



In Touch with Tomorrow

QUARTERLY REPORT (UN-AUDITED)
As of March 31, 2021

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DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the financial statements of United Bank Limited (UBL) for the quarter ended March 31, 2021.

Introduction

Policy measures to rebuild business activity despite COVID-19 have been effective with a strong momentum towards economic recovery clearly visible. Overall, the country has done relatively better in terms of containing the spread of the virus and has emerged as a resilient nation despite the challenges over the last one year. With the rollout of vaccines currently in progress, we are hopeful that 2021 will be a much better year for the economy.

Performance Overview

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 12.2 billion for the quarter ended March 31, 2021, up Rs. 3.7 billion over the PBT earned in the corresponding period of last year.

Gross revenues were recorded at Rs. 22.6 billion for Q1'21, growing by 3% over Q1'20. The bank recorded net interest income (NII) of Rs. 16.9 billion for Q1'21 (Q1'20: Rs. 17.3 billion). Non-markup income was recorded at Rs. 5.8 billion for Q1'21, up 24% on a year-on-year basis, mainly due to capital gains on foreign sovereign bonds and equities.

The bank's operating expenses stood at Rs. 9.9 billion for Q1'21, with cost growth well contained at 4%. Cost to income ratio was measured at 43.5% for Q1'21 vs 43.0% in the corresponding quarter of last year. The bank recorded a net provision charge of Rs. 354 million in Q1'21 as against a net provision charge of Rs. 3.7 billion in Q1'20, last year the higher loan losses were mainly to build coverage against the international non performing portfolio.

Financial Highlights

UBL recorded Profit After Tax (PAT) of Rs. 7.4 billion for Q1'21 as against a PAT of Rs. 5.1 billion for Q1'20, a strong growth of 46% year on year. Earnings per share (EPS) was measured at Rs. 6.05 (Q1'20: Rs. 4.13). On a consolidated basis, UBL recorded a PAT of Rs. 7.6 billion (Q1'20: Rs. 4.9 billion). The consolidated EPS was recorded at Rs. 6.21 for Q1'21 (Q1'20: Rs. 3.98).

Net Markup Income

Net markup income was recorded at Rs. 16.9 billion for Q1'21, 3% lower than the first quarter of last year. In order to support the economy during the pandemic, SBP reduced the policy rate from 13.25% at Dec'19 down to 7.00% by Jun'20 through immediate and timely regulator intervention.

The bank's markup earning asset base averaged Rs. 1.7 trillion for Q1'21, an increase of 10% over Q1'20. Bank level net interest margins (NIMs) contracted by 67bps to 4.0% in comparison to last year as a result of the steep decline in benchmark rates.

Domestic deposits averaged Rs. 1.4 trillion in Q1'21, with a year on year growth of 19%. The increase is mainly due to the strong growth of 20% in average CASA deposits, which stood at Rs. 1.2 trillion for Q1'21, with a net increase of over Rs. 200 billion year-on-year. The bank continued its momentum in acquiring new to bank (NTB) customers, as it added approx. 159,000 new current account relationships in Q1'21 (Q1'20: 127,000). This resulted in the average current deposits growing by 25% year on year to Rs. 609 billion in Q1'21. Domestic average savings deposits were measured at Rs. 582 billion, a strong growth of 15% year on year. As a result, the average domestic CASA ratio improved from 84.6% in Q1'20 to 85.6% in Q1'21. This aggressive focus on low cost deposits build up as well as the reduction in policy rate by the Central Bank resulted in a sharp reduction in domestic cost of deposits from 6.4% in Q1'20 to 3.4% in Q1'21.

On the asset side, bank level performing advances averaged Rs. 538 billion for Q1'21 (Q1'20: Rs. 606 billion), while domestic performing advances averaged Rs. 438 billion for Q1'21 (Q1'20: Rs. 481 billion). The domestic corporate loan book averaged Rs. 356 billion for Q1'21, down 13% year on year. Consumer loans averaged Rs. 18.5 billion for Q1'21, growing by 5% year on year, mainly within the secured autos segment. Within UBL International, the bank has significantly de-risked its balance sheet as the performing loan book was reduced by 21% year on year down to USD 629 million in Q1'21.

The bank's markup earning investments averaged Rs. 1.2 trillion for Q1'21, a strong growth of 26% over Q1'20. The domestic government securities portfolio averaged Rs. 968 billion for Q1'21, earning the bank a healthy yield close to 8.0%. UBL International's foreign bonds portfolio averaged USD 726 million (Q1'20: USD 662 million) and earned the bank a healthy yield of 5.5% in Q1'21.

Non-Markup Income

The bank earned non-markup income of Rs. 5.8 billion for Q1'21, an increase of 24% year on year. Non-markup income accounted for 26% of the total revenues of the bank in Q1'21 (Q1'20: 21%).

Fees and commission income of Rs. 3.0 billion was earned in Q1'21, in line with the corresponding quarter of last year. Fee income constituted 53% of the total non-markup income in Q1'21 (Q1'20: 65%). Customer fees from branch banking operations stood at Rs. 428 million for Q1'21, a decline of 12% year on year, mainly on account of lower transactions at branches as compared to Q1'20.

UBL maintained its leadership position in the home remittances space with a market share of approx. 21%. As a result, commission income of Rs. 463 million was earned in Q1'21, with a strong growth of 15% year on year. The momentum in the bancassurance space is building up with revenues of Rs. 381 million in Q1'21, an increase of 22% year on year. Commission income from cash management was recorded at Rs. 221 million for Q1'21, growing by 9% year on year.

The bank earned foreign exchange income of Rs. 484 million in Q1'21 (Q1'20: Rs. 732 million). Dividend income of Rs. 252 million was recorded for Q1'21 (Q1'20: Rs. 394 million). The bank realized capital gains of Rs. 1.9 billion in Q1'21 (Q1'20: Rs. 342 million), primarily on the timely sale of UBL International's foreign bonds.

Provisions and loan losses

UBL recorded a net provision charge of Rs. 354 million for Q1'21 as against a net provision charge of Rs. 3.7 billion in the corresponding period of last year.

Bank level non-performing loans (NPLs) reduced from Rs. 83.6 billion at Dec'20 to Rs. 79.6 billion at Mar'21. This is mainly due to PKR appreciation on translation of the international NPLs of the Bank. Asset quality improved from 13.7% at Dec'20 to 12.9% at Mar'21, while specific coverage was enhanced from 85.8% at Dec'20 to 87.3% at Mar'21.

UBL Domestic

Gross advances for the domestic bank stood at Rs. 465 billion at Mar'21 (Dec'20: Rs. 458 billion), constituting over 75% of the bank's total portfolio. Domestic NPLs decreased further this year by Rs. 378 million since Dec'20, from Rs. 28.7 billion to Rs. 28.4 billion at Mar'21.

The domestic bank recorded net provision reversals of Rs. 373 million for Q1'21 versus net provision reversals of Rs. 62 million in Q1'20. Domestic bank's asset quality improved from 6.3% at Dec'20 to 6.1% at Mar'21.

UBL International

The overall economic climate of the GCC has remained challenging in recent years with the COVID-19 pandemic

further impacting the region's business environment. However, UBL International's NPLs have reduced from USD 343.3 million at Dec'20 to USD 335.5 million at Mar'21. A net provision charge of USD 4.6 million was recorded for Q1'21 against a net provision charge of USD 24.1 million in Q1'20. Specific average was further enhanced from 85.9% at Dec'20 to 87.3% at Mar'21. Furthermore, specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral stood at 96.2% at Mar'21 (Dec'20: 95.5%, refer to note 10.3.2 to the financial statements).

Cost management

UBL continues to enhance operational efficiencies across businesses and support functions through the greater use of technology and automation, as well as reinvestment within the network to improve estate performance and service delivery levels. The bank's administrative expenses were recorded at Rs. 9.9 billion for Q1'21, a year on year increase of 4%. Employee compensation expense was recorded at Rs. 4.2 billion for Q1'21, an increase of 4% versus Q1'20. Property expenses were recorded at Rs. 1.6 billion for Q1'21, largely in line with last year. Other variable expenses were recorded at Rs. 3.2 billion for Q1'21, with an increase of 6%, mainly on account of pick up in sale commissions for new business acquisition.

Balance Sheet management

UBL's balance sheet footing has grown by 6% since Dec'20, standing at Rs. 2.17 trillion at Mar'21. Bank level deposits stood at Rs. 1.64 trillion at Mar'21, largely in line with Dec'20. The deposit mobilization strategy is aimed at maintaining an optimal funding profile with a strong focus on acquiring new relationships as well as further deepening within stable deposits. Domestic deposits closed at Rs. 1.43 trillion at Mar'21, in line with Dec'20, as the bank maintained a period end market share of 8% of total banking sector deposits (Dec'19: 7.9%). Domestic current deposits stood at Rs. 647 billion at Mar'21, a growth of 5% over Dec'20. The domestic portfolio of savings accounts stood at Rs. 578 billion at Mar'21 (Dec'20: Rs. 596 billion). The domestic CASA ratio improved from 85.2% at Dec'20 to 85.7% at Mar'21, while the current to total deposits ratio improved from 43.3% at Dec'20 to 45.2% at Mar'21. UBL International's deposits stood at USD 1.35 billion as at Mar'21 (Dec'20: USD 1.38 billion).

Bank level net advances closed at Rs. 541 billion as at Mar'21 (Dec'20: Rs. 530 billion). Lending across all major sectors is yet to pick up as COVID continues to restrict very aggressive aggregate demand, expansion and build up in new credit. The bank aims to ensure efficient allocation of capital as well as maximizing overall relationship yield from lending relationships. UBL International's net advances stood at USD 662 million at Mar'21, with an increase of 9% over Dec'20.

Bank level investments stood at Rs. 1.32 trillion at Mar'21, an increase of 17% over Dec'20. Funding is primarily deployed in government securities, with Rs. 273 billion invested in fixed rate PIBs, Rs. 341 billion invested in floating rate PIBs and Rs. 510 billion in treasury bills. In the current interest rate environment, the investments strategy is aimed at maintaining stable margins across a well-diversified holding.

Capital Ratios

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

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

SBP has also provided regulatory relief post COVID-19 to support the banking sector in extending credit facilities to

its customers. In this respect, SBP has reduced the Capital Conservation Buffer (CCB) from its existing level of 2.5% to 1.5%, for the time being till further instructions are issued. Thus, the minimum CAR requirement for UBL stood at 12.5% (including the HLA Surcharge of 1.0%) as at March 31, 2021.

The overall CAR stood at 23.8% at Mar'21 (Dec'20: 24.4%), a buffer of 11.3% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 16.6% at Mar'21 (Dec'20: 17.0%). Total Tier 1 Capital ratio was measured at 17.9% at Mar'21 (Dec'20: 18.4%).

The Board of Directors of UBL declared an interim cash dividend Rs. 4.0 per share in their meeting in Karachi held on April 21st, 2021, along with the results for the quarter ended March 31, 2021.

Economy Review

The country continues on its recovery path following the outbreak of COVID. Economic activity across the country has largely resumed, as employment levels continue to recover with an improvement in the overall business environment. The spread of the pandemic has been largely contained, however, the current third wave is proving to be an additional challenge. The government has initiated its vaccination drive to protect its citizens, which is currently in the earlier stages of execution.

Controlling Inflation levels continues to be a major challenge. Policy measures require the right balance between maintaining fiscal discipline and ensuring that overall general price levels remain on the lower side. The Consumer Price Index (CPI) was measured at 9.1% for the month of Mar'21, up approx. 40 bps MoM mainly due to the upward adjustments in electricity prices and uptick in food prices. However, average inflation for 9MFY'21 was measured at 8.4% versus 11.5% for the corresponding period of last year.

On the external front, the country's position remains largely favorable, mainly on the back of strong home remittances flows, which have remained above the USD 2 billion per month level for the past ten months. However, the trade deficit continues to widen as a result of import of capital goods and industrial materials, food and commodity items.

The current account recorded a surplus of USD 881 million for 8M FY'21 versus a deficit of USD 2.7 billion for the corresponding period of last year. The country's imports stood at USD 39.5 billion for 9M FY'21, up 13.6% year on year while exports for 9M FY'21 stood at USD 18.7 billion, up 7% year on year.

Pakistan remains focused on policy measures aiming compliance to terms of its IMF program. The country also re-entered the international markets with a new Eurobond worth USD 2.5 billion. The issue was well received by the markets with bids of USD 5.3 billion received. Furthermore, the positive momentum also continued within SBP's 'Roshan Digital' initiative for overseas Pakistanis with funds mobilized in excess of USD 800 mln. These positive developments were reflected in the domestic FX markets as the PKR appreciated by 4% against the USD, closing at Rs. 152.76. The country's FX reserves stood at USD 20.8 billion in Mar'21, up 2% since Dec'20. The country's capital markets maintained a stable volume and valuation trends in the first quarter of 2021 as the KSE-100 index closed at 44.6 k points at Mar'21, up 2% since Dec'20.

Banking sector deposits stood at Rs. 17.9 trillion at Mar'21, remaining flat over Dec'20. Sector advances were recorded at Rs. 8.6 trillion at Mar'21, marginally above the levels of Dec'20. Non-performing loans for the banking industry stood at Rs. 829 billion at Dec'20, 8.9% above Dec'19, as the asset quality deteriorated from 8.6% at Dec'19 to 9.2% at Dec'20.

UBL International

The economic recovery within the GCC continues to be impacted by the global slowdown owing to the pandemic. In its recent meeting, the OPEC member countries decided to maintain production cuts owing to slow pick up in global demand. This has resulted in some pick up in the global oil prices which may support the economic recovery. The bank's strategy within UBL International is to maintain a sustainable yet scaled down business model. On the retail front, the bank is actively focused on expanding the low cost deposits base and looking to reduce concentration. We shall maintain our trade flows while asset writing mainly in the form of placements with established financial institutions. The lending book remains selective, confined only to existing quality relationships, with close oversight to contain any new NPL formation.

UBL International's deposits averaged USD 1.3 billion for Q1'21 (Q1'20: USD 1.5 billion). Cost of deposits was reduced from 1.9% in Q1'20 to 1.2% in Q1'21. Performing advances averaged USD 629 million for Q1'21, declining by 21% over Q1'20. The investment portfolio, comprising mainly of sovereign bonds averaged USD 764 million, earning the bank a healthy yield of 5.5% during the quarter under review.

Credit Rating

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

Awards and Recognition

UBL was declared Pakistan's Best Digital Bank for the second year in a row by Asiamoney, an associate of Euromoney. The awards recognize UBL's leading role as one of the most progressive and innovative banks in the country. The adoption of a forward looking digital strategy has resulted in the bank maintaining its market penetration while developing innovative solutions for the future. UBL is committed towards becoming the Leading Digital Bank of Pakistan.

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, as a result 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.

UBL was also declared the 'Best Digital Bank' at the 2020 Pakistan Banking Awards. The award recognizes UBL work on ventures to bring about many customer centric technological offerings, and honors 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, as the world tackles the third wave of the virus. The immunization drive is slowly gathering pace and there is renewed hope that the worst of the pandemic is behind us. Economic activity is picking up momentum and UBL will continue to play a leading role in the expansion of financial services across the country. The domestic Branch Banking Group remains the core of the UBL franchise where the aim is to expand our reach with better service delivery. The network is well supported by our digital products teams as we continue to innovate and make banking easier and more accessible for all customers. As economic activity picks up, the bank will actively look towards more intermediation

commensurate with its balance sheet size and potential. Strengthening the compliance functions to be at par with the global best practices remains a key priority. UBL's greatest asset is its employees, and the bank will continue to invest in their career progression and well-being.

Acknowledgements

In the end, we would like to express sincere appreciation to all our stakeholders for their continued patronage. We value the efforts of our dedicated employees who in these very difficult times have ensured uninterrupted services all across the country. We would also like to extend our gratitude to the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission and other regulatory bodies for their direction and consistent support.

For and on behalf of the Board,



Shazad G. Dada

President & CEO
Karachi,
April 21st, 2021



Arshad Ahmad Mir
Director



UNITED BANK LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2021
(Un-audited)**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT March 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	189,933,052	250,838,052
Balances with other banks	7	10,263,633	13,888,765
Lendings to financial institutions	8	9,333,143	19,959,132
Investments	9	1,322,641,737	1,128,674,494
Advances	10	540,710,244	530,279,496
Fixed assets	11	50,886,641	51,207,703
Intangible assets	12	1,739,313	1,829,211
Deferred tax assets	13	7,433,870	6,399,267
Other assets	14	41,999,100	46,507,193
		2,174,940,733	2,049,583,313
LIABILITIES			
Bills payable	16	25,617,858	29,733,813
Borrowings	17	252,802,464	128,987,415
Deposits and other accounts	18	1,636,747,516	1,640,211,901
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	10,000,000	10,000,000
Deferred tax liabilities		-	-
Other liabilities	20	73,299,715	56,577,277
		1,998,467,553	1,865,510,406
NET ASSETS			
		176,473,180	184,072,907
REPRESENTED BY:			
Share capital		12,241,797	12,241,797
Reserves		61,239,098	62,274,068
Surplus on revaluation of assets	21	26,030,183	27,640,579
Unappropriated profit		76,962,102	81,916,463
		176,473,180	184,072,907
CONTINGENCIES AND COMMITMENTS			
	22		

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



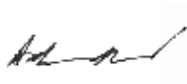
Aameer Karachiwalla
Chief Financial Officer



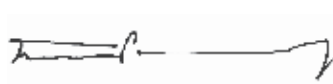
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	24	31,825,591	43,380,353
Mark-up / return / interest expensed	25	14,967,726	26,037,828
Net mark-up / interest income		16,857,865	17,342,525
Non mark-up / interest income			
Fee and commission income	26	3,040,522	3,035,253
Dividend income		252,416	393,897
Foreign exchange income		484,228	732,424
Income / (loss) from derivatives		7,254	(11,274)
Gain on securities - net	27	1,866,938	342,219
Other income	28	132,023	173,350
Total non mark-up / interest income		5,783,381	4,665,869
Total income		22,641,246	22,008,394
Non mark-up / interest expenses			
Operating expenses	29	9,852,826	9,473,593
Workers' Welfare Fund		244,895	218,300
Other charges	30	24,547	181,039
Total non mark-up / interest expenses		10,122,268	9,872,932
Profit before provisions		12,518,978	12,135,462
Provisions and write-offs - net	31	354,071	3,700,454
Profit before taxation		12,164,907	8,435,008
Taxation	32	4,760,230	3,375,027
Profit after taxation		7,404,677	5,059,981
		----- (Rupees) -----	
Earnings per share - basic and diluted	33	6.05	4.13

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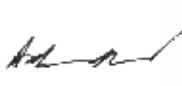
Aameer Karachiwalla
Chief Financial Officer



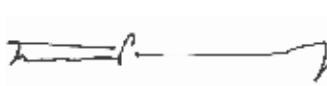
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervaz, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	January - March 2021	January - March 2020
----- (Rupees in '000) -----		
Profit after taxation for the period	7,404,677	5,059,981
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>		
Effect of translation of net investment in foreign branches	(1,775,438)	2,590,974
Movement in deficit on revaluation of investments - net of tax	(1,598,527)	(5,902,679)
	(3,373,965)	(3,311,705)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>		
Remeasurement loss on defined benefit obligations - net of tax	-	(519,857)
Movement in (deficit) / surplus on revaluation of fixed assets - net of tax	(732)	1,222
	(732)	(518,635)
Total comprehensive income for the period	<u>4,029,980</u>	<u>1,229,641</u>

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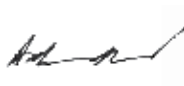
Aameer Karachiwalla
Chief Financial Officer



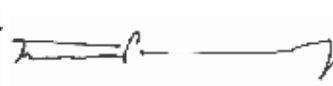
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
(Rupees in '000)								
Balance as at December 31, 2019 (Audited)	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 three months ended March 31, 2019								
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	5,059,981	5,059,981
Other comprehensive income - net of tax	-	2,590,974	-	(5,902,679)	1,222	-	(519,857)	(3,830,340)
Total comprehensive income for the three months ended March 31, 2020	-	2,590,974	-	(5,902,679)	1,222	-	4,540,124	1,229,641
Transfer from surplus on revaluation of fixed assets on disposal to unappropriated profit - net of tax	-	-	-	-	(110,838)	-	110,838	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(13,719)	-	13,719	-
Transfer to statutory reserve	-	-	505,998	-	-	-	(505,998)	-
Transactions with owners for the three months ended March 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)
Balance as at March 31, 2020 (Un-audited)	12,241,797	28,734,861	33,681,723	(5,249,177)	25,029,235	31,071	70,932,295	165,401,805
Total comprehensive income for the nine months ended December 31, 2020								
Profit after taxation for the nine months ended December 31, 2020	-	-	-	-	-	-	15,838,802	15,838,802
Other comprehensive income - net of tax	-	(1,726,396)	-	7,904,109	(819)	(921)	(283,224)	5,892,749
Total comprehensive income for the nine months ended December 31, 2020	-	(1,726,396)	-	7,904,109	(819)	(921)	15,555,578	21,731,551
Transfer from surplus on revaluation of fixed assets on disposal to unappropriated profit - net of tax	-	-	-	-	(5,508)	(29,237)	34,745	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(38,174)	-	38,174	-
Transfer to statutory reserve	-	-	1,583,880	-	-	-	(1,583,880)	-
Transactions with owners for the nine months ended December 31, 2020								
Interim cash dividend - March 31, 2020 declared at Rs 2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Balance as at December 31, 2020 (Audited)	12,241,797	27,008,465	35,265,603	2,654,932	24,984,734	913	81,916,463	184,072,907
Total comprehensive income for the three months ended March 31, 2021								
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	7,404,677	7,404,677
Other comprehensive income - net of tax	-	(1,775,438)	-	(1,598,527)	(732)	-	-	(3,374,697)
Total comprehensive income for the three months ended March 31, 2021	-	(1,775,438)	-	(1,598,527)	(732)	-	7,404,677	4,029,980
Transfer from surplus on revaluation of fixed assets on disposal to unappropriated profit - net of tax	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(11,137)	-	11,137	-
Transfer to statutory reserve	-	-	740,468	-	-	-	(740,468)	-
Transactions with owners for the three months ended March 31, 2021								
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	(11,629,707)	(11,629,707)
Balance as at March 31, 2021 (Un-audited)	12,241,797	25,233,027	36,006,071	1,056,405	24,972,865	913	76,962,102	176,473,180

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



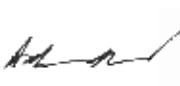
Aameer Karachiwalla
Chief Financial Officer



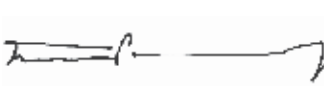
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

January - March 2021 January -March 2020

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

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	12,164,907	8,435,008
Less: Dividend income	252,416	393,897
	<u>11,912,491</u>	<u>8,041,111</u>

Adjustments:

Depreciation on fixed assets	683,987	685,397
Depreciation on Islamic financing against leased assets (Ijarah)	41,710	62,862
Depreciation on right-of-use assets	455,114	479,342
Amortisation	189,747	176,913
Workers' Welfare Fund	244,895	218,300
Provision for retirement benefits	238,712	238,427
Provision for compensated absences	43,997	46,892
Provision against loans and advances - net	303,465	3,780,593
Reversal of provision for diminution in value of investments - net	(222,113)	(184,572)
(Reversal of) / provision against off balance sheet items	(53,059)	58,686
Interest expense on lease liability against right-of-use assets	236,557	274,446
Gain on sale of operating fixed assets - net	(3,269)	(44,434)
Gain on sale of ijarah assets - net	(1,711)	(383)
Bad debts written-off directly	11,586	13,823
Unrealised gain on revaluation of investments classified as held for trading	(2,778)	(78,303)
Other provisions and write-offs - net	314,192	31,924
	<u>2,481,032</u>	<u>5,759,913</u>
	<u>14,393,523</u>	<u>13,801,024</u>

(Increase) / Decrease in operating assets

Lendings to financial institutions	10,625,989	1,346,331
Held for trading securities	(63,863,879)	8,979,296
Advances	(10,785,818)	11,564,789
Other assets (excluding advance taxation)	1,000,376	2,671,015
	<u>(63,023,332)</u>	<u>24,561,431</u>

Increase in operating liabilities

Bills payable	(4,115,955)	(2,828,790)
Borrowings	123,815,049	31,297,278
Deposits and other accounts	(3,464,385)	25,475,963
Other liabilities (excluding current taxation)	5,402,570	(4,029,522)
	<u>121,637,279</u>	<u>49,914,929</u>
	<u>73,007,470</u>	<u>88,277,384</u>

Payments on account of staff retirement benefits

	(1,080,172)	(236,428)
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Income taxes paid

	<u>(1,356,764)</u>	<u>(337,720)</u>
--	--------------------	------------------

Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available for sale securities	(87,000,686)	(181,123,320)
Net investments in held to maturity securities	(45,510,198)	30,117,161
Dividend income received	273,141	127,242
Investment in fixed assets and intangible assets	(494,877)	(599,712)
Sale proceeds from disposal of fixed assets	5,654	156,650
Sale proceeds from disposal of ijarah assets	20	952
Effect of translation of net investment in foreign branches	(1,775,438)	2,590,974
	<u>(134,502,384)</u>	<u>(148,730,053)</u>

Net cash flows used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payment of lease liability against right-of-use assets	(594,313)	(388,309)
Dividend paid	(3,969)	(1,205,179)
	<u>(598,282)</u>	<u>(1,593,488)</u>

Net cash used in financing activities

Decrease in cash and cash equivalents

	(64,530,132)	(62,620,305)
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Cash and cash equivalents at the beginning of the period

	264,726,817	256,590,772
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Cash and cash equivalents at the end of the period

	<u>200,196,685</u>	<u>193,970,467</u>
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The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.



