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# In Touch with Tomorrow

HALF YEARLY REPORT  
JUNE 30, 2021 (UN-AUDITED)



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# COMPANY INFORMATION

## Board of Directors

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

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

Mr. Haider Zameer Choudrey  
Non-Executive Director

Mr. Rizwan Pervez  
Non-Executive Director

Mr. Shazad G. Dada  
President & CEO

Mr. Arshad Ahmad Mir  
Non-Executive Director

Mr. Amar Zafar Khan  
Independent Director

Mr. Tariq Rashid  
Independent Director

Ms. Shazia Syed  
Independent Director

## COMMITTEES OF THE BOARD

### BOARD AUDIT COMMITTEE (BAC):

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

### BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (HRCC):

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

### BOARD RISK & COMPLIANCE COMMITTEE (BRCC):

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

### BOARD IT COMMITTEE (BITC):

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

### BOARD NOMINATION COMMITTEE (BNC):

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

## Chief Financial Officer

Mr. Aameer Karachiwalla

## Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

### Registered Office:

13<sup>th</sup> Floor, UBL Building, Jinnah Avenue,  
Blue Area, Islamabad.

### UBL Head Office

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

### Share Registrar

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

### Auditors

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

### Legal Advisors

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

### Contacts

UAN: 111-825-111  
Contact Centre: 111-825-888  
Website: [www.ubldigital.com](http://www.ubldigital.com)  
Email: [customer.services@ubl.com.pk](mailto:customer.services@ubl.com.pk)

\*Ms. Sadia Saeed, Secretary Board Human Resource & Compensation Committee (HRCC) has completed her term of employment on 19 July 2021 and subsequently Mr. Minhas Wirasat Ali has been given charge as Acting Head HR / Secretary HRCC.

# **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 half year ended June 30, 2021.

## **Performance Overview**

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 25.9 billion for the half year ended June 30, 2021, a strong growth of 37% year on year. On a quarter on quarter basis, the bank recorded a strong growth in PBT of 12% Q2'21 versus Q1'21.

UBL's gross revenues stood at Rs. 46.5 billion for H1'21 (H1'20: Rs. 48.0 billion). Net mark-up income was recorded at Rs. 35.1 billion for H1'21 (H1'20: Rs. 39.1 billion). The bank recorded non-markup income of Rs. 11.4 billion for H1'21, an increase of 28% over H1'20, owing mainly to capital gains realized on foreign bonds as well as strong growth in all major fee lines.

The bank's operating expenses stood at Rs. 20.2 billion for H1'21, a growth of 5% over H1'20. Cost to income ratio remained lean at 43% for H1'21 as against 40% in the corresponding period of last year.

The bank recorded a net provision reversal of Rs. 87 million in H1'21 against a net provision charge of Rs. 9.4 billion in H1'20, owing mainly to sustained recovery efforts within both the domestic and international segments.

## **Financial Highlights**

On a standalone basis, UBL recorded Profit After Tax (PAT) of Rs. 15.0 billion for H1'21 versus a PAT of Rs. 11.4 billion for H1'20, a strong growth of 32% year on year. Earnings per share (EPS) was measured at Rs. 12.25 for H1'21 (H1'20: Rs. 9.31).

On a consolidated basis, UBL recorded PAT of Rs. 15.0 billion (H1'20: Rs. 10.7 billion). The consolidated EPS was measured at Rs. 12.24 for H1'21 (H1'20: Rs. 8.94).

## **Net Markup Income**

Net markup income was recorded at Rs. 35.1 billion for H1'21, 10% lower on a year on year basis. The bank's markup earning assets averaged Rs. 1.8 trillion in H1'21, growing by 11% year on year. Bank level Net interest margin (NIM) was measured at 3.9% for H1'21 (H1'20: 5.0%). In order to support the economy during the pandemic, the State Bank of Pakistan (SBP) reduced the policy rate from 13.25% at Dec'19 to 7.00% by Jun'20. The average interest rates stood close to 11.0% in H1'20 versus 7.0% in H1'21, due to which higher net markup income was earned in the corresponding period of last year.

Domestic deposits averaged Rs. 1.4 trillion in H1'21, with one of the highest portfolio growth levels achieved of 20%. Domestic CASA deposits averaged Rs. 1.2 trillion for H1'21, a growth of 19% year on year, with an incremental increase in the base of Rs. 195 billion. The average CASA to total deposits ratio was measured at 85.1% in H1'21 (H1'20: 85.5%). The Branch banking segment continued to actively solicit new relationships as it added approximately 290,000 new current account relationships in H1'21 as against

231,000 current account relationships on boarded in the corresponding period of last year. This led to average current deposits growing by 22% year on year to Rs. 618 billion in H1'21, and resultantly, the average current to total deposits ratio improved to 43% in H1'21 from 42% in H1'20. The domestic portfolio of savings accounts averaged Rs. 603 billion in H1'21, recording a strong growth of 16% year on year. The steady build-up in low cost deposits as well as a sharp reduction in the policy rate led to the domestic cost of deposits declining to 3.4% in H1'21 from 5.5% in H1'20.

On the asset side, bank level performing advances averaged Rs. 537 billion for H1'21 (H1'20: Rs. 605 billion), while domestic performing advances averaged Rs. 436 billion for H1'21 (H1'20: Rs. 484 billion). Maintaining strong focus on asset quality, the domestic corporate loan book averaged Rs. 355 billion for H1'21, down 13% year on year. Consumer loans averaged Rs. 19 billion for H1'21, growing by 9% year on year, driven mainly by growth in the secured autos segment. The Islamic loan book is up 58% year on year in averages, being recorded at Rs. 31 billion for H1'21. Within UBL International, the bank has significantly de-risked its balance sheet as the average performing loan book reduced from USD 758 million in H1'20 to USD 644 million in H1'21, a decline of 15% year on year.

The bank's markup earning investments averaged Rs. 1.2 trillion for H1'21, growing by growth of 26% over H1'20. The domestic government securities portfolio earned the bank a healthy yield of over 8.0% during the period under review. UBL International's foreign bonds portfolio averaged USD 735 million, growing by 10% year on year, yielding 5.3% in H1'21.

## **Non-Markup Income**

The bank earned non-markup income of Rs. 11.4 billion in H1'21, an increase of 28% year on year and contributed 25% of the total revenues of the bank in H1'21 (H1'20: 19%).

Fees and commission income of Rs. 6.6 billion was earned in H1'21, a growth of 26% compared to last year. This performance was driven by the domestic franchise which recorded a strong 35% growth in fee revenues in H1'21 versus H1'20.

Customer fees from branch banking operations stood at Rs. 820 million for H1'21, largely in line with revenues earned last year. UBL maintained its leadership position in the domestic home remittances space with a market share of over 20%. As a result, commission income from home remittances of Rs. 841 million was earned in H1'21, up 12% year on year.

The bank maintained its momentum within the bancassurance business as premium volumes of Rs. 1.8 billion were underwritten in H1'21, an increase of 81% over H1'20. Bancassurance commissions stood at Rs. 883 million in H1'21, a strong growth of 84% year on year. With business momentum picking up, income from debit and credit card fees of Rs. 1.1 billion was earned in H1'21 (H1'20: Rs. 690 million). The bank earned investment banking fees of Rs. 343 million in H1'21 versus Rs. 85 million in H1'20, led by corporate mandates for debt arrangement and advisory services. Commission income from cash management was recorded at Rs. 462 million for H1'21, growing by 24% year on year.

The bank earned foreign exchange income of Rs. 1.2 billion in H1'21 (H1'20: Rs. 1.7 billion). Dividend income of Rs. 881 million was recorded for H1'21, an increase of 11% year on year, with improved payouts from fertilizer and energy stocks as well group entities. The bank realized capital gains of Rs. 2.5 billion in H1'21 (H1'20: Rs. 676 million), primarily on the timely sale of foreign debt securities.

## Provisions and loan losses

UBL recorded a net provision reversal of Rs. 87 million for H1'21 as against a net provision charge of Rs. 9.4 billion in the corresponding period of last year.

Bank level non-performing loans (NPLs) stood at Rs. 82.1 billion at Jun'21, compared to Rs. 83.6 billion at Dec'20, reducing by Rs. 1.6 billion. Bank level asset quality improved marginally from 13.7% at Dec'20 to 12.9% at Jun'21, while specific coverage was enhanced from 85.8% at Dec'20 to 86.7% at Jun'21.

### *UBL Domestic*

Gross advances for the domestic bank stood at Rs. 479 billion at Jun'21 (Dec'20: Rs. 458 billion), and constituted over 75% of the bank's total portfolio. Domestic NPLs reduced by nearly Rs. 1.0 billion since Dec'20, from Rs. 28.7 billion at Dec'20 to Rs. 27.8 billion at Jun'21.

The domestic bank recorded net provision reversals of Rs. 1.1 billion for H1'21 versus a net provision charge of Rs. 1.1 billion in H1'20. Domestic bank's asset quality improved from 6.3% at Dec'20 to 5.8% at Jun'21.

### *UBL International*

UBL International's NPLs have remained largely unchanged at USD 344.6 million at Jun'21 (Dec'20: USD 343.3 million). A net provision charge of USD 6.6 million was recorded for H1'21 against a net provision charge of USD 52.0 million in H1'20. Specific coverage was enhanced from 85.9% at Dec'20 to 86.3% at Jun'21. Furthermore, specific coverage with Forced Sale Value (FSV) of mortgaged properties and cash collateral stood at 94.8% at Jun'21 (Dec'20: 95.5%, refer to note 10.3.2 to the financial statements).

## Cost management

Improving operational efficiencies remains a key focus for UBL. The bank is continually striving to optimize its cost base, while improving service delivery through investment in IT as well as expanding capacity across the branch network.

