satisfaction of claims	236,084	-	-	236,084	236,084
	42,535,537	-	-	42,535,537	42,535,537

	2019				
	Carrying / Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------				
Fixed Assets	42,664,985	-	-	42,664,985	42,664,985
Non-banking assets acquired in satisfaction of claims	1,082,375	-	-	1,082,375	1,082,375
	43,747,360	-	-	43,747,360	43,747,360

44.3 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.

44.4 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 consolidated financial statements.

45. SEGMENT INFORMATION

45.1 Segment details with respect to business activities

	2020							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit & Loss								
Net mark-up / return / profit	36,465,776	72,064,538	(44,818,240)	4,118,716	7,731,711	2,114,041	(603,329)	77,073,213
Inter segment (expense) / revenue - net	(28,037,168)	(64,465,202)	85,797,705	1,068,993	-	-	5,635,672	-
Non mark-up / return / interest income	2,392,061	2,987,193	7,365,086	211,034	2,777,547	2,150,780	1,465,296	19,348,997
Total Income	10,820,669	10,586,529	48,344,551	5,398,743	10,509,258	4,264,821	6,497,639	96,422,210
Segment direct expenses	1,469,881	550,650	25,494,982	1,679,860	5,244,835	3,691,452	6,652,685	44,784,345
Inter segment expense allocation	558,166	71,664	4,760,410	114,868	539,126	-	(6,044,234)	-
Total expenses	2,028,047	622,314	30,255,392	1,794,728	5,783,961	3,691,452	608,451	44,784,345
Provisions - net	(1,489,772)	(123,276)	(277,900)	(12,905)	(14,853,113)	(487,530)	(11,182)	(17,255,678)
Profit / (loss) before tax	7,302,850	9,840,939	17,811,259	3,591,110	(10,127,816)	85,839	5,878,006	34,382,187
Balance Sheet								
Cash & Bank balances	125,596	81,844,130	120,943,227	12,153,493	47,378,919	24,477,950	799,172	287,722,487
Investments	4,803,162	932,393,450	-	62,729,601	123,251,328	40,068,180	4,557,791	1,167,803,512
Net inter segment lending	-	-	1,132,694,448	6,980,805	-	-	77,017,055	1,216,692,308
Lendings to financial institutions	-	-	-	19,959,132	-	2,253,310	-	22,212,442
Advances - performing	369,114,172	-	32,976,365	20,390,074	89,119,069	80,220,386	6,811,741	598,631,807
Advances - non-performing net of provision	3,289,437	-	807,045	10,126	7,754,943	1,351,794	6,524	13,219,869
Others	14,521,202	16,648,272	14,869,004	1,700,920	13,301,659	7,426,167	43,818,857	112,286,081
Total Assets	391,853,569	1,030,885,852	1,302,290,089	123,924,151	280,805,918	155,797,787	133,011,140	3,418,568,506
Borrowings	54,852,047	58,593,525	989,202	3,632,752	9,321,566	4,438,093	-	131,827,185
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	63,760,006	132,797	1,245,280,490	110,347,698	220,015,338	124,607,281	248,676	1,764,392,286
Net inter segment borrowing	255,020,028	960,917,205	-	-	755,075	-	-	1,216,692,308
Others	13,779,726	3,328,909	46,185,887	5,772,050	6,305,922	1,728,707	10,923,640	88,024,841
Total Liabilities	387,411,807	1,022,972,436	1,292,455,579	119,752,500	236,397,901	130,774,081	21,172,316	3,210,936,620
Equity	4,441,762	7,913,416	9,834,510	4,171,651	44,408,017	25,023,706	111,838,824	207,631,886
Total Equity & liabilities	391,853,569	1,030,885,852	1,302,290,089	123,924,151	280,805,918	155,797,787	133,011,140	3,418,568,506
Contingencies and Commitments	354,762,782	278,633,736	13,182,354	377,425	398,498,687	86,347,176	2,705,380	1,134,507,540

	2019							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit & Loss								
Net mark-up / return / profit	45,818,682	44,777,720	(38,614,134)	3,158,882	8,769,288	1,566,422	(2,135,942)	63,340,918
Inter segment (expense) / revenue - net	(39,577,709)	(58,654,888)	91,402,316	1,111,925	-	-	5,718,356	-
Non mark-up / return / interest income	2,409,533	4,293,079	8,606,719	1,321,665	3,102,710	2,571,531	2,029,598	24,334,835
Total Income	8,650,506	(9,584,089)	61,394,901	5,592,472	11,871,998	4,137,953	5,612,012	87,675,753
Segment direct expenses	1,469,178	83,281	23,799,440	2,700,618	5,981,755	3,642,390	6,954,894	44,631,556
Inter segment expense allocation	617,774	74,997	5,087,240	84,797	740,244	-	(6,605,052)	-
Total expenses	2,086,952	158,278	28,886,680	2,785,415	6,721,999	3,642,390	349,842	44,631,556
Reversals / (Provisions) - net	549,733	(2,253,096)	122,712	(5,529)	(6,010,178)	99,925	182,890	(7,313,543)
Profit / (loss) before tax	7,113,287	(11,995,463)	32,630,933	2,801,528	(860,179)	595,488	5,445,060	35,730,654

	2019							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash & Bank balances	81,169	81,316,916	102,855,184	13,676,734	52,400,729	35,224,408	774,238	286,329,378
Investments	5,648,871	674,218,489	-	46,726,238	108,281,811	35,466,122	4,094,371	874,435,902
Net inter segment lending	-	-	966,089,886	7,455,399	-	-	54,818,509	1,028,363,794
Lendings to financial institutions	-	9,450,000	-	10,733,118	-	1,509,828	-	21,692,946
Advances - performing	446,782,941	18,964	35,584,682	9,015,164	125,319,182	58,139,824	5,743,474	680,604,231
Advances - non-performing net of provision	1,520,429	-	604,654	6,945	11,212,859	574,868	24,923	13,944,678
Others	24,834,875	23,500,874	15,299,565	308,095	14,826,733	6,911,760	60,129,942	145,811,844
Total Assets	478,868,285	788,505,243	1,120,433,971	87,921,693	312,041,314	137,826,810	125,585,457	3,051,182,773
Borrowings	52,257,409	95,592,358	(233,449)	1,299,975	5,567,707	15,921,060	-	170,405,060
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	60,853,340	131,140	1,074,094,958	80,713,661	250,441,596	91,143,714	616,897	1,557,995,306
Net inter segment borrowing	341,540,385	686,617,978	-	-	205,431	-	-	1,028,363,794
Others	20,252,937	15,460,323	27,235,447	3,775,564	7,619,847	1,387,724	17,814,900	93,546,742
Total Liabilities	474,904,071	797,801,799	1,101,096,956	85,789,200	263,834,581	108,452,498	28,431,797	2,860,310,902
Equity	4,412,390	(9,276,952)	22,712,567	736,110	52,573,508	21,802,989	97,911,259	190,871,871
Total Equity & liabilities	479,316,461	788,524,847	1,123,809,523	86,525,310	316,408,089	130,255,487	126,343,056	3,051,182,773
Contingencies and Commitments	375,719,554	582,249,607	11,794,242	10,065,965	405,700,848	76,351,544	2,070,818	1,463,952,578

45.2. Geographical segment analysis

	2020					
	Pakistan Operations	Export Processing Zones	Middle East	Europe	Africa	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	67,233,631	298,294	7,433,417	2,107,871	-	77,073,213
Non mark-up / return / interest income	15,170,149	28,958	2,748,589	1,401,301	-	19,348,997
Total Income	82,403,780	327,252	10,182,006	3,509,172	-	96,422,210
Segment direct expenses	36,329,244	21,010	5,223,825	3,210,266	-	44,784,345
Inter segment expense allocation	(539,126)	2,257	536,869	-	-	-
Total expenses	35,790,118	23,267	5,760,694	3,210,266	-	44,784,345
Provisions - net	(1,915,035)	-	(14,853,113)	(487,530)	-	(17,255,678)
Profit / (loss) before tax	44,698,627	303,985	(10,431,801)	(188,624)	-	34,382,187
Balance Sheet						
Cash & Bank balances	216,500,521	43,223	46,872,026	24,087,229	219,488	287,722,487
Investments	1,006,733,370	6,687,141	116,564,187	37,818,814	-	1,167,803,512
Net inter segment lending	1,216,692,308	-	-	-	-	1,216,692,308
Lendings to financial institutions	19,959,132	-	-	2,253,310	-	22,212,442
Advances - performing	429,292,352	20,469	89,098,600	80,220,386	-	598,631,807
Advances - non-performing net of provision	4,113,132	-	7,754,943	1,351,794	-	13,219,869
Others	92,083,405	265,299	13,036,360	6,901,017	-	112,286,081
Total Assets	2,985,374,220	7,016,132	273,326,116	152,632,550	219,488	3,418,568,506
Borrowings	118,487,293	-	9,321,566	4,018,326	-	131,827,185
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	1,419,773,912	5,281,918	214,729,175	124,607,281	-	1,764,392,286
Net inter segment borrowing	1,215,937,233	2,258	752,817	-	-	1,216,692,308
Others	80,383,951	163,960	6,141,982	1,323,373	11,575	88,024,841
Total Liabilities	2,844,582,389	5,448,136	230,945,540	129,948,980	11,575	3,210,936,620
Equity	140,791,831	1,567,996	42,380,576	22,683,570	207,913	207,631,886
Total Equity & liabilities	2,985,374,220	7,016,132	273,326,116	152,632,550	219,488	3,418,568,506
Contingencies and Commitments	649,661,677	163,265	398,335,422	86,347,176	-	1,134,507,540

Geographical segment analysis

	2019					
	Pakistan Operations	Export Processing Zones	Middle East	Europe	Africa	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	53,011,184	232,825	8,536,463	1,560,446	-	63,340,918
Non mark-up / return / interest income	19,718,083	50,950	3,051,760	1,514,042	-	24,334,835
Total Income	72,729,267	283,775	11,588,223	3,074,488	-	87,675,753
Segment direct expenses	35,927,041	26,479	5,707,496	2,970,540	-	44,631,556
Inter segment expense allocation	(740,244)	2,729	737,515	-	-	-
Total expenses	35,186,797	29,208	6,445,011	2,970,540	-	44,631,556
(Provisions) / Reversals - net	(1,403,453)	-	(6,010,178)	100,088	-	(7,313,543)
Profit / (loss) before tax	36,139,017	254,567	(866,966)	204,036	-	35,730,654
Balance Sheet						
Cash & Bank balances	198,707,716	57,847	52,342,883	34,984,482	236,450	286,329,378
Investments	732,743,879	4,673,811	103,608,000	33,410,212	-	874,435,902
Net inter segment lending	1,028,363,794	-	-	-	-	1,028,363,794
Lendings to financial institutions	20,183,118	-	-	1,509,828	-	21,692,946
Advances - performing	497,145,225	38,323	125,280,859	58,139,824	-	680,604,231
Advances - non-performing net of provision	2,156,951	-	11,212,859	574,868	-	13,944,678
Others	124,485,497	2,396,396	12,430,338	6,499,613	-	145,811,844
Total Assets	2,603,786,180	7,166,377	304,874,939	135,118,827	236,450	3,051,182,773
Borrowings	149,316,250	-	5,567,707	15,521,103	-	170,405,060
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	1,216,408,782	5,592,357	244,850,452	91,143,715		1,557,995,306
Net inter segment borrowing	1,028,158,363	112,723	92,708	-	-	1,028,363,794
Others	84,704,850	158,794	7,461,053	1,204,109	17,936	93,546,742
Total Liabilities	2,488,588,245	5,863,874	257,971,920	107,868,927	17,936	2,860,310,902
Equity	118,278,817	1,302,503	51,271,005	20,019,546	-	190,871,871
Total Equity & liabilities	2,606,867,062	7,166,377	309,242,925	127,888,473	17,936	3,051,182,773
Contingencies and Commitments	981,900,186	115,880	405,584,968	76,351,544	-	1,463,952,578