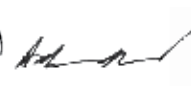
Aameer Karachiwalla
Chief Financial Officer



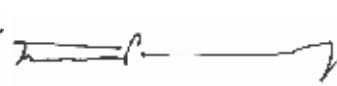
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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 1,348 (December 31, 2020: 1,356) branches inside Pakistan including 100 (December 31, 2020: 100) Islamic Banking branches and 2 (December 31, 2020: 2) branches in Export Processing Zones. The Bank also operates 13 (December 31, 2020: 14) branches outside Pakistan.

The Bank was a subsidiary of Bestway (Holdings) Limited which is a wholly owned subsidiary of Bestway Group Limited incorporated in United Kingdom.

During the period, an internal reorganization exercise was undertaken by the Bestway Group by virtue of which Bestway (Holdings) Limited has transferred its entire shareholding of 51.6 percent in the Bank to a new Company "Bestway International Holdings Limited" (BIHL) on March 19, 2021. BIHL is a wholly owned subsidiary of the newly incorporated Bestway Group Limited (BGL). Both BIHL and BGL have been incorporated in Guernsey.

The aforementioned transfer of shareholding did not have any effect on the ultimate beneficial ownership of the Bank.

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

2. BASIS OF PRESENTATION

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

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

- 3.2** The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 3.4** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2020.
- 3.5** These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are presented separately.
- 3.6 Standards, interpretations and amendments to accounting standards that are effective in the current period**

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 16 - Leases (Amendments)	January 01, 2021
- IAS 1 - Presentation of financial statements (Amendments)	January 01, 2021
- IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

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. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements has been assessed and implementation guidelines are awaited from the State Bank of Pakistan.

In addition, there are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 17 - Insurance Contracts	January 01, 2023
- IFRS 3 - Business Combinations (Amendments)	January 01, 2022
- IAS 16 - Property plant and equipment (Amendments)	January 01, 2022
- IAS 37 - Provisions, contingent liabilities and contingent assets (Amendments)	January 01, 2022
- IFRS 9 - Financial Instruments: Classification and Measurement (Annual Improvement process)	January 01, 2022

The Bank expects that adoption of the amendments to accounting and reporting standards will not affect its financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2020.
- 4.2** The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

5. BASIS OF MEASUREMENT

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

5.2 Critical accounting estimates and judgments

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

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the unconsolidated financial statements of the Bank for the year ended December 31, 2020.

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency

Foreign currencies

With State Bank of Pakistan in

Local currency current accounts

Foreign currency current accounts

Foreign currency deposit accounts

With other central banks in

Foreign currency current accounts

Foreign currency deposit accounts

With National Bank of Pakistan in local currency current accounts

Prize bonds

(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

17,342,701	20,776,101
10,626,561	12,098,863
27,969,262	32,874,964

49,362,714	75,604,954
4,328,639	4,420,727
7,459,902	7,767,517
61,151,255	87,793,198

21,922,096	28,800,193
7,570,947	6,869,307
29,493,043	35,669,500

70,442,410	92,628,531
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877,082	1,871,859
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189,933,052	250,838,052
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7. BALANCES WITH OTHER BANKS

In Pakistan

In deposit accounts

Outside Pakistan

In current accounts

In deposit accounts

-	2,000,000
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6,213,241	7,354,534
4,050,392	4,534,231
10,263,633	11,888,765

10,263,633	13,888,765
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8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings

Repurchase agreement lendings (Reverse Repo)

Bai Muajjal receivable

- with State Bank of Pakistan

- with other financial institutions

2,000,000	10,500,000
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4,500,000	-
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-	6,433,114
2,833,143	3,026,018

9,333,143	19,959,132
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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

9. INVESTMENTS

9.1 Investments by type

Note	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held for trading securities								
Market Treasury Bills	66,868,582	-	2,752	66,871,334	3,009,238	-	228	3,009,466
Pakistan Investment Bonds	4,763	-	26	4,789	-	-	-	-
	66,873,345	-	2,778	66,876,123	3,009,238	-	228	3,009,466
Available for sale securities								
Market Treasury Bills	443,095,429	-	(47,663)	443,047,766	341,885,979	-	238,363	342,124,342
Pakistan Investment Bonds - fixed	70,850,145	-	(124,089)	70,726,056	76,334,054	-	333,950	76,668,004
Pakistan Investment Bonds - floaters	340,612,331	-	(2,567,828)	338,044,503	340,678,646	-	(2,569,332)	338,109,314
Government of Pakistan Eurobonds	22,092,866	(245,959)	1,104,209	22,951,116	24,216,628	(105,010)	1,126,146	25,237,764
Government of Pakistan Sukuk	25,555,752	(3,934)	(13,045)	25,538,773	23,232,221	(8,713)	(50,261)	23,173,247
Government of Pakistan Modaraba Pool	931,343	-	-	931,343	466,435	-	-	466,435
Corporate Sukuks	1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies	12,560,296	(5,057,497)	3,172,398	10,675,197	13,345,156	(5,479,476)	2,517,580	10,383,260
Preference shares	36,667	-	-	36,667	36,667	-	-	36,667
Ordinary shares of unlisted companies	871,777	(134,376)	20	737,421	808,294	(134,392)	36	673,938
Investment in REIT	458,590	-	(40,022)	418,568	458,590	-	(16,676)	441,914
Investment in Mutual Fund	250,000	-	(31,954)	218,046	250,000	-	(21,482)	228,518
Term Finance Certificates	662,335	(161,996)	-	500,339	662,335	(162,033)	-	500,302
Foreign bonds - sovereign	47,522,279	(877,360)	257,743	46,902,662	53,560,498	(909,881)	2,494,807	55,145,424
Foreign bonds - others	1,832,050	(21,855)	22,042	1,832,237	4,494,088	(24,002)	299,217	4,769,303
	968,551,860	(6,502,977)	1,731,811	963,780,694	881,649,591	(6,823,507)	4,352,348	879,178,432
Held to maturity securities								
Market Treasury Bills	2,318,242	-	-	2,318,242	2,696,727	-	-	2,696,727
Pakistan Investment Bonds - fixed	202,031,276	-	-	202,031,276	160,738,122	-	-	160,738,122
Government of Pakistan Eurobonds	8,953,554	(83,058)	-	8,870,496	9,383,208	(45,483)	-	9,337,725
Government of Pakistan Sukuk	787,918	(6,424)	-	781,494	824,745	(3,374)	-	821,371
Bai Muajjal with Government of Pakistan	30,338,329	-	-	30,338,329	29,569,648	-	-	29,569,648
Term Finance Certificates	4,584,257	(69,951)	-	4,514,306	4,516,483	(69,951)	-	4,446,532
Corporate Sukuks	12,123,051	(50,934)	-	12,072,117	12,022,820	(57,846)	-	11,964,974
Participation Term Certificates	436	(436)	-	-	437	(437)	-	-
Debentures	2,266	(2,266)	-	-	2,266	(2,266)	-	-
Foreign bonds - sovereign	25,048,988	(608,077)	-	24,440,911	21,361,427	(628,582)	-	20,732,845
Foreign bonds - others	1,699,563	(21,886)	-	1,677,677	1,261,784	(23,219)	-	1,238,565
CDC SAARC Fund	332	-	-	332	347	-	-	347
	287,888,212	(843,032)	-	287,045,180	242,378,014	(831,158)	-	241,546,856
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
	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 operation								
UBL Bank (Tanzania) Limited	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
Total Investments	<u>1,329,942,068</u>	<u>(9,034,920)</u>	<u>1,734,589</u>	<u>1,322,641,737</u>	<u>1,133,665,494</u>	<u>(9,343,576)</u>	<u>4,352,576</u>	<u>1,128,674,494</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 ----- (Rupees in '000) -----
9.1.1 Investments given as collateral - at market value			
Market Treasury Bills		99,805,204	59,846,168
Pakistan Investment Bonds		81,923,020	-
		<u>181,728,224</u>	<u>59,846,168</u>
9.2 Provision for diminution in value of investments			
9.2.1 Opening balance		9,343,576	9,117,891
Exchange adjustments		(86,543)	34,098
(Reversals) / charge			
Charge for the period / year		228,903	853,323
Reversals for the period / year		(451,016)	(511,772)
		(222,113)	341,551
Amounts written off		-	(149,964)
Closing balance	9.5	<u>9,034,920</u>	<u>9,343,576</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Non performing investments	Provision	Non performing investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	285,584	285,584	292,496	292,496

9.3 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 288,104.263 million (December 31, 2020: Rs. 246,788.536 million).

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

9.5 Provision against investments includes collective impairment under IFRS 9 amounting to Rs: 1,868.574 million (December 31, 2020 Rs. 1,748.301 million).

9.6 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 application for voluntary winding up of "United Executors and Trustee Company Limited" is filed with Securities and Exchange Commission of Pakistan (SECP). The Company is inactive and will have no impact on the overall profitability of the Bank.

9.7 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.

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10.	ADVANCES	Note	Performing		Non-performing		Total	
			(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
			March	December	March	December	March	December
			31, 2021	31, 2020	31, 2021	31, 2020	31, 2021	31, 2020
			----- (Rupees in '000) -----					
	Loans, cash credits, running finances, etc.		464,480,774	474,312,018	76,763,215	80,691,738	541,243,989	555,003,756
	Islamic financing and related assets	38.3	34,064,153	20,542,257	75,132	107,478	34,139,285	20,649,735
	Bills discounted and purchased		38,943,255	30,828,990	2,771,580	2,824,527	41,714,835	33,653,517
	Advances - gross		537,488,182	525,683,265	79,609,927	83,623,743	617,098,109	609,307,008
	Provision against advances	10.3						
	- Specific		-	-	(69,494,556)	(71,755,668)	(69,494,556)	(71,755,668)
	- General		(6,893,309)	(7,271,844)	-	-	(6,893,309)	(7,271,844)
			(6,893,309)	(7,271,844)	(69,494,556)	(71,755,668)	(76,387,865)	(79,027,512)
	Advances - net of provision		530,594,873	518,411,421	10,115,371	11,868,075	540,710,244	530,279,496
							(Un-audited)	(Audited)
							March	December
							31, 2021	31, 2020
			----- (Rupees in '000) -----					
10.1	Particulars of advances - gross						458,930,180	453,024,198
	In local currency						158,167,929	156,282,810
	In foreign currencies						617,098,109	609,307,008

10.2 Advances include Rs. 79,609.927 million (December 31, 2020: Rs. 83,623.743 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned*	229,204	311	189,538	497
Substandard	2,610,140	644,423	2,690,171	662,589
Doubtful	635,384	316,218	1,599,695	798,209
Loss	24,885,830	23,786,233	24,259,582	23,164,558
	28,360,558	24,747,185	28,738,986	24,625,853
Overseas				
Not past due but impaired**	3,802,181	1,920,218	5,820,717	2,681,378
Overdue by:				
Upto 90 days	2,806,711	931,980	1,064,806	135,443
91 to 180 days	670,874	499,950	784,383	718,039
181 to 365 days	714,993	711,948	9,400,205	8,495,182
> 365 days	43,254,610	40,683,275	37,814,646	35,099,773
	51,249,369	44,747,371	54,884,757	47,129,815
Total	79,609,927	69,494,556	83,623,743	71,755,668

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

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

10.3 Particulars of provision against advances

Note	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	71,755,668	7,271,844	79,027,512	63,615,915	3,501,359	67,117,274
Exchange adjustments	(1,652,026)	(307,758)	(1,959,784)	917,623	155,659	1,073,282
Charge / (reversals)						
Charge for the period / year	1,187,645	11,836	1,199,481	14,394,123	3,623,212	18,017,335
Reversals for the period / year	(692,177)	(82,613)	(774,790)	(1,805,805)	(8,386)	(1,814,191)
	495,468	(70,777)	424,691	12,588,318	3,614,826	16,203,144
Amounts written off	(1,104,554)	-	(1,104,554)	(5,282,212)	-	(5,282,212)
Amounts charged off						
- agriculture financing	-	-	-	(80,974)	-	(80,974)
Transfers out - net	-	-	-	(3,002)	-	(3,002)
Closing balance	69,494,556	6,893,309	76,387,865	71,755,668	7,271,844	79,027,512

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10.3.1 General provision represents provision amounting to Rs. 331.791 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,561.518 million (December 31, 2020: Rs. 6,951.889 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of IFRS 9.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 16.791 million (December 31, 2020: Rs. 18.337 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,401.728 million (December 31, 2020: Rs. 3,951.861 million) for the overseas branches.

10.3.3 During the period, 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.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	552,075	447,893
Property and equipment		43,847,016	44,075,077
Right-of-use assets		6,487,550	6,684,733
		<u>50,886,641</u>	<u>51,207,703</u>
11.1 Capital work-in-progress			
Civil works		312,465	270,445
Equipment		239,610	177,448
		<u>552,075</u>	<u>447,893</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		104,182	180,711
Leasehold Improvements		86,623	106,300
Furniture and fixture		21,296	17,438
Electrical office and computer equipments		238,851	228,959
Vehicles		92,492	-
		<u>439,262</u>	<u>352,697</u>
		<u>543,444</u>	<u>533,408</u>

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		(Un-audited)	
		January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Building on leasehold land		-	124,304
Leasehold Improvements		-	4,047
Furniture and fixture		3,147	12,951
Electrical office and computer equipments		4,426	46,924
Vehicles		23,744	2,130
		<u>31,317</u>	<u>190,356</u>
11.4 Additions to right-of-use assets		<u>415,220</u>	<u>626,603</u>
11.5 Derecognition of right-of-use assets		<u>236,945</u>	<u>-</u>
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS			
Capital work-in-progress		253,638	190,355
Intangible assets		1,485,675	1,638,856
		<u>1,739,313</u>	<u>1,829,211</u>
		(Un-audited) January - March 2021	(Audited) January - March 2020
		----- (Rupees in '000) -----	
12.1 Additions to intangible assets			
The following additions have been made to directly purchased intangible			
Capital work-in-progress - net additions		<u>63,283</u>	<u>50,634</u>
Additions have been made to directly purchased intangible			
assets during the period:		<u>43,182</u>	<u>146,726</u>
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	<u>7,433,870</u>	<u>6,399,267</u>
13.1 Movement in temporary differences during the period			

March 31, 2021 (Un-audited)			
At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At March 31, 2021
----- (Rupees in '000) -----			
Deductible temporary differences on			
- Post retirement employee benefits	1,381,087	(29)	-
- Provision against advances, off balance sheet etc.	6,390,263	-	-
- Workers' Welfare Fund	1,833,191	95,509	-
	<u>9,604,541</u>	<u>95,480</u>	<u>-</u>
Taxable temporary differences on			
- Surplus on revaluation of fixed assets / non-banking assets	(646,666)	7,916	-
- Surplus on revaluation of investment	(1,697,416)	-	1,022,010
- Accelerated tax depreciation	(729,569)	7,051	-
- Others	(131,623)	281	(98,135)
	<u>(3,205,274)</u>	<u>15,248</u>	<u>923,875</u>
	<u>6,399,267</u>	<u>110,728</u>	<u>923,875</u>
			<u>7,433,870</u>

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December 31, 2020 (Audited)			
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
- Provision against advances, off balance sheet etc.	3,291,876	3,098,387	-
- Workers' Welfare Fund	1,495,858	337,333	-
	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
- Surplus on revaluation of investments	(417,813)	-	(1,279,603)
- Accelerated tax depreciation	(1,147,656)	418,087	-
- Others	(19,815)	-	(111,808)
	(2,324,877)	451,166	(1,331,563)
	3,300,164	3,917,221	(818,118)
			6,399,267
	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
14. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		17,378,318	21,075,804
Income / mark-up accrued in foreign currencies - net of provision	14.1	2,512,430	2,117,215
Advance taxation - net of provision for taxation	14.2	2,453,889	5,921,083
Receivable from staff retirement fund		4,362	24,160
Receivable from other banks against telegraphic transfers and demand drafts		-	110,689
Unrealised gain on forward foreign exchange contracts		2,133,991	2,703,865
Rebate receivable - net		820,957	631,410
Suspense accounts		-	51,215
Stationery and stamps on hand		202,898	169,311
Non-banking assets acquired in satisfaction of claims		241,683	241,683
Advances, deposits, advance rent and other prepayments		1,191,560	916,276
Acceptances		12,916,453	10,505,651
Dividend receivable		197,249	217,974
Commission receivable - Branchless Banking		646,493	658,524
Receivable against fraud & forgery and looted notes		610,096	586,929
Others		2,093,560	2,006,747
		43,403,939	47,938,536
Provision held against other assets	14.3	(1,366,472)	(1,392,976)
Other assets - net of provisions		42,037,467	46,545,560
Deficit on revaluation of non-banking assets acquired in satisfaction of claims	21	(38,367)	(38,367)
Other assets - total		41,999,100	46,507,193

14.1 This includes unrealised mark-up held in suspense amounting to Rs. 13,584.173 million (December 31, 2020: Rs. 13,639.898 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 (2020: 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.

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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 (December 31, 2020: Rs. 1,274 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 and Qatar have been filed upto the year ended December 31, 2019 and for UAE branches upto the year ended December 31, 2020 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 1.0 M (Rs: 41.955 million) from the General Tax Authority (GTA) in respect of tax year 2004 with no supporting calculations from GTA. Management has requested details for 2004 assessment from GTA, however to date no response has been received. Management is confident that the matters will be decided in favour of the Bank and the possibility of any outcome against it is remote.

	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 -----
14.3 Provision held against other assets		
Advances and other receivables	84,272	84,272
Fraud & forgery and looted notes	627,347	626,435
Others	654,853	682,269
	<u>1,366,472</u>	<u>1,392,976</u>
14.3.1 Movement of provision held against other assets		
Opening balance	1,392,976	1,271,877
Exchange adjustments	(12,946)	655
Charge / (reversals)		
Charge for the period / year	3,382	249,664
Reversals for the period / year	(16,940)	(94,809)
	(13,558)	154,855
Transfers in - net	-	3,245
Amounts written off	-	(37,656)
Closing balance	<u>1,366,472</u>	<u>1,392,976</u>
15. CONTINGENT ASSETS		
There were no contingent assets as at the statement of financial position date.		
16. BILLS PAYABLE		
In Pakistan	25,165,028	28,820,012
Outside Pakistan	452,830	913,801
	<u>25,617,858</u>	<u>29,733,813</u>
17. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	30,482,850	30,724,174
Refinance facility for modernization of SMEs	1,382	3,955
Long term financing facility	22,020,295	22,243,644
Refinance scheme for payment of wages and salaries	5,304,527	5,587,037
Renewable energy scheme	187,634	146,985
Other borrowings	1,095,973	768,206
	59,092,661	59,474,001
Repurchase agreement borrowings	181,474,384	59,835,819
	<u>240,567,045</u>	<u>119,309,820</u>
Unsecured		
Call borrowings	7,177,321	2,397,485
Overdrawn nostro accounts	1,239,093	356,029
Money market deals	3,819,005	6,924,081
	12,235,419	9,677,595
	<u>252,802,464</u>	<u>128,987,415</u>

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18. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- (Rupees in '000) -----						
Customers						
Fixed deposits	177,966,205	107,963,337	285,929,542	171,340,589	123,785,587	295,126,176
Saving deposits	511,741,119	47,553,218	559,294,337	509,712,356	48,079,084	557,791,440
Sundry deposits	15,419,462	1,441,623	16,861,085	5,022,037	1,750,251	6,772,288
Margin deposits	4,129,126	2,866,761	6,995,887	3,833,926	3,164,625	6,998,551
Current accounts - remunerative	1,628,223	3,529,544	5,157,767	1,387,144	5,240,221	6,627,365
Current accounts - non-remunerative	568,366,791	115,295,958	683,662,749	549,419,858	111,464,961	660,884,819
	1,279,250,926	278,650,441	1,557,901,367	1,240,715,910	293,484,729	1,534,200,639
Financial Institutions						
Current deposits	16,682,638	1,325,724	18,008,362	20,978,533	1,941,161	22,919,694
Saving deposits	36,659,828	41,674	36,701,502	56,409,524	42,544	56,452,068
Term deposits	22,806,400	1,329,885	24,136,285	25,207,956	1,431,544	26,639,500
	76,148,866	2,697,283	78,846,149	102,596,013	3,415,249	106,011,262
	1,355,399,792	281,347,724	1,636,747,516	1,343,311,923	296,899,978	1,640,211,901

18.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 994,198.602 million (December 31, 2020: Rs 991,687.959 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	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,705,825	11,628,846
Mark-up / return / interest payable in foreign currencies		618,261	1,306,907
Accrued expenses		3,698,653	4,052,238
Branch adjustment account		190,775	105,228
Deferred income		862,890	882,954
Unearned commission and income on bills discounted		358,347	437,621
Provision against off - balance sheet obligations		968,605	1,065,233
Payable to other banks against telegraphic transfers and demand drafts	20.1	13,827	-
Unrealised loss on forward foreign exchange contracts		4,677,043	3,318,593
Suspense accounts		19,725	-
Trading liabilities		633,895	-
Payable to staff retirement fund		218,796	1,122,023
Deferred liabilities		3,838,213	3,752,247
Workers' Welfare Fund payable		4,745,385	4,700,490
Liabilities against ATM settlement		528,608	1,199,242
Insurance payable against consumer assets		653,515	615,406
Dividend payable		11,983,316	357,578
Acceptances		12,916,453	10,505,651
Charity fund balance		2,342	2,827
Lease liability under IFRS 16		7,643,642	7,776,503
Levies and taxes payable		1,674,585	2,666,232
Others		1,347,014	1,081,458
		<u>73,299,715</u>	<u>56,577,277</u>

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	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 -----
20.1 Provision against off-balance sheet obligations			
Opening balance		1,065,233	622,264
Exchange adjustments		(43,569)	11,220
Charge for the period / year		-	568,987
Reversals for the period / year		(53,059)	(137,238)
	31	(53,059)	431,749
Closing balance		968,605	1,065,233
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus arising on revaluation of assets			
Available for sale securities	9.1	1,731,811	4,352,348
Fixed assets		25,611,031	25,630,817
Non-banking assets acquired in satisfaction of claims	14	1,496	1,496
		27,344,338	29,984,661
Less: Deferred tax liability on revaluation of:			
Available for sale securities		675,406	1,697,416
Fixed assets		638,166	646,083
Non-banking assets acquired in satisfaction of claims		583	583
		1,314,155	2,344,082
		26,030,183	27,640,579
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	140,636,996	147,936,161
Commitments	22.2	923,049,716	891,767,423
Other contingent liabilities	22.3	15,327,227	15,539,628
		1,079,013,939	1,055,243,212
22.1 Guarantees:			
Financial guarantees		42,468,821	43,027,825
Performance guarantees		98,168,175	104,908,336
		140,636,996	147,936,161
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		163,333,327	137,787,140
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	648,711,275	635,597,333
- forward Government securities transactions	22.2.3	5,181,000	-
- derivatives - FX options	22.2.4	1,348,442	-
- forward lending	22.2.5	101,423,466	115,451,442
- operating leases	22.2.6	70,868	55,009
Commitments for acquisition of operating fixed assets			
- Fixed assets		2,176,576	2,038,561
- Intangible assets		804,762	837,938
		923,049,716	891,767,423
22.2.1 Commitments to extend credit			

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 -----
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		350,543,872	342,792,602
Sale		298,167,403	292,804,731
22.2.3 Commitments in respect of forward Government securities transactions			
Purchase		5,176,000	-
Sale		5,000	-
22.2.4 Commitments in respect of derivatives			
FX options - purchased		674,221	-
FX options - sold		674,221	-
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	40,903,915	57,591,623
Others		60,519,551	57,859,819
		101,423,466	115,451,442
22.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
22.2.6 Commitments in respect of operating leases			
Not later than one year		69,729	50,579
Later than one year and not later than five years		907	4,197
Later than five years		232	233
		70,868	55,009
		(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 -----
22.2.7 Commitments in respect of capital expenditure		2,981,338	2,876,499
22.3 Other contingent liabilities			
22.3.1 Claims against the Bank not acknowledged as debts		11,237,924	11,450,325
These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security).			
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated condensed interim financial statements.			
22.3.2 During 2016, penalties amounting to Rs. 4.089 billion were levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.			
22.3.3 For contingencies relating to taxation, refer note 14.2.			