UBL's operating expenses were recorded at Rs. 20.2 billion for H1'21, with growth contained at 5% year on year. Employee compensation was recorded at Rs. 8.3 billion for H1'21, an increase of 4% year on year. Property expenses were recorded at Rs. 3.2 billion for H1'21, largely in line with last year. IT expenses were recorded at Rs. 2.1 billion, up 8% over H1'20. Other operating expenses were recorded at Rs. 6.6 billion for H1'21, an increase of 8% year on year, mainly due to higher sales commissions and increased business volumes as economic activity builds up to pre COVID levels.

## Balance Sheet management

UBL's balance sheet stood at Rs. 2.4 trillion, growing by 17% since Dec'20. Bank level deposits grew by 13% over Dec'20 to Rs. 1.85 trillion. This performance is led by the Branch Banking Group as domestic deposits stood at Rs. 1.6 trillion, growing by 16% over Dec'20, which enabled the bank to record an average market share of 8.3% of total banking sector deposits for H1'21, improving from an average market share of 8.0%

for H1'20. Domestic current deposits closed Jun'21 at Rs. 715 billion, growing by a strong 16% over Dec'20, while the saving portfolio stood at Rs. 701 billion, increasing by 18%. This enabled the bank to improve its CASA to total deposits ratio from 85.2% at Dec'20 to 86.2% at Jun'21. UBL International's deposits stood at USD 1.3 billion at Jun'21, a slight decline of 5% since Dec'20.

Bank level net advances closed at Rs. 557 billion as at Jun'21 (Dec'20: Rs. 530 billion).. Our lending strategy is aimed at ensuring efficient allocation of capital while maximizing overall returns from relationships. Domestic performing advances stood at Rs. 451 billion, growing by 5% since Dec'20. The bank is aggressively looking to expand within the Islamic banking space as performing advances stood at Rs. 43 billion, increasing more than two-folds over the Dec'20 levels of Rs. 21 billion. UBL International's net advances stood at USD 655 million at Jun'21, an increase of 8% over Dec'20, with growth mainly within trade based and FI lending in line with the bank's strategy.

Bank level investments stood at Rs. 1.46 trillion at Jun'21, an increase of 29% over Dec'20. Excess liquidity is primarily deployed in government securities within UBL Domestic, as Rs. 209 billion is invested in fixed income PIBs, Rs. 408 billion invested in floating rate PIBs and Rs. 633 billion invested in treasury bills. In the current interest rate environment, the investments strategy is aimed at maintaining stable margins across a well-diversified mix of shorter and longer tenor instruments.

## 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 June 30, 2021.

The overall CAR stood at 23.5% at Jun'21 (Dec'20: 24.4%), a buffer of 11.0% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 16.4% at Jun'21 (Dec'20: 17.0%). Total Tier 1 Capital ratio was measured at 17.7% at Jun'21 (Dec'20: 18.4%).

The Board of Directors of UBL declared an interim cash dividend of Rs. 4.0 per share in their meeting in Karachi held on August 6, 2021, along with the results for the half year ended June 30, 2021.

## Economy Review

The country is well on its way to economic recovery following the outbreak of the COVID pandemic in Q1'20. The resumption of industrial activity across the country is supporting employment levels driven



by a more favorable business environment. The government's nation-wide vaccination drive is picking up momentum in a bid to protect its citizens. GDP growth rate was recorded at 3.9% for FY'21 (FY'20: negative 0.5%) a notable achievement in light of the challenges faced during the period. However, the threat of a prolonged fourth wave of the pandemic due to the spread of new variants may impact this nascent recovery. Furthermore, the country is still in the midst of an IMF program which has tough conditions, which are likely to challenge the existing growth oriented policy measures of the government.

Controlling inflation levels continues to be a major challenge for the incumbent government. Policy measures require the right balance between monetary stimulus, maintaining fiscal discipline and ensuring that overall price levels remain contained. The Consumer Price Index (CPI) stood at 9.7% for the month of Jun'21, down 120 bps month on month mainly due to a reduction in the price levels of food items, while average inflation for FY'21 was measured at 8.9% versus 10.8% in FY'20.

On the external front, the country's balance of payment position has been largely favorable, primarily on the back of strong growth in home remittance flows, which reached a record high of USD 29.4 billion in FY'21 registering a growth of 27% year on year. However, the trade deficit continues to be impacted by increase in imports of capital goods, industrial materials, food and commodity items. Furthermore, oil prices have increased by over 90% since Jun'20, which added significant pressure on the current account position. The current account recorded a deficit of USD 1.9 billion for FY'21 versus a deficit of USD 4.4 billion in the corresponding period of last year. The country's imports stood at USD 56.4 billion for FY'21, an increase of 26.6% year on year while exports for FY'21 stood at USD 25.3 billion, up 18.3% year on year.

The country also ventured into international markets with multiple new Eurobond issues worth USD 3.5 billion in 2021. Furthermore, the momentum continued within SBP's 'Roshan Digital' initiative for overseas Pakistanis as funds in excess of USD 1.5 billion have been mobilized till Jun'21. These positive developments were also reflected in the domestic FX markets as the PKR appreciated by 1.4% against the USD since Dec'20, closing at Rs. 157.54. However, the exchange rate has experienced some pressures post June 30, 2021, with the exchange rate hovering over the Rs. 160 level. Overall, FX reserves have increased by 18.9% since Dec'20, standing at USD 24.4 billion at Jun'21. The country's capital markets maintained stable volumes and valuation trends in the first half of 2021 as the KSE-100 index closed at 47.4 k points at Jun'21, up 8% since Dec'20.

Deposits for the banking sector stood at Rs. 19.8 trillion at Jun'21, up 11% since Dec'20, while banking sector advances closed at Rs. 9.0 trillion at Jun'21, up 6% over Dec'20. Non-performing loans for the banking industry stood at Rs. 850 billion at Mar'21, 3% above Dec'20, as the asset quality deteriorated slightly from 9.2% at Dec'20 to 9.3% at Mar'21.

## **UBL International**

The economic recovery within the GCC has started to build some momentum with demand picking up as the vaccination drive continues across the region. The OPEC member countries decision to maintain production cuts has resulted in a significant pick up in the global oil prices, which will support economic recovery in the near term. Within UBL International, the bank aims to maintain its business model on

the foundations of a stable base of core deposits. On the asset side, lending remains selective, confined to existing quality relationships, with close oversight to contain any new NPL formation. The bank is also actively pursuing more trade based financing opportunities as well as looking to expand its FI lending book. Excess liquidity is primarily deployed in sovereign debt securities with an aim to maintain healthy net interest margins. Furthermore, the bank is actively looking to exit non-core jurisdictions and re-allocate capital to more profitable regions and business opportunities. As part of the global realignment strategy, the bank intends to voluntarily wind up its wholly owned subsidiary, UBL (Switzerland) AG, subject to relevant legal and regulatory approvals.

UBL International's deposits averaged USD 1.3 billion for H1'21 (H1'20: USD 1.5 billion). Cost of deposits was reduced from 1.8% in H1'20 to 1.2% in H1'21. Performing advances averaged USD 644 million for H1'21, declining by 15% over H1'20. The investment portfolio, comprising mainly of sovereign bonds, averaged USD 757 million, earning the bank a healthy yield of 5.5% during H1'21. This performance enabled UBL International to record a PBT of USD 19.1 million for the half year ended June 30, 2021 (H1'20: Loss before tax of USD 38.1 million).

## **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 30, 2021. 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 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 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.

UBL was also awarded the “Best Mobile App” and “Best Emerging Technology” awards at the prestigious Pakistan Digital Awards 2021. The award recognizes outstanding innovation and creativity of the best digital professionals and companies in the country.

## Future Outlook

Being one of the biggest financial institutions of the country, UBL will continue to play a leading role to broaden the scope of financial services across the country. Branch Banking Group remains the core of the UBL franchise where the aim is to expand our active customer base and offer innovative solutions to fulfill the needs of an emerging economy. As part of improving service levels, the bank is re-investing in its network and people while setting significantly higher standards for per branch deposits and profitability. Our award winning digital products continue to support the network in providing innovative solutions in a secure and convenient manner to an ever growing customer base. As recovery picks up, the bank is actively looking to extend credit, within established as well as emerging sectors, while maintaining an efficient RWA profile. Improving the compliance culture in line with best practices remains a key strategic priority. UBL’s most valuable asset are its people, and the bank remains committed to invest in their growth and development.

## Acknowledgements

In the end, on behalf of the board of director’s, we would like to express our gratitude to UBL shareholders and customers for their continued trust in the UBL brand. We value the commitment and dedication with which our staff continues to perform, particularly during this challenging period, ensuring uninterrupted services across all touchpoints. We would also like to extend our appreciation to the Government of Pakistan, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continuous guidance and support.