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

46 TRUST ACTIVITIES

The Bank acts as a custodian for some of the Term Finance Certificates it arranges and distributes on behalf of its customers. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included as such in the consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2020			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	3	-	1,110,500	-	1,110,500
Corporates	22	4,246,500	-	3,237,500	7,484,000
Individuals	95	154,900	-	1,447,770	1,602,670
Insurance Companies	42	372,299,700	413,000	2,352,000	375,064,700
NGO / Charitable Organisation	14	400,000	-	739,300	1,139,300
Pension & Employee Funds	164	42,824,000	175,000	11,021,255	54,020,255
Others	38	2,500,700	-	4,124,345	6,625,045
	378	422,425,800	1,698,500	22,922,170	447,046,470

Category	Number of IPS Accounts	2019			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	85,000	-	85,000
Corporates	20	15,829,100	-	6,626,200	22,455,300
Individuals	113	202,800	-	1,527,745	1,730,545
Insurance Companies	36	338,959,700	707,000	15,660,000	355,326,700
NGO / Charitable Organisation	8	400,000	-	787,800	1,187,800
Pension & Employee Funds	138	38,067,200	50,000	9,435,350	47,552,550
Others	24	476,000	-	5,966,740	6,442,740
	340	393,934,800	842,000	40,003,835	434,780,635

47. RELATED PARTY TRANSACTIONS

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

The Group enters into transactions with related parties in the normal course of business. 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 year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

47.1 Related party transactions

	2020				2019			
	Directors	Key manage-ment personnel	Associates	Other related parties	Directors	Key manage-ment personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	6,113,434	3,943,202	-	-	5,119,744	4,183,880
Investment made during the year	-	-	15,928,370	54,287	-	-	13,864,341	-
Investment redeemed / disposed off during the year	-	-	(15,868,601)	-	-	-	(13,491,052)	(240,353)
Transfer out								(325)
Equity method adjustments	-	-	436,751	-	-	-	620,401	-
Closing balance	-	-	6,609,954	3,997,489	-	-	6,113,434	3,943,202
Provision for diminution in value of investments	-	-	-	1,544,596	-	-	-	1,134,720
Advances								
Opening balance	4,624	287,618	2,155,149	12,715,998	2,221	280,911	2,155,149	6,747,749
Addition during the year	838	73,339	-	16,398,899	15,958	148,343	-	6,591,282
Repaid during the year	(5,452)	(79,657)	(152,755)	(19,749,210)	(13,555)	(88,857)	-	(623,033)
Transfer in / (out)	-	13,869	(2,002,394)	-	-	(52,779)	-	-
Closing balance	10	295,169	-	9,365,687	4,624	287,618	2,155,149	12,715,998
Provision held against advances	-	-	-	-	-	-	2,155,149	-
Other Assets								
Interest mark-up accrued	-	-	4,282	232,471	-	-	7,289	325,704
Receivable from staff retirement funds	-	-	-	24,160	-	-	-	206,939
Advances, Deposits & Prepayments	-	-	-	63,634	-	-	-	113,634
Prepaid insurance	-	-	1,002	-	-	-	2,167	-
Remuneration receivable from management of funds	-	-	77,194	-	-	-	79,080	-
Sales load receivable	-	-	37,396	-	-	-	27,408	-
Formation cost receivable	-	-	6,000	-	-	-	-	-
Other receivable	-	-	1,750	30,164	-	-	1,505	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
Borrowings								
Opening balance	-	-	-	-	-	-	-	12,400
Borrowings during the year	-	-	-	1,538,000	-	-	-	579,400
Settled during the year	-	-	-	(1,538,000)	-	-	-	(591,800)
Closing balance	-	-	-	-	-	-	-	-

	2020				2019			
	Directors	Key manage-ment personnel	Associates	Other related parties	Directors	Key manage-ment personnel	Associates	Other related parties
	(Rupees in '000)							
Deposits and other accounts								
Opening balance	8,679,450	71,109	6,502,931	11,347,096	6,245,367	165,303	11,638,644	8,491,509
Received during the year	29,415,769	1,338,885	144,141,551	177,627,376	38,666,071	915,992	160,641,938	267,658,066
Withdrawn during the year	(31,659,519)	(1,192,342)	(148,166,050)	(172,469,603)	(36,231,988)	(996,873)	(165,777,647)	(264,802,479)
Transfer (out) / in - net	(3,910)	(59,940)	-	6,541	-	(13,313)	(4)	-
Closing balance	6,431,790	157,712	2,478,432	16,511,410	8,679,450	71,109	6,502,931	11,347,096
Other Liabilities								
Interest / mark-up payable on deposits and borrowings	39,335	210	7,651	115,024	35,257	-	72,233	94,554
Payable to staff retirement fund	-	-	-	1,142,926	-	-	-	725,619
Unearned income	-	-	-	-	-	-	-	13,869
Other payable	3,900	-	22,353	-	-	-	-	-
Contingencies and Commitments								
Forward foreign exchange contracts purchase	-	-	-	4,360	-	-	-	-
Income								
Mark-up / return / interest earned	-	18,323	34,835	1,221,777	-	15,660	57,978	822,220
Commission / charges recovered	61	3,751	24,666	23,059	425	3,995	12,617	22,937
Dividend received	-	-	96,525	175,794	-	-	91,518	373,764
Net gain on sale of securities	-	-	65,653	-	-	-	64,370	28,515
Reversal of provision	-	-	152,755	-	-	-	-	-
Remuneration from management of fund	-	-	707,413	-	-	-	800,997	-
Sales load	-	-	61,202	-	-	-	57,898	-
Other income	-	7,166	524	15,359	-	989	6,157	22,827
Switch revenue	-	-	-	220,127	-	-	-	249,124
Expenses								
Mark-up / return / interest paid	184,964	1,112	373,541	346,897	155,289	1,682	767,200	387,628
Remuneration paid	-	1,146,732	-	-	-	852,955	-	-
Post employment benefits	-	23,565	-	-	-	22,807	-	-
Non-executive directors' fee	86,199	-	-	-	96,075	-	-	-
Net charge for defined contribution plans	-	22,854	-	364,906	-	-	-	-
Net charge for defined benefit plans	-	-	-	272,592	-	-	-	241,654
Clearing charges	-	-	-	138,487	-	-	-	129,727
Seminar and membership fees	-	-	-	8,246	-	-	-	13,845
Membership, subscription, sponsorship and maintenance charges	-	-	-	7,358	-	-	-	14,534
Custody charges	-	-	-	4,757	-	-	-	6,401
Other expenses	-	36,866	-	44,875	-	-	-	49,363
Insurance premium paid	-	1,913	537,120	-	-	2,735	348,690	-
Insurance claims settled	-	-	485,047	-	-	-	330,415	-

	2020	2019
	------- (Rupees in '000) -------	
48. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	137,040,359	124,263,319
Eligible Additional Tier 1 (ADT 1) Capital	10,735,774	10,530,346
Total Eligible Tier 1 Capital	147,776,133	134,793,665
Eligible Tier 2 Capital	47,926,723	35,934,199
Total Eligible Capital (Tier 1 + Tier 2)	195,702,856	170,727,864
Risk Weighted Assets (RWAs):		
Credit Risk	642,342,717	729,515,624
Market Risk	73,650,146	67,581,408
Operational Risk	164,656,143	153,434,017
Total	880,649,006	950,531,049
Common Equity Tier 1 Capital Adequacy ratio	15.56%	13.07%
Tier 1 Capital Adequacy Ratio	16.78%	14.18%
Total Capital Adequacy Ratio	22.22%	17.96%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank as at December 31, 2020, stood at Rs.12,241.797 million (2019: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 2.5% and High Loss Absorbency Requirement of 1.5% of the risk weighted exposures of the Bank.

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

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2020. As at December 31, 2020 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 22.10% whereas CET 1 and Tier 1 ratios stood at 15.48% and 16.69% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

Furthermore, under the SBP's Framework for Domestic Systemically 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 2020. As per SBP's designation of D-SIBs for the year 2020, the HLA capital charge required to be maintained by UBL is 1.0% and will remain effective till next D-SIB designation is announced by the State Bank of Pakistan.

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

	2020	2019
	------- (Rupees in '000) -------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	147,776,133	134,793,665
Total Exposures	2,639,232,164	2,534,146,003
Leverage Ratio	5.60%	5.32%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,035,616,032	530,454,588
Total Net Cash Outflow	324,975,005	206,998,861
Liquidity Coverage Ratio	318.68%	256.26%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,714,566,321	1,598,050,689
Total Required Stable Funding	770,865,635	1,170,120,900
Net Stable Funding Ratio	222.42%	136.57%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at https://www.ubldigital.com/Investor-Relations/CAR-Statements.

49. RISK MANAGEMENT

This section presents information about the Group's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity, and operational risks.

The Bank has an integrated risk management structure in place covering domestic and International franchise. The Board Risk and Compliance Committee (BRCC) oversees the entire risk management process of the Bank. Furthermore, Risk Management Committee has been formed which looks at all risks collectively at senior management level. The committee is chaired by the President and comprises of Heads of all Risk areas, Finance, Business etc. The Risk and Credit Policy Group is responsible for the development and implementation of all risk policies as approved by the BRCC / BoD. The Group is organized into the functions of Market & Treasury Risk, Financial Institution Risk, Credit Policy & Research, Consumer Credit Policy, Credit Risk Management and Operational Risk & Basel. Each risk function is headed by a senior manager who reports directly to the Group Executive, Risk and Credit Policy. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Developing systems and resources to review the key risk exposures of the Bank.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Reviewing the adequacy of credit training across the Bank.
- Organising portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.
- Establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.

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

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

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

49.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for Corporate, Commercial, SME & Agri, Collateral Management Policy, Credit Policy International, Credit Policy UAE and Credit Manual, which provides policies and procedures in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorised by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for International, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions domestic & international are centrally organized.

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth.