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

23. Derivative Instruments

Product analysis

March 31, 2021								
Counterparties	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss
(Rupees in '000)								
Total								
Hedging	674,221	-	5,487,112	820	4,840	(2)	6,166,173	818
Market making	(674,221)	-	-	-	-	-	(674,221)	-
	-	-	5,487,112	820	4,840	(2)	5,491,952	818
December 31, 2020								
Counterparties	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss
(Rupees in '000)								
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

24. MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances

Investments

Lendings to financial institutions

Balances with banks

25. MARK-UP / RETURN / INTEREST EXPENSED

On:

Deposits

Borrowings

Subordinated debt

Cost of foreign currency swaps against foreign currency deposits / borrowings

Interest cost on lease liability under IFRS 16

26. FEE AND COMMISSION INCOME

Branch banking customer fee

Consumer finance related fee

Card related fee (debit and credit cards)

Investment banking fee

Financial Institution rebate / commission

Corporate service charges / facility fee

Commission on trade

Commission on guarantees

Commission on cash management

Commission on remittances including home remittances - net

Commission on bancassurance

Rent on lockers

Others

27. GAIN ON SECURITIES - NET

Realised

Unrealised - held for trading

27.1 Realised gain on:

Federal Government securities

Shares

Foreign securities

Other securities

Note

(Un-audited)

January - March 2021

January - March 2020

(Rupees in '000)

9,119,923

17,013,066

22,211,265

25,269,571

376,555

950,417

117,848

147,299

31,825,591

43,380,353

12,350,906

19,905,417

1,385,653

4,186,089

218,729

373,110

775,881

1,298,766

236,557

274,446

14,967,726

26,037,828

428,154

488,047

243,235

224,416

560,923

418,078

10,891

24,555

71,393

80,030

125,979

160,481

176,074

202,637

137,265

210,165

220,539

202,373

594,301

598,590

381,473

313,875

47,594

48,804

42,701

63,202

3,040,522

3,035,253

27.1

1,864,160

263,916

2,778

78,303

1,866,938

342,219

447,376

92,031

245,419

(227,982)

1,170,930

404,344

435

(4,477)

1,864,160

263,916

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

		----- (Un-audited) -----	
		January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
28. OTHER INCOME			
Charges recovered		58,865	37,940
Rent on properties		27,227	12,692
Gain on sale of operating fixed assets - net		3,269	44,434
Gain on sale of Ijarah assets - net		1,711	383
Gain on trading liabilities - net		40,951	77,901
		<u>132,023</u>	<u>173,350</u>
29. OPERATING EXPENSES			
Total compensation expense		4,156,999	3,984,673
Property expense			
Rent and taxes		276,400	207,247
Insurance		60,143	40,144
Utilities cost		286,527	317,132
Security		250,720	254,950
Repair and maintenance		32,794	35,315
Depreciation		200,550	194,909
Depreciation - right-of-use assets		455,114	479,342
Others		29,477	26,851
		1,591,725	1,555,890
Information technology expenses			
Software maintenance		363,784	304,698
Hardware maintenance		68,085	52,624
Depreciation		187,564	195,526
Amortisation		189,747	176,913
Network charges		182,325	173,586
		991,505	903,347
Other operating expenses			
Directors' fee and allowances		18,150	15,699
Fee and allowances to Shariah Board		2,508	2,280
Legal and professional charges		105,091	164,339
Outsourced service costs		318,183	350,540
Commission paid to branchless banking agents		106,146	122,845
Commission paid to sales force		322,224	246,122
Travelling and conveyance		22,671	33,337
Clearing charges		47,172	60,405
Depreciation - others		295,873	294,962
Depreciation on Islamic financing against leased assets		41,710	62,862
Training and development		5,980	13,946
Postage and courier charges		84,025	62,740
Communication		116,619	116,569
Stationery and printing		188,128	149,984
Marketing, advertisement and publicity		53,498	101,621
Donations		40,000	35,000
Auditors' remuneration		18,759	20,291
Insurance		12,172	49,809
Deposit Protection Premium		396,675	325,570
Cash transportation and sorting charges		197,294	202,403
Entertainment		38,674	40,235
Banking service charges		448,219	391,957
Repairs and maintenance		164,023	98,510
Miscellaneous expenses		68,803	67,657
		<u>3,112,597</u>	<u>3,029,683</u>
		<u>9,852,826</u>	<u>9,473,593</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

		----- (Un-audited) -----	
	Note	January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
30. OTHER CHARGES			
Penalties imposed by the SBP		13,898	180,959
Other penalties		10,649	80
		<u>24,547</u>	<u>181,039</u>
31. PROVISIONS AND WRITE-OFFS - NET			
Provision against loans and advances - net	10.3	424,691	3,992,064
Reversal of provision for diminution in value of investments - net	9.2	(222,113)	(184,572)
Bad debts written off directly		11,586	13,823
(Reversal) / provision against other assets - net		(13,558)	21,676
(Reversal) / provision against off - balance sheet obligations - net	20.1	(53,059)	58,686
Recovery of written-off / charged off bad debts		(121,226)	(211,471)
Other provisions / write-offs		327,750	10,248
		<u>354,071</u>	<u>3,700,454</u>
32. TAXATION			
Current		4,870,958	4,341,992
Deferred		(110,728)	(966,965)
		<u>4,760,230</u>	<u>3,375,027</u>
33. EARNINGS PER SHARE			
Profit after taxation for the period		<u>7,404,677</u>	<u>5,059,981</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>6.05</u>	<u>4.13</u>

There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2021 and March 31, 2020.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

March 31, 2021 (Un-audited)					
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
On balance sheet financial instruments					
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks)					
Eurobonds, Modaraba Pool)	968,115,680	-	968,115,680	-	968,115,680
Foreign Bonds - Sovereign	46,902,662	-	46,902,662	-	46,902,662
Foreign Bonds - others	1,832,237	-	1,832,237	-	1,832,237
Ordinary shares of listed companies	10,675,197	10,675,197	-	-	10,675,197
Investment in Mutual Fund	218,046	-	218,046	-	218,046
Debt securities (TFCs, Sukuks)	1,720,339	-	1,720,339	-	1,720,339
Investment in REIT	418,568	418,568	-	-	418,568
	1,029,882,729	11,093,765	1,018,788,964	-	1,029,882,729
Financial assets - disclosed but not measured at fair value					
Government Securities (T-bills, PIBs, GoP Sukuks)					
Eurobonds, Bai Muajjal)	242,021,595	-	244,152,114	-	244,152,114
Foreign Bonds - Sovereign	26,759,153	-	27,351,174	-	27,351,174
Foreign Bonds - others	1,677,677	-	1,693,967	-	1,693,967
Debt securities (TFCs, Sukuks)	16,586,755	-	14,907,007	-	14,907,007
Investment in Associates and Subsidiaries	4,939,740	-	-	-	-
	291,984,920	-	288,104,262	-	288,104,262
	1,321,867,649	11,093,765	1,306,893,226	-	1,317,986,991
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	648,711,275	-	(2,543,052)	-	(2,543,052)
FX options - purchased and sold	1,348,442	-	-	-	-
Forward purchase of government securities	5,176,000	-	820	-	820
Forward sale of government securities	5,000	-	(2)	-	(2)
Fair Value of non-financial assets					
Fixed Assets	36,407,088	-	-	36,407,088	36,407,088
Non-banking assets acquired in satisfaction of claims	203,316	-	-	203,316	203,316
	36,610,404	-	-	36,610,404	36,610,404
December 31, 2020 (Audited)					
	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
On balance sheet financial instruments					
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks)					
Eurobonds, Modaraba Pool)	808,788,572	-	808,788,572	-	808,788,572
Foreign Bonds - Sovereign	55,145,424	-	45,358,275	-	45,358,275
Foreign Bonds - others	4,769,303	-	7,083,775	-	7,083,775
Ordinary shares of listed companies	10,383,260	13,410,747	-	-	13,410,747
Mutual Fund	228,518	-	252,931	-	252,931
Debt securities (TFCs, Sukuks)	1,720,302	-	1,914,241	-	1,914,241
Investment in REIT	441,914	520,708	-	-	520,708
	881,477,293	13,931,455	863,397,794	-	877,329,249
Financial assets - disclosed but not measured at fair value					
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
Investment in Associates and Subsidiaries	4,939,740	-	-	-	-
	246,486,596	-	246,788,536	-	246,788,536
	1,127,963,889	13,931,455	1,110,186,330	-	1,124,117,785
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	635,597,333	-	(614,728)	-	(614,728)
FX options - purchased and sold	-	-	-	-	-
Forward purchase of government securities	-	-	-	-	-
Forward sale of government securities	-	-	-	-	-
Fair Value of non-financial assets					
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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

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

Debt Securities

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

Derivatives

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

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

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

35. SEGMENT INFORMATION

35.1 Segment details with respect to business activities

For the three months ended March 31, 2021							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
Profit & Loss							
Net mark-up / return / profit	5,725,585	17,355,793	(9,006,654)	1,025,690	1,898,520	(141,069)	16,857,865
Inter segment (expense) / revenue - net	(4,869,849)	(15,770,454)	18,744,893	267,604	-	1,627,806	-
Non mark-up / return / interest income	550,996	936,737	2,246,135	77,060	1,833,886	138,567	5,783,381
Total Income	1,406,732	2,522,076	11,984,374	1,370,354	3,732,406	1,625,304	22,641,246
Segment direct expenses	274,952	156,931	6,379,366	431,909	1,198,625	1,680,485	10,122,268
Inter segment expense allocation	114,818	16,896	1,211,727	10,930	126,971	(1,481,342)	-
Total expenses	389,770	173,827	7,591,093	442,839	1,325,596	199,143	10,122,268
Provision (charge) / reversal - net	(139,749)	421,404	99,620	(2,535)	(726,992)	(5,819)	(354,071)
Profit before tax	877,213	2,769,653	4,492,901	924,980	1,679,818	1,420,342	12,164,907

For the three months ended March 31, 2020							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
Profit & Loss							
Net mark-up / return / profit	11,942,618	17,365,778	(14,793,767)	838,809	2,103,908	(114,821)	17,342,525
Inter segment (expense) / revenue - net	(11,139,804)	(19,994,633)	28,535,868	349,477	-	2,249,092	-
Non mark-up / return / interest income	518,573	469,436	2,063,918	65,717	818,328	729,897	4,665,869
Total Income	1,321,387	(2,159,419)	15,806,019	1,254,003	2,922,236	2,864,168	22,008,394
Segment direct expenses	279,354	39,781	6,158,530	415,033	1,370,754	1,609,480	9,872,932
Inter segment expense allocation	117,717	16,495	1,092,310	28,331	112,767	(1,367,620)	-
Total expenses	397,071	56,276	7,250,840	443,364	1,483,521	241,860	9,872,932
Provision reversals / (charge) - net	313,680	27,491	(274,334)	(35)	(3,762,077)	(5,179)	(3,700,454)
Profit / (loss) before tax	1,237,996	(2,188,204)	8,280,845	810,604	(2,323,362)	2,617,129	8,435,008

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

Segment details with respect to business activities

	As at March 31, 2021 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Balance Sheet							
Cash & Bank balances	10,174	57,419,370	95,785,289	6,766,768	39,451,292	763,792	200,196,685
Investments	4,855,571	1,132,734,472	-	68,137,662	111,353,445	5,560,587	1,322,641,737
Net inter segment lending	-	-	1,155,307,523	27,476,389	-	97,377,845	1,280,161,757
Lendings to financial institutions	-	4,500,000	-	4,833,143	-	-	9,333,143
Advances - performing	352,838,420	17,286	42,730,960	34,022,945	94,561,750	6,423,512	530,594,873
Advances - non-performing net of provision	2,912,473	-	678,312	6,326	6,501,999	16,261	10,115,371
Others	16,157,619	12,648,924	15,465,757	1,910,547	13,033,503	42,842,574	102,058,924
Total Assets	376,774,257	1,207,320,052	1,309,967,841	143,153,780	264,901,989	152,984,571	3,455,102,490
Borrowings	49,617,391	185,884,243	5,863,627	3,611,643	7,825,560	-	252,802,464
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	43,358,381	110,998	1,257,877,489	128,656,392	206,464,197	280,059	1,636,747,516
Net inter segment borrowing	267,066,295	1,012,468,908	-	-	626,554	-	1,280,161,757
Others	16,168,880	6,960,254	43,483,718	5,726,272	4,889,170	21,689,279	98,917,573
Total Liabilities	376,210,947	1,205,424,403	1,307,224,834	137,994,307	219,805,481	31,969,338	3,278,629,310
Equity	563,310	1,895,649	2,743,007	5,159,473	45,096,508	121,015,233	176,473,180
Total Equity & liabilities	376,774,257	1,207,320,052	1,309,967,841	143,153,780	264,901,989	152,984,571	3,455,102,490
Contingencies and Commitments	340,930,925	230,500,457	31,106,888	6,682,913	467,691,275	2,101,481	1,079,013,939

	As at December 31, 2020 (audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Balance Sheet							
Cash & Bank balances	5,833	81,844,130	122,545,270	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	-	-	1,140,956,965	6,980,805	-	77,017,055	1,224,954,825
Lendings to financial institutions	-	-	-	19,959,132	-	-	19,959,132
Advances - performing	360,426,353	-	41,664,184	20,390,074	89,119,069	6,811,741	518,411,421
Advances - non-performing net of provision	3,287,884	-	808,598	10,126	7,754,943	6,524	11,868,075
Others	14,416,544	16,648,272	14,973,662	1,700,920	13,301,659	44,902,317	105,943,374
Total Assets	382,939,776	1,030,885,852	1,320,948,679	123,924,151	280,805,918	135,033,762	3,274,538,138
Borrowings	51,240,762	60,191,848	4,600,487	3,632,752	9,321,566	-	128,987,415
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	50,351,838	132,797	1,259,115,554	110,347,698	220,015,338	248,676	1,640,211,901
Net inter segment borrowing	263,282,545	960,917,205	-	-	755,075	-	1,224,954,825
Others	13,412,717	3,328,909	46,552,896	5,772,050	6,305,922	10,938,596	86,311,090
Total Liabilities	378,287,862	1,024,570,759	1,310,268,937	119,752,500	236,397,901	21,187,272	3,090,465,231
Equity	4,651,914	6,315,093	10,679,742	4,171,651	44,408,017	113,846,490	184,072,907
Total Equity & liabilities	382,939,776	1,030,885,852	1,320,948,679	123,924,151	280,805,918	135,033,762	3,274,538,138
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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2021

36. RELATED PARTY TRANSACTIONS

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

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

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

	As at March 31, 2021 (Un-audited)						As at December 31, 2020 (audited)					
	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	-	-	-	938,834	-	-	-	-	-	1,482,280	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	938,834	-	-	-	-	-	1,482,280	-	-
Investments												
Opening balance	-	-	-	5,406,166	1,582,485	3,997,489	-	-	-	5,406,166	1,582,485	3,943,202
Investment made during the period / year	-	-	-	-	-	63,634	-	-	-	-	-	54,287
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	5,406,166	1,582,485	4,061,123	-	-	-	5,406,166	1,582,485	3,997,489
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,544,596	-	-	-	1,688,911	-	1,544,596
Advances												
Opening balance	-	10	237,861	-	-	9,365,687	-	4,624	220,133	-	2,155,149	12,715,998
Addition during the period / year	-	121	9,197	-	-	19,400,477	-	838	72,462	-	-	16,398,899
Repaid during the period / year	-	(9)	(9,712)	-	-	(7,455,361)	-	(5,452)	(68,603)	-	(152,755)	(19,749,210)
Transfer in / (out)	-	-	-	-	-	-	-	-	13,869	-	(2,002,394)	-
Closing balance	-	122	237,346	-	-	21,310,803	-	10	237,861	-	-	9,365,687
Other Assets												
Interest mark-up accrued	-	-	-	-	787	345,479	-	-	-	-	4,282	232,471
Receivable from staff retirement fund	-	-	-	-	-	4,362	-	-	-	-	-	24,160
Advances, Deposits & Prepayments	-	-	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	-	167,020	-	-	-	-	-	1,002	-
Dividend Receivable	-	-	-	87,555	-	-	-	-	-	-	-	104,215
Other receivable	-	-	-	11,849	-	30,164	-	-	-	11,983	-	30,164
Provision against other assets	-	-	-	-	-	30,164	-	-	-	-	-	30,164
Borrowings												
Opening balance	-	-	-	1,598,323	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	694,733	-	286,300	-	-	-	1,760,102	-	1,598,000
Settled during the period / year	-	-	-	(1,598,323)	-	-	-	-	-	(161,779)	-	(1,598,000)
Closing balance	-	-	-	694,733	-	286,300	-	-	-	1,598,323	-	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2021

	As at March 31, 2021 (Un-audited)						As at December 31, 2020 (audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)						(Rupees in '000)					
Deposits and other accounts												
Opening 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
Received during the period / year	-	10,939,181	222,126	4,810,419	37,175,766	67,914,050	-	29,415,769	1,265,710	15,708,641	144,141,551	177,627,329
Withdrawn during the period / year	-	(11,367,873)	(197,129)	(4,860,356)	(37,769,513)	(68,429,534)	-	(31,659,519)	(1,192,377)	(15,639,495)	(148,166,050)	(172,469,603)
Transfer out - net	-	-	-	-	-	-	-	(3,910)	(59,940)	-	-	6,541
Closing balance	-	6,003,098	87,758	231,079	1,884,685	15,995,535	-	6,431,790	62,761	281,016	2,478,432	16,511,019
Other Liabilities												
Interest / mark-up payable on deposits and borrowings	-	15,079	177	234	6,643	40,753	-	39,335	210	1,182	7,651	115,024
Payable to staff retirement fund	-	-	-	-	-	218,796	-	-	-	-	-	1,122,023
Deferred performance bonus – MRTs / MRCs	-	-	119,471	-	-	-	-	-	-	-	-	-
Dividend Payable	6,001,425	164,409	2,048	-	58,369	952,487	-	-	-	-	-	-
Unearned income	-	-	-	928	-	12,504	-	-	-	1,485	-	-
Other Payable	-	-	175,000	-	38,351	-	-	3,900	-	-	22,353	-
Contingencies and Commitments												
Letter of guarantee	-	-	-	10,521	-	4,360	-	-	-	11,053	-	4,360
Forward foreign exchange contracts purchase	-	-	-	1,826,093	-	-	-	-	-	1,777,719	-	-
Forward foreign exchange contracts sale	-	-	-	1,834,281	-	-	-	-	-	1,756,178	-	-
	For the three months ended March 31, 2021 (Un-audited)						For the three months ended March 31, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)						(Rupees in '000)					
Income												
Mark-up / return / interest earned	-	-	3,480	2,576	8,593	345,479	-	-	23	32,760	14,455	333,484
Commission / charges recovered	-	10	520	356	7,935	6,394	-	15	396	272	6,590	5,524
Dividend income	-	-	-	97,283	-	31,680	-	-	-	197,732	18,458	35,653
Net gain on sale of securities	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	2,374	557	-	5,359	-	-	-	-	-	4,607
Switch revenue	-	-	-	-	-	60,766	-	-	-	-	-	58,384
Management fee	-	-	-	3,631	-	-	-	-	-	11	-	-
Expense												
Mark-up / return / interest paid	-	98,029	95	20	24,284	278,566	-	61,451	79	3,838	158,968	113,080
Remuneration paid	-	-	276,594	-	-	-	-	-	235,985	-	-	-
Post employment benefits	-	-	6,578	-	-	-	-	-	5,942	-	-	-
Non-executive directors' fee	-	18,150	-	-	-	98,011	-	15,700	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	80,846	-	-	-	-	-	89,229
Net (reversal) / charge for defined benefit plans	-	-	-	-	-	12,044	-	-	-	-	-	63,211
Other expenses	-	-	-	-	-	34,582	-	-	-	-	-	8,412
Clearing Charges	-	-	-	-	-	1,016	-	-	-	-	-	34,826
Seminar and Membership fee	-	-	-	-	-	-	-	-	-	-	-	518
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	-	494	-	-	-	-	-	400
Custody Charges	-	-	-	-	-	-	-	-	-	-	-	784
Insurance premium paid	-	-	-	-	174,653	-	-	-	-	-	15,933	-
Insurance claims settled	-	-	-	-	130,396	-	-	-	-	-	117,088	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
37. 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	122,574,990	126,860,060
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,934,770
Total Eligible Tier 1 Capital	132,509,760	136,794,830
Eligible Tier 2 Capital	43,378,925	45,102,462
Total Eligible Capital (Tier 1 + Tier 2)	175,888,685	181,897,292
Risk Weighted Assets (RWAs):		
Credit Risk	525,182,382	532,509,650
Market Risk	55,825,813	54,441,838
Operational Risk	157,614,605	157,614,605
Total	738,622,800	744,566,093
Common Equity Tier 1 Capital Adequacy Ratio	16.60%	17.04%
Tier 1 Capital Adequacy Ratio	17.94%	18.37%
Total Capital Adequacy Ratio	23.81%	24.43%

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 March 31, 2021 stood at Rs.12,241.797 million (Dec 2020: 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 March 31, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 23.8% whereas CET 1 and Tier 1 ratios stood at 16.6% and 17.9% 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.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	132,509,760	532,509,650
Total Exposures	2,709,086,218	2,456,802,603
Leverage Ratio	4.89%	21.67%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,000,606,713	1,035,616,032
Total Net Cash Outflow	277,081,383	324,975,005
Liquidity Coverage Ratio	361.12%	318.68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,730,726,501	1,714,566,321
Total Required Stable Funding	733,058,848	770,865,635
Net Stable Funding Ratio	236.10%	222.42%