Shazad G. Dada  
President & CEO  
Karachi,  
August 06<sup>th</sup>, 2021



Arshad Ahmad Mir  
Director



where *you* come *first*

# UNITED BANK LIMITED

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**UNCONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
June 30, 2021  
(Un-audited)**



**INDEPENDENT AUDITORS' REVIEW REPORT**

**TO THE MEMBERS OF UNITED BANK LIMITED**

**REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of United Bank Limited ("the Bank") as at June 30, 2021 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2021 and June 30, 2020 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**Scope of Review**

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

**Conclusion**

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

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

Chartered Accountants

Karachi

Dated: August 25, 2021

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**(UN-AUDITED)**  
AS AT JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	245,296,668	250,838,052
Balances with other banks	7	20,658,741	13,888,765
Lendings to financial institutions	8	21,734,325	19,959,132
Investments	9	1,457,482,781	1,128,674,494
Advances	10	557,240,340	530,279,496
Fixed assets	11	51,321,573	51,207,703
Intangible assets	12	1,741,813	1,829,211
Deferred tax assets	13	6,487,373	6,399,267
Other assets	14	36,320,098	46,507,193
		2,398,283,712	2,049,583,313
<b>LIABILITIES</b>			
Bills payable	16	31,794,022	29,733,813
Borrowings	17	263,712,120	128,987,415
Deposits and other accounts	18	1,849,832,299	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	61,248,390	56,577,277
		2,216,586,831	1,865,510,406
<b>NET ASSETS</b>			
		181,696,881	184,072,907
<b>REPRESENTED BY:</b>			
Share capital		12,241,797	12,241,797
Reserves		63,167,322	62,274,068
Surplus on revaluation of assets	21	27,374,984	27,640,579
Unappropriated profit		78,912,778	81,916,463
		181,696,881	184,072,907
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes from 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 SIX MONTHS ENDED JUNE 30, 2021

	Note	April - June 2021	April - June 2020	January - June 2021	January - June 2020
		----- (Rupees in '000) -----			
Mark-up / return / interest earned	24	35,925,457	43,067,661	67,751,048	86,448,014
Mark-up / return / interest expensed	25	17,694,416	21,289,376	32,662,142	47,327,204
Net mark-up / interest income		18,231,041	21,778,285	35,088,906	39,120,810
<b>Non mark-up / interest income</b>					
Fee and commission income	26	3,564,368	2,261,860	6,604,890	5,248,309
Dividend income		628,742	399,431	881,158	793,328
Foreign exchange income		710,330	1,000,193	1,194,558	1,732,617
Income / (loss) from derivatives		1,504	(2,234)	8,758	(13,508)
Gain on securities - net	27	677,562	334,118	2,544,500	676,337
Other income	28	63,606	269,359	195,629	491,513
Total non mark-up / interest income		5,646,112	4,262,727	11,429,493	8,928,596
<b>Total Income</b>		23,877,153	26,041,012	46,518,399	48,049,406
<b>Non mark-up / Interest expenses</b>					
Operating expenses	29	10,345,999	9,689,626	20,198,825	19,163,219
Workers' Welfare Fund		272,283	280,975	517,178	499,275
Other charges / (reversals)	30	14,947	(28,706)	39,494	152,333
Total non mark-up / interest expenses		10,633,229	9,941,895	20,755,497	19,814,827
Profit before provisions		13,243,924	16,099,117	25,762,902	28,234,579
(Reversals) / provisions and write-offs - net	31	(441,467)	5,729,367	(87,396)	9,429,821
<b>PROFIT BEFORE TAXATION</b>		13,685,391	10,369,750	25,850,298	18,804,758
Taxation	32	6,092,761	4,028,953	10,852,991	7,403,980
<b>PROFIT AFTER TAXATION</b>		7,592,630	6,340,797	14,997,307	11,400,778
		----- (Rupees) -----			
<b>Earnings per share - basic and diluted</b>	33	6.20	5.18	12.25	9.31

The annexed notes from 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	April - June 2021	April - June 2020	January - June 2021	January - June 2020
	(Rupees in '000)			
<b>Profit after taxation for the period</b>	7,592,630	6,340,797	14,997,307	11,400,778
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in foreign branches	1,168,238	180,368	(606,477)	2,771,342
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,358,115	7,808,347	(240,412)	1,905,668
	2,526,353	7,988,715	(846,889)	4,677,010
<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	-	(835,581)	-	(1,355,438)
Movement in surplus on revaluation of fixed assets - net of tax	495	(99)	(237)	1,123
Movement in surplus on revaluation of non-banking assets - net of tax	219	(920)	219	(920)
	714	(836,600)	(18)	(1,355,235)
<b>Total comprehensive income for the period</b>	<u>10,119,697</u>	<u>13,492,912</u>	<u>14,150,400</u>	<u>14,722,553</u>

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



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**Shazia Syed**  
Director



**Arshad Ahmad Mir**  
Director



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Chairman



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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 six months ended June 30, 2020								
Profit after taxation for the six months ended June 30, 2020	-	-	-	-	-	-	11,400,778	11,400,778
Other comprehensive income - net of tax	-	2,771,342	-	1,905,668	1,123	(920)	(1,355,438)	3,321,775
Total comprehensive income for the six months ended June 30, 2020	-	2,771,342	-	1,905,668	1,123	(920)	10,045,340	14,722,553
Transfer to statutory reserve	-	-	1,140,078	-	-	-	(1,140,078)	-
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(110,838)	(13,897)	124,735	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(25,774)	-	25,774	-
Transactions with owners for the six months ended June 30, 2020								
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,449)	(3,060,449)
Balance as at June 30, 2020 (Un-audited)	12,241,797	28,915,229	34,315,803	2,559,170	25,017,081	16,254	72,768,934	175,834,268
Total comprehensive income for the six months ended December 31, 2020								
Profit after taxation for the six months ended December 31, 2020	-	-	-	-	-	-	9,498,005	9,498,005
Other comprehensive income - net of tax	-	(1,906,764)	-	95,762	(720)	(1)	552,357	(1,259,366)
Total comprehensive income for the six months ended December 31, 2020	-	(1,906,764)	-	95,762	(720)	(1)	10,050,362	8,238,639
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(5,508)	(15,340)	20,848	-
Transfer to statutory reserve	-	-	949,800	-	-	-	(949,800)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(26,119)	-	26,119	-
Transactions with owners for the six months ended December 31, 2020	-	-	-	-	-	-	-	-
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 six months ended June 30, 2021								
Profit after taxation for the six months ended June 30, 2021	-	-	-	-	-	-	14,997,307	14,997,307
Other comprehensive income - net of tax	-	(606,477)	-	(240,412)	(237)	219	-	(846,907)
Total comprehensive income for the six months ended June 30, 2021	-	(606,477)	-	(240,412)	(237)	219	14,997,307	14,150,400
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	(2,641)	-	2,641	-
Transfer to statutory reserve	-	-	1,499,731	-	-	-	(1,499,731)	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(22,524)	-	22,524	-
Transactions with owners for the half year ended June 30, 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)
Interim cash dividend - March 31, 2021 declared at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Balance as at June 30, 2021 (Un-audited)	12,241,797	26,401,988	36,765,334	2,414,520	24,959,332	1,132	78,912,778	181,696,881

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



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**Shazad G. Dada**  
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**Shazia Syed**  
Director



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Director



**Sir Mohammed Anwar Pervez, OBE, HPK**  
Chairman

# UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

	January - June 2021	January - June 2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	25,850,298	18,804,758
Less: Dividend income	(881,158)	(793,328)
	24,969,140	18,011,430
<b>Adjustments:</b>		
Depreciation on fixed assets	1,387,570	1,370,224
Depreciation on Islamic financing against leased assets (Ijarah)	84,917	124,174
Depreciation on right-of-use assets	924,501	977,682
Amortisation	380,843	383,908
Workers' Welfare Fund	517,178	499,275
Provision for retirement benefits	471,713	506,526
Provision for compensated absences	86,226	92,549
Provision against loans and advances - net	452,208	9,310,888
Reversal of provision for diminution in value of investments - net	(714,640)	(416,765)
(Reversal) / provision against off balance sheet items	(330,661)	214,965
Interest expense on lease liability against right-of-use assets	473,603	584,330
Gain on sale of operating fixed assets - net	(4,721)	(50,191)
Gain on sale of ijarah assets - net	(3,222)	(548)
Gain on sale of non-banking asset	-	(223,054)
Bad debts written-off directly	20,382	38,618
Unrealized gain on revaluation of investments classified as held for trading	(5,006)	(14,504)
Other provisions & write-offs	485,315	282,115
	4,226,206	13,680,192
	29,195,346	31,691,622
<b>(Increase) / Decrease in operating assets</b>		
Lendings to financial institutions	(1,775,193)	12,027,104
Held for trading securities	(62,057,326)	62,512,826
Advances	(27,536,716)	41,777,254
Other assets (excluding advance taxation)	3,847,752	2,562,798
	(87,521,483)	118,879,982
<b>Increase in operating liabilities</b>		
Bills payable	2,060,209	4,297,093
Borrowings	134,724,705	1,097,319
Deposits and other accounts	209,620,398	121,613,145
Other liabilities (excluding current taxation)	2,858,965	(13,089,564)
	349,264,277	113,917,993
	290,938,140	264,489,597
Payments on account of staff retirement benefits	(1,714,702)	(1,218,999)
Income taxes paid	(5,006,930)	(1,167,349)
<b>Net cash flow generated from operating activities</b>	284,216,508	262,103,249
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(209,399,726)	(267,130,129)
Net investments in held to maturity securities	(56,825,708)	28,505,850
Net investments in subsidiaries and associates	(200,000)	-
Dividend income received	904,124	667,607
Investment in fixed assets and intangible assets	(1,844,447)	(1,671,800)
Sale proceeds from disposal of fixed assets	11,958	163,871
Sale proceeds from disposal of ijarah assets	21,587	952
Effect of translation of net investment in foreign branches	(606,477)	2,771,342
<b>Net cash flow used in investing activities</b>	(267,938,689)	(236,692,307)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(1,195,507)	(1,006,745)
Dividends paid	(13,853,720)	(6,494,483)
<b>Net cash flow used in financing activities</b>	(15,049,227)	(7,501,228)
<b>Increase in cash and cash equivalents</b>	1,228,592	17,909,714
Cash and cash equivalents at the beginning of the period	264,726,817	256,590,772
<b>Cash and cash equivalents at the end of the period</b>	265,955,409	274,500,486

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



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Chairman

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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 condensed interim financial statements have been prepared in conformity with the format of interim 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 IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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 of and amendments to accounting and reporting standards that are effective in the current period**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are either considered to not be relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018. Accordingly, the requirements of this standard are incorporated in the Bank's unconsolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Meanwhile, the banks are required to submit IFRS 9 compatible pro forma financial statements for year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT**