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

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

49.2.1 Lendings to financial institutions

Credit risk by public / private sector	2020	2019	2020	2019	2020	2019
	Gross lendings		Non-performing lendings		Provision held	
	(Rupees in '000)					
Public / Government	6,433,114	-	-	-	-	-
Private	15,779,328	21,692,946	-	-	-	-
	22,212,442	21,692,946	-	-	-	-

49.2.2 Investment in debt securities

Credit risk by industry sector	2020	2019	2020	2019	2020	2019
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Airlines	-	391,504	-	391,504	-	-
Automobile and transportation equipment	3,517,627	6,180,479	-	-	-	-
Chemical and pharmaceuticals	163,719	194,104	61,263	91,288	61,263	91,288
Construction	1,330,566	1,815,899	-	-	-	-
Electronics and electrical appliances	-	-	-	-	-	-
Exports/Imports	734,470	773,421	-	-	-	-
Fertilizers	252,767	17,362,227	-	-	-	-
Financial	1,118,514,874	770,651,869	2,004,405	78,784	510,210	78,784
Food	436	-	436	-	436	
Insurance	62,207	1,607,579	-	-	-	-
Power (electricity), gas, water, sanitary	19,112,814	24,462,115	-	-	-	-
Telecommunication	-	837,100	-	-	-	-
Textile	529,263	529,262	228,925	228,922	228,925	228,923
Others	6,925,920	34,090,968	1,872	2,309	1,872	2,309
	1,151,144,663	858,896,527	2,296,901	792,807	802,706	401,304

Credit risk by public / private sector	2020	2019	2020	2019	2020	2019
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Public / Government	1,022,772,243	823,375,824	-	391,504	-	-
Private	128,372,420	35,520,703	2,296,901	401,303	802,706	401,304
	1,151,144,663	858,896,527	2,296,901	792,807	802,706	401,304

49.2.3 Advances

Credit risk by industry sector	2020	2019	2020	2019	2020	2019
	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Agri business	7,598,682	9,637,263	1,170,019	716,680	599,102	316,451
Airlines	5,401,008	7,495,899	1,452,187	1,429,361	1,452,187	1,429,288
Automobile and transportation equipment	21,781,261	16,857,339	670,160	122,851	166,469	122,105
Cables	1,026,167	1,175,344	616,751	646,792	616,751	646,792
Cement	8,822,532	7,919,680	285,636	278,426	285,636	136,211
Chemical and pharmaceuticals	6,336,985	12,846,614	113,399	127,834	113,399	120,009
Construction	22,498,752	27,603,129	7,112,201	7,124,989	6,159,594	3,691,935
Contractors	4,753,204	9,971,659	1,120,451	842,215	1,120,451	679,587
Electronics and electrical appliances	10,092,057	13,708,661	8,367,344	8,243,692	6,366,180	6,230,582
Engineering	15,557,031	20,368,902	1,516,238	1,109,848	446,044	39,379
Fertilizer dealers	11,819,949	14,811,984	63,246	53,298	61,996	46,548
Financial	50,589,366	49,738,983	3,530,909	3,459,784	3,530,910	3,459,718
Food industries	70,998,888	81,992,107	7,514,318	7,479,545	5,609,657	5,475,103
Glass and allied	277,867	386,633	-	-	-	-
Hotels	3,664,003	2,111,627	595,259	616,777	595,259	616,777
Individuals	67,544,297	69,625,877	8,436,830	8,564,083	5,733,393	5,282,435
Paper and allied	2,013,682	2,000,326	639,480	625,182	628,987	614,656
Polyester and fiber	3,280,957	4,498,424	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	155,746,888	193,356,305	5,068,974	4,890,901	3,391,991	4,925,046
Shoes and leather garments	2,816,497	2,975,885	2,191,352	2,320,414	2,189,602	2,281,613
Sports goods	173,915	272,124	4,300	5,100	4,300	5,100
Sugar	4,454,866	5,626,661	175,729	180,729	175,729	180,729
Surgical and metal	200,557	42,987	-	-	-	-
Telecommunication	24,101,854	20,027,491	3,293,224	2,815,881	3,293,224	2,827,769
Textile composite	40,862,679	32,023,671	3,782,368	3,910,358	3,782,368	3,910,358
Textile others	11,989,559	17,595,545	2,047,876	2,402,729	2,041,748	2,395,346
Textile spinning	12,912,492	19,088,233	3,662,420	3,867,407	3,662,420	3,867,407
Textile weaving	5,975,856	7,819,768	351,348	421,724	351,348	356,813
Wholesale traders	38,286,171	35,673,686	11,210,283	8,069,156	10,600,840	7,977,518
Others	79,624,528	74,802,537	8,687,513	5,929,786	7,480,361	4,675,589
	691,202,550	762,055,344	85,256,866	77,832,593	72,036,997	63,887,915

Credit risk by public / private sector	2020	2019	2020	2019	2020	2019
	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Public / Government	205,551,504	331,031,291	1,089,630	1,089,630	22,313	22,313
Private	485,651,046	431,024,053	84,167,236	76,742,963	72,014,684	63,865,602
	691,202,550	762,055,344	85,256,866	77,832,593	72,036,997	63,887,915

49.2.4 Contingencies and Commitments

	2020	2019
	(Rupees in '000)	
Credit risk by industry sector		
Agri business	17,715,477	5,468,525
Airlines	2,262,738	1,799,768
Automobile and transportation equipment	1,957,467	1,969,736
Cables	574,708	359,209
Cement	2,684,328	5,557,937
Chemical and pharmaceuticals	4,807,699	3,534,842
Construction	5,062,724	12,048,828
Containers and ports	1,069,170	1,154,416
Contractors	1,782,745	2,649,175
Electronics and electrical appliances	2,468,867	398,469
Engineering	9,018,950	8,274,367
Fertilizer dealers	5,651,372	3,179,706
Financial	767,692,723	1,075,399,609
Food industries	5,254,917	7,336,979
Glass and allied	186,220	287,000
Hotels	2,015,989	69,740
Individuals	18,277,661	15,431,641
Paper and allied	1,686,887	2,638,436
Polyester and fiber	2,829,494	3,819,949
Production and transmission of energy	127,733,243	142,488,054
Shoes and leather garments	30,075	56,330
Sugar	58,914	99,262
Surgical and metal	507,612	155,994
Telecommunication	4,985,508	14,700,186
Textile composite	1,899,882	673,835
Textile others	6,064,991	6,143,341
Textile spinning	6,375,600	2,261,400
Textile weaving	2,284,934	1,614,426
Wholesale traders	1,434,752	1,270,211
Others	130,131,893	143,111,207
	1,134,507,540	1,463,952,578
Credit risk by public / private sector		
Public / Government	256,923,452	426,665,080
Private	877,584,088	1,037,287,498
	1,134,507,540	1,463,952,578

49.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 284,824.155 million (2019: Rs. 307,756.547 million) are as following:

	2020	2019
	(Rupees in '000)	
Funded	140,816,028	175,759,229
Non Funded	144,008,127	131,997,318
Total Exposure	284,824,155	307,756,547

The sanctioned limits against these top 10 exposures aggregated to Rs. 306,651 million (2019: Rs. 322,710 million).

49.2.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2020						
		Utilisation					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	127,665,134	127,665,134	-	-	-	-	-
Sindh	195,268,735	-	195,268,735	-	-	-	-
KPK including FATA	986,009	-	-	986,009	-	-	-
Balochistan	826,969	-	-	-	826,969	-	-
Islamabad	117,094,564	-	-	-	-	117,094,564	-
AJK including Gilgit-Baltistan	119,277	-	-	-	-	-	119,277
Total	441,960,688	127,665,134	195,268,735	986,009	826,969	117,094,564	119,277

Province / Region	2019						
		Utilisation					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	163,251,257	163,251,257	-	-	-	-	-
Sindh	221,221,535	-	221,221,535	-	-	-	-
KPK including FATA	1,409,927	-	-	1,409,927	-	-	-
Balochistan	869,842	-	-	-	869,842	-	-
Islamabad	120,402,344	-	-	-	-	120,402,344	-
AJK including Gilgit-Baltistan	151,138	-	-	-	-	-	151,138
Total	507,306,043	163,251,257	221,221,535	1,409,927	869,842	120,402,344	151,138

49.3 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

Measuring and controlling market risk is usually carried out at a portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers.

Trading activities are centered in the Treasury and Capital Markets Group which facilitates clients and also runs proprietary positions. The Bank is active in the cash and derivative markets for equity, interest rate and foreign exchange.

The Market and Treasury Risk division performs market risk management activities. Within this division, the Market Risk Management unit is responsible for the development and review of market risk policies and processes, and is involved in research, financial modeling and testing / implementation of risk management systems, while Treasury Middle Office is responsible for implementation and monitoring of market risk and other policies, escalation of deviations to senior management, and MIS reporting.

The functions of the Market Risk Management unit are as follows:

- To keep the market risk exposure within the Bank's risk appetite as assigned by the BoD and the BRCC.
- To develop, review and upgrade procedures for the effective implementation of market risk management policies approved by the BoD and BRCC.

- To review new product proposals and propose / recommend / approve procedures for the management of their market risk. Various limits are assigned to different businesses on a product / portfolio basis. The products are approved through product programs, where risks are identified and limits and parameters are set. Any transactions / products falling outside these product programs are approved through separate transaction / product memos.

- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and Trading books.

49.3.1 Balance sheet split by trading and Banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	258,139,459	-	258,139,459	243,370,701	-	243,370,701
Balances with other banks	29,583,028	-	29,583,028	42,958,677	-	42,958,677
Lendings to financial institutions	22,212,442	-	22,212,442	21,692,946	-	21,692,946
Investments	473,506,698	694,296,814	1,167,803,512	481,796,303	392,639,599	874,435,902
Advances	611,851,676	-	611,851,676	694,548,909	-	694,548,909
Fixed assets	57,467,580	-	57,467,580	58,276,411	-	58,276,411
Intangible assets	2,034,551	-	2,034,551	2,070,938	-	2,070,938
Deferred tax assets	4,682,494	-	4,682,494	1,723,553	-	1,723,553
Other assets	48,101,456	-	48,101,456	83,740,942	-	83,740,942
	1,507,579,384	694,296,814	2,201,876,198	1,630,179,380	392,639,599	2,022,818,979

49.3.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures are monitored by currency to ensure that they remain within the established limits for each currency. Exposures are also monitored on an overall basis to ensure compliance with the Bank's SBP approved Foreign Exchange Exposure Limit.

The Bank is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by the Treasury and Capital Markets Group (TCM). These trading exposures are monitored through prescribed stress tests and sensitivity analyses.

The Bank's reporting currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in multiple currencies. From time to time, TCM proactively hedges foreign currency exposures resulting from its market making activities, subject to pre-defined limits.

	2020				2019			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
US Dollar	239,260,492	156,482,938	(82,520,635)	256,919	258,417,224	178,391,299	(81,396,583)	(1,370,658)
Pound Sterling	103,199,482	105,663,768	18,988,835	16,524,549	71,297,070	77,190,868	20,344,001	14,450,203
Japanese Yen	117,063	98,096	(16,149)	2,818	140,649	116,872	(18,246)	5,531
Euro	4,861,379	9,554,178	4,725,445	32,646	4,002,248	9,188,690	5,327,214	140,772
UAE Dirham	73,959,036	156,890,634	81,890,688	(1,040,910)	95,773,140	183,810,055	89,194,894	1,157,979
Bahraini Dinar	13,936,810	26,800,952	11,751,534	(1,112,608)	15,484,445	25,325,947	10,065,814	224,312
Qatari Riyal	16,168,969	28,718,594	12,279,612	(270,013)	18,613,184	27,147,501	9,359,104	824,787
Other Currencies	12,453,437	9,484,821	1,359,952	4,328,568	10,400,587	7,640,844	710,475	3,470,218
	463,956,668	493,693,981	48,459,282	18,721,969	474,128,547	508,812,076	53,586,673	18,903,144

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account				
+1% change	-	-	-	-
-1% change	-	-	-	-
- Other comprehensive income				
+1% change	187,220	-	189,031	-
-1% change	(187,220)	-	(189,031)	-

49.3.3 Equity position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the prices of individual stocks or the levels of equity indices. The Bank's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. The Bank has availed the relaxation given by the SBP in respect of determining the impairment charge against AFS securities and has accordingly recognised the impairment charge in a phased manner equally on a quarterly basis during the year ended December 31, 2020. Product program manuals have been developed to provide guidelines on the objectives and policies, risks and mitigants, limits and controls for the equity portfolios of the Bank.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on,				
Other comprehensive income				
+5% change	-	552,685	-	709,219
-5% change	-	(552,685)	-	(709,219)

49.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account				
+1% change	(1,283,867)	(3,363)	(817,943)	(141,853)
-1% change	1,314,457	3,363	875,384	141,853
- Other comprehensive income				
+1% change	(4,314,788)	(1,731,516)	(4,639,066)	(1,630,607)
-1% change	4,314,788	1,731,516	4,639,066	1,630,607