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

38. ISLAMIC BANKING BUSINESS

The Bank operates 100 (2020: 100) Islamic Banking branches and 187 (2020: 187) Islamic Banking windows.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		6,249,100	9,784,450
Balances with other banks		459,939	2,277,264
Due from financial institutions	38.1	4,833,143	19,959,132
Investments	38.2	68,137,661	62,729,601
Islamic financing and related assets - net	38.3	34,025,312	20,538,157
Fixed assets		931,980	984,416
Intangible assets		3,981	4,638
Due from Head Office		28,123,678	7,997,409
Other assets		1,012,446	716,619
Total Assets		143,777,240	124,991,686
LIABILITIES			
Bills payable		2,484,502	2,487,519
Due to financial institutions		3,611,644	3,632,752
Deposits and other accounts	38.4	128,657,058	111,478,161
Due to Head Office		-	-
Other liabilities		3,499,809	2,324,027
		138,253,013	119,922,459
NET ASSETS		<u>5,524,227</u>	<u>5,069,227</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(30,363)	(86,052)
Accumulated profit	38.8	<u>3,373,590</u>	<u>2,974,279</u>
		<u>5,524,227</u>	<u>5,069,227</u>
CONTINGENCIES AND COMMITMENTS			
	38.5		

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

		(Un-audited) January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
Profit / return earned	38.6	2,125,352	2,242,726
Profit / return expensed	38.7	<u>(1,098,670)</u>	<u>(1,401,515)</u>
Net profit / return		<u>1,026,682</u>	<u>841,211</u>
Other income			
Fee and commission income		61,304	63,595
Foreign exchange income		336	674
Loss on securities - net		(285)	(4,477)
Other income		6,600	4,186
Total Other income		<u>67,955</u>	<u>63,978</u>
Total Income		<u>1,094,637</u>	<u>905,189</u>
Other operating expenses		<u>(437,519)</u>	<u>(423,827)</u>
Profit before provisions		<u>657,118</u>	<u>481,362</u>
Provisions and write-offs - net		<u>(2,510)</u>	<u>30</u>
Profit before taxation		<u>654,608</u>	<u>481,392</u>
Taxation		<u>(255,297)</u>	<u>(187,743)</u>
Profit after taxation		<u>399,311</u>	<u>293,649</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

38.1 Due from Financial Institutions

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Call money lending	2,000,000	-	2,000,000	10,500,000	-	10,500,000
Bai Muajjal Receivable from other Financial Institutions	2,833,143	-	2,833,143	3,026,018	-	3,026,018
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
	4,833,143	-	4,833,143	19,959,132	-	19,959,132

38.2 Investments by segments

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	----- (Rupees in '000) -----							
Federal Government Securities								
- Ijarah Sukuks	23,995,163	-	(30,363)	23,964,800	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Modaraba Pool	931,343	-	-	931,343	466,435	-	-	466,435
- Bai muajjal with Govt. of Pakistan	30,338,329	-	-	30,338,329	29,569,648	-	-	29,569,648
	55,264,835	-	(30,363)	55,234,472	50,028,535	-	(86,052)	49,942,483
Non Government Debt Securities								
- Listed	700,000	-	-	700,000	450,000	-	-	450,000
- Unlisted	12,203,189	-	-	12,203,189	12,337,118	-	-	12,337,118
	12,903,189	-	-	12,903,189	12,787,118	-	-	12,787,118
	68,168,024	-	(30,363)	68,137,661	62,815,653	-	(86,052)	62,729,601

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	

38.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal investment	33,031,000	33,031,000
Less: Deferred income	(2,692,671)	(3,461,352)
Bai Muajjal investment - net	30,338,329	29,569,648

38.3 Islamic financing and related assets

Ijarah	463,481	440,754
Murabahah	232,369	272,766
Musharakah	20,008,299	8,392,690
Diminishing Musharakah	6,962,269	6,754,380
Istisna	75,211	39,584
Islamic Export Refinance scheme - Musharakah	2,839,544	2,989,544
Islamic Export Refinance scheme - Murabahah	-	-
Advances against Islamic assets		
Advances against Ijarah	28,668	77,190
Advances for Diminishing Musharakah	1,826,280	410,595
Advances for Murabahah	58,827	33,427
Advances for Murabahah - IERS	456,623	456,623
Advances against Mera Pakistan Mera Ghar	196,368	459
Advances for Istisna	219,375	148,586
Inventory related to Islamic financing		
Istisna	307,966	296,918
Profit and other receivables against financings	464,005	336,219
Gross Islamic financing and related assets	34,139,285	20,649,735
Less: Provision against Islamic financings		
- Specific	(87,057)	(90,927)
- General	(26,916)	(20,651)
	(113,973)	(111,578)
Islamic financing and related assets - net of provision	34,025,312	20,538,157

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FOR THE THREE MONTHS ENDED MARCH 31, 2021

38.4 Deposits and other accounts

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Customers		
Current deposits	43,932,596	40,360,080
Saving deposits	21,152,633	18,710,264
Term deposits	18,467,165	5,662,065
	83,552,394	64,732,409
Financial Institutions		
Current deposits	6,103,858	2,046,933
Saving deposits	19,400,806	22,697,263
Term deposits	19,600,000	22,001,556
	45,104,664	46,745,752
	<u>128,657,058</u>	<u>111,478,161</u>

38.4.1 Deposits eligible to be covered under insurance arrangements amounting to Rs. 26,639.148 million (December 31, 2019: Rs. 31,125.997 million).

38.5 Contingencies and commitments

- Guarantees	102,598	111,454
- Commitments	6,580,315	5,880,112
	<u>6,682,913</u>	<u>5,991,566</u>

38.6 Profit / Return Earned on Financing, Investments and Placements

	----- (Un-audited) -----	
	January - March 2021	January - March 2020
	----- (Rupees in '000) -----	
Profit earned on:		
Financing	508,803	401,725
Investments	1,439,412	1,330,575
Placements	124,892	429,411
Rental Income from Ijarah	52,245	81,015
	<u>2,125,352</u>	<u>2,242,726</u>

38.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,059,072	1,366,789
Due to Financial Institutions	15,688	8,190
Others	23,910	26,536
	<u>1,098,670</u>	<u>1,401,515</u>

38.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Opening Balance	2,974,279	1,407,736
Profit for the period / year	654,608	2,514,739
Taxation	(255,297)	(948,196)
Closing Balance	<u>3,373,590</u>	<u>2,974,279</u>

38.9 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.

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General Pool(s)

For General Pools, the Bank allocates PKR financing to Corporate, SMEs 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.

Equity Pool(s)

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 Holding company 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 period, 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 March 31, 2021 is Rs.752.65 million (45.09% of distributable profit of Mudarabah Pool). of this, an amount of Rs.170.54 million (22.66% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 8.80% per annum and the rate of profit paid on average deposits was 6.73% per annum.

The risk characteristics of pools

The risk characteristics 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.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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.

The Bank managed following pools during the period.

For the three months ended March 31, 2021 (Un-audited)

For the three months ended March 31, 2021 (in Rupees)									
	No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	3	Mudarabah	Monthly	6.56%	50.00%	7,416	4.96%	51.23%	3,799
Special Pools	30	Mudarabah	Monthly	8.80%	37.98%	258,891	6.73%	38.72%	100,237
IERS Pools	6	Musharakah	Monthly	6.55%	84.78%	86,991	2.00%	0.00%	-
General Pools	3	Mudarabah	Monthly	9.38%	50.00%	486,341	5.33%	13.67%	66,504

For the three months ended March 31, 2020 (Un-audited)

For the three months ended March 31, 2024 (in Rupees)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	3	Mudarabah	Monthly	5.97%	50.00%	2,159	3.06%	2.61%	56
Special Pools	27	Mudarabah	Monthly	12.49%	9.82%	63,807	11.47%	15.67%	10,000
IERS Pools	6	Musharakah	Monthly	4.94%	8.18%	37,077	2.00%	0.00%	-
General Pools	3	Mudarabah	Monthly	11.81%	50.00%	459,490	8.34%	41.22%	189,387

(Un-audited) (Audited)
March December
31, 2021 31, 2020
-----Rupees in '000-----

38.10 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	1,993,122	2,230,052
Agri business	20,577,207	8,745,482
Textile	2,465,254	1,991,142
Financial	3,008,866	13,335,120
Food industries	155,448	318,037
Plastic	281,946	299,263
Individuals	3,866,791	1,981,422
Production and transmission of energy	13,296,509	13,496,129
Government of Pakistan Securities	58,067,616	59,401,615
Others	3,857,272	3,817,471
	<u>107,570,031</u>	<u>105,615,733</u>

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 21, 2021 has declared an interim cash dividend in respect of the three months period ended March 31, 2021 of Rs. 4.0 per share (March 31, 2020: Rs. 2.5 per share). These unconsolidated condensed interim financial statements for the three months ended March 31, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

40. GENERAL

40.1 Comparatives

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

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

41. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on April 21, 2021, by the Board of Directors of the Bank.



Aameer Karachiwalla
Chief Financial Officer



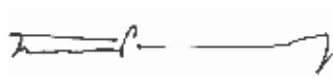
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman



UNITED BANK LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2021
(UN-AUDITED)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

Note (Un-audited) (Audited)
March 31, December 31,
2021 2020
----- (Rupees in '000) -----

ASSETS

Cash and balances with treasury banks	6	196,047,017	258,139,459
Balances with other banks	7	26,365,767	29,583,028
Lendings to financial institutions	8	11,891,316	22,212,442
Investments	9	1,357,064,725	1,167,803,512
Advances	10	626,716,866	611,851,676
Fixed assets	11	56,799,482	57,467,580
Intangible assets	12	1,929,164	2,034,551
Deferred tax assets	13	5,681,185	4,682,494
Other assets	15	43,524,752	48,101,456
		2,326,020,274	2,201,876,198

LIABILITIES

Bills payable	17	25,622,655	29,741,206
Borrowings	18	260,132,386	131,827,185
Deposits and other accounts	19	1,756,061,467	1,764,392,286
Liabilities against assets subject to finance lease	20	13,134	15,957
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	22	75,178,083	58,267,678
		2,127,007,725	1,994,244,312

NET ASSETS

199,012,549 207,631,886

REPRESENTED BY:

Share capital		12,241,797	12,241,797
Reserves		69,014,226	71,020,586
Surplus on revaluation of assets	23	27,709,619	29,334,212
Unappropriated profit		82,767,848	87,527,909
Total equity attributable to the equity holders of the Bank		191,733,490	200,124,504

Non-controlling interest		7,279,059	7,507,382
		199,012,549	207,631,886

CONTINGENCIES AND COMMITMENTS

24

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



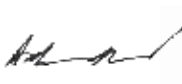
Aameer Karachiwalla
Chief Financial Officer



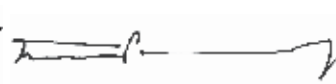
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	32,930,550	44,374,183
Mark-up / return / interest expensed	27	15,425,644	26,584,742
Net mark-up / interest income		<u>17,504,906</u>	<u>17,789,441</u>
Non mark-up / interest income			
Fee and commission income	28	3,469,334	3,510,113
Dividend income		252,206	177,699
Foreign exchange income		524,508	770,976
Income / (loss) from derivatives		7,254	(11,274)
Gain on securities - net	29	1,874,072	458,052
Other income	30	127,885	174,599
Total non mark-up / interest income		<u>6,255,259</u>	<u>5,080,165</u>
Total income		<u>23,760,165</u>	<u>22,869,606</u>
Non mark-up / interest expenses			
Operating expenses	31	10,784,633	10,314,814
Workers' Welfare Fund		248,494	219,422
Other charges	32	24,547	181,039
Total non mark-up / interest expenses		<u>11,057,674</u>	<u>10,715,275</u>
Share of profit / (loss) of associates		152,002	(147,536)
Profit before provisions		<u>12,854,493</u>	<u>12,006,795</u>
Provisions and write-offs - net	33	376,332	3,701,317
Profit before taxation from continuing operations		<u>12,478,161</u>	<u>8,305,478</u>
Taxation	34	4,892,227	3,400,320
Profit after taxation from continuing operations		<u>7,585,934</u>	<u>4,905,158</u>
Discontinued operation			
(Loss) / profit from discontinued operation - net of tax	14	(33)	6,505
Profit after taxation		<u>7,585,901</u>	<u>4,911,663</u>
Attributable to:			
Equity holders of the Bank			
from continuing operations		7,598,730	4,871,117
from discontinued operation		(33)	6,505
		<u>7,598,697</u>	<u>4,877,622</u>
Non-controlling interest		(12,796)	34,041
		<u>7,585,901</u>	<u>4,911,663</u>
		----- (Rupees) -----	
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank			
Basic and diluted		<u>6.21</u>	<u>3.98</u>
Earnings per share for profit attributable to the ordinary equity holders of the Bank			
Basic and diluted	35	<u>6.21</u>	<u>3.98</u>

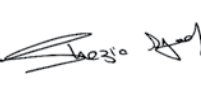
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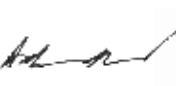
Aameer Karachiwalla
Chief Financial Officer



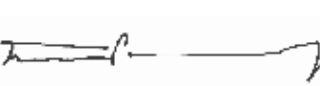
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	January - March 2021	January - March 2020
----- (Rupees in '000) -----		
Profit after tax for the period attributable to:		
Equity holders of the Bank		
from continuing operations	7,598,730	4,871,117
from discontinued operation	(33)	6,505
	<u>7,598,697</u>	<u>4,877,622</u>
Non-controlling interest	(12,796)	34,041
	<u>7,585,901</u>	<u>4,911,663</u>
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	(2,746,828)	3,220,655
Non-controlling interest	(101,833)	58,046
	<u>(2,848,661)</u>	<u>3,278,701</u>
Movement in deficit on revaluation of investments - net of tax		
Equity holders of the Bank	(1,549,035)	(6,833,393)
Non-controlling interest	(61,584)	(764,482)
	<u>(1,610,619)</u>	<u>(7,597,875)</u>
	<u>(4,459,280)</u>	<u>(4,319,174)</u>
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	-	(519,857)
Movement in surplus on revaluation of fixed assets - net of tax		
Equity holders of the Bank	(64,141)	(9,246)
Non-controlling interest	(52,110)	(8,934)
	<u>(116,251)</u>	<u>(18,180)</u>
	<u>(116,251)</u>	<u>(538,037)</u>
Total comprehensive income for the period	<u>3,010,370</u>	<u>54,452</u>
Attributable to:		
Equity holders of the Bank		
from continuing operations	3,238,726	729,276
from discontinued operation	(33)	6,505
	<u>3,238,693</u>	<u>735,781</u>
Non-controlling interest	(228,323)	(681,329)
	<u>3,010,370</u>	<u>54,452</u>

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



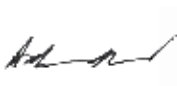
Aameer Karachiwalla
Chief Financial Officer



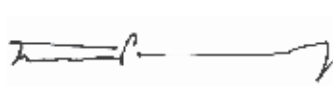
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Attributable to equity shareholders of the Bank								Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus / (Deficit) on revaluation of			Unappropriated profit			Sub total
					Investments	Fixed Assets	Non Banking Assets				
----- (Rupees in '000) -----											
Balance as at December 31, 2019 (Audited)	12,241,797	3,000	33,288,783	33,384,629	189,482	27,184,005	31,071	77,335,249	183,658,016	190,871,871	
Total comprehensive income for the three months ended March 31, 2020											
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	-	-	4,877,622	4,877,622	4,911,663	
Other comprehensive income - net of tax	-	-	-	3,220,655	(6,833,393)	(9,246)	-	(519,857)	(4,141,841)	(4,857,211)	
Total comprehensive income for the three months ended March 31, 2020	-	-	-	3,220,655	(6,833,393)	(9,246)	-	4,357,765	735,781	54,452	
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	(2,260)	(2,260)	
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(125,010)	-	125,010	-	-	
Transfer to statutory reserve	-	-	525,360	-	-	-	-	(525,360)	-	-	
Transactions with owners for the three months ended March 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)	
Balance as at March 31, 2020 (Un-audited)	12,241,797	3,000	33,814,143	36,605,284	(6,643,911)	27,049,749	31,071	76,395,945	179,497,078	186,027,344	
Total comprehensive income for the nine months ended December 31, 2020											
Profit after taxation for the nine months ended December 31, 2020	-	-	-	-	-	-	-	16,060,296	16,060,296	15,876,871	
Other comprehensive income - net of tax	-	-	-	(987,076)	8,954,587	17,163	(921)	(356,174)	7,627,579	8,788,120	
Total comprehensive income for the nine months ended December 31, 2020	-	-	-	(987,076)	8,954,587	17,163	(921)	15,704,122	23,687,875	24,664,991	
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	72,057	-	(72,057)	-	-	
Transfer to statutory reserve	-	-	1,585,235	-	-	-	-	(1,585,235)	-	-	
Transactions with owners for the nine months ended December 31, 2020											
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 (Audited)	12,241,797	3,000	35,399,378	35,618,208	2,310,676	27,022,623	913	87,527,909	200,124,504	207,631,886	
Total comprehensive income for the three months ended March 31, 2021											
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	-	7,598,697	7,598,697	7,585,901	
Other comprehensive income - net of tax	-	-	-	(2,746,828)	(1,549,035)	(64,141)	-	-	(4,360,004)	(4,575,531)	
Total comprehensive income for the three months ended March 31, 2021	-	-	-	(2,746,828)	(1,549,035)	(64,141)	-	7,598,697	3,238,693	3,010,370	
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(11,417)	-	11,417	-	-	
Transfer to statutory reserve	-	-	740,468	-	-	-	-	(740,468)	-	-	
Transactions with owners for the three months ended March 31, 2021											
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	-	(11,629,707)	(11,629,707)	(11,629,707)	
Balance as at March 31, 2021 (Un-audited)	12,241,797	3,000	36,139,846	32,871,380	761,641	26,947,065	913	82,767,848	191,733,490	199,012,549	

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



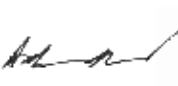
Aameer Karachiwalla
Chief Financial Officer



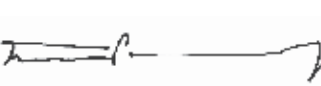
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	January - March 2021	January - March 2020
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operation	12,478,128	8,311,983
Less: Dividend income	252,206	177,699
Share of profit / (loss) of associates	152,002	(147,536)
	<u>12,073,920</u>	<u>8,281,820</u>
Adjustments:		
Depreciation on fixed assets	712,982	705,851
Depreciation on Islamic financing against leased assets (Ijarah)	41,710	62,862
Depreciation on right-of-use assets	455,114	479,342
Amortisation	205,992	194,080
Workers' Welfare Fund	248,494	219,422
Provision for retirement benefits	323,342	287,709
Charge for compensated absences	43,997	46,892
Provision against loans and advances - net	303,465	3,780,593
Reversal of provision for diminution in value of investments - net	(222,113)	(184,572)
Bad debts written off directly	33,847	14,686
(Reversal) / provision against off balance sheet items	(53,059)	58,686
Interest expense on lease liability against right-of-use assets	237,746	274,446
Gain on sale of fixed assets - net	(3,269)	(44,434)
Gain on sale of ijarah assets - net	(1,711)	(383)
Unrealised gain on revaluation of investments classified as held for trading	(2,778)	(78,303)
Other provisions / write-offs	314,192	31,924
	<u>2,637,951</u>	<u>5,848,801</u>
	<u>14,711,871</u>	<u>14,130,621</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	10,321,126	749,077
Held for trading securities	(63,863,879)	8,971,910
Advances	(15,243,453)	8,327,878
Other assets (excluding advance taxation)	748,933	2,585,123
	<u>(68,037,273)</u>	<u>20,633,988</u>
Increase in operating liabilities		
Bills payable	(4,118,551)	(2,829,207)
Borrowings	128,305,201	26,436,793
Deposits and other accounts	(8,330,819)	33,937,636
Other liabilities (excluding current taxation)	6,133,382	(3,631,988)
	<u>121,989,213</u>	<u>53,913,234</u>
	<u>68,663,811</u>	<u>88,677,843</u>
Payments on account of staff retirement benefits	(1,198,758)	(300,780)
Income taxes paid	(1,454,281)	(371,521)
Net cash flows generated from operating activities	<u>66,010,772</u>	<u>88,005,542</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(81,655,938)	(184,587,863)
Net investments in held to maturity securities	(45,248,018)	29,125,347
Net investments in associates	(600,172)	268,938
Dividend income received	272,931	127,242
Investment in fixed assets and intangible assets	(635,189)	(1,508,429)
Sale proceeds from disposal of fixed assets	34,586	234,790
Sale proceeds from disposal of ijarah assets	952	952
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	(2,746,828)	3,220,655
- Non-controlling interest	(101,833)	58,046
Net cash flows used in investing activities	<u>(130,679,509)</u>	<u>(153,060,322)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Lease obligations	2,823	(239)
Payment of lease liability against right-of-use assets	(639,820)	(387,865)
Dividends paid to:		
- Equity holders of the Bank	(3,969)	(1,205,171)
- Non-controlling interest	-	(2,260)
Net cash flows used in financing activities	<u>(640,966)</u>	<u>(1,595,535)</u>
Decrease in cash and cash equivalents during the period	<u>(65,309,703)</u>	<u>(66,650,315)</u>
Cash and cash equivalents at the beginning of the period	287,722,487	286,329,378
Cash and cash equivalents at the end of the period	<u>222,412,784</u>	<u>219,679,063</u>

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



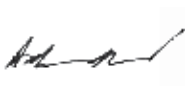
Aameer Karachiwalla
Chief Financial Officer



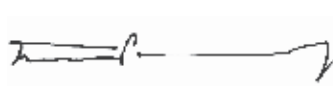
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

- United Bank Limited ("the Bank")

Subsidiary Companies

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

The Group is engaged in commercial banking, asset management, investment advisory and investments business. United Bank Limited ("the Bank") is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,348 (December 31, 2020: 1,356) branches inside Pakistan including 100 (December 31, 2020: 100) Islamic Banking branches and 2 (December 31, 2020: 2) branches in Export Processing Zones. The Bank also operates 13 (December 31, 2020: 14) branches outside Pakistan.

The Bank was a subsidiary of Bestway (Holdings) Limited which is a wholly owned subsidiary of Bestway Group Limited incorporated in United Kingdom.

During the period, an internal reorganization exercise was undertaken by the Bestway Group by virtue of which Bestway (Holdings) Limited has transferred its entire shareholding of 51.6 percent in the Bank to a new Company "Bestway International Holdings Limited" (BIHL) on March 19, 2021. BIHL is a wholly owned subsidiary of the newly incorporated Bestway Group Limited (BGL). Both BIHL and BGL have been incorporated in Guernsey.

The aforementioned transfer of shareholding did not have any effect on the ultimate beneficial ownership of the Bank.

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

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

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. UET is inactive, and will have no impact on the overall profitability of the Group.

2. BASIS OF PRESENTATION

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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.

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

3.4 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019, and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2020.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

3.5 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 16 - Leases (Amendments)	January 01, 2021
- IAS 1 - Presentation of financial statements (Amendments)	January 01, 2021
- IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

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. The impact of the application of IFRS 9 in Pakistan on the Group's financial statements has been assessed and implementation guidelines are awaited from the State Bank of Pakistan.

In addition, there are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated condensed interim financial statements.

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 3 - Business Combinations (Amendments)	January 01, 2022
- IAS 16 - Property plant and equipment (Amendments)	January 01, 2022
- IAS 37 - Provisions, contingent liabilities and contingent assets (Amendments)	January 01, 2022
- IFRS 9 - Financial Instruments: Classification and Measurement (Annual Improvements process)	January 01, 2022
- IFRS 17 - Insurance Contracts	January 01, 2023

The Group expects that adoption of the amendments to accounting and reporting standards will not affect its financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2020.