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

**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 are carried at their present values.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**5.2 Critical accounting estimates and judgments**

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

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.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	17,617,717	20,776,101
Foreign currencies	7,590,632	12,098,863
	25,208,349	32,874,964
With State Bank of Pakistan in		
Local currency current accounts	72,133,793	75,604,954
Foreign currency current accounts	4,531,712	4,420,727
Foreign currency deposit accounts	8,123,863	7,767,517
	84,789,368	87,793,198
With other central banks in		
Foreign currency current accounts	27,209,367	28,800,193
Foreign currency deposit accounts	8,085,347	6,869,307
	35,294,714	35,669,500
With National Bank of Pakistan in local currency current accounts	96,326,585	92,628,531
Prize Bonds	3,677,652	1,871,859
	<u>245,296,668</u>	<u>250,838,052</u>
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In deposit accounts	3,000,000	2,000,000
Outside Pakistan		
In current accounts	7,505,530	7,354,534
In deposit accounts	10,153,211	4,534,231
	17,658,741	11,888,765
	<u>20,658,741</u>	<u>13,888,765</u>
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lending	-	10,500,000
Repurchase agreement lendings (Reverse Repo)	21,734,325	-
Bai Muajjal receivable		
- with State Bank of Pakistan	-	6,433,114
- with other financial institutions	-	3,026,018
	-	9,459,132
	<u>21,734,325</u>	<u>19,959,132</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**9. INVESTMENTS**

**9.1 Investments by type**

Note	June 30, 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)								
<b>Held for trading securities</b>								
Market Treasury Bills	65,066,792	-	5,006	65,071,798	3,009,238	-	228	3,009,466
<b>Available for sale securities</b>								
Market Treasury Bills	568,391,131	-	245,214	568,636,345	341,885,979	-	238,363	342,124,342
Pakistan Investment Bonds - fixed	43,914,994	-	(77,655)	43,837,339	76,334,054	-	333,950	76,668,004
Pakistan Investment Bonds - floaters	365,457,101	-	(1,286,525)	364,170,576	340,678,646	-	(2,569,332)	338,109,314
Government of Pakistan Eurobonds	23,564,640	(290,271)	881,753	24,156,122	24,216,628	(105,010)	1,126,146	25,237,764
Government of Pakistan Sukuk	25,602,301	(2,332)	91,324	25,691,293	23,232,221	(8,713)	(50,261)	23,173,247
Government of Pakistan Mudarabah Pool	1,138,873	-	-	1,138,873	466,435	-	-	466,435
Corporate Sukuks	1,220,000	-	-	1,220,000	1,220,000	-	-	1,220,000
Ordinary shares of listed companies	13,918,677	(4,887,512)	3,294,757	12,325,922	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	790,495	(52,989)	16	737,522	808,294	(134,392)	36	673,938
Investment in REIT	458,590	-	834	459,424	458,590	-	(16,676)	441,914
Investment in Mutual Fund	250,000	-	(28,115)	221,885	250,000	-	(21,482)	228,518
Term Finance Certificates	782,335	(161,996)	-	620,339	662,335	(162,033)	-	500,302
Foreign bonds - sovereign	43,240,040	(571,385)	765,188	43,433,843	53,560,498	(909,881)	2,494,807	55,145,424
Foreign bonds - others	2,159,398	(18,307)	71,438	2,212,529	4,494,088	(24,002)	299,217	4,769,303
	1,090,925,242	(5,984,792)	3,958,229	1,088,898,679	881,649,591	(6,823,507)	4,352,348	879,178,432
<b>Held to maturity securities</b>								
Market Treasury Bills	2,302,818	-	-	2,302,818	2,696,727	-	-	2,696,727
Pakistan Investment Bonds - fixed	164,631,960	-	-	164,631,960	160,738,122	-	-	160,738,122
Pakistan Investment Bonds - floaters	42,574,919	-	-	42,574,919	-	-	-	-
Government of Pakistan Eurobonds	9,343,334	(127,403)	-	9,215,931	9,383,208	(45,483)	-	9,337,725
Government of Pakistan Sukuk	812,095	(3,823)	-	808,272	824,745	(3,374)	-	821,371
Bai Muajjal with Government of Pakistan	31,115,551	-	-	31,115,551	29,569,648	-	-	29,569,648
Term Finance Certificates	7,084,206	(69,951)	-	7,014,255	4,516,483	(69,951)	-	4,446,532
Corporate Sukuks	11,429,759	(50,934)	-	11,378,825	12,022,820	(57,846)	-	11,964,974
Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
Debentures	2,266	(2,266)	-	-	2,266	(2,266)	-	-
Corporate Bond	1,059,404	(14,421)	-	1,044,983	-	-	-	-
Foreign bonds - sovereign	26,921,077	(560,318)	-	26,360,759	21,361,427	(628,582)	-	20,732,845
Foreign bonds - others	1,941,765	(17,816)	-	1,923,949	1,261,784	(23,219)	-	1,238,565
CDC SAARC Fund	342	-	-	342	347	-	-	347
	299,219,933	(847,369)	-	298,372,564	242,378,014	(831,158)	-	241,546,856
<b>Associates</b>								
UBL Financial Sector Fund	350,000	-	-	350,000	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
	1,422,485	-	-	1,422,485	1,222,485	-	-	1,222,485
<b>Subsidiaries</b>								
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
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
	2,985,323	-	-	2,985,323	3,575,160	-	-	3,575,160
<b>Discontinued operations</b>								
UBL Bank (Tanzania) Limited	1,831,006	(1,688,911)	-	142,095	1,831,006	(1,688,911)	-	142,095
UBL (Switzerland) AG	589,837	-	-	589,837	-	-	-	-
<b>Total Investments</b>	<b>1,462,040,618</b>	<b>(8,521,072)</b>	<b>3,963,235</b>	<b>1,457,482,781</b>	<b>1,133,665,494</b>	<b>(9,343,576)</b>	<b>4,352,576</b>	<b>1,128,674,494</b>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>9.1.1 Investments given as collateral - at market value</b>		----- (Rupees in '000) -----	
Market Treasury Bills		43,952,534	59,846,168
Pakistan Investment Bonds - fixed		2,081,906	-
Pakistan Investment Bonds - floaters		120,696,000	-
		<u>166,730,440</u>	<u>59,846,168</u>
<b>9.2 Provision for diminution in value of investments</b>			
<b>9.2.1</b> Opening balance		9,343,576	9,117,891
Exchange adjustments		(26,480)	34,098
<b>Charge / (reversals)</b>			
Charge for the period / year		282,804	853,323
Reversals for the period / year		(997,444)	(511,772)
	31	(714,640)	341,551
Amounts written off		(81,384)	(149,964)
Closing balance	9.5	<u>8,521,072</u>	<u>9,343,576</u>

**9.2.2 Particulars of provision against debt securities**

Category of classification	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Non performing investment (NPI)	Provision	Non performing investment (NPI)	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	285,584	285,584	292,496	292,496

- 9.3** The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 301,982.991 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 expected credit loss under IFRS 9 amounting to Rs: 1,606.092 million (December 31, 2020 Rs. 1,748.301 million) for overseas branches.
- 9.6** The shareholders of the Bank, in their annual general meeting held on March 27, 2020, resolved to wind up "United Executors and Trustees Company Limited", a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of "United Executors and Trustees Company Limited" to appoint liquidators and voluntarily wind up the company. The liquidators will conclude the process of voluntary winding-up as per the requirements of applicable laws and regulations.
- 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.
- 9.8** The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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**10. ADVANCES**

Note	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
(Rupees in '000)						
Loans, cash credits, running finances, etc.	468,981,088	474,312,018	79,387,208	80,691,738	548,368,296	555,003,756
Islamic financings and related assets	38.3 43,489,775	20,542,257	95,273	107,478	43,585,048	20,649,735
Bills discounted and purchased	40,557,006	30,828,990	2,574,662	2,824,527	43,131,668	33,653,517
<b>Advances - gross</b>	<b>553,027,869</b>	<b>525,683,265</b>	<b>82,057,143</b>	<b>83,623,743</b>	<b>635,085,012</b>	<b>609,307,008</b>
Provision against advances						
- Specific	-	-	(71,166,060)	(71,755,668)	(71,166,060)	(71,755,668)
- General	(6,678,612)	(7,271,844)	-	-	(6,678,612)	(7,271,844)
10.3	(6,678,612)	(7,271,844)	(71,166,060)	(71,755,668)	(77,844,672)	(79,027,512)
<b>Advances - net of provision</b>	<b>546,349,257</b>	<b>518,411,421</b>	<b>10,891,083</b>	<b>11,868,075</b>	<b>557,240,340</b>	<b>530,279,496</b>

**10.1 Particulars of advances - gross**

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
In local currency	472,628,812	453,024,198
In foreign currencies	162,456,200	156,282,810
	<b>635,085,012</b>	<b>609,307,008</b>

**10.2** Advances include Rs. 82,057.143 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) June 30, 2021		(Audited) December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other Assets Especially Mentioned*	153,143	527	189,538	497
Substandard	2,525,259	624,336	2,690,171	662,589
Doubtful	685,672	341,615	1,599,695	798,209
Loss	24,398,551	23,318,137	24,259,582	23,164,558
	<b>27,762,625</b>	<b>24,284,615</b>	<b>28,738,986</b>	<b>24,625,853</b>
<b>Overseas</b>				
Not past due but impaired**	4,090,173	1,993,065	5,820,717	2,681,378
Overdue by:				
Upto 90 days	3,250,055	1,670,741	1,064,806	135,443
91 to 180 days	1,806,307	819,681	5,232,868	4,695,361
181 to 365 days	511,681	511,694	6,841,381	6,407,521
> 365 days	44,636,302	41,886,264	35,924,985	33,210,112
	<b>54,294,518</b>	<b>46,881,445</b>	<b>54,884,757</b>	<b>47,129,815</b>
<b>Total</b>	<b>82,057,143</b>	<b>71,166,060</b>	<b>83,623,743</b>	<b>71,755,668</b>