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

49.3.5 Mismatch of interest rate sensitive assets and liabilities

	2020											
			Exposed to yield / interest rate risk									
	Effective yield / interest rate	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	Non-interest bearing financial instruments
	%	(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.07%	258,139,459	14,636,825	-	-	-	-	-	-	-	-	243,502,634
Balances with other banks	1.47%	29,583,028	4,090,463	1,599,953	-	-	-	-	-	-	-	23,892,612
Lendings to financial institutions	9.00%	22,212,442	20,967,925	1,000,000	-	119,998	-	-	-	-	-	124,519
Investments	9.54%	1,167,803,512	127,240,088	339,731,699	300,861,380	82,673,870	108,950,460	4,758,557	48,464,294	85,673,366	-	69,449,798
Advances												
Performing	9.11%	598,631,807	83,921,416	296,448,150	133,832,851	18,286,171	6,461,209	5,841,422	11,238,801	28,696,940	10,452,059	3,452,788
Non-performing - net of provision		13,219,869	-	-	-	-	-	-	-	-	-	13,219,869
Other assets		36,922,938	-	-	-	-	-	-	-	-	-	36,922,938
		2,126,513,055	250,856,717	638,779,802	434,694,231	101,080,039	115,411,669	10,599,979	59,703,095	114,370,306	10,452,059	390,565,158
Liabilities												
Bills payable		29,741,206	-	-	-	-	-	-	-	-	-	29,741,206
Borrowings	6.97%	131,827,185	65,776,619	22,845,918	6,870,621	12,189,517	1,245,978	1,422,721	21,087,774	-	-	388,037
Deposits and other accounts	4.02%	1,764,392,286	89,530,531	745,867,434	53,991,988	47,180,183	16,978,078	22,749,416	58,728,986	3,689,601	150	725,675,919
Liabilities against assets subject to finance lease		15,957	-	-	-	-	-	-	-	-	-	15,957
Subordinated debt	11.00%	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		39,159,161	-	-	-	-	-	-	-	-	-	39,159,161
		1,975,135,795	165,307,150	768,713,352	60,862,609	59,369,700	18,224,056	24,172,137	79,816,760	3,689,601	150	794,980,280
On-balance sheet gap		151,377,260	85,549,567	(129,933,550)	373,831,622	41,710,339	97,187,613	(13,572,158)	(20,113,665)	110,680,705	10,451,909	(404,415,122)
Net non financial assets		56,254,626										
Total net assets		207,631,886										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		-	-	-	-	-	-	-	-	-	-	-
Interest Rate Derivatives - Short position		-	-	-	-	-	-	-	-	-	-	-
FX Options - Long position		-	-	-	-	-	-	-	-	-	-	-
FX Options - Short position		-	-	-	-	-	-	-	-	-	-	-
Forward Purchase of Government Securities		-	-	-	-	-	-	-	-	-	-	-
Forward Sale of Government Securities		-	-	-	-	-	-	-	-	-	-	-
Foreign currency forward purchases		366,797,666	130,807,996	100,357,088	75,434,166	35,085,123	-	-	-	-	-	25,113,293
Foreign currency forward sales		(316,267,981)	(123,006,601)	(82,679,373)	(50,909,910)	(35,100,619)	-	-	-	-	-	(24,571,478)
Off-balance sheet Gap		50,529,685	7,801,395	17,677,715	24,524,256	(15,496)	-	-	-	-	-	541,815
Total Yield / Interest Rate Risk Sensitivity Gap		201,906,945	93,350,962	(112,255,835)	398,355,878	41,694,843	97,187,613	(13,572,158)	(20,113,665)	110,680,705	10,451,909	(403,873,307)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			93,350,962	(18,904,873)	379,451,005	421,145,848	518,333,461	504,761,303	484,647,638	595,328,343	605,780,252	201,906,945

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2019											
			Exposed to yield / interest rate risk									Non-interest bearing financial instruments
	Effective yield / interest rate	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
	%	(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.26%	243,370,701	18,775,252	-	-	-	-	-	-	-	-	224,595,449
Balances with other banks	3.92%	42,958,677	14,471,460	4,114,633	414,242	-	-	-	-	-	-	23,958,342
Lendings to financial institutions	11.10%	21,692,946	21,460,699	-	-	-	232,247	-	-	-	-	-
Investments	9.83%	874,435,902	132,620,728	176,258,597	75,364,095	82,406,608	130,994,342	97,829,747	59,685,713	92,959,094	5,719,743	20,597,235
Advances												
Performing	10.47%	680,604,231	215,006,227	214,441,134	187,624,344	27,097,774	4,584,859	1,936,494	24,338,798	2,158,272	519,132	2,897,197
Non-performing - net of provision		13,944,678	-	-	-	-	-	-	-	-	-	13,944,678
Other assets		58,210,262	-	-	-	-	-	-	-	-	-	58,210,262
		1,935,217,397	402,334,366	394,814,364	263,402,681	109,504,382	135,811,448	99,766,241	84,024,511	95,117,366	6,238,875	344,203,163
Liabilities												
Bills payable		22,929,220	-	-	-	-	-	-	-	-	-	22,929,220
Borrowings	8.79%	170,405,060	80,516,873	41,240,233	7,405,589	16,077,188	24,576,902	-	-	-	-	588,275
Deposits and other accounts	4.89%	1,557,995,306	106,138,117	631,620,349	65,878,882	30,552,709	56,857,711	12,737,653	16,067,264	33,300,703	4,234,301	600,607,617
Liabilities against assets subject to finance lease		19,095	-	-	-	-	-	-	-	-	-	19,095
Subordinated debt	13.51%	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		48,173,086	-	-	-	-	-	-	-	-	-	48,173,086
		1,809,521,767	196,654,990	672,860,582	73,284,471	46,629,897	81,434,613	12,737,653	16,067,264	33,300,703	4,234,301	672,317,293
On-balance sheet gap		125,695,630	205,679,376	(278,046,218)	190,118,210	62,874,485	54,376,835	87,028,588	67,957,247	61,816,663	2,004,574	(328,114,130)
Net non financial assets		65,176,241										
Total net assets		190,871,871										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		316,500	-	316,500	-	-	-	-	-	-	-	-
Interest Rate Derivatives - Short position		(316,500)	-	(316,500)	-	-	-	-	-	-	-	-
FX Options - Long position		61,297	61,297	-	-	-	-	-	-	-	-	-
FX Options - Short position		(61,297)	(61,297)	-	-	-	-	-	-	-	-	-
Forward Purchase of Government Securities		3,043,541	-	3,043,541	-	-	-	-	-	-	-	-
Forward Sale of Government Securities		(11,264,179)	(2,008,835)	-	-	(9,208,510)	-	(46,834)	-	-	-	-
Foreign currency forward purchases		508,996,241	224,824,756	149,166,343	107,694,181	27,310,961	-	-	-	-	-	-
Foreign currency forward sales		(453,349,536)	(214,401,442)	(121,636,949)	(98,569,424)	(18,741,721)	-	-	-	-	-	-
Off-balance sheet Gap		47,426,067	8,414,479	30,572,935	9,124,757	(639,270)	-	(46,834)	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		173,121,697	214,093,855	(247,473,283)	199,242,967	62,235,215	54,376,835	86,981,754	67,957,247	61,816,663	2,004,574	(328,114,130)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			214,093,855	(33,379,428)	165,863,539	228,098,754	282,475,589	369,457,343	437,414,590	499,231,253	501,235,827	173,121,697

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

49.4 Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank. The operational risk management framework of the Bank is governed by the Operational Risk Management Policy and Procedures, while the implementation is supported by an operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

In accordance with the Operational Risk policy and framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the Bank, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives.

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

49.5 Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Assets and Liabilities Management Committee (ALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required.

The Bank’s approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank’s business.

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

49.5.1 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group (ALCO)

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The maturity profile of certain non-contractual assets and liabilities which are related to specific assets and liabilities follows the maturity profile of the underlying asset or liability. The maturity profile of other non-contractual assets and liabilities is expected to follow historical patterns of behaviour. The methodology and the assumptions used to derive the maturity profile of non-contractual assets and liabilities have been approved by ALCO.

	2020									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	258,139,459	147,836,420	5,066,408	4,965,281	7,187,883	9,999,287	7,672,723	12,167,183	50,122,466	13,121,808
Balances with other banks	29,583,028	21,693,250	2,070,356	5,317,607	501,815	-	-	-	-	-
Lendings to financial institutions	22,212,442	21,092,443	1,000,000	-	119,999	-	-	-	-	-
Investments	1,167,803,512	75,979,879	178,172,798	144,162,841	104,644,449	135,381,143	45,391,711	144,156,199	330,441,580	9,472,912
Advances - Performing	598,631,807	90,757,530	94,913,476	94,334,295	67,853,905	67,214,286	53,973,022	94,268,815	30,092,315	5,224,163
- Non-performing - net of provision	13,219,869	-	-	-	-	-	-	-	1,351,794	11,868,075
Operating fixed assets	57,467,580	6,411,560	483,463	796,145	923,884	2,358,877	2,263,281	2,971,622	4,749,641	36,509,107
Intangible assets	2,034,551	173,047	7,904	10,113	99,212	282,015	439,821	744,760	277,679	-
Deferred tax assets	4,682,494	-	-	-	1,170,623	1,170,623	1,170,624	1,170,624	-	-
Other assets	48,101,456	9,365,467	10,824,050	4,754,839	9,825,189	5,064,441	1,262,749	2,320,995	4,374,863	308,863
	2,201,876,198	373,309,596	292,538,455	254,341,121	192,326,959	221,470,672	112,173,931	257,800,198	421,410,338	76,504,928
Liabilities										
Bills payable	29,741,206	10,637,200	7,780,787	7,625,482	3,697,737	-	-	-	-	-
Borrowings	131,827,185	69,373,135	26,275,519	7,579,703	34,728	4,698,445	1,189,722	3,554,904	19,121,029	-
Deposits and other accounts	1,764,392,286	234,373,167	168,652,779	107,722,793	128,578,333	130,560,631	114,229,849	186,811,450	506,721,822	186,741,462
Liabilities against assets subject to finance lease	15,957	15,957	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	58,267,678	17,982,610	36,193,968	193,822	1,829,880	207,331	44,142	73,858	1,090,578	651,489
	1,994,244,312	332,382,069	238,903,053	123,121,800	134,140,678	135,466,407	115,463,713	190,440,212	536,933,429	187,392,951
Net assets	207,631,886	40,927,527	53,635,402	131,219,321	58,186,281	86,004,265	(3,289,782)	67,359,986	(115,523,091)	(110,888,023)
Represented by:										
Share capital	12,241,797									
Reserves	71,020,586									
Surplus on revaluation of assets	29,334,212									
Unappropriated profit	87,527,909									
Non-controlling interest	7,507,382									
	207,631,886									

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2019									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	243,370,701	142,251,615	5,666,087	5,552,991	8,038,669	11,182,841	8,580,896	13,607,338	36,689,021	11,801,243
Balances with other banks	42,958,677	24,003,138	10,311,479	7,716,781	927,279	-	-	-	-	-
Lendings to financial institutions	21,692,946	21,460,698	-	-	-	232,248	-	-	-	-
Investments	874,435,902	146,178,407	106,960,278	43,446,348	101,572,398	116,424,350	80,484,853	59,733,731	204,348,089	15,287,448
Advances - Performing	680,604,231	146,149,885	92,358,928	77,806,365	65,857,826	55,360,785	51,575,072	105,470,884	67,933,593	18,090,893
- Non-performing - net of provision	13,944,678	-	-	-	-	-	-	-	-	13,944,678
Operating fixed assets	58,276,411	6,386,121	362,763	596,288	936,068	2,007,987	2,412,223	3,296,325	5,209,865	37,068,771
Intangible assets	2,070,938	95,391	1,008	367,921	188,794	305,682	469,543	285,842	356,757	-
Deferred tax assets	1,723,553	-	-	-	430,888	430,888	430,888	430,889	-	-
Other assets	83,740,942	15,784,847	19,291,079	6,293,590	24,897,473	4,091,264	3,899,797	2,691,055	5,493,455	1,298,382
	2,022,818,979	502,310,102	234,951,622	141,780,284	202,849,395	190,036,045	147,853,272	185,516,064	320,030,780	97,491,415
Liabilities										
Bills payable	22,929,220	7,815,283	5,719,262	5,605,105	3,789,570	-	-	-	-	-
Borrowings	170,405,060	72,570,699	37,241,931	21,959,335	15,983,962	530,363	242,987	2,293,306	19,564,718	17,759
Deposits and other accounts	1,557,995,306	211,814,178	155,568,524	115,173,509	160,453,780	150,309,222	117,925,901	163,162,006	365,286,013	118,302,173
Liabilities against assets subject to finance lease	19,095	19,095	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	70,598,427	30,423,583	10,915,096	7,570,412	5,454,894	2,370,122	3,088,462	3,336,709	3,422,863	4,016,286
	1,831,947,108	322,642,838	209,444,813	150,308,361	185,682,206	153,209,707	121,257,350	168,792,021	398,273,594	122,336,218
Net assets	190,871,871	179,667,264	25,506,809	(8,528,077)	17,167,189	36,826,338	26,595,922	16,724,043	(78,242,814)	(24,844,803)
Represented by:										
Share capital	12,241,797									
Reserves	66,676,412									
Surplus on revaluation of assets	27,404,558									
Unappropriated profit	77,335,249									
Non-controlling interest	7,213,855									
	190,871,871									

49.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

The maturity profile presented below has been prepared as required by IFRS on the basis of contractual maturities, except for products that do not have a contractual maturity which are shown in the first bucket.