4.2 The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

5. BASIS OF MEASUREMENT

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

5.2 Judgements and estimates

The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended December 31, 2020.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	17,342,701	20,776,101
Foreign currencies	10,687,699	12,160,057
	28,030,400	32,936,158
With State Bank of Pakistan in		
Local currency current accounts	49,362,714	75,604,954
Foreign currency current accounts	4,328,639	4,420,727
Foreign currency deposit account	7,459,902	7,767,517
	61,151,255	87,793,198
With other central banks in		
Foreign currency current accounts	27,974,923	36,040,406
Foreign currency deposit accounts	7,570,947	6,869,307
	35,545,870	42,909,713
With National Bank of Pakistan in local currency current accounts	70,442,410	92,628,531
Prize Bonds	877,082	1,871,859
	<u>196,047,017</u>	<u>258,139,459</u>
7. BALANCES WITH OTHER BANKS		
Inside Pakistan		
In current accounts	16	-
In deposit accounts	21,723	2,015,383
	21,739	2,015,383
Outside Pakistan		
In current accounts	15,187,909	19,102,946
In deposit accounts	11,156,119	8,464,699
	26,344,028	27,567,645
	<u>26,365,767</u>	<u>29,583,028</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	2,132,142	10,624,519
Repurchase agreement lendings (Reverse Repo)	4,500,000	-
Bai Muajjal receivable		
- with State Bank of Pakistan	-	6,433,114
- with other financial institutions	2,833,143	3,026,018
Other lendings to financial institutions	2,426,031	2,128,791
	<u>11,891,316</u>	<u>22,212,442</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

9. INVESTMENTS

9. INVESTMENTS		(Un-audited)				(Audited)				
		March 31, 2021				December 31, 2020				
9.1	Investments by type	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----										
Held for trading securities										
	Market Treasury Bills		66,868,582	-	2,752	66,871,334	3,009,238	-	228	3,009,466
	Pakistan Investment Bonds - fixed		4,763	-	26	4,789	-	-	-	-
			66,873,345	-	2,778	66,876,123	3,009,238	-	228	3,009,466
Available for sale securities										
	Market Treasury Bills		443,095,429	-	(47,663)	443,047,766	341,885,979	-	238,363	342,124,342
	Pakistan Investment Bonds - fixed		70,850,145	-	(124,089)	70,726,056	76,334,054	-	333,950	76,668,004
	Pakistan Investment Bonds - floaters		340,612,331	-	(2,567,828)	338,044,503	340,678,646	-	(2,569,332)	338,109,314
	Government of Pakistan Eurobonds		23,328,424	(245,959)	1,199,869	24,282,334	25,519,619	(105,010)	1,226,132	26,640,741
	Government of Pakistan Sukuk		27,137,569	(3,934)	(14,399)	27,119,236	24,873,538	(8,713)	(48,193)	24,816,632
	Government of Pakistan Modaraba Pool		931,343	-	-	931,343	466,435	-	-	466,435
	Corporate Sukuks		1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
	Ordinary shares of listed companies		12,560,296	(5,057,496)	3,172,397	10,675,197	13,345,156	(5,479,476)	2,517,580	10,383,260
	Preference shares		36,667	-	-	36,667	36,667	-	-	36,667
	Ordinary shares of unlisted companies		871,777	(134,376)	20	737,421	808,294	(134,392)	36	673,938
	Investment in REIT		458,590	-	(40,022)	418,568	458,590	-	(16,676)	441,914
	Investment in Mutual Fund		250,000	-	(31,954)	218,046	250,000	-	(21,482)	228,518
	Term Finance Certificates		662,335	(161,996)	-	500,339	662,335	(162,033)	-	500,302
	Foreign bonds - sovereign		70,494,196	(1,351,285)	(350,699)	68,792,212	81,369,066	(1,401,942)	1,742,758	81,709,882
	Foreign bonds - others		4,194,961	(21,855)	(4,831)	4,168,275	7,256,300	(24,002)	271,352	7,503,650
			996,704,063	(6,976,901)	1,190,801	990,917,963	915,164,679	(7,315,568)	3,674,488	911,523,599
Held to maturity securities										
	Market Treasury Bills		2,318,242	-	-	2,318,242	2,696,727	-	-	2,696,727
	Pakistan Investment Bonds - fixed		202,031,276	-	-	202,031,276	160,738,122	-	-	160,738,122
	Government of Pakistan Eurobonds		10,211,950	(83,058)	-	10,128,892	10,706,182	(45,483)	-	10,660,699
	Government of Pakistan Sukuk		1,239,193	(6,424)	-	1,232,769	1,296,245	(3,374)	-	1,292,871
	Bai Muajjal with Government of Pakistan	40.2.1	30,338,329	-	-	30,338,329	29,569,648	-	-	29,569,648
	Term Finance Certificates		4,584,257	(69,951)	-	4,514,306	4,516,483	(69,951)	-	4,446,532
	Corporate Sukuks		12,123,051	(50,934)	-	12,072,117	12,022,820	(57,846)	-	11,964,974
	Participation Term Certificates		436	(436)	-	-	437	(437)	-	-
	Debentures		2,266	(2,266)	-	-	2,266	(2,266)	-	-
	Foreign bonds - sovereign		28,578,862	(624,291)	-	27,954,571	25,058,739	(646,731)	-	24,412,008
	Foreign bonds - others		1,699,563	(21,886)	-	1,677,677	1,261,784	(23,219)	-	1,238,565
	CDC SAARC Fund		332	-	-	332	347	-	-	347
			293,127,757	(859,246)	-	292,268,511	247,869,800	(849,307)	-	247,020,493
Associates										
	UBL Liquidity Plus Fund		1,559,047	-	-	1,559,047	1,837,605	-	-	1,837,605
	UBL Stock Advantage Fund		278,293	-	-	278,293	107,282	-	-	107,282
	UBL Financial Sector Fund		263,933	-	-	263,933	225,640	-	-	225,640
	UBL Exchange Traded Fund		21,384	-	-	21,384	21,374	-	-	21,374
	UBL Special Savings Fund II		102,984	-	-	102,984	101,850	-	-	101,850
	Al Ameen Islamic Cash Plan I		600,000	-	-	600,000	-	-	-	-
	Al Ameen Islamic Energy Fund		147,028	-	-	147,028	92,471	-	-	92,471
	Al Ameen Shariah Stock Fund		29,339	-	-	29,339	-	-	-	-
	UBL Insurers Limited		514,481	-	-	514,481	499,948	-	-	499,948
	Khushhali Bank Limited	9.2	3,485,639	-	-	3,485,639	3,363,784	-	-	3,363,784
			7,002,128	-	-	7,002,128	6,249,954	-	-	6,249,954
Total Investments			1,363,707,293	(7,836,147)	1,193,579	1,357,064,725	1,172,293,671	(8,164,875)	3,674,716	1,167,803,512

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
9.3 Investments given as collateral - at market value			
Market Treasury Bills		99,805,204	59,846,168
Pakistan Investment Bonds		81,923,020	-
		<u>181,728,224</u>	<u>59,846,168</u>
9.4 Provision for diminution in value of investments			
9.4.1 Opening balance		8,164,875	7,429,256
Exchange adjustments		(106,615)	58,788
Charge / (reversals)			
Charge for the period / year		228,903	1,389,189
Reversals for the period / year		(451,016)	(562,394)
		(222,113)	826,795
Amount written off		-	(149,964)
Closing balance	9.6	<u>7,836,147</u>	<u>8,164,875</u>

9.4.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
----- (Rupees in '000) -----				
Domestic				
Loss	285,583	285,583	292,496	292,496
Overseas				
Not past due but impaired	1,942,492	490,139	2,004,405	510,210
Total	<u>2,228,075</u>	<u>775,722</u>	<u>2,296,901</u>	<u>802,706</u>

9.5 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 293,343.893 million (December 31, 2020: Rs. 252,280.321 million).

9.6 Provision against investments includes expected credit loss (ECL) under IFRS 9 amounting to Rs. 1,868.574 million (December 31, 2020: Rs. 1,748.301 million).

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
		2021	2020	2021	2020	2021	2020
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.		545,962,177	549,179,452	78,741,057	82,324,861	624,703,234	631,504,313
Islamic financings and related assets		34,064,153	20,542,257	75,132	107,478	34,139,285	20,649,735
Bills discounted and purchased		41,802,076	36,223,975	2,771,580	2,824,527	44,573,656	39,048,502
Advances - gross		621,828,406	605,945,684	81,587,769	85,256,866	703,416,175	691,202,550
Provision against advances	10.3						
- Specific		-	-	(69,765,516)	(72,036,997)	(69,765,516)	(72,036,997)
- General		(6,933,793)	(7,313,877)	-	-	(6,933,793)	(7,313,877)
		(6,933,793)	(7,313,877)	(69,765,516)	(72,036,997)	(76,699,309)	(79,350,874)
Advances - net of provision		614,894,613	598,631,807	11,822,253	13,219,869	626,716,866	611,851,676

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

10.1	Particulars of advances - gross	(Un-audited)	(Audited)
		March 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
10.1.1	In local currency	458,930,180	453,024,198
	In foreign currencies	244,485,995	238,178,352
		<u>703,416,175</u>	<u>691,202,550</u>
10.2	Advances include Rs. 81,587.769 million (December 31, 2020: Rs. 85,256.866 million) which have been placed under non-performing status as detailed below:		

Category of Classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	229,204	311	189,538	497
Substandard	2,610,140	644,423	2,690,171	662,589
Doubtful	635,384	316,218	1,599,695	798,209
Loss	24,885,830	23,786,233	24,259,582	23,164,558
	<u>28,360,558</u>	<u>24,747,185</u>	<u>28,738,986</u>	<u>24,625,853</u>
Overseas				
Not past due but impaired**	3,802,181	1,920,218	5,820,717	2,681,378
Overdue by:				
Upto 90 days	2,806,711	931,980	1,064,806	135,443
91 to 180 days	670,874	499,950	784,383	718,039
181 to 365 days	2,461,393	754,673	10,824,869	8,539,542
> 365 days	43,486,052	40,911,510	38,023,105	35,336,742
	<u>53,227,211</u>	<u>45,018,331</u>	<u>56,517,880</u>	<u>47,411,144</u>
Total	<u>81,587,769</u>	<u>69,765,516</u>	<u>85,256,866</u>	<u>72,036,997</u>

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

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

10.3 Particulars of provision against advances

Note	(Un-audited)			(Audited)		
	March 31, 2021			December 31, 2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	72,036,997	7,313,877	79,350,874	63,887,915	3,618,520	67,506,435
Exchange adjustments	(1,662,394)	(309,308)	(1,971,702)	937,162	160,201	1,097,363
Charge / (reversals)						
Charge for the period / year	1,286,191	11,836	1,298,027	14,338,496	3,623,212	17,961,708
Reversals for the period / year	(790,724)	(82,612)	(873,336)	(1,734,374)	(88,056)	(1,822,430)
33	495,467	(70,776)	424,691	12,604,122	3,535,156	16,139,278
Amounts written off	(1,104,554)	-	(1,104,554)	(5,282,212)	-	(5,282,212)
Amounts charged off - agriculture						
financing	-	-	-	(80,974)	-	(80,974)
Transfers out - net	-	-	-	(29,016)	-	(29,016)
Closing balance	<u>69,765,516</u>	<u>6,933,793</u>	<u>76,699,309</u>	<u>72,036,997</u>	<u>7,313,877</u>	<u>79,350,874</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

10.3.1 General provision represents provision amounting to Rs. 331.791 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,602.002 million (December 31, 2020: Rs. 6,993.922 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.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular No. 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 16.791 million (December 31, 2020: Rs. 18.337 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 3,401.728 million (December 31, 2020: Rs. 3,951.861 million) for the overseas branches.

10.3.3 During the period, 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	(Un-audited) March 31, 2021	(Audited) December 31, 2020
11. FIXED ASSETS		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	552,075	447,893
Property and equipments		49,704,196	50,155,993
Right-of-use assets		6,543,211	6,863,694
		<u>56,799,482</u>	<u>57,467,580</u>
11.1 Capital work-in-progress			
Civil works		312,465	270,445
Equipment		239,610	177,448
		<u>552,075</u>	<u>447,893</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		104,182	180,711
Property and equipments			
Building on freehold land		-	4,356
Leasehold Improvement		86,623	106,300
Furniture and fixture		21,296	17,438
Electrical, office and computer equipments		239,149	228,959
Vehicles		92,492	15,868
		<u>439,560</u>	<u>372,921</u>
Total		<u>543,742</u>	<u>553,632</u>

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FOR THE THREE MONTHS ENDED MARCH 31, 2021

		(Un-audited)	
		January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
11.3 Disposals of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Building on leasehold land		-	124,304
Leasehold Improvement		-	4,047
Furniture and fixture		3,147	12,951
Electrical, office and computer equipments		4,426	46,924
Vehicles		23,744	2,130
		<u>31,317</u>	<u>190,356</u>
11.4 Additions to right-of-use assets		<u>415,220</u>	<u>626,603</u>
11.5 Derecognition of right-of-use assets		<u>236,945</u>	<u>-</u>
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS			
Capital work-in-progress		298,237	232,545
Intangible assets		<u>1,630,927</u>	<u>1,802,006</u>
		<u>1,929,164</u>	<u>2,034,551</u>
		(Un-audited) January - March 2021	(Un-audited) January - March 2020
		----- (Rupees in '000) -----	
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net additions		<u>63,283</u>	<u>50,634</u>
Directly purchased intangibles		<u>43,182</u>	<u>146,726</u>
	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			
Deferred tax assets	13.1	<u>5,681,185</u>	<u>4,682,494</u>
13.1 Movement in temporary differences during the period			

		March 31, 2021 (Un-audited)			
		At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At March 31, 2021
		----- (Rupees in '000) -----			
Deductible temporary differences on					
- Post-retirement employee benefits		1,386,150	(29)	-	1,386,121
- Provision against advances, off-balance sheet etc.		6,390,263	-	-	6,390,263
- Workers' Welfare Fund		1,833,191	95,509	-	1,928,700
		9,609,604	95,480	-	9,705,084
Taxable temporary differences on					
- Surplus on revaluation of fixed assets / non-banking assets		(1,286,111)	7,916	23,568	(1,254,627)
- Surplus on revaluation of investments		(1,697,416)	-	1,022,010	(675,406)
- Share of profit from Associates		(1,083,460)	(51,179)	-	(1,134,639)
- Accelerated tax depreciation		(286,178)	281	(98,135)	(384,032)
- Others		(573,945)	9,116	(10,366)	(575,195)
		(4,927,110)	(33,866)	937,077	(4,023,899)
		<u>4,682,494</u>	<u>61,614</u>	<u>937,077</u>	<u>5,681,185</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	December 31, 2020 (Audited)			
	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	837,426	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)
- Surplus on revaluation of investments	(375,338)	-	(1,322,078)	(1,697,416)
- Share of profit from Associates	(922,114)	(161,346)	-	(1,083,460)
- Accelerated tax depreciation	(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

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.

14.1 Assets and liabilities under discontinued operation

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Assets		
Balances with other banks	206,397	219,488
Liabilities		
Other liabilities	8,292	11,575

14.2 Discontinued operation

	(Un-audited) January - March 2021	January - March 2020
	----- (Rupees in '000) -----	
Mark-up / return / interest earned	-	7,125
Mark-up / return / interest expensed	-	-
Net mark-up / interest income	-	7,125
Non mark-up / interest income		
Foreign exchange income	-	287
Other income	-	-
Total non mark-up / interest income	-	287
Total income	-	7,412
Non mark-up / interest expenses		
Operating expenses	33	907
Total non mark-up / interest expenses	33	907
(Loss) / profit before taxation	(33)	6,505
Taxation	-	-
(Loss) / profit after taxation	(33)	6,505

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
15. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		17,377,609	21,075,329
Income / mark-up accrued in foreign currencies - net of provision	15.1	2,616,544	2,211,759
Advance taxation - net of provision for taxation	15.2	2,493,017	5,992,577
Receivable from staff retirement fund		4,362	24,160
Receivable from other banks against telegraphic transfers and demand drafts		-	110,689
Unrealised gain on forward foreign exchange contracts		2,874,601	3,347,603
Rebate receivable - net		820,957	631,410
Suspense accounts		-	240,002
Stationery and stamps on hand		202,898	169,311
Non-banking assets acquired in satisfaction of claims		273,243	274,451
Advances, deposits, advance rent and other prepayments		1,833,454	1,475,598
Acceptances		12,916,453	10,505,651
Dividend receivable		197,249	217,974
Commission receivable - Branchless Banking		646,493	658,524
Receivable against fraud & forgery and looted notes		610,096	586,929
Others		2,062,615	2,010,832
		<u>44,929,591</u>	<u>49,532,799</u>
Provision held against other assets	15.3	(1,366,472)	(1,392,976)
Other assets - net of provision		43,563,119	48,139,823
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		(38,367)	(38,367)
Other assets - total		<u>43,524,752</u>	<u>48,101,456</u>

15.1 This includes unrealised mark-up held in suspense amounting to Rs. 13,584.173 million (December 31, 2020: Rs. 13,639.898 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.

15.2 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 (December 31, 2020: 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 (accounting 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 (December 31, 2020: Rs. 1,274 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 and Qatar branches have been filed upto the year ended December 31, 2019 and for the UAE branch upto the year ended December 31, 2020, 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) 1.0 million (Rs: 41.955 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

For USAG income tax returns have been filed upto the accounting year ended December 31, 2020 and for UBL UK, UBL FM and UET 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 till accounting year ended December 31, 2020, for UBL UK till the accounting year ended December 31, 2019 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 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.

Moreover, there are certain other contingencies in respect of non-payment / short payment of Federal Excise Duty (FED), sales tax and withholding 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.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
15.3 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	84,272	84,272
Fraud & forgery and looted notes	627,347	626,435
Others	654,853	682,269
	<u>1,366,472</u>	<u>1,392,976</u>
15.3.1 Movement of provision held against other assets		
Opening balance	1,392,976	1,271,877
Exchange adjustments	(12,946)	655
Charge / (reversals)		
Charge for the period / year	3,382	249,664
Reversals for the period / year	(16,940)	(94,809)
	(13,558)	154,855
Transfer in - net	-	3,245
Amounts written off	-	(37,656)
Closing balance	<u>1,366,472</u>	<u>1,392,976</u>

16. CONTINGENT ASSETS

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

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
17. BILLS PAYABLE		
In Pakistan	25,165,028	28,820,012
Outside Pakistan	457,627	921,194
	<u>25,622,655</u>	<u>29,741,206</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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(Un-audited) (Audited)
March 31, December 31,
2021 2020
----- (Rupees in '000) -----

18. BORROWINGS

Details of borrowings

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme
Refinance facility for modernisation of SMEs
Long term financing facility
Refinance scheme for payment of wages and salaries
Renewable energy scheme
Other borrowings

30,482,850	30,724,174
1,382	3,955
22,020,295	22,243,644
5,304,527	5,587,037
187,634	146,985
2,078,194	1,166,820
60,074,882	59,872,615
182,238,299	59,835,819
242,313,181	119,708,434

Repurchase agreement borrowings

Unsecured

Call borrowings
Overdrawn nostro accounts
Money market deals

7,177,321	2,397,485
1,245,192	379,564
9,396,692	9,341,702
17,819,205	12,118,751
260,132,386	131,827,185

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Fixed deposits	177,966,205	199,791,318	377,757,523	171,340,589	214,773,170	386,113,759
Saving deposits	511,741,119	50,511,443	562,252,562	509,563,742	53,146,711	562,710,453
Sundry deposits	15,419,462	1,809,265	17,228,727	5,022,037	2,173,583	7,195,620
Margin deposits	4,129,126	2,895,737	7,024,863	3,833,926	3,194,969	7,028,895
Current accounts - remunerative	1,628,223	6,709,218	8,337,441	1,387,144	6,911,630	8,298,774
Current accounts - non-remunerative	568,366,791	134,006,473	702,373,264	549,038,483	134,295,247	683,333,730
	1,279,250,926	395,723,454	1,674,974,380	1,240,185,921	414,495,310	1,654,681,231
Financial Institutions						
Current deposits	16,682,638	4,030,300	20,712,938	20,978,533	4,646,484	25,625,017
Saving deposits	36,659,828	447,041	37,106,869	56,409,524	2,373,413	58,782,937
Term deposits	22,806,400	460,880	23,267,280	25,207,956	95,145	25,303,101
	76,148,866	4,938,221	81,087,087	102,596,013	7,115,042	109,711,055
	1,355,399,792	400,661,675	1,756,061,467	1,342,781,934	421,610,352	1,764,392,286

19.1 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 994,198.602 million (December 31, 2020: Rs. 991,687.959 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	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	6,026	558	5,468	5,562	452	5,110
Later than one year and not later than five years	7,778	112	7,666	11,132	285	10,847
	13,804	670	13,134	16,694	737	15,957

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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	(Un-audited) March 31, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
22. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		15,709,462	11,630,286
Mark-up / return / interest payable in foreign currencies		636,948	1,327,591
Accrued expenses		3,903,012	4,332,657
Branch adjustment account		190,775	105,228
Deferred income		873,591	882,954
Unearned commission and income on bills discounted		369,185	453,296
Provision against off-balance sheet obligations	22.1	979,486	1,076,530
Payable to other banks against telegraphic transfers and demand drafts		13,827	-
Unrealised loss on forward foreign exchange contracts		5,146,051	3,376,994
Suspense accounts		208,978	-
Trading liabilities		659,762	-
Payable to staff retirement fund		218,796	1,142,926
Deferred liabilities		4,042,310	3,969,397
Workers' Welfare Fund payable		4,800,787	4,752,294
Liabilities against IBFT, ATM and other settlements - net		528,608	1,199,242
Insurance payable against consumer assets		653,515	615,405
Dividend payable		11,983,316	357,578
Acceptances		12,916,453	10,505,651
Charity fund balance		2,342	2,828
Lease Liability under IFRS 16		7,712,327	7,950,494
Levies and taxes payable		1,677,561	2,671,007
Others		1,950,991	1,915,320
		<u>75,178,083</u>	<u>58,267,678</u>

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FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
22.1 Provision against off-balance sheet obligations			
Opening balance		1,076,530	632,785
Exchange adjustments		(43,985)	11,996
Charge for the period / year		-	431,749
Reversals for the period / year		(53,059)	-
		(53,059)	431,749
		979,486	1,076,530
23. SURPLUS ON REVALUATION OF ASSETS			
Surplus arising on revaluation of assets - net of tax			
Fixed assets	23.1	26,947,065	27,022,623
Available for sale securities	23.2	758,849	2,282,110
Non-banking assets acquired in satisfaction of claims		913	913
Surplus arising on revaluation of assets of associates		2,792	28,566
		27,709,619	29,334,212
23.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		29,975,515	30,165,526
Revaluation against fixed assets during the period		22,090	(250,405)
Realised on disposal during the period / year		-	(162,824)
Exchange adjustments		(162,477)	310,216
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(11,644)	(53,821)
Related deferred tax liability on incremental depreciation charged during the period / year		(7,122)	(33,177)
		(159,153)	(190,011)
		29,816,362	29,975,515
Less: Related deferred tax liability			
Revaluation as on January 1		1,285,528	1,319,440
Surplus realised on disposal of fixed assets during the period / year		(795)	(46,478)
Impact of change of deferred tax rate		-	-
Reversal of revaluation against fixed assets during the period / year		-	(4,506)
Exchange adjustments		(23,568)	50,249
Incremental depreciation charged on related assets		(7,122)	(33,177)
		1,254,043	1,285,528
		28,562,319	28,689,987
Share of non-controlling interest		(1,615,254)	(1,667,364)
Group's share		26,947,065	27,022,623
23.2 Surplus on revaluation of available for sale securities			
Market Treasury Bills		(47,663)	238,363
Pakistan Investment Bonds - fixed		(124,089)	333,950
Pakistan Investment Bonds - floaters		(2,567,828)	(2,569,332)
Ordinary shares and mutual fund		3,140,463	2,496,134
REIT Investment		(40,022)	(16,676)
Term Finance Certificates, Sukuks, other bonds etc.		(14,399)	(48,193)
Foreign bonds		844,339	3,240,242
		1,190,801	3,674,488
Related deferred tax liability		(675,406)	(1,697,416)
		515,395	1,977,072
Share of non-controlling interest		243,454	305,038
Group's share		758,849	2,282,110

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FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
24. CONTINGENCIES AND COMMITMENTS			
- Guarantees	24.1	140,679,230	147,961,658
- Commitments	24.2	993,227,455	970,991,372
- Other contingent liabilities	24.3	15,327,227	15,554,510
		<u>1,149,233,912</u>	<u>1,134,507,540</u>
24.1 Guarantees			
Financial guarantees		42,490,015	43,053,322
Performance guarantees		98,168,175	104,908,336
Other guarantees		21,040	-
		<u>140,679,230</u>	<u>147,961,658</u>
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		188,011,964	160,344,833
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	681,031,249	683,065,647
- forward Government securities transactions	24.2.3	5,181,000	-
- derivatives - FX options	24.2.4	1,348,442	-
- forward lending	24.2.5	114,400,016	124,510,935
- operating leases	24.2.6	137,439	126,093
Commitments for acquisition of:			
- operating fixed assets	24.2.7	2,176,576	2,876,499
- intangible assets	24.2.7	804,762	-
Others		136,007	67,365
		<u>993,227,455</u>	<u>970,991,372</u>
24.2.1 Commitments to extend credit			
The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
24.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		366,636,451	366,797,666
Sale		<u>314,394,798</u>	<u>316,267,981</u>
24.2.3 Commitments in respect of forward Government securities transactions			
Forward purchase of Government securities		5,176,000	-
Forward sale of Government securities		<u>5,000</u>	<u>-</u>
24.2.4 Commitments in respect of derivatives			
FX options - purchased		674,221	-
FX options - sold		<u>674,221</u>	<u>-</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
24.2.5 Commitments in respect of forward lending		----- (Rupees in '000) -----	
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	53,880,465	66,651,116
Others		60,519,551	57,859,819
		<u>114,400,016</u>	<u>124,510,935</u>

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

	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
24.2.6 Commitments in respect of operating leases		----- (Rupees in '000) -----	
Not later than one year		77,303	58,443
Later than one year and not later than five years		33,099	37,620
Later than five years		27,037	30,030
		<u>137,439</u>	<u>126,093</u>
24.2.7 Commitments in respect of capital expenditure		<u>2,981,338</u>	<u>2,876,499</u>

24.3 Other contingent liabilities

Claims against the Group not acknowledged as debts	24.3.1	<u>11,237,924</u>	<u>11,465,207</u>
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24.3.1 These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security).