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

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



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**10.3 Particulars of provision against advances**

Note	June 30, 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	(581,513)	(293,697)	(875,210)	917,623	155,659	1,073,282
<b>Charge / (reversals)</b>						
Charge for the period / year	2,833,680	185,587	3,019,267	14,394,123	3,623,212	18,017,335
Reversals for the period / year	(1,847,543)	(485,122)	(2,332,665)	(1,805,805)	(8,386)	(1,814,191)
31	986,137	(299,535)	686,602	12,588,318	3,614,826	16,203,144
Amounts written off	(994,232)	-	(994,232)	(5,282,212)	-	(5,282,212)
Amounts charged off - agriculture financing	-	-	-	(80,974)	-	(80,974)
Transfers out - net	-	-	-	(3,002)	-	(3,002)
Closing balance	71,166,060	6,678,612	77,844,672	71,755,668	7,271,844	79,027,512

**10.3.1** General provision represents provision amounting to Rs. 344.124 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,334.488 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 domestic 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 domestic advances would have been higher by Rs. 4.758 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. 3,338.496 million (December 31, 2020: Rs. 3,951.861 million) for the overseas branches.

**10.3.3** 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) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	748,125	447,893
Property and equipment		43,937,862	44,075,077
Right-of-use assets		6,635,586	6,684,733
		<u>51,321,573</u>	<u>51,207,703</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		360,692	270,445
Equipment		387,433	177,448
		<u>748,125</u>	<u>447,893</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

		(Un-audited)	
		January - June 2021	January - June 2020
		----- (Rupees in '000) -----	
<b>11.2</b>	<b>Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:			
	Capital work-in-progress - net additions	300,231	60,652
	<b>Property and equipment</b>		
	Leasehold Improvement	202,835	182,986
	Furniture and fixture	50,039	40,266
	Electrical office and computer equipment	910,018	490,618
	Vehicles	109,027	-
		<u>1,271,919</u>	<u>713,870</u>
		<u>1,572,150</u>	<u>774,522</u>
<b>11.3</b>	<b>Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:			
	Leasehold land & Building on leasehold land	4,726	110,839
	Leasehold Improvement	91,808	1,352
	Furniture and fixture	565	755
	Electrical office and computer equipment	911	1,713
	Vehicles	2,374	422
		<u>100,384</u>	<u>115,081</u>
<b>11.4</b>	<b>Additions to right-of-use assets</b>	<u>1,355,664</u>	<u>888,093</u>
<b>11.5</b>	<b>Derecognition of right-of-use assets</b>	<u>522,246</u>	<u>477,022</u>
		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>12.</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress	372,080	190,355
	Intangible assets	<u>1,369,733</u>	<u>1,638,856</u>
		<u>1,741,813</u>	<u>1,829,211</u>
		(Un-audited)	(Audited)
		January -	January -
		June 2021	June 2020
		----- (Rupees in '000) -----	
<b>12.1</b>	<b>Additions to intangible assets</b>		
The following additions have been made to directly purchased intangible:			
	Capital work-in-progress - net additions / (transfers)	<u>181,725</u>	<u>(92,743)</u>
Additions have been made to directly purchased intangible assets during the period:			
		<u>114,368</u>	<u>522,183</u>
		(Un-audited)	(Audited)
		June	December
		30, 2021	31, 2020
		----- (Rupees in '000) -----	
<b>13.</b>	<b>DEFERRED TAX ASSETS</b>		
	Deferred tax assets	6,487,373	6,399,267
	Note		
	13.1		

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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**13.1 Movement in temporary differences during the period**

June 30, 2021 (Un-Audited)			
At January 01, 2021	Recognised in profit and loss account	Recognised in OCI	At June 30, 2021
----- (Rupees in '000) -----			
<b>Deductible temporary differences on</b>			
- Post retirement employee benefits	1,381,087	(951)	1,380,136
- Provision against advances, off balance sheet etc.	6,390,263	(408,450)	5,981,813
- Workers' Welfare Fund	1,833,191	201,699	2,034,890
	9,604,541	(207,702)	9,396,839
<b>Taxable Temporary Differences on</b>			
- Surplus on revaluation of fixed assets / non-banking assets	(646,666)	16,393	(629,005)
- Surplus on revaluation of investment	(1,697,416)	-	(1,543,709)
- Accelerated tax depreciation	(729,569)	159,948	(569,621)
- Others	(131,623)	-	(167,131)
	(3,205,274)	176,341	(2,909,466)
	6,399,267	(31,361)	6,487,373
December 31, 2020 (Audited)			
At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
----- (Rupees in '000) -----			
<b>Deductible temporary differences on</b>			
- Post retirement employee benefits	837,307	30,335	1,381,087
- Provision against advances, off balance sheet etc.	3,291,876	3,098,387	6,390,263
- Workers' Welfare Fund	1,495,858	337,333	1,833,191
	5,625,041	3,466,055	9,604,541
<b>Taxable Temporary Differences on</b>			
- Surplus on revaluation of fixed assets / non-banking assets	(739,593)	33,079	(646,666)
- Surplus on revaluation of investment	(417,813)	-	(1,697,416)
- Accelerated tax depreciation	(1,147,656)	418,087	(729,569)
- Others	(19,815)	-	(131,623)
	(2,324,877)	451,166	(3,205,274)
	3,300,164	3,917,221	6,399,267

14. OTHER ASSETS	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
Income / mark-up accrued in local currency - net of provision		21,186,728	21,075,804
Income / mark-up accrued in foreign currencies - net of provision	14.1	1,971,664	2,117,215
Advance taxation - net of provision for taxation	14.2	40,127	5,921,083
Receivable from staff retirement fund		74,054	24,160
Receivable from other banks against telegraphic transfers and demand drafts		22,359	110,689
Unrealized gain on forward foreign exchange contracts		1,204,076	2,703,865
Rebate receivable - net		307,859	631,410
Suspense accounts		66,215	51,215
Stationery and stamps on hand		197,125	169,311
Non-banking assets acquired in satisfaction of claims		241,683	241,683
Advances, deposits, advance rent and other prepayments		2,178,930	916,276
Acceptances		5,708,132	10,505,651
Dividend Receivable		195,008	217,974
Receivable against IBFT, ATM and other settlements - net		853,694	-
Commission Receivable - Branchless Banking		653,017	658,524
Receivable against fraud & forgery and looted notes		583,132	586,929
Others		2,088,372	2,006,747
		37,572,175	47,938,536
Provision held against other assets	14.3	(1,214,070)	(1,392,976)
Other assets - net of provisions		36,358,105	46,545,560
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		(38,007)	(38,367)
<b>Other assets - total</b>		<b>36,320,098</b>	<b>46,507,193</b>

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

**14.1** This includes unrealised mark-up held in suspense amounting to Rs. 14,852.074 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 2020, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.13,752 million (December 31, 2020: Rs.11,610 million). The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2020 (financial year 2019) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from years ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 2,467 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 have been filed upto the year ended December 31, 2019 and for UAE and Qatar 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 M (Rs: 42.551 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.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>14.3 Provision held against other assets</b>		----- (Rupees in '000) -----	
Advances and other receivables		54,108	84,272
Fraud & forgery and looted notes		604,364	626,435
Others		555,598	682,269
		<u>1,214,070</u>	<u>1,392,976</u>
<b>14.3.1 Movement of provision held against other assets</b>			
Opening balance		1,392,976	1,271,877
Exchange adjustments		(11,571)	655
<b>Charge / (reversals)</b>			
Charge for the period / year		26,768	249,664
Reversals for the period / year		(125,306)	(94,809)
	31	(98,538)	154,855
Amounts written off		(30,184)	(37,656)
Transfers (out) / in - net		(38,613)	3,245
Closing balance		<u>1,214,070</u>	<u>1,392,976</u>

## 15. CONTINGENT ASSETS

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

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FOR THE SIX MONTHS ENDED JUNE 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>16. BILLS PAYABLE</b>		
In Pakistan	30,886,817	28,820,012
Outside Pakistan	907,205	913,801
	<u>31,794,022</u>	<u>29,733,813</u>

**17. BORROWINGS**

**Secured**

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	33,443,583	30,724,174
Long term financing facility	21,272,946	22,243,644
Refinance scheme for payment of wages and salaries	4,611,535	5,587,037
Renewable energy scheme	239,851	146,985
Temporary economic refinance scheme	3,996,989	307,540
Other Borrowings	453,092	464,621
	64,017,996	59,474,001
Repurchase agreement borrowings	172,698,967	59,835,819
	<u>236,716,963</u>	<u>119,309,820</u>

**Unsecured**

Call borrowings	25,290,923	2,397,485
Overdrawn nostro accounts	837,744	356,029
Money market deals	866,490	6,924,081
	26,995,157	9,677,595
	<u>263,712,120</u>	<u>128,987,415</u>

**18. DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Fixed deposits	165,704,035	118,301,677	284,005,712	171,340,589	123,785,587	295,126,176
Savings deposits	612,040,337	47,619,222	659,659,559	509,712,356	48,079,084	557,791,440
Sundry deposits	24,630,724	1,128,624	25,759,348	5,022,037	1,750,251	6,772,288
Margin deposits	3,891,316	1,885,453	5,776,769	3,833,926	3,164,625	6,998,551
Current accounts - remunerative	1,978,906	3,161,803	5,140,709	1,387,144	5,240,221	6,627,365
Current accounts - non-remunerative	629,793,467	113,133,250	742,926,717	549,419,858	111,464,961	660,884,819
	1,438,038,785	285,230,029	1,723,268,814	1,240,715,910	293,484,729	1,534,200,639
<b>Financial Institutions</b>						
Current deposits	22,475,062	1,490,512	23,965,574	20,978,533	1,941,161	22,919,694
Savings deposits	59,944,811	263,591	60,208,402	56,409,524	42,544	56,452,068
Term deposits	40,850,400	1,539,109	42,389,509	25,207,956	1,431,544	26,639,500
	123,270,273	3,293,212	126,563,485	102,596,013	3,415,249	106,011,262
	<u>1,561,309,058</u>	<u>288,523,241</u>	<u>1,849,832,299</u>	<u>1,343,311,923</u>	<u>296,899,978</u>	<u>1,640,211,901</u>

- 18.1** Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounted to Rs.1,048,412.550 million (December 31, 2020: Rs 991,687.959 million).