	2020													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	258,139,459	7,301,407	-	-	250,838,052	-	-	-	-	-	-	-	-	-
Balances with other banks	29,583,028	14,830,456	5,215,184	639,338	1,227,760	2,070,356	-	5,317,607	282,327	-	-	-	-	-
Lendings to financial institutions	22,212,442	124,519	5,916,793	5,591,999	9,459,132	1,000,000	-	-	-	119,999	-	-	-	-
Investments	1,167,803,512	19,055,380	1,598,684	686,207	71,198,185	20,814,468	157,358,330	144,162,842	71,436,849	22,153,944	135,381,142	45,391,712	144,156,199	334,409,570
Advances	611,851,676	21,624,442	5,361,867	6,359,416	57,411,805	20,740,024	74,173,452	94,334,295	25,198,747	42,655,158	67,214,286	53,973,022	94,268,815	48,536,347
Operating fixed assets	57,467,580	6,102,870	-	-	308,690	-	483,463	796,145	-	923,884	2,358,877	2,263,281	2,971,622	41,258,748
Intangible assets	2,034,551	172,984	-	-	63	-	7,904	10,113	-	99,212	282,015	439,821	744,760	277,679
Deferred tax assets	4,682,494	-	-	-	4,682,494	-	-	-	-	-	-	-	-	-
Other assets	48,101,456	1,262,586	232	267	8,102,382	-	10,824,050	4,754,839	14,114	9,811,075	5,064,439	1,262,749	2,320,995	4,683,728
	2,201,876,198	70,474,644	18,092,760	13,277,227	403,228,563	44,624,848	242,847,199	249,375,841	96,932,037	75,763,272	210,300,759	103,330,585	244,462,391	429,166,072
Liabilities														
Bills payable	29,741,206	7,393	-	-	29,733,813	-	-	-	-	-	-	-	-	-
Borrowings	131,827,185	2,381	60,875,284	268,499	8,226,971	9,284,092	16,991,427	7,579,703	4,600	30,128	4,698,445	1,189,722	3,554,904	19,121,029
Deposits and other accounts	1,764,392,286	1,247,935,615	32,673,737	18,328,958	73,460,827	37,674,360	77,850,744	55,655,556	20,443,816	32,760,492	25,705,495	33,771,673	59,223,186	48,907,827
Liabilities against assets subject to finance lease	15,957	15,957	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	58,267,678	1,297,800	667	369	16,683,774	965	36,193,003	193,822	-	1,829,880	207,331	44,142	73,858	1,742,067
	1,994,244,312	1,249,259,146	93,549,688	18,597,826	128,105,385	46,959,417	131,035,174	63,429,081	20,448,416	34,620,500	30,611,271	35,005,537	62,851,948	79,770,923
Net assets	207,631,886	(1,178,784,502)	(75,456,928)	(5,320,599)	275,123,178	(2,334,569)	111,812,025	185,946,760	76,483,621	41,142,772	179,689,488	68,325,048	181,610,443	349,395,149
Represented by:														
Share capital	12,241,797													
Reserves	71,020,586													
Unappropriated profit	87,527,909													
Surplus on revaluation of assets	29,334,212													
Non-controlling interest	7,507,382													
	207,631,886													

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2020

	2019													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	243,370,701	7,508,933	-	-	235,861,768	-	-	-	-	-	-	-	-	-
Balances with other banks	42,958,677	22,080,241	5,256,950	1,506,565	1,964,263	3,539,300	-	7,684,081	382,596	544,681	-	-	-	-
Lendings to financial institutions	21,692,946	-	2,277,580	7,738,865	11,444,254	-	-	-	-	-	232,247	-	-	-
Investments	874,435,902	46,710,311	2,154,480	-	117,098,529	20,879,545	86,080,733	43,446,348	81,147,763	6,203,585	116,424,350	80,484,853	59,733,731	214,071,674
Advances	694,548,909	477,127	37,297	-	145,635,461	3,155,796	89,203,132	77,806,365	1,640,372	64,217,454	55,360,785	51,575,072	105,470,884	99,969,164
Operating fixed assets	58,276,411	5,792,485	-	-	593,636	-	362,763	596,288	-	936,068	2,007,987	2,412,223	3,296,325	42,278,636
Intangible assets	2,070,938	95,385	-	-	6	-	1,008	367,921	-	188,794	305,682	469,543	285,842	356,757
Deferred tax assets	1,723,553	-	-	-	1,723,553	-	-	-	-	-	-	-	-	-
Other assets	83,740,942	1,239,944	1,670	-	14,543,233	-	19,291,079	6,293,590	14,114	24,883,359	4,091,264	3,899,797	2,961,055	6,521,837
	2,022,818,979	83,904,426	9,727,977	9,245,430	528,864,703	27,574,641	194,938,715	136,194,593	83,184,845	96,973,941	178,422,315	138,841,488	171,747,837	363,198,068
Liabilities														
Bills payable	22,929,220	2,624	-	-	22,926,596	-	-	-	-	-	-	-	-	-
Borrowings	170,405,060	752,368	71,035,629	2,556,371	3,114,315	17,816,644	14,537,304	21,959,335	15,937,067	46,895	530,363	242,987	2,293,306	19,582,476
Deposits and other accounts	1,557,995,306	1,153,962,216	22,945,217	47,956,308	27,342,396	26,847,462	65,976,506	53,681,347	28,357,730	43,078,232	26,473,785	13,360,155	33,552,927	14,461,025
Liabilities against assets subject to finance lease	19,095	19,095	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Other liabilities	70,598,427	1,137,831	6,300	1,001	29,799,147	9,092	10,896,698	7,570,412	-	5,454,894	2,370,122	3,088,462	3,336,709	6,927,759
	1,831,947,108	1,155,874,134	93,987,146	50,513,680	83,182,454	44,673,198	91,410,508	83,211,094	44,294,797	48,580,021	29,374,270	16,691,604	39,182,942	50,971,260
Net assets	190,871,871	(1,071,969,708)	(84,259,169)	(41,268,250)	445,682,249	(17,098,557)	103,528,207	52,983,499	38,890,048	48,393,920	149,048,045	122,149,884	132,564,895	312,226,808

Represented by:	
Share capital	12,241,797
Reserves	66,676,412
Unappropriated profit	77,335,249
Surplus on revaluation of assets	27,404,558
Non-controlling interest	7,213,855
	190,871,871

50. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

50.1 The Board of Directors in its meeting held on February 24, 2021, has proposed a final cash dividend in respect of 2020 of Rs. 9.5 per share (2019: Rs. 4.0 per share). In addition, the Directors have also announced a bonus issue of nil (2019: nil). These appropriations will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2020, do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2021.

51. GENERAL

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

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

52. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 24, 2021, by the Board of Directors of the Bank.

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

Annexure 'III' as referred to in Note 11.6 of the Group's Consolidated Financial Statements

Disposals of operating fixed assets to related parties during the year 2020

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	(Rupees in '000)					
Land & Building						
Leasehold Land	6,557	6,557	-	2,215	Claim proceeds	UBL Insurers Limited
Leasehold Improvements	1,628	1,628	-	550	Claim proceeds	UBL Insurers Limited
Leasehold Improvements	3,222	2,416	806	1,088	Claim proceeds	UBL Insurers Limited
	11,407	**10,601**	**806**	**3,853**		
Vehicles						
Toyota Corolla	1,807	1,410	397	1,400	Claim proceeds	UBL Insurers Limited
Toyota Corolla	1,807	1,626	181	1,400	Claim proceeds	UBL Insurers Limited
Pool Car	2,728	2,728	-	1,750	Claim proceeds	UBL Insurers Limited
Mercedes S500	35,829	23,110	12,719	19,885	Buy Back	Sima Kamil
	42,171	**28,874**	**13,297**	**24,435**		
Electrical, office and computer equipment						
15 KVA Genset	1,419	1,254	165	416	Claim proceeds	UBL Insurers Limited
30 KVA Genset	1,618	1,618	-	890	Claim proceeds	UBL Insurers Limited
40 KVA Genset	1,818	1,818	-	545	Claim proceeds	UBL Insurers Limited
20 KVA Genset	1,065	1,065	-	108	Claim proceeds	UBL Insurers Limited
	5,920	**5,755**	**165**	**1,959**		
Total	**59,498**	**45,230**	**14,268**	**30,247**		

Consolidated Statement of Financial Position

As at December 31, 2020

	2020	2019
	------ (US Dollars in '000) ------	
ASSETS		
Cash and balances with treasury banks	1,615,043	1,522,643
Balances with other banks	185,085	268,770
Lendings to financial institutions	138,972	135,721
Investments	7,306,334	5,470,887
Advances	3,828,035	4,345,428
Fixed assets	359,545	364,605
Intangible assets	12,729	12,957
Deferred tax assets	29,296	10,783
Other assets	300,946	523,923
	13,775,985	12,655,717
LIABILITIES		
Bills payable	186,075	143,456
Borrowings	824,774	1,066,135
Deposits and other accounts	11,038,877	9,747,559
Liabilities against assets subject to finance lease	100	119
Subordinated debt	62,565	62,565
Deferred tax liabilities	-	-
Other liabilities	364,549	441,698
	12,476,940	11,461,532
NET ASSETS	1,299,045	1,194,185
REPRESENTED BY:		
Share capital	76,591	76,591
Reserves	444,339	417,159
Surplus on revaluation of assets	183,529	171,456
Unappropriated profit	547,616	483,846
Total equity attributable to the equity holders of the Bank	1,252,075	1,149,052
Non-controlling interest	46,970	45,133
	1,299,045	1,194,185
CONTINGENCIES AND COMMITMENTS		

These figures have been converted at Rs. 159.8344 per US Dollar from the audited consolidated financial statements.