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

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

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

24.4 For contingencies relating to taxation, refer note 15.2.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

Counterparties	March 31, 2021 (Un-audited)							
	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)
----- (Rupees in 000) -----								
Total								
Hedging	674,221	-	5,487,112	820	4,840	(2)	6,166,173	818
Market making	(674,221)	-	-	-	-	-	(674,221)	-
	-	-	5,487,112	820	4,840	(2)	5,491,952	818

Counterparties	December 31, 2020 (Audited)							
	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)
----- (Rupees in 000) -----								
Total								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

26. MARK-UP / RETURN / INTEREST EARNED

On:		
Loans and advances	9,950,589	17,656,586
Investments	22,464,917	25,572,265
Lendings to financial institutions	390,200	1,025,006
Balances with banks	124,844	120,326
	<u>32,930,550</u>	<u>44,374,183</u>

27. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	12,757,838	20,262,755
Borrowings	1,400,381	4,300,478
Subordinated debt	218,729	373,110
Cost of foreign currency swaps against foreign currency deposits / borrowings	810,950	1,373,953
Interest cost on lease liability under IFRS 16	237,746	274,446
	<u>15,425,644</u>	<u>26,584,742</u>

(Un-audited)
January - January -
March March
2021 2020
----- (Rupees in '000) -----

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited)	
		January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
28. FEE AND COMMISSION INCOME			
Branch banking customer fee		449,190	521,142
Consumer finance related fee		278,031	245,219
Card related fees (debit and credit cards)		709,627	616,540
Investment banking fee		10,891	24,555
Financial Institution rebate / commission		71,393	80,030
Corporate service charges / facility fee		125,979	160,481
Commission on trade		176,560	203,243
Commission on guarantees		137,361	210,373
Commission on cash management		220,539	202,373
Commission on remittances including home remittances - net		598,580	616,762
Commission on bancassurance		381,473	313,875
Management fee		196,729	185,915
Rent on lockers		47,594	48,804
Others		65,387	80,801
		<u>3,469,334</u>	<u>3,510,113</u>
29. GAIN ON SECURITIES - NET			
Realised	29.1	1,871,294	379,749
Unrealised - held for trading		<u>2,778</u>	<u>78,303</u>
		<u>1,874,072</u>	<u>458,052</u>
29.1 Realised gain on:			
Federal Government securities		448,413	92,031
Shares		245,419	(232,459)
Foreign securities		1,177,027	520,177
Other securities		435	-
		<u>1,871,294</u>	<u>379,749</u>
30. OTHER INCOME			
Charges recovered		55,284	38,090
Rent on properties		26,670	13,791
Gain on sale of operating fixed assets - net		3,269	44,434
Gain on sale of Ijarah assets		1,711	383
Gain on trading liabilities - net		40,951	77,901
		<u>127,885</u>	<u>174,599</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	(Un-audited)	
	January - March 2021	January - March 2020
	----- (Rupees in '000) -----	
31. OPERATING EXPENSES		
Total compensation expense	4,677,619	4,510,162
Property expense		
Rent and taxes	309,678	242,833
Insurance	63,452	43,453
Utilities cost	286,666	317,233
Security	250,720	254,950
Repair and maintenance	37,178	48,215
Depreciation	209,827	203,138
Depreciation - Right-of-use assets	455,114	479,342
Others	31,834	29,498
	1,644,469	1,618,662
Information technology expenses		
Software maintenance	364,268	306,626
Hardware maintenance	143,361	111,214
Depreciation	203,126	202,013
Amortisation	205,992	194,080
Network charges	197,110	184,330
	1,113,857	998,263
Other operating expenses		
Directors' fees and allowances	27,942	15,699
Fees and allowances to Shariah Board	2,508	2,280
Legal and professional charges	127,571	194,710
Outsourced service costs	339,499	368,914
Commission paid to branchless banking agents	106,146	122,845
Commission paid to Sales force	322,224	246,122
Travelling and conveyance	25,922	41,407
Clearing charges	47,172	60,405
Depreciation others	300,029	300,700
Depreciation on Islamic financing against leased assets	41,710	62,862
Training and development	7,185	15,285
Postage and courier charges	84,025	62,740
Communication	134,608	130,912
Stationery and printing	190,373	154,768
Marketing, advertisement and publicity	77,038	108,443
Donations	40,000	35,000
Auditors' remuneration	31,187	28,341
Insurance	14,426	53,332
Deposit Protection Premium	396,675	325,570
Cash transportation and sorting charges	197,294	204,364
Entertainment	40,388	43,471
Banking service charges	465,771	426,252
Repairs and maintenance	189,787	112,918
Miscellaneous expenses	139,208	70,387
	3,348,688	3,187,727
	10,784,633	10,314,814

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	(Un-audited)	
		January - March 2021	January - March 2020
		----- (Rupees in '000) -----	
32. OTHER CHARGES			
Penalties imposed by the SBP		13,898	180,959
Other penalties		10,649	80
		<u>24,547</u>	<u>181,039</u>
33. PROVISIONS AND WRITE-OFFS - NET			
Provision against loans and advances - net	10.3	424,691	3,992,064
Reversal of provision for diminution in value of investments - net	9.4	(222,113)	(184,572)
Bad debts written-off directly		33,847	14,686
(Reversals) / provision against other assets - net		(13,558)	21,676
(Reversals) / provision against off-balance sheet obligations	22.1	(53,059)	58,686
Recovery of written-off / charged-off bad debts		(121,226)	(211,471)
Other provisions / write-offs		327,750	10,248
		<u>376,332</u>	<u>3,701,317</u>
34. TAXATION			
Current		4,953,841	4,396,290
Deferred		(61,614)	(995,970)
		<u>4,892,227</u>	<u>3,400,320</u>
35. EARNINGS PER SHARE			
Profit after tax attributable to equity shareholders of the Bank		<u>7,598,697</u>	<u>4,877,622</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>6.21</u>	<u>3.98</u>

35.1 There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2021 and 2020.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	March 31, 2021 (Un-audited)				
On-balance sheet financial instruments	Carrying /	Fair value			Total
	Notional value	Level 1	Level 2	Level 3	
Financial assets measured at fair value	----- (Rupees in '000) -----				
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks					-
Eurobonds, Modaraba Pool)	971,027,361	-	971,027,361	-	971,027,361
Foreign Bonds - sovereign	68,792,212	-	68,792,212	-	68,792,212
Foreign Bonds - others	4,168,275	-	4,168,275	-	4,168,275
Ordinary shares of listed companies	10,675,197	10,675,197	-	-	10,675,197
Mutual Fund	218,046	-	218,046	-	218,046
Debt securities (TFCs, Corporate Sukuks)	1,720,339	-	1,720,339	-	1,720,339
Investment in REIT	418,568	-	418,568	-	418,568
	1,057,019,998	10,675,197	1,046,344,801	-	1,057,019,998

Financial assets not measured at fair value

- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks					
Eurobonds, Bai Muajjal)	246,049,508	-	245,933,462	-	245,933,462
Foreign Bonds - sovereign	27,954,571	-	30,809,456	-	30,809,456
Foreign Bonds - others	1,677,677	-	1,693,967	-	1,693,967
Debt securities (TFCs, Corporate Sukuks and others)	16,586,755	-	14,907,007	-	14,907,007
	292,268,511	-	293,343,892	-	293,343,892
	1,349,288,509	10,675,197	1,339,688,693	-	1,350,363,890

Off-balance sheet financial instruments

Forward purchase and sale of foreign exchange contracts	681,031,249	-	(2,271,450)	-	(2,271,450)
FX options - purchased and sold (net)	1,348,442	-	-	-	-
Forward purchase of Government Securities	5,176,000	-	820	-	820
Forward sale of Government Securities	5,000	-	(2)	-	(2)

Fair value of non-financial assets

Fixed Assets	58,728,646	-	-	58,728,646	58,728,646
Non-banking assets acquired in satisfaction of claims	234,876	-	-	234,876	234,876
	58,963,522	-	-	58,963,522	58,963,522

December 31, 2020 (Audited)				
Carrying /	Fair value			Total
Notional value	Level 1	Level 2	Level 3	
(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 Fund	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 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)
FX options - purchased and sold (net)	-	-	-	-	-
Forward purchase of Government Securities	-	-	-	-	-
Forward sale of Government Securities	-	-	-	-	-

Fair value of non-financial assets

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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

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

Debt Securities

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

Derivatives

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

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

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

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

For the three months ended March 31, 2021 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
Profit and Loss							
(Rupees in '000)							
Net mark-up / return / profit	5,725,585	17,355,793	(9,006,654)	1,025,690	1,898,520	647,041	17,504,906
Inter segment (expense) / revenue - net	(4,869,849)	(15,770,454)	18,744,893	267,604	-	1,627,806	-
Non mark-up / return / interest income	550,996	929,347	2,245,779	77,060	1,833,886	464,812	6,407,261
Total income	1,406,732	2,514,686	11,984,018	1,370,354	3,732,406	1,111,853	23,912,167
Segment direct expenses	274,952	156,931	6,379,366	431,909	1,198,625	935,406	11,057,674
Inter segment expense allocation	114,818	16,896	1,211,727	10,930	126,971	-	-
Total expenses	389,770	173,827	7,591,093	442,839	1,325,596	935,406	11,057,674
Provision (charge) / reversals - net	(139,749)	421,404	99,620	(2,535)	(726,992)	(22,261)	(376,332)
Profit before tax from continuing operations	877,213	2,762,263	4,492,545	924,980	1,679,818	1,587,156	12,478,161
For the three months ended March 31, 2020 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
Profit and Loss							
(Rupees in '000)							
Net mark-up / return / profit	11,942,618	17,365,778	(14,793,767)	838,809	2,103,908	446,916	17,789,441
Inter segment (expense) / revenue - net	(11,139,804)	(19,994,633)	28,535,868	349,477	-	2,249,092	-
Non mark-up / return / interest income	518,573	469,436	2,063,635	65,717	818,328	499,833	4,932,629
Total income / (loss)	1,321,387	(2,159,419)	15,805,736	1,254,003	2,922,236	946,749	22,722,070
Segment direct expenses	279,354	39,781	6,158,530	415,033	1,370,754	842,343	10,715,275
Inter segment expense allocation	117,717	16,495	1,092,310	28,331	112,767	-	-
Total expenses	397,071	56,276	7,250,840	443,364	1,483,521	842,343	10,715,275
Provision reversals / (charge) - net	313,680	27,491	(274,334)	(35)	(3,762,077)	(863)	(3,701,317)
Profit / (loss) before tax from continuing operations	1,237,996	(2,188,204)	8,280,562	810,604	(2,323,362)	103,543	8,305,478

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As at March 31, 2021 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	10,174	57,419,370	94,884,835	6,766,768	39,412,911	23,154,934	763,792	222,412,784
Investments	4,855,571	1,132,734,472	-	68,137,662	111,353,445	35,230,921	4,752,654	1,357,064,725
Net inter segment lending	-	-	1,155,307,523	27,476,389	-	-	97,377,845	1,280,161,757
Lendings to financial institutions	-	4,500,000	-	4,833,143	-	2,558,173	-	11,891,316
Advances - performing	352,838,420	17,286	42,730,960	34,022,945	94,561,750	84,299,740	6,423,512	614,894,613
Advances - non-performing	2,912,473	-	678,312	6,326	6,501,999	1,706,882	16,261	11,822,253
Others	16,157,619	12,648,924	15,465,758	1,910,547	13,033,503	7,023,543	41,694,689	107,934,583
Total assets	376,774,257	1,207,320,052	1,309,067,388	143,153,780	264,863,608	153,974,193	151,028,753	3,606,182,031
Borrowings	49,617,391	185,884,243	5,863,627	3,611,644	7,825,560	7,329,921	-	260,132,386
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	43,358,381	110,998	1,257,652,179	128,656,392	206,458,431	119,545,027	280,059	1,756,061,467
Net inter segment borrowing	267,066,295	1,012,468,908	-	-	626,554	-	-	1,280,161,757
Others	16,168,880	6,960,254	43,483,719	5,726,271	4,889,170	1,909,545	21,676,033	100,813,872
Total liabilities	376,210,947	1,205,424,403	1,306,999,525	137,994,307	219,799,715	128,784,493	31,956,092	3,407,169,482
Equity	563,310	1,895,649	2,067,863	5,159,473	45,063,893	25,189,700	119,072,661	199,012,549
Total equity and liabilities	376,774,257	1,207,320,052	1,309,067,388	143,153,780	264,863,608	153,974,193	151,028,753	3,606,182,031
Contingencies and Commitments	340,930,925	230,500,457	31,106,888	6,682,913	467,691,275	70,151,034	2,170,420	1,149,233,912
As at December 31, 2020 (Audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	5,833	81,844,130	121,062,990	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	-	-	1,140,956,965	6,980,805	-	-	77,017,055	1,224,954,825
Lendings to financial institutions	-	-	-	19,959,132	-	2,253,310	-	22,212,442
Advances - performing	360,426,353	-	41,664,184	20,390,074	89,119,069	80,220,386	6,811,741	598,631,807
Advances - non-performing	3,287,884	-	808,598	10,126	7,754,943	1,351,794	6,524	13,219,869
Others	14,416,544	16,648,272	14,973,662	1,700,920	13,301,659	7,426,167	43,818,857	112,286,081
Total assets	382,939,776	1,030,885,852	1,319,466,399	123,924,151	280,805,918	155,797,787	133,011,140	3,426,831,023
Borrowings	51,240,762	58,593,525	4,600,487	3,632,752	9,321,566	4,438,093	-	131,827,185
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	50,351,838	132,797	1,258,688,658	110,347,698	220,015,338	124,607,281	248,676	1,764,392,286
Net inter segment borrowing	263,282,545	960,917,205	-	-	755,075	-	-	1,224,954,825
Others	13,412,717	3,328,909	46,552,896	5,772,050	6,305,922	1,728,707	10,923,640	88,024,841
Total liabilities	378,287,862	1,022,972,436	1,309,842,041	119,752,500	236,397,901	130,774,081	21,172,316	3,219,199,137
Equity	4,651,914	7,913,416	9,624,358	4,171,651	44,408,017	25,023,706	111,838,824	207,631,886
Total equity and liabilities	382,939,776	1,030,885,852	1,319,466,399	123,924,151	280,805,918	155,797,787	133,011,140	3,426,831,023
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

38. RELATED PARTY TRANSACTIONS

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

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

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

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38.1 RELATED PARTY TRANSACTIONS

	As at March 31, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)										
Investments										
Opening balance	-	-	-	6,609,954	3,997,489	-	-	-	6,113,434	3,943,202
Investment made during the period / year	-	-	-	14,433,978	63,634	-	-	-	15,928,370	54,287
Investment redeemed / disposed off during the period / year	-	-	-	(13,790,916)	-	-	-	-	(15,868,601)	-
Equity method adjustments	-	-	-	109,112	-	-	-	-	436,751	-
Closing balance	-	-	-	7,362,128	4,061,123	-	-	-	6,609,954	3,997,489
Provision for diminution in value of investments	-	-	-	-	1,544,596	-	-	-	-	1,544,596
Advances										
Opening balance	-	10	299,395	-	9,365,687	-	4,624	287,618	2,155,149	12,715,998
Addition during the period / year	-	121	9,217	-	19,400,477	-	838	73,339	-	16,998,899
Repaid during the period / year	-	(9)	(11,985)	-	(7,455,361)	-	(5,452)	(75,431)	(152,755)	(19,749,210)
Transfers in / (out) - net	-	-	-	-	-	-	-	13,869	(2,002,394)	-
Closing balance	-	122	296,627	-	21,310,803	-	10	299,395	-	9,365,687
Other Assets										
Interest mark-up accrued	-	-	-	787	345,479	-	-	-	4,282	232,471
Receivable from staff retirement funds	-	-	-	-	4,362	-	-	-	-	24,160
Advances, deposits & prepayments	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	167,020	-	-	-	-	1,002	-
Remuneration receivable from management of funds	-	-	-	71,525	-	-	-	-	77,194	-
Sales load receivable	-	-	-	24,378	-	-	-	-	37,396	-
Formation cost receivable	-	-	-	6,000	-	-	-	-	6,000	-
Other receivable	-	-	-	-	30,164	-	-	-	1,750	30,164
Provision against other assets	-	-	-	-	(30,164)	-	-	-	-	(30,164)
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	443,124	-	288,300	-	-	-	-	1,538,000
Settled during the period / year	-	-	-	-	-	-	-	-	-	(1,538,000)
Closing balance	-	-	443,124	-	288,300	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	6,431,790	157,712	2,478,432	16,659,269	-	8,679,450	71,109	6,502,931	11,347,096
Received during the period / year	-	10,939,181	256,953	37,175,766	67,914,050	-	29,415,769	1,338,885	144,141,551	177,775,235
Withdrawn during the period / year	-	(11,367,873)	(223,822)	(37,769,513)	(68,447,935)	-	(31,659,519)	(1,192,342)	(148,166,050)	(172,469,603)
Transfers (out) / in - net	-	-	-	-	-	-	(3,910)	(59,940)	-	6,541
Closing balance	-	6,003,098	190,843	1,884,685	16,125,384	-	6,431,790	157,712	2,478,432	16,659,269
Other Liabilities										
Interest / mark-up payable on deposits and borrowings and borrowings	-	15,079	705	6,643	40,753	-	39,335	210	7,651	115,024
Payable to staff retirement fund	-	-	-	-	218,796	-	-	-	-	1,142,926
Deferred performance bonus – MRTs / MRCs	-	-	119,471	-	-	-	-	-	-	-
Dividend payable	6,001,425	164,409	2,048	58,369	952,487	-	-	-	-	-
Unearned income	-	-	-	-	-	-	-	-	-	-
Other payable	-	-	175,000	38,351	-	-	3,900	-	22,353	-
Contingencies and Commitments										
Forward foreign exchange contracts purchase	-	-	-	-	4,360	-	-	-	-	4,360
	For the three months ended March 31, 2021 (Un-audited)					For the three months ended March 31, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)										
Income										
Mark-up / return / interest earned	-	-	4,106	8,593	345,479	-	-	73	14,455	333,834
Commission / charges recovered	-	10	520	7,935	6,394	-	15	396	6,590	5,524
Dividend income	-	-	-	17,116	31,680	-	-	-	41,237	35,653
Net gain on sale of securities	-	-	-	9,359	-	-	-	-	18,724	-
Other income	-	-	2,374	-	5,359	-	-	-	150	4,607
Switch revenue	-	-	-	-	60,766	-	-	-	-	58,384
Remuneration from management of fund	-	-	-	192,135	-	-	-	-	177,844	-
Sales load	-	-	-	10,676	-	-	-	-	11,518	-
Expenses										
Mark-up / return / interest paid	-	98,029	276	24,284	278,853	-	61,451	282	158,968	113,430
Remuneration paid	-	-	393,604	-	-	-	-	326,789	-	-
Post employment benefits	-	-	6,578	-	-	-	-	5,942	-	-
Non-executive directors' fee	-	18,150	8,194	-	-	-	15,700	-	-	-
Net charge for defined contribution plans	-	-	6,701	-	98,011	-	-	-	-	133,744
Net charge for defined benefit plans	-	-	-	-	80,846	-	-	-	-	67,978
Other expenses	-	-	10,768	-	12,044	-	-	-	-	8,412
Clearing charges	-	-	-	-	34,582	-	-	-	-	34,826
Seminar and membership fees	-	-	-	-	1,016	-	-	-	-	518
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	-	-	-	-	400
Custody charges	-	-	-	-	494	-	-	-	-	784
Insurance premium paid	-	-	503	174,653	-	-	-	-	15,933	-
Insurance claims settled	-	-	-	130,396	-	-	-	-	117,088	-

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39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (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	133,091,083	137,040,359
Eligible Additional Tier 1 (ADT 1) Capital	10,769,694	10,735,774
Total Eligible Tier 1 Capital	143,860,777	147,776,133
Eligible Tier 2 Capital	46,231,655	47,926,723
Total Eligible Capital (Tier 1 + Tier 2)	190,092,432	195,702,856
Risk Weighted Assets (RWAs):		
Credit Risk	644,567,900	642,342,717
Market Risk	76,180,453	73,650,146
Operational Risk	164,656,143	164,656,143
Total	885,404,496	880,649,006
Common Equity Tier 1 Capital Adequacy Ratio	15.03%	15.56%
Tier 1 Capital Adequacy Ratio	16.25%	16.78%
Total Capital Adequacy Ratio	21.47%	22.22%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs. 10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended March 31, 2021, stood at Rs.12,241.797 million (December 31, 2020: 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 (CCB) 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, SBP via 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 March 31, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 21.5% whereas the CET 1 and Tier 1 ratios stand at 15.0% and 16.3% respectively.