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**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:-

<b>Issue Size</b>	Rs. 10,000 million
<b>Issue Date</b>	January 29, 2019
<b>Tenor</b>	Perpetual (i.e. no fixed or final redemption date)
<b>Rating</b>	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited
<b>Security</b>	Unsecured
<b>Mark-up rate</b>	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
<b>Mark-up payment frequency</b>	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis
<b>Call option</b>	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.
<b>Lock-in clause</b>	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.
<b>Loss absorbency clause</b>	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

**20. OTHER LIABILITIES**

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		13,123,745	11,628,846
Mark-up / return / interest payable in foreign currencies		570,086	1,306,907
Accrued expenses		3,158,889	4,052,238
Branch adjustment account		134,380	105,228
Payable against purchase of securities		142,027	-
Deferred income		929,270	882,954
Unearned commission and income on bills discounted		319,131	437,621
Provision against off - balance sheet obligations	20.1	716,047	1,065,233
Unrealized loss on forward foreign exchange contracts		1,380,183	3,318,593
Trading liabilities		9,603,973	-
Payable to staff retirement fund		131,457	1,122,023
Deferred liabilities		3,635,944	3,752,247
Workers' Welfare Fund payable		5,017,668	4,700,490
Liabilities against IBFT, ATM and other settlements - net		-	1,199,242
Insurance payable against consumer assets		657,347	615,406
Dividend payable		3,030,284	357,578
Acceptances		5,708,132	10,505,651
Lease liability under IFRS 16		7,886,224	7,776,503
Levies and taxes payable		3,483,063	2,666,232
Others		1,620,540	1,084,285
		<u>61,248,390</u>	<u>56,577,277</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	(Un-audited) June 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
<b>20.1 Provision against off-balance sheet obligations</b>			
Opening balance		1,065,233	622,264
Exchange adjustment		(18,525)	11,220
<b>Charge / (reversals)</b>			
Charge for the period / year		5,266	568,987
Reversals for the period / year		(335,927)	(137,238)
	31	(330,661)	431,749
Closing balance		716,047	1,065,233
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus arising on revaluation of assets			
Available for sale securities	9.1	3,958,229	4,352,348
Fixed assets		25,587,613	25,630,817
Non-banking assets acquired in satisfaction of claims		1,856	1,496
		29,547,698	29,984,661
Less: Deferred tax liability on revaluation of:			
Available for sale securities		1,543,709	1,697,416
Fixed assets		628,281	646,083
Non-banking assets acquired in satisfaction of claims		724	583
		2,172,714	2,344,082
		27,374,984	27,640,579
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	144,360,746	147,936,161
Commitments	22.2	930,927,752	891,767,423
Other contingent liabilities	22.3	15,872,321	15,539,628
		1,091,160,819	1,055,243,212
<b>22.1 Guarantees:</b>			
Financial guarantees		43,401,076	43,027,825
Performance guarantees		100,959,670	104,908,336
		144,360,746	147,936,161
<b>22.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		196,084,599	137,787,140
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	618,694,809	635,597,333
- forward Government securities transactions	22.2.3	707,328	-
- derivatives - FX options	22.2.4	2,338,968	-
- forward lending	22.2.5	109,818,687	115,451,442
- operating leases	22.2.6	151,022	55,009
Commitments for acquisition of operating fixed assets	22.2.7		
- Fixed assets		2,230,323	2,038,561
- Intangible		902,016	837,938
		930,927,752	891,767,423

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

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

	Note	(Un-audited) June 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
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**22.2.2 Commitments in respect of forward foreign exchange contracts**

Purchase		338,686,761	342,792,602
Sale		280,008,048	292,804,731

**22.2.3 Commitments in respect of forward government securities transactions**

Purchase		707,328	-
Sale		-	-

**22.2.4 Commitments in respect of derivatives**

FX options - purchased		1,169,484	-
FX options - sold		1,169,484	-

**22.2.5 Commitments in respect of forward lending**

Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	60,644,632	57,591,623
Others		49,174,055	57,859,819
		109,818,687	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.

	(Un-audited) June 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020
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**22.2.6 Commitments in respect of operating leases**

Not later than one year	150,770	50,579
Later than one year and not later than five years	22	4,197
Later than five years	230	233
	151,022	55,009

**22.2.7 Commitments in respect of capital expenditure**

3,132,339	2,876,499
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**22.3 Other contingent liabilities**

<b>22.3.1</b> Claims against the Bank not acknowledged as debts	11,783,017	11,450,325
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These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security).

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



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

**23. DERIVATIVE INSTRUMENTS**

**Product analysis**

June 30, 2021 (Un-Audited)								
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 Loss	Notional principal	Mark to Market Gain / (Loss)
(Rupees in '000)								
<b>Total</b>								
Hedging	1,169,484	-	707,328	(183)	-	-	1,876,812	(183)
Market making	1,169,484	-	-	-	-	-	1,169,484	-
	<u>2,338,968</u>	<u>-</u>	<u>707,328</u>	<u>(183)</u>	<u>-</u>	<u>-</u>	<u>3,046,296</u>	<u>(183)</u>

December 31, 2020 (Audited)								
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 Loss	Notional principal	Mark to Market Gain / (Loss)
(Rupees in '000)								
<b>Total</b>								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**24. MARK-UP / RETURN / INTEREST EARNED**

On:		
Loans and advances	18,620,914	32,357,771
Investments	48,166,699	52,367,899
Lendings to financial institutions	722,797	1,370,790
Balances with banks	240,638	351,554
	<u>67,751,048</u>	<u>86,448,014</u>

**25. MARK-UP / RETURN / INTEREST EXPENSED**

On:		
Deposits	25,814,351	35,278,389
Borrowings	4,382,104	8,870,607
Subordinated debt	441,847	652,061
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,550,237	1,941,817
Lease liability under IFRS 16	473,603	584,330
	<u>32,662,142</u>	<u>47,327,204</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

**26. FEE AND COMMISSION INCOME**

Branch banking customer fee	820,291	824,344
Consumer finance related fee	479,126	425,798
Card related fees (debit and credit cards)	1,135,999	690,363
Investment banking fee	343,216	85,319
Financial Institution rebate / commission	156,835	139,349
Corporate service charges / facility fee	376,681	185,604
Commission on trade	320,007	348,756
Commission on guarantees	275,578	356,906
Commission on cash management	461,703	373,443
Commission on remittances including home remittances - net	1,110,448	1,092,127
Commission on bancassurance	882,534	478,967
Commission on Benazir Income Support Program	-	38,359
Rent on lockers	95,652	93,817
Others	146,820	115,157
	<u>6,604,890</u>	<u>5,248,309</u>

**27. GAIN ON SECURITIES - NET**

Realised	27.1	2,539,494	661,833
Unrealised - held for trading	9.1	5,006	14,504
		<u>2,544,500</u>	<u>676,337</u>

**27.1 Realised gain on:**

Federal Government securities	790,970	342,851
Shares	298,863	(164,582)
Foreign securities	1,449,227	487,178
Other Securities	434	(3,614)
	<u>2,539,494</u>	<u>661,833</u>

**28. OTHER INCOME**

Charges recovered	130,948	115,912
Rent on properties	40,072	25,740
Gain on sale of operating fixed assets - net	4,721	50,191
Gain on sale of Ijarah assets - net	3,222	548
Gain on disposal of non-banking assets - net	-	223,054
Gain on trading liabilities - net	16,666	76,068
	<u>195,629</u>	<u>491,513</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**29. OPERATING EXPENSES**

	----- (Un-audited) -----	
	January - June 2021	January - June 2020
	----- (Rupees in '000) -----	
<b>Total compensation expense</b>	8,255,548	7,970,879
<b>Property expense</b>		
Rent and taxes	538,405	498,705
Insurance	102,205	92,220
Utilities cost	661,737	603,043
Security	502,727	509,719
Repair and maintenance	82,383	65,150
Depreciation	399,330	391,604
Depreciation - right-of-use assets	924,501	977,682
Others	30,277	27,729
	3,241,565	3,165,852
<b>Information technology expenses</b>		
Software maintenance	793,690	675,495
Hardware maintenance	177,794	136,081
Depreciation	385,638	388,336
Amortisation	380,843	383,908
Network charges	356,445	352,267
	2,094,410	1,936,087
<b>Other operating expenses</b>		
Directors' fees and allowances	34,050	49,749
Fees and allowances to Shariah Board	4,818	4,560
Legal and professional charges	242,328	290,252
Commission paid to branchless banking agents	207,616	186,004
Commission paid to sales force	624,849	482,679
Outsourced service costs	631,486	670,712
Travelling and conveyance	45,452	48,115
Clearing charges	89,830	121,421
Depreciation - others	602,602	590,284
Depreciation on Islamic financing against leased assets	84,917	124,174
Training and development	9,090	19,022
Postage and courier charges	163,482	127,037
Communication	224,631	223,969
Stationery and printing	376,288	258,914
Marketing, advertisement and publicity	249,781	196,733
Donations	71,096	240,980
Auditors' remuneration	36,945	41,397
Insurance	46,492	96,534
Deposit Protection Premium	793,350	683,778
Cash transportation and sorting charges	414,374	372,220
Entertainment	73,243	61,800
Vehicle expenses	46,818	46,365
Subscription	47,045	48,359
Office running expenses	75,862	83,908
Banking service charges	927,806	762,884
Repairs and maintenance	335,353	207,062
Cartage, freight and conveyance	23,070	19,336
Zakat paid by overseas branch	6,406	7,369
Brokerage expenses	9,794	13,296
Miscellaneous expenses	108,428	11,488
	6,607,302	6,090,401
	20,198,825	19,163,219
<b>30. OTHER CHARGES</b>		
Penalties imposed by the SBP	28,179	152,252
Other penalties	11,315	81
	39,494	152,333