Consolidated Profit and Loss Account

For the year ended December 31, 2020

	2020	2019
	------ (US Dollars in '000) ------	
Mark-up / return / interest earned	976,503	984,005
Mark-up / return / interest expensed	494,296	587,714
Net mark-up / interest income	482,207	396,291
Non mark-up / interest income		
Fee and commission income	80,271	98,384
Dividend income	5,456	7,028
Foreign exchange income	24,137	29,212
(Loss) / income from derivatives	(82)	404
Gain on securities - net	3,818	1,356
Other income	4,300	11,007
Total non mark-up / interest income	117,900	147,391
Total income	600,107	543,682
Non mark-up / interest expenses		
Operating expenses	273,677	274,306
Workers' Welfare Fund	5,468	4,679
Other charges	1,047	251
Total non mark-up / interest expenses	280,192	279,236
Share of profit of associates	3,157	4,860
Profit before provisions	323,072	269,306
Provisions and write offs - net	107,960	45,757
Profit before taxation from continuing operations	215,112	223,549
Taxation	84,946	96,707
Profit after taxation from continuing operations	130,166	126,842
Discontinued operation		
Loss from discontinued operation - net of tax	(102)	(7,665)
	130,064	119,177
Attributable to:		
Equity holders of the Bank		
from continuing operations	131,101	127,135
from discontinued operation	(102)	(7,665)
	130,999	119,470
Non-controlling interest	(935)	(293)
	130,064	119,177
	---------- (US Dollars) ----------	
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank		
Basic and diluted	0.11	0.10
Earnings per share for profit attributable to the ordinary equity holders of the Bank		
Basic and diluted	0.11	0.10

These figures have been converted at Rs. 159.8344 per US Dollar from the audited consolidated financial statements.

Category of Shareholders

As on December 31, 2020

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	11	19,306,238.00	1.5771
BANKS, DFI & NBFI	18	26,004,716.00	2.1243
INSURANCE COMPANIES	22	67,048,735.00	5.477
MUTUAL FUNDS	56	40,967,013.00	3.3465
GENERAL PUBLIC (LOCAL)	20,551	63,761,834.00	5.2085
GENERAL PUBLIC (FOREIGN)	1,248	14,551,766.00	1.1887
OTHERS	99	39,690,105.00	3.2422
FOREIGN COMPANIES	157	822,260,524.00	67.1683
GOVT. OWNED ENTITIES / BANKS	2	2,201,714.00	0.1799
JOINT STOCK COMPANIES	158	127,304,154.00	10.3991
PUBLIC SECTOR COMPANIES	1	118,628.00	0.0097
CHARITABLE TRUSTS	15	963,789.00	0.0787
MODARABAS	1	471.00	0.0000
Total	**22,339**	**1,224,179,687.00**	**100.0000**

Details of Mutual Funds & Modarabas

As on December 31, 2020

MUTUAL FUNDS

Folio No	Name	Code	Balance Held	Percentage
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	006	101,000	0.0083
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	3,310,948	0.2705
006411000021	CDC - TRUSTEE AKD INDEX TRACKER FUND	006	116,429	0.0095
006619000026	CDC - TRUSTEE AKD OPPORTUNITY FUND	006	290,000	0.0237
011924000022	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	006	374,199	0.0306
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	800,231	0.0654
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	291,000	0.0238
017640000020	CDC - TRUSTEE ALLIED FINERGY FUND	006	285,200	0.0233
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	290,860	0.0238
014134000025	CDC - TRUSTEE ATLAS INCOME FUND - MT	006	200,120	0.0163
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	5,099,463	0.4166
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	273,344	0.0223
006171000021	CDC - TRUSTEE FAYSAL STOCK FUND	006	998	0.0001
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	37,000	0.0030
017277000026	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	006	12,200	0.0010
012310000025	CDC - TRUSTEE FIRST HABIB STOCK FUND	006	27,000	0.0022
017921000026	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	006	15,000	0.0012
010728000027	CDC - TRUSTEE HBL - STOCK FUND	006	1,178,610	0.0963
013607000028	CDC - TRUSTEE HBL EQUITY FUND	006	320,590	0.0262
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	69,700	0.0057
013714000025	CDC - TRUSTEE HBL PF EQUITY SUB FUND	006	124,858	0.0102
005652000023	CDC - TRUSTEE JS LARGE CAP. FUND	006	110,000	0.0090
010660000025	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	006	44,300	0.0036
012336000023	CDC - TRUSTEE LAKSON EQUITY FUND	006	1,192,279	0.0974
016535000024	CDC - TRUSTEE LAKSON TACTICAL FUND	006	127,047	0.0104
011262000023	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	006	804,640	0.0657
005371000028	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	006	5,778,883	0.4721
014902000021	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	006	841,099	0.0687
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	246,891	0.0202
017442000025	CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	006	632,300	0.0517
018291000023	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	006	90,442	0.0074
016022000026	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	006	6,084	0.0005
012880000027	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	006	321,349	0.0263
018234000029	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	006	28,808	0.0024
012625000027	CDC - TRUSTEE NBP SARMAYA IZAFA FUND	006	233,803	0.0191
016246000020	CDC - TRUSTEE NBP SAVINGS FUND - MT	006	9,374	0.0008
009480000021	CDC - TRUSTEE NBP STOCK FUND	006	6,423,363	0.5247
018002000026	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	006	144,623	0.0118
018010000025	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	006	27,816	0.0023
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	2,276,102	0.1859
005488000025	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	006	245,502	0.0201
005777000029	CDC - TRUSTEE PICIC GROWTH FUND	006	958,705	0.0783
005645000024	CDC - TRUSTEE PICIC INVESTMENT FUND	006	741,700	0.0606
014472000025	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	006	217,933	0.0178
017541000022	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	006	21,409	0.0017
017483000021	CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	006	1,616,986	0.1321
018051000021	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	006	34,744	0.0028
007377000026	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	006	3,321,071	0.2713
006213000025	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	006	182,800	0.0149
016188000028	CDC-TRUSTEE NITPF EQUITY SUB-FUND	006	41,000	0.0033
014183000020	CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	006	78,000	0.0064
001826156125	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	006	35,100	0.0029
001826156646	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND	006	83,862	0.0069
011049000029	MC FSL - TRUSTEE JS GROWTH FUND	006	692,600	0.0566
005454000028	MCBFSL - TRUSTEE JS VALUE FUND	006	126,000	0.0103
003277003785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	006	11,648	0.0010

MODARABA

Folio No	Name	Code	Balance Held	Percentage
000000015653	B.R.R. GUARDIAN MODARABA	017	471	0.0000

Pattern of Shareholding

As on December 31, 2020

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
4,297	1	100	268,194	0.0219
13,761	101	500	5,994,531	0.4897
1,191	501	1000	1,008,691	0.0824
1,648	1001	5000	4,041,134	0.3301
447	5001	10000	3,455,215	0.2822
167	10001	15000	2,133,858	0.1743
83	15001	20000	1,500,699	0.1226
78	20001	25000	1,794,803	0.1466
46	25001	30000	1,297,597	0.1060
25	30001	35000	821,423	0.0671
46	35001	40000	1,745,829	0.1426
21	40001	45000	899,373	0.0735
28	45001	50000	1,370,954	0.1120
21	50001	55000	1,110,293	0.0907
16	55001	60000	924,012	0.0755
18	60001	65000	1,134,763	0.0927
12	65001	70000	818,061	0.0668
16	70001	75000	1,166,398	0.0953
12	75001	80000	935,577	0.0764
11	80001	85000	920,774	0.0752
12	85001	90000	1,060,523	0.0866
6	90001	95000	556,241	0.0454
20	95001	100000	1,974,859	0.1613
10	100001	105000	1,025,114	0.0837
5	105001	110000	538,585	0.0440
7	110001	115000	786,277	0.0642
10	115001	120000	1,183,456	0.0967
10	120001	125000	1,239,785	0.1013
4	125001	130000	509,682	0.0416
4	130001	135000	533,608	0.0436
7	135001	140000	964,906	0.0788
7	140001	145000	1,002,490	0.0819
11	145001	150000	1,643,599	0.1343
8	150001	155000	1,227,500	0.1003
6	155001	160000	943,844	0.0771
4	160001	165000	658,136	0.0538
2	165001	170000	338,856	0.0277
3	170001	175000	517,935	0.0423
7	175001	180000	1,238,207	0.1011
2	180001	185000	367,000	0.0300
1	185001	190000	186,000	0.0152
3	190001	195000	581,010	0.0475
5	195001	200000	992,780	0.0811
3	200001	205000	605,363	0.0495
4	205001	210000	829,067	0.0677

Pattern of Shareholding

As on December 31, 2020

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
3	210001	215000	642,854	0.0525
3	215001	220000	656,237	0.0536
3	220001	225000	664,747	0.0543
4	225001	230000	914,800	0.0747
4	230001	235000	927,756	0.0758
2	240001	245000	488,504	0.0399
7	245001	250000	1,734,493	0.1417
2	250001	255000	507,000	0.0414
1	255001	260000	259,541	0.0212
2	265001	270000	535,100	0.0437
2	270001	275000	544,433	0.0445
4	285001	290000	1,148,814	0.0938
3	290001	295000	872,887	0.0713
1	295001	300000	300,000	0.0245
1	300001	305000	300,036	0.0245
2	310001	315000	623,100	0.0509
1	315001	320000	317,400	0.0259
6	320001	325000	1,934,877	0.1581
4	325001	330000	1,313,472	0.1073
1	335001	340000	335,920	0.0274
3	340001	345000	1,029,600	0.0841
4	345001	350000	1,399,171	0.1143
1	350001	355000	350,200	0.0286
3	355001	360000	1,075,560	0.0879
1	360001	365000	364,247	0.0298
3	370001	375000	1,119,699	0.0915
2	375001	380000	755,990	0.0618
1	380001	385000	380,958	0.0311
3	395001	400000	1,195,307	0.0976
1	415001	420000	418,962	0.0342
1	420001	425000	423,942	0.0346
1	430001	435000	431,300	0.0352
2	440001	445000	883,580	0.0722
1	445001	450000	445,375	0.0364
1	475001	480000	477,847	0.0390
1	480001	485000	483,000	0.0395
1	485001	490000	490,000	0.0400
4	495001	500000	1,995,243	0.1630
1	500001	505000	501,412	0.0410
1	510001	515000	512,343	0.0419
2	515001	520000	1,033,226	0.0844
3	520001	525000	1,570,888	0.1283
1	525001	530000	529,996	0.0433
1	530001	535000	533,100	0.0435
1	535001	540000	538,100	0.0440

Pattern of Shareholding

As on December 31, 2020

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	555001	560000	558,600	0.0456
1	560001	565000	562,400	0.0459
2	575001	580000	1,156,525	0.0945
1	600001	605000	602,804	0.0492
2	605001	610000	1,214,300	0.0992
1	610001	615000	610,100	0.0498
1	625001	630000	629,605	0.0514
1	630001	635000	632,300	0.0517
1	635001	640000	635,300	0.0519
2	645001	650000	1,293,870	0.1057
1	680001	685000	681,530	0.0557
1	690001	695000	692,600	0.0566
1	695001	700000	700,000	0.0572
1	705001	710000	707,850	0.0578
1	720001	725000	723,319	0.0591
1	725001	730000	725,300	0.0592
1	740001	745000	741,700	0.0606
3	745001	750000	2,249,900	0.1838
1	755001	760000	759,274	0.0620
1	760001	765000	762,540	0.0623
1	785001	790000	788,426	0.0644
2	800001	805000	1,604,871	0.1311
1	820001	825000	822,977	0.0672
1	840001	845000	841,099	0.0687
1	845001	850000	845,938	0.0691
1	855001	860000	856,269	0.0699
1	895001	900000	900,000	0.0735
2	905001	910000	1,815,726	0.1483
1	915001	920000	916,500	0.0749
1	920001	925000	924,500	0.0755
1	925001	930000	928,059	0.0758
1	945001	950000	950,000	0.0776
1	955001	960000	958,705	0.0783
1	965001	970000	969,111	0.0792
1	975001	980000	980,000	0.0801
1	1000001	1005000	1,000,800	0.0818
1	1015001	1020000	1,018,080	0.0832
1	1045001	1050000	1,050,000	0.0858
1	1075001	1080000	1,075,600	0.0879
1	1095001	1100000	1,098,207	0.0897
1	1100001	1105000	1,105,000	0.0903
1	1105001	1110000	1,110,000	0.0907
1	1120001	1125000	1,123,697	0.0918
1	1155001	1160000	1,158,998	0.0947
1	1175001	1180000	1,178,610	0.0963