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.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	143,860,777	147,776,133
Total Exposures	2,899,469,490	2,639,232,164
Leverage Ratio	4.96%	5.60%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,000,606,713	1,035,616,032
Total Net Cash Outflow	277,081,383	324,975,005
Liquidity Coverage Ratio	361.12%	318.68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,730,726,501	1,714,566,321
Total Required Stable Funding	733,058,848	770,865,635
Net Stable Funding Ratio	236.10%	222.42%

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

40. ISLAMIC BANKING BUSINESS

The Bank operates 100 (December 31, 2020: 100) Islamic Banking branches and 187 (December 31, 2020: 187) Islamic Banking windows.

	Note	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks		6,249,100	9,784,450
Balances with other banks		459,939	2,277,264
Due from financial institutions	40.1	4,833,143	19,959,132
Investments	40.2	68,137,661	62,729,601
Islamic financing and related assets - net	40.3	34,025,312	20,538,157
Fixed assets		931,980	984,416
Intangible assets		3,981	4,638
Due from Head Office		28,123,678	7,997,409
Other assets		1,012,446	716,619
Total Assets		143,777,240	124,991,686
LIABILITIES			
Bills payable		2,484,502	2,487,519
Due to financial institutions		3,611,644	3,632,752
Deposits and other accounts	40.4	128,657,058	111,478,161
Due to Head Office		-	-
Other liabilities		3,499,809	2,324,027
		138,253,013	119,922,459
NET ASSETS		5,524,227	5,069,227
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		(30,363)	(86,052)
Accumulated profit	40.8	3,373,590	2,974,279
		5,524,227	5,069,227
CONTINGENCIES AND COMMITMENTS			
	40.5		
The profit and loss account of the Bank's Islamic Banking branches for the three months ended March 31, is as follows:			
		(Un-audited) January - March 2021 ----- (Rupees in '000) -----	January - March 2020 ----- (Rupees in '000) -----
Profit / return earned	40.6	2,125,352	2,242,726
Profit / return expensed	40.7	(1,098,670)	(1,401,515)
Net profit / return		1,026,682	841,211
Other income			
Fee and commission income		61,304	63,595
Dividend Income		-	-
Foreign exchange income		336	674
Income / (loss) from derivatives		-	-
Loss on securities - net		(285)	(4,477)
Other Income		6,600	4,186
Total other income		67,955	63,978
Total income		1,094,637	905,189
Other operating expenses		(437,519)	(423,827)
Profit before provisions		657,118	481,362
Provisions and write-offs - net		(2,510)	30
Profit before taxation		654,608	481,392
Taxation		(255,297)	(187,743)
Profit after taxation		399,311	293,649

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40.1 Due from Financial Institutions

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)						
Call money lending	2,000,000	-	2,000,000	10,500,000	-	10,500,000
Bai Muajjal Receivable from other Financial Institutions	2,833,143	-	2,833,143	3,026,018	-	3,026,018
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
	4,833,143	-	4,833,143	19,959,132	-	19,959,132

40.2 Investments by segments

Note	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
(Rupees in '000)								
Federal Government Securities								
- Ijarah Sukuks	23,995,163	-	(30,363)	23,964,800	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Modaraba Pool	931,343	-	-	931,343	466,435	-	-	466,435
- Bai Muajjal with Govt. of Pakistan	30,338,329	-	-	30,338,329	29,569,648	-	-	29,569,648
	55,264,835	-	(30,363)	55,234,472	50,028,535	-	(86,052)	49,942,483
Non Government Debt Securities								
- Listed	700,000	-	-	700,000	450,000	-	-	450,000
- Unlisted	12,203,189	-	-	12,203,189	12,337,118	-	-	12,337,118
	12,903,189	-	-	12,903,189	12,787,118	-	-	12,787,118
Total Investments	68,168,024	-	(30,363)	68,137,661	62,815,653	-	(86,052)	62,729,601

(Un-audited) (Audited)
March 31, December 31,
2021 2020
----- (Rupees in '000) -----

40.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(2,692,671)	(3,461,352)
Bai Muajjal Investment - net	30,338,329	29,569,648

40.3 Islamic financing and related assets

Ijarah	463,481	440,754
Murabahah	232,369	272,766
Musharakah	20,008,299	8,392,690
Diminishing Musharakah	6,962,269	6,754,380
Istisna	75,211	39,584
Islamic Export Refinance scheme - Musharakah	2,839,544	2,989,544
Islamic Export Refinance scheme - Murabahah	-	-
Advances against Islamic assets		
Advances against Ijarah	28,668	77,190
Advances for Diminishing Musharakah	1,826,280	410,595
Advances for Murabahah	58,827	33,427
Advances for Murabahah - IERS	456,623	456,623
Advances against Mera Pakistan Mera Ghar	196,368	459
Advances for Istisna	219,375	148,586
Inventory related to Islamic financing		
Istisna	307,966	296,918
Profit and other receivables against financings	464,005	336,219
Gross Islamic financing and related assets	34,139,285	20,649,735
Less: Provision against Islamic financing		
- Specific	(87,057)	(90,927)
- General	(26,916)	(20,651)
	(113,973)	(111,578)
Islamic financing and related assets - net of provision	34,025,312	20,538,157

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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40.4 Deposits and other accounts

Customers

Current deposits
Saving deposits
Term deposits

Financial Institutions

Current deposits
Saving deposits
Term deposits

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Customers		
Current deposits	43,932,596	40,360,080
Saving deposits	21,152,633	18,710,264
Term deposits	18,467,165	5,662,065
	83,552,394	64,732,409
Financial Institutions		
Current deposits	6,103,858	2,046,933
Saving deposits	19,400,806	22,697,263
Term deposits	19,600,000	22,001,556
	45,104,664	46,745,752
	128,657,058	111,478,161

40.4.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 26,639.148 million (December 31, 2020: Rs. 31,125.997 million).

40.5 Contingencies and commitments

- Guarantees
- Commitments

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
- Guarantees	102,598	111,454
- Commitments	6,531,692	5,880,112
	6,634,290	5,991,566

40.6 Profit / Return earned on Financing, Investments and Placements

Profit earned on:

Financing
Investments
Placements
Rental Income from Ijarah

	(Un-audited) January - March 2021	(Un-audited) January - March 2020
	----- (Rupees in '000) -----	
Financing	508,803	401,725
Investments	1,439,412	1,330,575
Placements	124,892	429,411
Rental Income from Ijarah	52,245	81,015
	2,125,352	2,242,726

40.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts
Due to Financial Institutions
Others

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
Deposits and other accounts	1,059,072	1,366,789
Due to Financial Institutions	15,688	8,190
Others	23,910	26,536
	1,098,670	1,401,515

40.8 Islamic Banking Business Unappropriated Profit

Opening balance
Profit for the period / year
Taxation
Closing balance

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Opening balance	2,974,279	1,407,736
Profit for the period / year	654,608	2,514,739
Taxation	(255,297)	(948,196)
Closing balance	3,373,590	2,974,279

40.9 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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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 Pool(s)

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.

Equity Pool(s)

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 Holding company 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 period, 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 March 31, 2021 is Rs.752.65 million (45.09% of distributable profit of Mudarabah Pool). of this, an amount of Rs.170.54 million (22.66% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 8.80% per annum and the rate of profit paid on average deposits was 6.73% per annum.

The risk characteristics of pools

The risk characteristics 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.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

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- 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.

The Bank managed following pools during the period.

For the three months ended March 31, 2021 (Un-audited)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	3	Mudarabah	Monthly	6.56%	50.00%	7,416	4.96%	51.23%	3,799
Special Pools	30	Mudarabah	Monthly	8.80%	37.98%	258,891	6.73%	38.72%	100,237
IERS Pools	6	Musharakah	Monthly	6.55%	84.78%	86,991	2.00%	0.00%	-
General Pools	3	Mudarabah	Monthly	9.38%	50.00%	486,341	5.33%	13.67%	66,504

For the three months ended March 31, 2020 (Un-audited)									
	No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	Rupees in '000	%	%	Rupees in '000
ADMA Pools	3	Mudarabah	Monthly	5.97%	50.00%	2,159	3.06%	2.61%	56
Special Pools	27	Mudarabah	Monthly	12.49%	9.82%	63,807	11.47%	15.67%	10,000
IERS Pools	6	Musharakah	Monthly	4.94%	82.18%	37,077	2.00%	0.00%	-
General Pools	3	Mudarabah	Monthly	11.81%	50.00%	459,490	8.34%	41.22%	189,387

(Un-audited) (Audited)
March 31, December 31,
2021 2020
-----Rupees in '000-----

40.10 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	1,993,122	2,230,052
Agri business	20,577,207	8,745,482
Textile	2,465,254	1,991,142
Financial	3,008,866	13,335,120
Food industries	155,448	318,037
Plastic	281,946	299,263
Individuals	3,866,791	1,981,422
Production and transmission of energy	13,296,509	13,496,129
Government of Pakistan securities	58,067,616	59,401,615
Others	3,857,272	3,817,471
	<u>107,570,031</u>	<u>105,615,733</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 21, 2021, has declared an interim cash dividend in respect of the three months period ended March 31, 2021 of Rs. 4.0 per share (March 31, 2020: Rs. 2.5 per share). These consolidated condensed interim financial statements for the three months ended March 31, 2021 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

42. GENERAL

42.1 Comparatives

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

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

43. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on April 21, 2021, by the Board of Directors of the Bank.



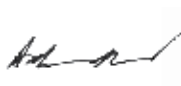
Aameer Karachiwalla
Chief Financial Officer



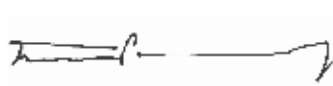
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Arshad Ahmad Mir
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

میں مستقبل کے لیے جدت آمیز حل تیار کرنے کے ساتھ ساتھ بینک نے مارکیٹ میں اپنی رسائی برقرار رکھی ہوئی ہے۔ یو بی ایل پاکستان کا نمائندہ ڈیجیٹل بینک بننے کے لیے پرعزم ہے۔

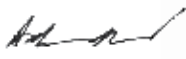
یو بی ایل کو بینکار اور ڈیڑ میں ”بینک آف دی ایئر 2020- پاکستان“ کے طور پر تسلیم کیا گیا۔ دی بینکر فنانشل ٹائمز، یو کے سے وابستہ ہے اور دنیا کا معروف مالیاتی جریدہ ہے۔ بینکاری کی عالمی صنعت میں سب سے معروف ناموں میں سے ایک، دی بینکر معاشرے میں اعلیٰ کارکردگی، کسٹمرز کی قدر میں اضافہ، جدت اور قیادت کا اعتراف کرتا ہے۔ یو بی ایل نے موجودہ عالمی وبا کے دوران غیر معمولی حالات میں اپنے کردار، بنیادی حکمت عملی کے طور پر پاکستان میں مالی خدمات کے دائرہ کار کو بڑھانے اور بینکاری کی مقامی صنعت میں جدت میں سبقت کے نتیجے میں ایک دہائی کے اندر چوتھی بار یہ اعزاز جیتا ہے۔ 2020 کے لیے پاکستان بینکنگ ایوارڈز میں یو بی ایل کو بہترین ڈیجیٹل بینک، بھی قرار دیا گیا ہے۔ یہ ایوارڈ کسٹمرز پر مرکوز تکنیکی پیش کش کرنے کی حکمت عملی کے حوالے سے پاکستان کے ممتاز ترقی پسند اور جدت پسند بینک کی حیثیت سے یو بی ایل کے مقام کا اعتراف ہے۔

مستقبل کی توقعات (Future Outlook)


دنیا کے وائرس کی تیسری لہر سے نبرد آزما ہونے کے ساتھ COVID-19 عالمی وبا نے مقامی اور عالمی معیشت کو خاصا متاثر کیا ہے۔ حفاظتی ٹیکوں کی مہم آہستہ آہستہ زور پکڑ رہی ہے اور ایک نئی امید ہے کہ عالمی وبا کے بدترین اثرات کو ہم نے پیچھے چھوڑ دیا ہے۔ معاشی سرگرمیاں زور پکڑ رہی ہیں اور یو بی ایل ملک بھر میں مالیاتی خدمات کی توسیع میں بدستور قائدانہ کردار ادا کر رہا ہے۔ ڈومیسٹک برانچ بینکنگ گروپ کو یو بی ایل فرمچائز میں بدستور مرکزی حیثیت حاصل ہے جہاں بہتر خدمت کی فراہمی کے ساتھ اپنی رسائی کو بڑھانا ہمارا نصب العین ہے۔ نیٹ ورک کو ہماری ڈیجیٹل مصنوعات کی ٹیموں کی، بہترین معاونت حاصل ہے جیسا کہ ہم جدت طرازی اور بینکاری کو آسان اور تمام کسٹمرز کے لیے قابل رسائی بنانے کا سلسلہ جاری رکھیں گے۔ جیسے جیسے معاشی سرگرمیاں تیز ہو رہی ہیں، بینک فعال طور پر اپنی بیلنس شیٹ کے سائز اور صلاحیت کے مطابق ثالثی میں اضافے کی طرف دیکھے گا۔ بہترین عالمی طور طریقوں کے مطابق بنانے کے لیے کمپلائنس فنکشنز کو مستحکم بنانا ہماری اہم ترجیح ہے۔ یو بی ایل کا سب سے بڑا اثاثہ اس کے ملازمین ہیں، اور بینک ان کی ترقی اور فلاح و بہبود میں سرمایہ کاری جاری رکھے گا۔

اظہار تشکر (Acknowledgements)

آخر میں، ہم مسلسل سرپرستی پر اپنے شیئر ہولڈرز اور کسٹمرز سے پُر خلوص اظہار تشکر کرنا چاہیں گے۔ ہم اپنے فرض شناس ملازمین کی کوششوں کو قدر کی نگاہ سے دیکھتے ہیں جنہوں نے اس انتہائی مشکل وقت میں پورے ملک میں بلا تعطل خدمات کو یقینی بنایا ہے۔ ہم مسلسل رہنمائی اور معاونت پر حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن اور دیگر ریگولیٹری اداروں کا بھی شکریہ ادا کرنا چاہتے ہیں۔


ارشاد احمد

ڈائریکٹر


شنزاد ددا

پریزیڈنٹ اور سی ای او

کراچی

21 اپریل، 2021

کے رجحانات کو برقرار رکھا جیسا کہ KSE-100 انڈیکس دسمبر 2020 کے مہینے سے 2 فیصد اضافے کے ساتھ، مارچ 2021 کے اختتام پر 44.6 ہزار پوائنٹس پر بند ہوا۔ بینکنگ سیکٹر کے ڈپازٹس بمطابق مارچ 2021، 17.9 ٹریلین روپے رہے جو دسمبر 2020 کے مساوی رہے۔ مارچ 2021 میں سیکٹر کے ایڈوانسز 8.6 ٹریلین روپے ریکارڈ کیے گئے جس میں دسمبر 2020 کی سطح سے معمولی اضافہ ہوا۔ دسمبر 2020 میں بینکنگ انڈسٹری کے غیر فعال قرضہ جات 829 ارب روپے رہے جو دسمبر 2019 سے 8.9 فیصد زائد ہے اور اثاثوں کا معیار دسمبر 2019 کے 8.6 فیصد کے مقابلے میں دسمبر 2020 میں 9.2 فیصد رہا۔

یو بی ایل انٹرنیشنل (UBL International)

GCC خطے میں معاشی بحالی عالمی وبا کی وجہ سے بدستور عالمی سست روی سے متاثر ہے۔ اپنے حالیہ اجلاس میں OPEC کے رکن ممالک نے عالمی مانگ میں سست اضافے کی وجہ سے پیداوار میں کٹوتیاں برقرار رکھنے کا فیصلہ کیا ہے۔ اس کا نتیجہ عالمی سطح پر تیل کی قیمتوں میں کچھ کمی کی صورت میں سامنے آیا ہے جو معاشی بحالی میں مدد فراہم کر سکتا ہے۔ یو بی ایل انٹرنیشنل میں بینک کی حکمت عملی ہے کہ ایک پائیدار لیکن کم حجم کا بزنس ماڈل برقرار رکھا جائے۔ ریٹیل کے محاذ پر، بینک نے کم لاگت والے ڈپازٹس کی توسیع پر توجہ مرکوز کر رکھی ہے جب کہ اثاثوں کی تفویض بنیادی طور پر مستحکم مالیاتی اداروں کے پاس پلیسمنٹس کی شکل میں ہے۔ قرض گیری منتخب اور صرف موجودہ معیاری ریلیشن شپس تک محدود ہے جب کہ کسی نئے غیر فعال قرض کو محدود رکھنے پر گہری نظر رکھی جا رہی ہے۔

2021 کی پہلی سہ ماہی کے دوران یو بی ایل انٹرنیشنل کے ڈپازٹس اوسطاً 1.3 ارب امریکی ڈالر رہے (2020 کی پہلی سہ ماہی: 1.5 ارب امریکی ڈالر)۔ ڈپازٹس کی لاگت 2020 کی پہلی سہ ماہی کے 1.9 فیصد سے کم ہو کر 2021 کی پہلی سہ ماہی میں 1.2 فیصد ہو گئی۔ 2021 کی پہلی سہ ماہی کے دوران فعال ایڈوانسز اوسطاً 629 ملین امریکی ڈالر رہے جس میں 2020 کی پہلی سہ ماہی کے مقابلے میں 21 فیصد کمی ہوئی۔ انویسٹمنٹ پورٹ فولیو، جو بنیادی طور پر سوورین بونڈز پر مشتمل ہے، اوسطاً 764 ملین امریکی ڈالر رہا، جس سے بینک کو زیر جائزہ سہ ماہی کے دوران 5.5 فیصد کی عمدہ آمدنی حاصل ہوتی ہے۔

کریڈٹ ریٹنگ (Credit Ratings)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 29 جون 2020 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی 'AAA/A-1+' (ٹرپل اے / اے ون پلس) اینٹیٹی ریٹنگ کی دوبارہ توثیق کی ہے۔ مزید برآں، یو بی ایل کی ایڈیشنل ٹیئر 1 (ADT-1)، TFC کی بھی 'AA+' (ڈبل اے پلس) کی دوبارہ توثیق کی ہے۔ تفویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

انعامات اور اعترافات (Awards and Recognitions)

یو بی ایل کو لگا تار دوسرے سال یورو منی کے ایسوسی ایٹ ایشیائی نے پاکستان کا بہترین ڈیجیٹل بینک قرار دیا ہے۔ یہ ایوارڈز ملک کے ایک انتہائی ترقی پسند اور جدت پسند بینک کے طور پر یو بی ایل کے نمایاں کردار کو تسلیم کرتے ہیں اور ملک میں جدید بینکوں۔ ایک دوراندیش ڈیجیٹل حکمت عملی اپنانے کا نتیجہ

سطح 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے۔ لہذا بمطابق 31 مارچ 2021، یو بی ایل سے 12.5 فیصد کم از کم CAR درکار ہوگا (1.0 فیصد HLA سرچارج سمیت)۔

مارچ 2021 میں مجموعی CAR، 23.8 فیصد پر موجود ہے جو 12.5 فیصد کے کم از کم ریگولیٹری تقاضے سے 11.3 فیصد سے زائد ہے (دسمبر 2020 میں 24.4 فیصد)۔ کامن ایکویٹی ٹیئر 1 (CET-1) کا تناسب مارچ 2021 میں 16.6 فیصد تھا (دسمبر 2020: 17.0 فیصد)۔ مجموعی ٹیئر 1 کا مالیاتی تناسب بمطابق مارچ 2021، 17.9 فیصد شمار کیا گیا (دسمبر 2020: 18.4 فیصد)۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 21 اپریل 2021 کو کراچی میں منعقد ہونے والے اپنے اجلاس میں 31 مارچ 2021 کو ختم ہونے والے تین ماہ کے نتائج کے ساتھ 4 روپے فی شیئر عبوری نقد منافع کا اعلان کیا ہے۔

اقتصادی جائزہ (Economy Review)

کووڈ کے پھیلاؤ کے بعد ملک کا اپنی بحالی کے راستے پر سفر جاری ہے۔ ملک بھر میں معاشی سرگرمیاں بڑے پیمانے پر دوبارہ شروع ہو گئی ہیں، جیسا کہ مجموعی کاروباری ماحول میں بہتری کے ساتھ روزگار کی سطحوں کی بحالی کا سلسلہ بھی جاری ہے۔ وبائی مرض کا پھیلاؤ بڑی حد تک محدود رکھا گیا ہے، تاہم، موجودہ تیسری لہر ایک اضافی چیلنج ثابت ہو رہی ہے۔ حکومت نے اپنے شہریوں کی حفاظت کے لیے ویکسینیشن مہم کا آغاز کیا ہے جو فی الحال ابتدائی مراحل میں ہے۔ افراط زر کی سطحوں کو کنٹرول کرنا بدستور ایک بڑا چیلنج ہے۔ پالیسی اقدامات مالیاتی نظم و ضبط پر قرار رکھنے اور اس بات کو یقینی بنانے کے درمیان توازن کا تقاضا کرتے ہیں کہ قیمتوں کی عمومی سطحیں کم رہیں۔ مارچ 2021 کے مہینے میں کنزیومر پرائس انڈیکس (CPI) 9.1 فیصد پر شمار کیا گیا جس میں ماہانہ بنیاد پر لگ بھگ 40 بنیادی پوائنٹس کا اضافہ ہے جس کی بنیادی وجہ بجلی کی قیمتوں میں اضافہ اور اشیائے خوردنی کی مہنگائی تھی۔ تاہم اوسط افراط زر، گزشتہ مالی سال کے 9 ماہ کے لیے 11.5 فیصد کے مقابلے میں مالی سال 2021 کے 9 ماہ کے لیے 8.4 فیصد شمار کی گئی۔

بیرونی محاذ پر، ملک کی پوزیشن بڑی حد تک سازگار ہے، بنیادی طور پر مقامی ترسیلات زر کی مضبوطی کی بدولت، جو گزشتہ دس مہینوں سے ماہانہ 2 ارب ڈالر سے بھی زیادہ رہی ہے۔ تاہم، کیمپٹل گڈز اور انڈسٹریل میٹیریلز، خوراک، اور اجناس کی اشیاء کی درآمد کے ایک نتیجے کے طور پر تجارتی خسارہ میں مسلسل اضافہ جاری ہے۔

کرنٹ اکاؤنٹ میں گزشتہ مالی سال 2020 کے پہلے 8 ماہ میں 2.7 ارب ڈالر خسارے کے مقابلے میں مالی سال 2021 کے پہلے 8 ماہ میں 881 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا۔ مالی سال 2021 کے 9 ماہ کے لیے ملک کی درآمدات 39.5 بلین امریکی ڈالر رہی جس میں سال بہ سال بنیاد پر 13.6 فیصد اضافہ ہے جبکہ مالی سال 2021 کے 9 ماہ کی برآمدات 18.7 ارب امریکی ڈالر رہیں، جو سال بہ سال بنیاد پر 7 فیصد زیادہ ہیں۔

پاکستان نے اپنے آئی ایم ایف پروگرام کی شرائط پر عمل درآمد کے لیے پالیسی اقدامات پر توجہ مرکوز رکھی ہوئی ہے۔ ملک نے 2.5 ارب امریکی ڈالر مالیت کے نئے یورو بونڈ کے ساتھ بین الاقوامی منڈیوں میں بھی دوبارہ شمولیت اختیار کی۔ 5.3 ارب امریکی ڈالر کے ساتھ اس اجرا کو مارکیٹ میں اچھی پذیرائی ملی۔ مزید برآں، بیرون ملک مقیم پاکستانیوں کے لیے ایسٹینٹ بینک کی جانب سے ”روشن ڈیجیٹل انیشیٹیو فار اوور سیز پاکستانیز“ کے تحت بھی مثبت پیش رفت کا سلسلہ جاری رہا جس سے 800 ملین امریکی ڈالر سے زائد رقم کا حصول ہوا۔ زرمبادلہ کی مقامی منڈیوں میں ان مثبت پیش رفتوں کی عکاسی ہوئی جیسا کہ پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں 4 فیصد اضافہ ہوا جو 152.76 روپے پر بند ہوا۔ مارچ 2021 کے اختتام پر ملک کے زرمبادلہ کے ذخائر 20.8 ارب امریکی ڈالر رہے جو دسمبر 2020 سے 2 فیصد زائد ہے۔ 2021 کی پہلی سہ ماہی میں ملک کی مالیاتی منڈیوں نے ایک مستحکم حجم اور قدر