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	----- (Un-audited) ----- January - January - June 2021 June 2020 ----- (Rupees in '000) -----	
<b>31. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET</b>			
Provision against loans and advances - net	10.3	686,602	9,588,341
Reversal of provision for diminution in value of investments - net	9.2	(714,640)	(416,765)
Bad debts written off directly		20,382	38,618
Reversal of provision against other assets - net	14.3.1	(98,538)	(65,845)
(Reversal) / provision against off - balance sheet obligations	20.1	(330,661)	214,965
Recovery of written-off / charged off bad debts		(234,394)	(277,453)
Other provisions / write-offs - net		583,853	347,960
		<u>(87,396)</u>	<u>9,429,821</u>
<b>32. TAXATION</b>			
Current		11,010,646	10,176,632
Prior years		(189,016)	-
Deferred		31,361	(2,772,652)
		<u>10,852,991</u>	<u>7,403,980</u>
<b>33. EARNINGS PER SHARE</b>			
Profit after taxation for the period		<u>14,997,307</u>	<u>11,400,778</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>12.25</u>	<u>9.31</u>

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and June 30, 2020.

**34. FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

June 30, 2021 (Un-audited)					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
<b>Financial assets measured at fair value</b>					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Mudarabah Pool)	1,092,702,346	-	1,092,702,346	-	1,092,702,346
Foreign Bonds - Sovereign	43,433,843	-	43,433,843	-	43,433,843
Foreign Bonds - others	2,212,529	-	2,212,529	-	2,212,529
Ordinary shares of listed companies	12,325,922	12,325,922	-	-	12,325,922
Mutual funds	221,885	-	221,885	-	221,885
Debt securities (TFCs , Sukuks)	1,840,339	-	1,840,339	-	1,840,339
Investment in REIT	459,424	459,424	-	-	459,424
	1,153,196,288	12,785,346	1,140,410,942	-	1,153,196,288
<b>Financial assets not measured at fair value</b>					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	248,346,633	-	250,461,873	-	250,461,873
Foreign Bonds - Sovereign	28,663,577	-	29,838,081	-	29,838,081
Foreign Bonds - others	1,923,949	-	1,999,967	-	1,999,967
Debt securities (TFCs, Sukuks)	19,438,405	-	19,683,070	-	19,683,070
	298,372,564	-	301,982,991	-	301,982,991
	1,451,568,852	12,785,346	1,442,393,933	-	1,455,179,279
<b>Off-balance sheet financial instruments -measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	618,694,809	-	(176,107)	-	(176,107)
FX options - purchased and sold	2,338,968	-	-	-	-
Forward purchase of government securities	707,328	-	(183)	-	(183)
<b>Fair Value of non-financial assets</b>					
Fixed Assets	36,315,390	-	-	36,315,390	36,315,390
Non-banking assets acquired in satisfaction of claims	203,676	-	-	203,676	203,676
	36,519,066	-	-	36,519,066	36,519,066
<b>December 31, 2020 (Audited)</b>					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
<b>Financial assets measured at fair value</b>					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks and Eurobonds, Mudarabah 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 funds	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
<b>Financial assets not measured at fair value</b>					
Government Securities (T-bills, PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	200,466,866	-	206,791,388	-	206,791,388
Foreign Bonds - Sovereign	23,429,572	-	22,141,647	-	22,141,647
Foreign Bonds - others	1,238,565	-	1,285,465	-	1,285,465
Debt securities (TFCs, Sukuks)	16,411,853	-	16,570,036	-	16,570,036
	241,546,856	-	246,788,536	-	246,788,536
	1,123,024,149	13,931,455	1,110,186,330	-	1,124,117,785
<b>Off-balance sheet financial instruments - measured at fair value</b>					
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	-	-	-	-	-
<b>Fair Value of non-financial assets</b>					
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

**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.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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 six months ended June 30, 2021 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
<b>Profit and Loss Account</b>							
Net mark-up / return / profit	11,746,753	36,866,641	(18,942,711)	1,917,490	3,794,060	(293,327)	35,088,906
Inter segment (expense) / revenue - net	(9,699,132)	(33,307,860)	39,935,709	-	-	3,071,283	-
Non mark-up / return / interest income	1,582,025	1,711,348	4,522,136	169,940	2,871,976	572,068	11,429,493
<b>Total Income</b>	<b>3,629,646</b>	<b>5,270,129</b>	<b>25,515,134</b>	<b>2,087,430</b>	<b>6,666,036</b>	<b>3,350,024</b>	<b>46,518,399</b>
Segment direct expenses	599,967	314,245	13,045,262	897,707	2,332,203	3,566,113	20,755,497
Inter segment expense allocation	252,943	40,337	3,048,057	-	307,437	(3,648,774)	-
<b>Total expenses</b>	<b>852,910</b>	<b>354,582</b>	<b>16,093,319</b>	<b>897,707</b>	<b>2,639,640</b>	<b>(82,661)</b>	<b>20,755,497</b>
(Reversals) / provision and write-offs - net	(132,311)	(591,454)	(407,642)	(2,966)	1,031,493	15,484	(87,396)
<b>Profit before taxation</b>	<b>2,909,047</b>	<b>5,507,001</b>	<b>9,829,457</b>	<b>1,192,689</b>	<b>2,994,903</b>	<b>3,417,201</b>	<b>25,850,298</b>

For the six months ended June 30, 2020 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
<b>Profit and Loss Account</b>							
Net mark-up / return / profit	23,018,771	36,409,262	(26,043,876)	2,007,256	4,050,432	(321,035)	39,120,810
Inter segment (expense) / revenue - net	(18,418,839)	(34,105,391)	48,931,336	-	-	3,592,894	-
Non mark-up / return / interest income	1,023,820	1,843,874	3,568,078	105,713	1,181,588	1,205,523	8,928,596
<b>Total Income</b>	<b>5,623,752</b>	<b>4,147,745</b>	<b>26,455,538</b>	<b>2,112,969</b>	<b>5,232,020</b>	<b>4,477,382</b>	<b>48,049,406</b>
Segment direct expenses	579,258	243,183	11,997,202	882,422	2,754,969	3,357,793	19,814,827
Inter segment expense allocation	190,466	34,880	2,307,653	-	255,361	(2,788,360)	-
<b>Total expenses</b>	<b>769,724</b>	<b>278,063</b>	<b>14,304,855</b>	<b>882,422</b>	<b>3,010,330</b>	<b>569,433</b>	<b>19,814,827</b>
Provision / (Reversals) and write-offs - net	88,065	155,374	856,191	4,939	8,310,916	14,336	9,429,821
<b>Profit before taxation</b>	<b>4,765,963</b>	<b>3,714,308</b>	<b>11,294,492</b>	<b>1,225,608</b>	<b>(6,089,226)</b>	<b>3,893,613</b>	<b>18,804,758</b>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	As at June 30, 2021 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	----- (Rupees in '000) -----						
<b>Statement of financial position</b>							
Cash & Bank balances	9,515	79,563,460	120,701,478	12,368,881	52,524,357	787,718	265,955,409
Investments	7,503,061	1,262,799,248	-	68,539,121	113,080,763	5,560,588	1,457,482,781
Net inter segment lending	-	-	1,325,910,472	30,847,176	-	85,877,346	1,442,634,994
Lendings to financial institutions	-	21,734,325	-	-	-	-	21,734,325
Advances - performing	357,454,663	16,939	43,424,604	43,456,874	95,822,270	6,173,907	546,349,257
Advances - non-performing net of provision	2,907,797	-	547,031	8,832	7,413,073	14,350	10,891,083
Others	9,497,782	16,100,463	15,152,667	2,580,305	11,385,322	41,154,318	95,870,857
<b>Total Assets</b>	<b>377,372,818</b>	<b>1,380,214,435</b>	<b>1,505,736,252</b>	<b>157,801,189</b>	<b>280,225,785</b>	<b>139,568,227</b>	<b>3,840,918,706</b>
Borrowings	55,761,710	179,699,106	4,559,481	3,696,805	19,995,018	-	263,712,120
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	48,779,096	134,986	1,450,404,464	143,200,166	207,000,082	313,505	1,849,832,299
Net inter segment borrowing	257,031,378	1,184,593,196	-	-	1,010,420	-	1,442,634,994
Others	13,969,542	11,201,953	45,315,747	4,942,051	4,693,095	12,920,024	93,042,412
<b>Total Liabilities</b>	<b>375,541,726</b>	<b>1,375,629,241</b>	<b>1,500,279,692</b>	<b>151,839,022</b>	<b>232,698,615</b>	<b>23,233,529</b>	<b>3,659,221,825</b>
Equity	1,831,092	4,585,194	5,456,560	5,962,167	47,527,170	116,334,698	181,696,881
<b>Total Equity &amp; liabilities</b>	<b>377,372,818</b>	<b>1,380,214,435</b>	<b>1,505,736,252</b>	<b>157,801,189</b>	<b>280,225,785</b>	<b>139,568,227</b>	<b>3,840,918,706</b>
<b>Contingencies and Commitments</b>	<b>365,216,743</b>	<b>198,404,513</b>	<b>29,959,047</b>	<b>30,665,208</b>	<b>464,452,076</b>	<b>2,463,232</b>	<b>1,091,160,819</b>