Pattern of Shareholding

As on December 31, 2020

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	1190001	1195000	1,192,279	0.0974
1	1195001	1200000	1,197,246	0.0978
1	1220001	1225000	1,225,000	0.1001
1	1240001	1245000	1,241,750	0.1014
2	1245001	1250000	2,498,400	0.2041
1	1255001	1260000	1,255,646	0.1026
1	1300001	1305000	1,303,900	0.1065
1	1340001	1345000	1,340,627	0.1095
1	1345001	1350000	1,346,191	0.1100
1	1375001	1380000	1,375,272	0.1123
1	1400001	1405000	1,400,163	0.1144
1	1430001	1435000	1,433,050	0.1171
1	1495001	1500000	1,500,000	0.1225
1	1525001	1530000	1,528,936	0.1249
1	1545001	1550000	1,547,328	0.1264
1	1550001	1555000	1,554,125	0.1270
1	1595001	1600000	1,600,000	0.1307
1	1600001	1605000	1,600,300	0.1307
1	1605001	1610000	1,605,100	0.1311
1	1610001	1615000	1,615,000	0.1319
1	1615001	1620000	1,616,986	0.1321
1	1640001	1645000	1,641,500	0.1341
1	1645001	1650000	1,649,700	0.1348
1	1705001	1710000	1,708,900	0.1396
1	1805001	1810000	1,808,600	0.1477
1	1910001	1915000	1,912,812	0.1563
1	1935001	1940000	1,936,000	0.1581
2	1995001	2000000	4,000,000	0.3267
1	2005001	2010000	2,005,311	0.1638
1	2195001	2200000	2,200,000	0.1797
1	2275001	2280000	2,276,102	0.1859
1	2345001	2350000	2,348,870	0.1919
1	2390001	2395000	2,394,492	0.1956
1	2445001	2450000	2,448,940	0.2000
1	2520001	2525000	2,523,300	0.2061
1	2645001	2650000	2,650,000	0.2165
1	2665001	2670000	2,668,800	0.2180
1	2785001	2790000	2,789,991	0.2279
1	2800001	2805000	2,803,919	0.2290
1	2990001	2995000	2,991,000	0.2443
1	3045001	3050000	3,050,000	0.2491
1	3150001	3155000	3,152,622	0.2575
1	3175001	3180000	3,180,000	0.2598
1	3225001	3230000	3,226,300	0.2635
1	3310001	3315000	3,310,948	0.2705

Pattern of Shareholding

As on December 31, 2020

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	3320001	3325000	3,321,071	0.2713
1	3645001	3650000	3,647,240	0.2979
1	3690001	3695000	3,693,000	0.3017
1	3770001	3775000	3,773,011	0.3082
1	3870001	3875000	3,872,600	0.3163
1	4080001	4085000	4,080,440	0.3333
1	4110001	4115000	4,111,257	0.3358
1	4145001	4150000	4,146,500	0.3387
1	4185001	4190000	4,186,912	0.3420
1	4290001	4295000	4,292,595	0.3507
1	4315001	4320000	4,316,760	0.3526
1	4610001	4615000	4,613,107	0.3768
1	4665001	4670000	4,665,956	0.3812
1	4760001	4765000	4,762,106	0.3890
1	5095001	5100000	5,099,463	0.4166
1	5410001	5415000	5,413,670	0.4422
1	5755001	5760000	5,755,145	0.4701
1	5775001	5780000	5,778,883	0.4721
1	6025001	6030000	6,030,000	0.4926
1	6060001	6065000	6,064,800	0.4954
1	6340001	6345000	6,343,700	0.5182
1	6420001	6425000	6,423,363	0.5247
1	6515001	6520000	6,515,046	0.5322
1	7150001	7155000	7,153,224	0.5843
1	7495001	7500000	7,498,622	0.6125
1	9475001	9480000	9,478,765	0.7743
1	9615001	9620000	9,615,800	0.7855
1	12440001	12445000	12,442,568	1.0164
1	13245001	13250000	13,247,370	1.0821
1	14950001	14955000	14,954,190	1.2216
1	17865001	17870000	17,869,600	1.4597
1	31160001	31165000	31,163,426	2.5457
1	41345001	41350000	41,346,443	3.3775
1	93645001	93650000	93,649,744	7.6500
1	631725001	631730000	631,728,895	51.6043
22,339		Total	1,224,179,687	100.00

Shares Trading (Sale / Purchase) by Directors, Executives of UBL and their Spouses and Minor Children

During the period from January 01, 2020 to December 31, 2020

NAME	Sale / Purchase	No. of Shares
Lord Zameer M. Choudrey	Sale	93,500
Muhammad Nauman Ghani	Sale	4,400
	Purchase	500
M.Umer Khan	Sale	7,442
Aameer Mustaaly Karachiwalla	Sale	50,000
Muhammad Naeem Javid	Purchase	100
Aameer Mustaaly Karachiwalla	Sale	20,000
Aamir Kamal Sabzwari	Sale	1,400
	Purchase	1,300
Junaid Akhtar Butt	Purchase	2,500
	Sale	2,500
Khadija Wajahat Spouse of Faraz Mehmood Azam	Purchase	3,000
Syed Hyder Ali Zaidi	Purchase	350
	Sale	100
Irfan Masood	Purchase	12,000
	Sale	12,000
Muhammad Awais	Purchase	2,000
Raja Imran Shoaib	Sale	4,000
Mian Ali Afzal	Purchase	100
	Sale	100
Khadija Wajahat Spouse of Faraz Mehmood Azam	Sale	3,000

Directors / Memberships in other Corporate Bodies - Sir Mohammed Anwar Pervez, OBE, HPk

Position as of 31 December 2020

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway (Holdings) Limited, UK	Chairman
2	Bestway Northern Limited, UK	Chairman
3	Buybest Limited UK	Director
4	Bestway Foundation, UK	Chairman
5	Bestway Foundation, Pakistan	Patron-in-Chief
6	Bestway Group Limited, UK	Director
7	Bestway Panacea Holdings Limited, UK	Director

Directors / Memberships in other Corporate Bodies - Lord Zameer M. Choudrey, CBE, SI Pk

Position as of 31 December 2020

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK	Director
2	Bestway (Holdings) Limited	Chief Executive
3	Bestway Northern Limited, UK	Chief Executive
4	Bestway Wholesale Limited, UK	Chief Executive
5	Batleys Properties Limited, UK	Chief Executive
6	Bestway Retail Limited, UK	Chief Executive
7	Euroimpex Limited, UK*	Chief Executive
8	Bestway Retail Limited, UK	Chief Executive
9	MAP Trading Limited, UK	Chief Executive
10	Palmbest Limited, UK	Chief Executive
11	Bestway Cement Limited, Pakistan	Chief Executive
12	Bestway Wholesale Holdings Limited, UK	Director
13	UBL Insurers Limited, Pakistan	Director
14	Bestway Panacea Holding, UK	Director
15	Buybest Limited, UK	Director
16	Bestway UK Holdco Limited, UK	Director
17	Bestway Foundation, UK	Trustee
18	Bestway Foundation, Pakistan	Chairman
19	Crimestoppers, UK	Trustee
20	British Asian Trust UK Advisory Council	Chairman
21	Conservative Friends of Pakistan	Chairman
22	Bestway Northern Holdings Limited UK	Director
23	Oakleaf Limited UK	Director
24	5 Lake Investment Company, UK	Director
25	Bestway Limited UK*	Director
26	Bestway Power Limited Pakistan*	Director
27	Bestway Spinning Limited Pakistan*	Director

* Dormant

Directors / Memberships in other Corporate Bodies - Haider Zameer Choudrey

Position as of 31 December 2020

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Cement Limited, Pakistan	Director
2	Bestway Group Limited, UK	Director
3	Bestway (Holdings) Limited, UK	Director
4	Bestway Securities Limited, UK	Director
5	Bestway UK Holdco Limited, UK	Director
6	Bestway Wholesale Holdings Limited, UK	Director
7	Bestway Panacea Holdings Limited, UK	Director
8	Bestway Northern Holdings Limited, UK	Director
9	Oakleaf Limited, UK	Director
10	5 Lake Investment Company, UK	Director

Directors / Memberships in other Corporate Bodies – Rizwan Pervez

Position as of 31 December 2020

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway (Holdings) Limited	Director
2	Bestway Northern Limited, UK	Director
3	Bestway Wholesale Limited, UK	Director
4	Bestway Wholesale Holdings Limited, UK	Director
5	Betleys Properties Limited, UK	Director
6	Palmbest Limited, UK	Director
7	Bestway Retail Limited, UK	Director
8	Bestway Securities Limited, UK	Director
9	MAP Trading Limited, UK	Director
10	UBL Insurers Limited, Pakistan	Director
11	RP Investment Limited, UK	Director
12	RP Property Trading Limited, UK	Director
13	Buybest Limited, UK	Partner
14	Bestway Foundation, UK	Trustee
15	Bestway Group Limited, UK	Director
16	Bestway Northern Holdings Limited, UK	Director
17	Oakleaf Limited, UK	Director
18	Bestway UK Holdco Limited, UK	Director

Directors / Memberships in other Corporate Bodies - Arshad Ahmad Mir

Position as of 31 December 2020

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
NIL	**NIL**

Directors / Memberships in other Corporate Bodies - Amar Zafar Khan

Position as of 31 December 2020

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Ecopack Limited	Chairman
At Tahur Ltd	Director

Directors / Memberships in other Corporate Bodies - Tariq Rashid

Position as of 31 December 2020

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Nil	Nil

Directors / Memberships in other Corporate Bodies - Shazia Syed

Position as of 31 December 2020

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Pukka Private Limited	Chairperson
Pepsi Lipton International	Member

Directors / Memberships in other Corporate Bodies - Shazad G. Dada

Position as of 31 December 2020

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	**UBL Switzerland AG**	Director/Chairman
2	**UBL Bank (Tanzania) Ltd.**	Director/Chairman
3	**United Bank, UK**	Director
4	**Pakistan Business Council**	Nominated Representative
5	**Karachi Education Initiative**	Director
6	**Institute of Bankers Pakistan**	Council Member
7	**Development in Literacy**	Chairman, Board of Trustees, Pakistan
8	**British Business Centre Pakistan**	Member, Board of Directors

Notice of 62nd Annual General Meeting of United Bank Limited

Notice is hereby given that the 62nd Annual General Meeting ("AGM") of the Shareholders of United Bank Limited (the "Bank" or "UBL") will be held on Wednesday, 31 March 2021 at 11:00 a.m. at registered office, UBL Building, Jinnah Avenue, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 61st Annual General Meeting held on 25 March, 2020.

2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended 31st December, 2020 together with the Directors' Report and Auditors' Reports thereon.

3. To consider and, if thought fit, approve and declare as recommended by the Board of Directors, final cash dividend at the rate of Rs. 9.50 per share i.e. 95%, in addition to 25% interim cash dividend already declared/paid for the year ended 31 December 2020.

4. To consider and, if thought fit, appoint External Auditors to hold office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. The retiring External Auditor namely, M/s. A.F. Ferguson & Company, Chartered Accountants have consented to be so appointed and the Board of Directors has recommended its appointment.