بیلنس شیٹ کا نظم و نسق (Balance Sheet Management)

دسمبر 2020 سے یو بی ایل کی بیلنس شیٹ میں 6 فیصد اضافہ ہوا ہے اور بمطابق مارچ 2021، یہ 2.17 ٹریلین روپے پر موجود ہے۔ بینک کی سطح پر ڈپازٹ میں مطابق مارچ 2021، 1.64 ٹریلین روپے رہا جو کم و بیش دسمبر 2020 کی سطح کے مساوی رہا۔ ڈپازٹ میں اضافے کی حکمت عملی کا ہدف نئی ریلیشن شپس کے حصول پر بھرپور توجہ کے ساتھ اعلیٰ ترین فنڈنگ پر وفا کیل برقرار رکھنے، اور ساتھ ساتھ مستحکم ڈپازٹس میں مزید اضافہ پر مرکوز ہے۔ ڈومیسٹک ڈپازٹس بمطابق مارچ 2021، 1.43 ٹریلین روپے رہے جو دسمبر 2020 کے مساوی ہیں، جیسا کہ بینک نے مارچ 2021 کے اختتام پر مجموعی بینکنگ سیکٹر ڈپازٹس کا 8 فیصد مارکیٹ شیئر برقرار رکھا ہوا ہے (دسمبر 2019 میں 7.9 فیصد)۔ ڈومیسٹک کرنٹ ڈپازٹس مارچ 2021 میں 647 ارب روپے رہے جس میں دسمبر 2020 کے مقابلے میں 5 فیصد اضافہ ہے۔ سیونگ ڈپازٹس کا ڈومیسٹک پورٹ فولیو بمطابق مارچ 2021، 578 ارب روپے رہا (دسمبر 2020 میں 596 ارب روپے)۔ ڈومیسٹک CASA کی شرح دسمبر 2020 کے 85.2 فیصد سے بہتر ہو کر مارچ 2021 میں 85.7 فیصد ہو گئی، جب کہ مجموعی ڈپازٹس میں کرنٹ اکاؤنٹس کا تناسب دسمبر 2020 کے 43.3 فیصد سے بہتر ہو کر مارچ 2021 میں 45.2 فیصد رہا۔ یو بی ایل انٹرنیشنل کے ڈپازٹس بمطابق مارچ 2021، 1.35 ارب امریکی ڈالر ہیں (دسمبر 2020 میں 1.38 ارب امریکی ڈالر)۔

بینک کی سطح پر نیٹ ایڈوانسز مارچ 2021 کے اختتام پر 541 ارب روپے رہے (دسمبر 2020: 530 ارب روپے)۔ تمام شعبوں میں ابھی تیزی آنا باقی ہے، جیسا کہ کوویڈ نے نئے کریڈٹ میں انتہائی جارحانہ مجموعی طلب، توسیع اور اجتماع کو بدستور محدود رکھا ہوا ہے۔ بینک سرمائے کی موثر تفویض اور اس کے ساتھ ساتھ لینڈنگ ریلیشن شپس سے زیادہ سے زیادہ مجموعی آمدنی کو یقینی بنانے کا ہدف رکھتا ہے۔ یو بی ایل انٹرنیشنل کے نیٹ ایڈوانسز بمطابق مارچ 2021، 662 ملین ڈالر رہے جو دسمبر 2020 سے 9 فیصد زائد ہے۔

بمطابق مارچ 2021 سرمایہ کاری 1.32 ٹریلین روپے رہی جس میں دسمبر 2020 کے مقابلے میں 17 فیصد اضافہ ہوا۔ فنڈنگ بنیادی طور پر سرکاری سکیورٹیز میں لگائی گئی ہے جس میں 273 ارب روپے فیکس ریٹ والے PIBs میں، 341 ارب روپے کے ساتھ فلوئنگ ریٹ والے PIBs میں سرمایہ کاری اور ٹریڈری بلز میں 510 ارب روپے کی سرمایہ کاری کی گئی ہے۔ موجودہ شرح سود کے ماحول میں، سرمایہ کاری کی حکمت عملی کا ہدف عمدہ ہولڈنگ میں مستحکم منافع جات برقرار رکھنے پر مرکوز ہے۔

مالیاتی تناسب (Capital Ratios)

بینک ایک مناسب مالیاتی بنیاد برقرار رکھنا چاہتا ہے جو مستقبل میں ترقیاتی اقدامات کے لیے مستحکم بنیاد فراہم کرے اور ساتھ ساتھ ریگولیٹری تقاضوں پر مناسب حفاظتی روک (buffers) برقرار رکھ سکے۔

اسٹیٹ بینک آف پاکستان کی جانب سے یو بی ایل کو ڈومیسٹک نظام کا ایک اہم بینک (D-SIB) نامزد کیا گیا ہے۔ اس نامزدگی کے ابتدائی تقاضے کے تحت بینک کو 2019 میں مجتمع اور غیر مجتمع دونوں بنیادوں پر اضافی 1.5 فیصد کم سے کم سرمایہ جاتی تناسب (CAR) کی حد اور (HLA) سرچارج برقرار رکھنے کی ضرورت تھی۔ تاہم، اسٹیٹ بینک کی جانب سے اپنے تازہ ترین D-SIB کے مطابق مقررہ HLA سرچارج میں مارچ 2020 سے 50 بنیادی پوائنٹس کمی کر کے اسے 1.0 فیصد کر دیا ہے۔

اسٹیٹ بینک آف پاکستان نے کووڈ-19 کے اثرات کو کم کرنے اور بینکاری کے شعبے میں اپنے صارفین کو قرضوں کی سہولیات کی توسیع میں مدد فراہم کرنے کے لئے بھی ریگولیٹری ریلیف فراہم کیا ہے۔ اس مقصد کے لئے، اسٹیٹ بینک نے کیپٹل کنزرویشن بفر (CCB) کو مزید تدابیر کے اجراء تک اپنی موجودہ

بنیادی وجہ پاکستانی روپے کی قدر میں اضافے کی وجہ سے بینک کے بین الاقوامی غیر فعال قرضوں پر اثرات تھے۔ اثاثوں کے معیار میں بمطابق دسمبر 2020، 13.7 فیصد سے بہتر ہو کر مارچ 2021 کے اختتام پر 12.9 فیصد رہے، جب کہ مخصوص کوریج میں دسمبر 2020 میں 85.8 فیصد کی سطح سے بہتر ہو کر مارچ 2021 میں 87.3 فیصد رہے۔

یو بی ایل ڈومیسٹک (UBL Domestic)

ڈومیسٹک بینک کے مجموعی ایڈوانسز بمطابق مارچ 2021، 465 ارب روپے رہے (دسمبر 2020: 458 ارب روپے)، اور یہ بینک کے مجموعی پورٹ فولیو کا 75 فیصد حصہ رہے۔ ڈومیسٹک غیر فعال قرضوں میں اس سال 378 ملین روپے کی مزید کمی ہوئی جو دسمبر 2020 کے 28.7 ارب روپے کے مقابلے میں مارچ 2021 میں 28.4 ارب روپے رہے۔

ڈومیسٹک بینک نے 2020 کی پہلی سہ ماہی میں 62 ملین روپے کی نیٹ پروویژن ریورسلز کے مقابلے میں 2021 کی پہلی سہ ماہی میں 373 ملین روپے کی نیٹ ریورسلز ریکارڈ کیں۔ ڈومیسٹک بینک کے اثاثوں کا معیار بمطابق دسمبر 2020، 6.3 فیصد کی سطح سے بہتر ہو کر بمطابق مارچ 2021، 6.1 فیصد رہا۔

یو بی ایل انٹرنیشنل (UBL International)

خلیج تعاون کاؤنسل کے ممالک کی مجموعی معاشی صورتحال COVID-19 کے ساتھ حالیہ برسوں میں مشکلات سے بھرپور رہی ہے۔ عالمی وبا سے خطے کا رووباری ماحول مزید متاثر ہوا ہے۔ تاہم، یو بی ایل انٹرنیشنل کے غیر فعال قرضے دسمبر 2020 کے 343.3 ملین ڈالر سے کم ہو کر کر مارچ 2021 میں 335.5 ملین امریکی ڈالر ہو گئے ہیں۔ 2020 کی پہلی سہ ماہی میں 24.1 ملین امریکی ڈالر کے نیٹ پروویژن چارج کے مقابلے میں 2021 کی پہلی سہ ماہی میں 4.6 ملین ڈالر کا نیٹ پروویژن چارج ریکارڈ کیا گیا۔ مخصوص کوریج کو دسمبر 2020 میں 85.9 فیصد سے بڑھا کر مارچ 2021 میں 87.3 فیصد کر دیا گیا۔ مزید برآں، مورگن شدہ املاک اور کیش کو لیٹرل کی مالیت (FSV) کے ساتھ مخصوص کوریج مارچ 2021 میں 96.2 فیصد رہی (دسمبر 2020: 95.5 فیصد، بحوالہ مالیاتی گوشوارے نوٹ 10.3.2)۔

اخراجات کا نظم و نسق (Cost management)

یو بی ایل، ٹیکنالوجی اور آٹومیشن کے زیادہ سے زیادہ استعمال کے ذریعے اور ایسٹٹ پر فارمنس اور خدمات کی فراہمی کی سطح کو بہتر بنانے کے لیے نیٹ ورک کے اندر مزید سرمایہ کاری کے ذریعے کاروباری امور میں عملی کارکردگی میں اضافہ جاری رکھے گا۔ 2021 کی پہلی سہ ماہی میں بینک کے انتظامی اخراجات 9.9 ارب روپے ریکارڈ کیے گئے جس میں سال بہ سال کی بنیاد پر 4 فیصد اضافہ ہوا۔ 2021 کی پہلی سہ ماہی کے لیے افرادی اخراجات 4.2 ارب روپے ریکارڈ کیے گئے جو 2020 کی پہلی سہ ماہی کے مقابلے میں 4 فیصد زیادہ ہے۔ 2021 کی پہلی سہ ماہی میں عمارتی اخراجات 1.6 روپے ریکارڈ کیے گئے جو گزشتہ سال کے مساوی ہیں۔ 2021 کی پہلی سہ ماہی کے دوران دیگر قابل تغیر اخراجات 3.2 ارب روپے ریکارڈ کیے گئے جس میں 6 فیصد اضافہ ہوا، جو بنیادی طور پر نئے کاروباری حصول کے لیے پیلز کمیشن میں اضافے کا نتیجہ ہے۔

2021 کی پہلی سہ ماہی کے دوران بینک کی مارک اپ کی حامل انٹوسٹمنٹس کی اوسط مالیت 1.2 ٹریلین روپے رہی، جس میں 2020 کی پہلی سہ ماہی کے مقابلے میں 26 فیصد کی زبردست نمو رہی۔ 2021 کی پہلی سہ ماہی کے دوران ملکی حکومتی سیکورٹیز، پورٹ فولیو کی اوسط مالیت 968 ارب روپے رہی جس سے بینک نے سال 2021 کی پہلی سہ ماہی کے دوران لگ بھگ 8 فیصد کی شاندار آمدنی حاصل کی۔ 2021 کی پہلی سہ ماہی کے دوران یو بی ایل انٹرنیشنل کے غیر ملکی بونڈز پورٹ فولیو کی اوسط مالیت 726 ملین امریکی ڈالر رہی (2020 کی پہلی سہ ماہی میں 662 ملین امریکی ڈالر) جن سے بینک نے 5.5 فیصد کی آمدنی حاصل کی۔

نان مارک اپ آمدنی (Non-Markup Income)

یو بی ایل نے 2021 کی پہلی سہ ماہی میں نان مارک اپ آمدنی کی مد میں 5.8 ارب روپے ریکارڈ کیے جس میں سال بہ سال بنیاد پر 24 فیصد اضافہ ہوا۔ 2021 کی پہلی سہ ماہی میں مجموعی آمدن میں نان مارک اپ آمدنی کا حصہ 26 فیصد رہا (2020 کی پہلی سہ ماہی میں 21 فیصد)۔

2021 کی پہلی سہ ماہی میں فیس اور کمیشنز سے آمدنی 3.0 ارب روپے ریکارڈ کی گئی جو گزشتہ سال کی اسی مدت کے مساوی ہے۔ 2021 کی پہلی سہ ماہی میں نان مارک اپ آمدنی میں فیس سے آمدنی کا حصہ 53 فیصد رہا (2020 کی پہلی سہ ماہی: 65 فیصد)۔ 2021 کی پہلی سہ ماہی میں برانچ بینکنگ آپریشنز سے حاصل ہونے والی کسٹمر فیس 428 ملین روپے رہی جو سال بہ سال کی بنیاد پر 12 فیصد کم ہے، جس کی بنیادی وجہ 2020 کی پہلی سہ ماہی کے مقابلے میں برانچوں میں آمدورفت میں کمی تھی۔

یو بی ایل نے تقریباً 21 فیصد مارکیٹ شیئر کے ساتھ ہوم ریٹیننس کے شعبے میں اپنا قائدانہ مقام برقرار رکھا۔ جس کے نتیجے میں 2021 کی پہلی سہ ماہی میں 463 ملین روپے کے کمیشنز کمائے گئے جس میں سال بہ سال بنیاد پر 15 فیصد کی زبردست نمو ہے۔ 2021 کی پہلی سہ ماہی میں 381 ملین روپے کی آمدنی کے ساتھ بییکا شورنس کے شعبے میں نمایاں اضافہ ہو رہا ہے۔ کیش منیجمنٹ پر کمیشن سے آمدنی 221 ملین روپے ریکارڈ کی گئی جو سال بہ سال بنیاد پر 9 فیصد اضافہ ہے۔

2021 کی پہلی سہ ماہی میں بینک نے زرمبادلہ سے 484 ملین روپے آمدنی حاصل کی (2020 کی پہلی سہ ماہی: 732 ملین روپے)۔ 2021 کی پہلی سہ ماہی میں ڈیویڈنڈ کی مد میں 252 ملین روپے آمدنی ریکارڈ کی گئی (2020 کی پہلی سہ ماہی: 394 ملین روپے)۔ بینک نے 2021 کی پہلی سہ ماہی میں 1.9 ارب روپے کے کپیٹل گینز کمائے (2020 کی پہلی سہ ماہی: 342 ملین روپے) جس کی بنیادی وجہ یو بی ایل انٹرنیشنل کے فارن بونڈز کی بروقت فروخت ہے۔

قرض پر ممکنہ نادر ہندگی اور خسارے کے لیے مختص رقوم (Provisions and loan losses)

بینک نے گزشتہ سال کی پہلی سہ ماہی میں 3.7 ارب روپے کے مقابلے میں 2021 کی پہلی سہ ماہی میں 354 ملین روپے کے نیٹ پروویژن چارج ریکارڈ کیے۔

مجموعی غیر فعال قرضے (NPLs) دسمبر 2020 میں 83.6 ارب روپے سے کم ہو کر مارچ 2021 کے اختتام پر 79.6 ارب روپے رہے۔ اس کمی کی

- 2021 کی پہلی سہ ماہی کے لیے مجتمع بنیاد پر فی شیئر آمدنی 6.21 روپے ریکارڈ کی گئی (2020 کی پہلی سہ ماہی میں 3.98 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

بینک نے 2021 کی پہلی سہ ماہی میں مارک اپ کی مد میں 16.9 ارب روپے کی خالص آمدنی ریکارڈ کی جو گزشتہ سال کی اسی مدت کے مقابلے میں 3 فیصد کم ہے۔ عالمی وبا کے دوران معیشت کو سہارا دینے کے لیے اسٹیٹ بینک نے فوری اور بروقت انتظامی مداخلت کے ذریعے پالیسی ریٹ میں دسمبر 2019 کے 13.25 فیصد سے جون 2020 میں کم کر کے 7.00 فیصد کر دیا۔

2021 کی پہلی سہ ماہی میں بینک کے منافع بخش اثاثوں کی سطح 1.7 ٹریلین روپے ریکارڈ گئی جو 2020 کی پہلی سہ ماہی کے مقابلے میں 10 فیصد زائد ہے۔ بینچ مارک ریٹس میں کمی کے نتیجے میں بینک کی سطح پر نیٹ انٹرسٹ مارجن (NIMs) گزشتہ سال کے مقابلے میں 6 س 7 بنیادی پوائنٹس کمی کے ساتھ 4.0 فیصد رہا۔

2021 کی پہلی سہ ماہی میں اوسط ڈومیسٹک ڈپازٹس 1.4 ٹریلین روپے رہے جس میں سال بہ سال کی بنیاد پر 19 فیصد اضافہ ہوا۔ یہ اضافہ بنیادی طور پر اوسط CASA ڈپازٹس میں 20 فیصد کی زبردست نمو کا نتیجہ ہے جو سال بہ سال بنیاد پر 200 ارب روپے سے زائد خالص اضافے کے ساتھ 2021 کی پہلی سہ ماہی میں 1.2 ٹریلین روپے ہو گئے۔ بینک نے نیو بینک (NTB) کسٹمرز کے حصول میں اپنی تیز رفتار پیش رفت جاری رکھی اور 2021 کی پہلی سہ ماہی میں تقریباً 159,000 کرنٹ اکاؤنٹ ریلیشن شپس کا اضافہ کیا (2020 کی پہلی سہ ماہی: 127,000)۔ اس کے نتیجے میں 2021 کی پہلی سہ ماہی میں اوسط کرنٹ ڈپازٹس سال بہ سال کی بنیاد پر 25 فیصد اضافے کے ساتھ 609 ارب روپے رہے۔ ڈومیسٹک اوسط سیوینگ ڈپازٹس 582 ارب روپے رہے جو سال بہ سال کی بنیاد پر 15 فیصد کی زبردست نمو ہے اس کے نتیجے میں اوسط ڈومیسٹک CASA کی شرح 2020 کی پہلی سہ ماہی میں 84.6 فیصد سے بہتر ہو کر 2021 کی پہلی سہ ماہی میں 85.6 فیصد ہو گئی۔ کم لاگت والے ڈپازٹس پر بھرپور توجہ اور اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں کمی کے باعث ڈومیسٹک ڈپازٹس کی لاگت میں کافی کمی آئی اور یہ 2020 کی پہلی سہ ماہی میں 6.4 فیصد کے مقابلے میں 2021 کی پہلی سہ ماہی میں 3.4 فیصد ہو گئی۔

اثاثوں کے حوالے سے، 2021 کی پہلی سہ ماہی میں بینک کی سطح پر فعال ایڈوانسز کی اوسط مالیت 538 ارب روپے رہی (2020 کی پہلی سہ ماہی میں 606 ارب روپے)، جب کہ 2021 کی پہلی سہ ماہی کے لیے ڈومیسٹک فعال ایڈوانسز کی اوسط مالیت 438 ارب روپے رہی (2020 کی پہلی سہ ماہی میں 481 ارب روپے)۔ 2021 کی پہلی سہ ماہی کے لیے ڈومیسٹک کارپوریٹ لون بک کی اوسط مالیت 356 ارب روپے رہی جو سال بہ سال بنیاد پر 13 فیصد کم ہے۔ 2021 کی پہلی سہ ماہی کے لیے کنزیومر لونز کی اوسط مالیت 18.5 ارب روپے رہی جو سال بہ سال بنیاد پر 5 فیصد زائد ہے جس کی بنیادی وجہ آٹو زکاشجہ ہے۔ یو بی ایل انٹرنیشنل میں بینک نے اپنی بیلنس شیٹ کی سطح کو نمایاں طور پر کم کیا ہے، جیسا کہ 2021 کی پہلی سہ ماہی اس کی فعال لون بک سال بہ سال بنیاد پر 21 فیصد کمی کے ساتھ 629 ملین امریکی ڈالر تک کم ہو گئی۔

ارکان کوڈائزیکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے لیے یونائیٹڈ بینک لمیٹڈ (UBL) کے مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

تعارف (Introduction)

COVID-19 کے باوجود کاروباری سرگرمیوں کی تعمیر نو کے لیے پالیسی اقدامات موثر رہے ہیں، جیسا کہ معاشی بحالی کی جانب تیز رفتار پیش قدمی واضح نظر آرہی ہے۔ مجموعی طور پر، ملک نے وائرس کا پھیلاؤ محدود کرنے کے حوالے سے نسبتاً بہتر کارکردگی کا مظاہرہ کیا ہے اور گزشتہ پورے ایک سال کے دوران درپیش مشکلات کے باوجود توجہ مزاحمت کی حامل ایک قوم کے طور پر سامنے آیا ہے۔ اس وقت جاری ویکسینز کے رول آؤٹ کے ساتھ، ہم پر امید ہیں کہ سال 2021 معیشت کے لیے بہتر ثابت ہوگا۔

کارکردگی کا جائزہ (Performance Overview)

غیرمجموع بنیاد پر، یو بی ایل نے 31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے لیے 12.2 ارب روپے کا قبل از ٹیکس منافع (PBT) ریکارڈ کرایا جو گزشتہ سال کی اسی مدت میں کمائے گئے منافع قبل از ٹیکس سے 3.7 ارب روپے زیادہ رہے۔

سال 2021 کی پہلی سہ ماہی میں مجموعی ریونیوز 22.6 ارب روپے ریکارڈ کیے گئے جو سال 2020 کی پہلی سہ ماہی سے 3 فیصد زائد ہے۔ بینک نے سال 2021 کی پہلی سہ ماہی میں 16.9 ارب روپے کی نیٹ انٹرسٹ آمدنی (NII) ریکارڈ کی (سال 2020 کی پہلی سہ ماہی میں 17.3 ارب روپے)۔ سال 2021 کی پہلی سہ ماہی کے لیے نان مارک اپ آمدنی 5.8 ارب روپے ریکارڈ کی گئی جس میں سال بہ سال بنیاد پر 24 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ غیر ملکی بونڈ ز اور ایکویٹیز کی فروخت پر منافع ہے۔

سال 2021 کی پہلی سہ ماہی میں بینک کے انتظامی اخراجات 9.9 ارب روپے ریکارڈ کیے گئے جس میں اضافہ عملی سے 4 فیصد تک محدود رکھا گیا۔ گزشتہ سال کی پہلی سہ ماہی میں 43.0 فیصد کے مقابلے میں 2021 کی پہلی سہ ماہی میں اخراجات سے آمدنی کا تناسب 43.5 فیصد پر شمار کیا گیا۔ بینک نے 2021 کی پہلی سہ ماہی کے دوران نیٹ پروویژن چارج (Net Provision Charge)، 2020 کی پہلی سہ ماہی کے لیے 3.7 ارب روپے کے نیٹ پروویژن چارج کے مقابلے میں 354 ملین روپے ریکارڈ کیے، گزشتہ سال کی بلند سطح بنیادی طور پر یو بی ایل انٹرنیشنل کے غیر فعال پورٹ فولیو پر کوریج کا نتیجہ ہے۔

مالیاتی اہم نکات (Financial Highlights)

یونائیٹڈ بینک لمیٹڈ نے 2020 کی پہلی سہ ماہی میں 5.1 ارب روپے کے مقابلے میں 2021 کی پہلی سہ ماہی میں 7.4 ارب روپے بعد از ٹیکس منافع (PAT) ریکارڈ کیا جو سال بہ سال کی بنیاد پر 46 فیصد کا زبردست اضافہ ہے۔ فی شیئر آمدنی 6.05 روپے شمار کی گئی (2020 کی پہلی سہ ماہی میں 4.13 روپے)۔ مجموع بنیاد پر یو بی ایل نے 7.6 ارب روپے کا بعد از ٹیکس منافع ریکارڈ کیا (2020 کی پہلی سہ ماہی میں 4.9 ارب روپے)۔



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