Special Business:

5. To consider and, if thought fit, approve/ratify the amount of remuneration paid to the Non-Executive Directors including independent Directors of the Bank for attending the Board and/or Committees meetings and in that connection to pass the Ordinary Resolution as proposed in the Statement of Material facts annexed to Notice.

6. To transact any other business with the permission of the Chairman.

By order of the Board

Sd/-
Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel

Karachi, 10 March 2021

Attached to this Notice is a Statement of Material Facts covering the above mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017.

Notice of 62nd Annual General Meeting of United Bank Limited

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **23 March 2021** to **31 March 2021** (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan., the Registrar and Share Transfer Agent of the Bank, by the close of the business on **22 March 2021** will be treated in time for the purpose of the above entitlement.

2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of the Bank, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.

3. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").

4. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

5. Deduction of Withholding Tax on the Amount of Dividend:

   As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current withholding tax rates are as under:

   (a) For filers of income tax returns: 15.00%
   (b) For non-filers of income tax returns: 30.00%

   To enable the Bank to make tax deduction on the amount of cash dividend @ 15.00% instead of 30.00%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their cash dividend will be deducted @ 30.00%.

   The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Bank or Bank's Share Registrar and Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

   As per FBR's clarification letters C.No. 1(29) WHT/2006 dated June 30, 2010 and C.No.1(43) DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Registrar and Share Transfer Agent, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

   For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer / Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Notice of 62nd Annual General Meeting of United Bank Limited

Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

For any query/difficulty/information, the members may contact the Bank's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500
UAN: 021-111-000-322
Direct: 021- 35310187
Fax: 021-35310190
Email: sfc@thk.com.pk
Web: www.thk.com.pk

6. Urgent Provision of Valid CNIC Copy (Mandatory)

In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members on the dividend warrants. Corporate entities are requested to provide NTNs. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.

You are therefore requested to submit a copy of your valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC, please ignore this instruction.

7. Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash Dividend Electronically into the Bank Accounts of the Shareholders (Mandatory Requirement)

All shareholders of the Bank are hereby informed that under the provisions of Section 242 of the Companies Act, 2017, all listed companies including UBL are required to pay cash dividends declared on or after January 2018 only through electronic mode directly into the designated bank accounts of the entitled shareholders. Therefore, under the new law, physical dividend warrants are not being issued to the shareholders.

In view of foregoing, all the shareholders are again requested to provide their Bank Mandate details including International Bank Account Number (IBAN) along with copy of valid CNIC at the earliest. In case of non-provision of Dividend Mandate, cash dividend(s) could be withheld according to SECP directives.

For providing Dividend Mandate details to CDC/Registrar and Share Transfer Agent, the Form placed on Bank's website and is enclosed with this Notice may be used. The link to get the said Form is as under:

https://www.ubldigital.com/Portals/0/InvestorRelation/Bank%20Mandate%20Form.pdf

In this connection, CDC shareholders may submit their Dividend Mandate details to their investor account services or their brokers where shares are placed electronically. In case of physical holding, the shareholders are requested to submit their bank mandate details to the Registrar and Share Transfer Agent of the Bank at the following address.

Notice of 62nd Annual General Meeting of United Bank Limited

THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500.
UAN # 021-111-000-322
Fax # 021-35310191

Dividend Mandate Form

I , _____ S/o, D/o, W/o, _____
hereby authorize United Bank Limited to directly credit cash dividends, declared by it, in my bank account as detailed below:

i) Shareholder's Detail	
Name of Company	
Name of Shareholder	
Folio No. / CDC Participants ID A/c No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Land Line Phone Number	
Cell Number	
E-mail address	
Mailing address	

ii) Shareholder's Bank Detail	
Title of Bank Account	
International Bank Account Number (IBAN) – Mandatory	
P K	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and I will intimate any changes in the above-mentioned information to the Registrar and Share Transfer Agent of the Bank and / or Central Depository Company ("CDC") as soon as any change occurs.

_____
(Signature of shareholder)

KINDLY NOTE: COMPANY COULD WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholders who hold shares in CDC are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the CDC where member's CDC account is being dealt.

The shareholders who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to Company's Registrar and Share Transfer Agent, as mentioned below:

Notice of 62nd Annual General Meeting of United Bank Limited

M/s THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500.

For any query, you may please contact on Tel # 021-111-000-322 or email us at sfc@thk.com.pk

8. Consent for Video Link Facility:

Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Video-Link Form

I/We, _____ of _____, being a member of United Bank Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No._____ hereby opt for video-link facility at _____

_____
Signature of the Member

9. Participation of Shareholders through Online Facility:

The shareholders are encouraged to participate in the AGM through an online platform/ facility being provided in the shape of webinar/webex. The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 10:30 a.m. on 31 March, 2021 enabling the participants to join the proceedings which will start at 11:00 a.m. sharp

The shareholders interested in attending the 62nd AGM of UBL through webinar/webex are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the following e-mail address:

Email address: company.secretary@ubl.com.pk

Notice of 62nd Annual General Meeting of United Bank Limited

The shareholders are requested to provide the information as per the below format. The link to the webinar/ webex will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of the Shareholder	CNIC Number	Folio Number	Cell Number	Email address

The shareholders are also encouraged to send their comments and suggestions, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

10. Placement of Financial Statements on Website:

The financial statements of the Bank for the year ended December 31, 2020 along with reports have been placed on the website of the Bank:

https://ubldigital.com/Investor-Relations/Financial-Statements

Statement of Material Facts Under Section 134(3) of the Companies Act, 2019, concerning to the Special Business:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of United Bank Limited ("the Bank") to be held on 31st March, 2021.

Item No. 6: REMUNERATION OF THE NON-EXECUTIVE DIRECTORS OF THE BANK

Further as required under the Prudential Regulations and SBP guidelines total amount of remuneration paid to the non-executive directors including the Chairman for attending the Board meetings and/or Committees meetings during the year 2020 is submitted for the approval of the shareholders.

If deemed fit, the following Resolution may be passed:

"RESOLVED that the remuneration paid to the Non-Executive Directors of UBL including the Chairman during the year 2020, for attending the Board and / or Board Committees meetings as disclosed in the Note 40 of the Audited Financial Statements of the Bank for the year ended 31st December 2020, be and is hereby confirmed and approved on post facto basis."

Form of Proxy
62nd Annual General Meeting of United Bank Limited

I/We, _____of _____ being a member of United Bank Limited ("UBL") and holder of _____ ordinary shares as per Share Register Folio No. _____ and / or CDC Participation I.D. No. _____ and Account No._____ hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our proxy to vote for me/us and on my / our behalf at the 62nd Annual General Meeting of UBL scheduled to be held on **Wednesday, 31 March 2021 at 11:00 a.m**. at United Bank Limited, 13th Floor, UBL Building, Jinnah Avenue, Islamabad and at any adjournment thereof.

Signed this _____ day of _____ 2021

Witness 1:
Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

_____

_____
(Signature should agree with the specimen signature registered with the Registrar)

Witness 2:
Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

_____

NOTE:

A. General:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a person as proxy to attend and vote instead of him/her.

2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan), its common seal should be affixed on the instrument.

3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar/ Share Transfer Agents, **M/s. THK Associates (Pvt.) Limited**, Plot no. 32-C, Jami Commercial Street-2, D.H.A. Phase VII, Karachi not less than 48 hours before the time of holding the meeting.

4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Registrar, all such instruments of proxy shall be rendered invalid.

5. Applicable stamp duty shall be paid/affixed on the proxy form in accordance with the place of execution.

B. For CDC Account Holders:

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / Passport No. shall be mentioned on the form.

2. Attested copies of CNIC or the Passport of the beneficial owners of the proxy shall be furnished with the proxy form.

3. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

Affix
Correct
Postage

Registrar
M/s. THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII, Karachi-75500
Pakistan.

پراکسی فارم

یونائیٹڈ بینک لمیٹڈ کا 62 واں سالانہ اجلاس عام

میں/ہم ----------سکنہ----------یونائیٹڈ بینک لمیٹڈ (" UBL ") کے ممبر کی حیثیت سے ----------عمومی شیئر رکھتا ہوں/رکھتی ہوں/رکھتے ہیں، جیسا کہ شیئر رجسٹرڈ فولیو نمبر----------اور/یا سی ڈی سی پارٹی سپیشن آئی ڈی نمبر----------اور اکاؤنٹ نمبر----------میں درج ہے، یہاں پر----------سکنہ------کو اور ان کی عدم موجودگی میں اس جگہ پر----------سکنہ----------کو میرا/ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں تاکہ وہ میرے/ہماری جگہ پر ووٹ کا حق استعمال کر سکے اور میری/ہماری جگہ پر **31** مارچ **2021** بروز بدھ صبح **11:00** بجے یونائیٹڈ بینک لمیٹڈ، یو بی ایل بلڈنگ، 13th فلور، جناح ایونیو، اسلام آباد میں منعقد ہونے والے یو بی ایل کے **62** ویں سالانہ اجلاس عام یا اس کے ملتوی شدہ اجلاس میں شرکت کے مجاز ہوں گے۔

دستخط----------ویں روز----------2021 کیے گئے

گواہ:1

دستخط:----------

نام:----------

قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر:----------

گواہ:2

دستخط:----------

نام:----------

قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر:----------

پتہ ----------

(دستخط لازمی طور پر رجسٹرار کے پاس رجسٹرڈ دستخط کے نمونے جیسے ہوں)

نوٹ:

الف (عمومی)

۱۔ اجلاس عام میں شرکت اور ووٹ کا حقدار ممبر کسی بھی شخص کو اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔

۲۔ پراکسی کو مقرر کرنے کے دستاویز پر لازمی طور پر ممبر یا اس کے اٹارنی کے دستخط ہوں اور وہ تحریری طور پر تصدیق شدہ ہوں۔ اگر ممبر کوئی کارپوریشن (حکومت پاکستان کے علاوہ دیگر) ہے تو اس کی عام مہر بھی دستاویز پر چسپاں ہوگی۔

۳۔ پراکسی کو مقرر کرنے والی دستاویز، پاور آف اٹارنی کے ساتھ، اگر کوئی ہو، جس کے تحت اُس کی دستخط شدہ یا تصدیق شدہ مستند کاپی ہمارے رجسٹرار/شیئر ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ #C-32، جامی کمرشل اسٹریٹ نمبر 2، ڈی ایچ اے، فیز-VII کراچی۔ 75500، پاکستان کو اجلاس سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔

۴۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور ایک سے زیادہ پراکسی کی دستاویزات رجسٹرار کے ہاں ارسال کرتا ہے تو ایسی تمام پراکسیز کی دستاویزات کو منسوخ قرار دیا جائے گا۔

۵۔ کسی فارم کے جاری کیے جانی والی جگہ کے مطابق اسٹمپ ڈیوٹی ادا کی جائے گی۔

ب۔ سی ڈی سی اکاؤنٹ ہولڈرز کے لیے:

۱۔ پراکسی فارم پر جن افراد کی گواہی ہونی ہے ان کے نام، پتہ اور قومی شناختی کارڈ/پاسپورٹ نمبر بھی درج ہونے چاہییں

۲۔ پراکسی فارم کے ساتھ پراکسی مقرر ہونے والے شخص کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔

۳۔ پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

درست ڈاک
ٹکٹ چسپاں
کریں

رجسٹرار
میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ،
پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2،
ڈی۔ ایچ۔ اے۔، فیز VII،
کراچی۔75500
پاکستان

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

UNITED BANK LIMITED

UBL Head Office
I.I. Chundrigar Road, Karachi - 74000, Pakistan.
UAN: 111-825-888 Website: www.ubldigital.com