	As at December 31, 2020 (Audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Statement of financial position							
Cash & Bank balances	5,833	81,844,130	122,637,049	12,061,714	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	-	-	1,139,940,361	7,997,409	-	77,017,055	1,224,954,825
Lendings to financial institutions	-	-	-	19,959,132	-	-	19,959,132
Advances - performing	360,426,353	-	41,532,652	20,521,606	89,119,069	6,811,741	518,411,421
Advances - non-performing net of provision	3,287,884	-	802,173	16,551	7,754,943	6,524	11,868,075
Others	14,416,544	16,648,272	14,968,909	1,705,673	13,301,659	44,902,317	105,943,374
Total Assets	382,939,776	1,030,885,852	1,319,881,144	124,991,686	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	1,257,985,091	111,478,161	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	47,513,400	4,811,546	6,305,922	10,938,596	86,311,090
Total Liabilities	378,287,862	1,024,570,759	1,310,098,978	119,922,459	236,397,901	21,187,272	3,090,465,231
Equity	4,651,914	6,315,093	9,782,166	5,069,227	44,408,017	113,846,490	184,072,907
Total Equity & liabilities	382,939,776	1,030,885,852	1,319,881,144	124,991,686	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 AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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 condensed interim financial statements, are as follows:

	June 30, 2021 (Un-Audited)						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)												
<b>Statement of financial position</b>												
<b>Balances with other banks</b>												
In current accounts	-	-	-	1,360,706	-	-	-	-	-	1,482,280	-	-
In deposit accounts	-	-	-	1,732,967	-	-	-	-	-	-	-	-
	-	-	-	3,093,673	-	-	-	-	-	1,482,280	-	-
<b>Investments</b>												
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	-	-	-	-	200,000	2,563,634	-	-	-	-	-	54,287
Investment disposed / written off during the period / year	-	-	-	-	-	(150,820)	-	-	-	-	-	-
Closing balance	-	-	-	5,406,166	1,782,485	6,410,303	-	-	-	5,406,166	1,582,485	3,997,489
Provision for diminution in value of investments	-	-	-	1,688,911	-	1,434,287	-	-	-	1,688,911	-	1,544,596
Provision written off	-	-	-	-	-	77,606	-	-	-	-	-	-
<b>Advances</b>												
Opening balance	-	10	237,861	-	-	9,365,687	-	4,624	220,133	-	2,155,149	12,715,998
Addition during the period / year	-	191	25,357	-	-	17,381,345	-	838	72,462	-	-	16,398,899
Repaid during the period / year	-	(156)	(22,391)	-	-	(23,384,746)	-	(5,452)	(68,603)	-	(152,755)	(19,749,210)
Transfer in - net / (write-off)	-	-	-	-	-	-	-	-	13,869	-	(2,002,394)	-
Closing balance	-	45	240,827	-	-	3,362,286	-	10	237,861	-	-	9,365,687



**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

Statement of financial position	June 30, 2021 (Un-Audited)					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)											
<b>Other Assets</b>												
Interest mark-up accrued	-	-	-	2,648	31,617	38,294	-	-	-	-	4,282	232,471
Receivable from staff retirement fund	-	-	-	-	-	74,054	-	-	-	-	-	24,160
Advances, Deposits & Prepayments	-	-	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	-	283,322	-	-	-	-	-	1,002	-
Dividend Receivable	-	-	-	87,555	-	-	-	-	-	-	-	104,215
Other receivable	-	-	-	12,348	-	-	-	-	-	11,983	-	30,164
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	30,164
Provision written off	-	-	-	-	-	30,164	-	-	-	-	-	-
<b>Borrowings</b>												
Opening balance	-	-	-	1,598,323	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	1,639,983	-	488,300	-	-	-	1,760,102	-	1,538,000
Settled during the period / year	-	-	-	(2,293,056)	-	(288,300)	-	-	-	(161,779)	-	(1,538,000)
Closing balance	-	-	-	945,250	-	200,000	-	-	-	1,598,323	-	-
<b>Deposits and other accounts</b>												
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	100,712	52,791,437	444,941	10,480,245	72,092,144	187,065,785	-	29,415,769	1,265,710	15,708,641	144,141,551	177,627,329
Withdrawn during the period / year	(79,496)	(52,378,802)	(461,314)	(10,454,718)	(72,660,872)	(187,249,989)	-	(31,659,519)	(1,192,377)	(15,639,495)	(148,166,050)	(172,469,603)
Transfer (out) / in - net	-	-	-	-	-	-	-	(3,910)	(59,940)	-	-	6,541
Closing balance	21,216	6,844,425	46,388	306,543	1,909,704	16,326,815	-	6,431,790	62,761	281,016	2,478,432	16,511,019
<b>Other Liabilities</b>												
Interest / mark-up payable on deposits and borrowings	-	82,400	-	36	5,480	284,590	-	39,335	210	1,182	7,651	115,024
Payable to staff retirement fund	-	-	-	-	-	131,457	-	-	-	-	-	1,122,023
Dividend Payable	2,526,916	80,633	862	-	21,844	389,261	-	-	-	-	-	-
Unearned income	-	-	-	371	-	7,145	-	-	-	1,485	-	-
Other Payable	-	-	-	-	23,107	-	-	3,900	-	-	22,353	-
<b>Contingencies and Commitments</b>												
Letter of guarantee	-	-	-	10,862	-	-	-	-	-	11,053	-	4,360
Forward foreign exchange contracts purchase	-	-	-	2,447,347	-	-	-	-	-	1,777,719	-	-
Forward foreign exchange contracts sale	-	-	-	2,442,614	-	-	-	-	-	1,758,178	-	-

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

	For the six months ended June 30, 2021 (Un-audited)							For the six months ended June 30, 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)														
Profit and loss account														
Income														
Mark-up / return / interest earned	-	-	6,747	2,648	18,352	383,939	-	-	8,299	61,733	25,598	792,973		
Commission / charges recovered	22	224	1,064	758	15,515	12,607	-	46	1,687	475	11,170	10,137		
Dividend income	-	-	-	434,866	11,841	71,079	-	-	-	379,039	18,472	139,868		
Net gain on sale of securities	-	78	-	-	-	-	-	-	-	-	-	-		
Other income	-	-	2,374	1,114	-	10,718	-	-	7,166	-	-	9,215		
Reversal of Provision	-	-	-	-	-	32,703	-	-	-	-	152,755	-		
Switch revenue	-	-	-	-	-	119,796	-	-	-	-	-	104,302		
Management fee	-	-	-	7,485	-	-	-	-	-	689	-	-		
Expense														
Mark-up / return / interest paid	269	185,727	224	921	48,666	438,176	-	99,948	458	7,489	277,728	192,264		
Remuneration paid	-	-	612,851	-	-	-	-	-	467,398	-	-	-		
Post employment benefits	-	-	13,163	-	-	-	-	-	11,376	-	-	-		
Non-executive directors' fee and allowances	-	34,050	-	-	-	-	-	49,749	-	-	-	-		
Net charge for defined contribution plans	-	-	-	-	-	197,059	-	-	-	-	-	180,145		
Charge for defined benefit plans	-	-	-	-	-	159,695	-	-	-	-	-	167,442		
Other expenses	-	-	-	-	-	64,497	-	-	-	-	-	21,942		
Clearing Charges	-	-	-	-	-	67,645	-	-	-	-	-	64,874		
Seminar and Membership fees	-	-	-	-	-	6,541	-	-	-	-	-	1,298		
Membership, Subscription, Sponsorship and maintenance charges	-	-	-	-	-	39,827	-	-	-	-	-	400		
Custody Charges	-	-	-	-	-	1,485	-	-	-	-	-	2,189		
Insurance premium paid	-	-	-	-	462,810	-	-	-	-	-	514,302	-		
Insurance claims settled	-	-	-	-	244,459	-	-	-	-	-	183,804	-		

**36.1** As disclosed in note 9.8, with reference to the orderly winding up of UBL (Switzerland) AG, during the period ended June 30, 2021, UBL – UAE branch has acquired certain exposures relating to bills discounting from UBL (Switzerland) AG. These transactions have not resulted in any kind of exposure between UBL – UAE and UBL (Switzerland) AG and are hence not presented in the above disclosure.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

(Un-audited)  
June 30,  
2021  
(Audited)  
December 31,  
2020  
----- (Rupees in '000) -----

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

12,241,797	12,241,797
125,379,088	126,860,060
9,834,387	9,934,770
135,213,475	136,794,830
44,289,520	45,102,462
179,502,995	181,897,292
537,623,663	532,509,650
68,131,390	54,441,838
157,614,605	157,614,605
763,369,658	744,566,093
16.42%	17.04%
17.71%	18.37%
23.51%	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 June 30, 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 December 31, 2020. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 23.5% whereas CET 1 and Tier 1 ratios stood at 16.4% and 17.7% 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.

**Leverage Ratio (LR):**

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

(Un-audited)  
June 30,  
2021  
(Audited)  
December 31,  
2020  
----- (Rupees in '000) -----

135,213,475	136,794,830
2,979,304,502	2,456,802,603
4.54%	5.57%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

1,055,220,404	1,035,616,032
317,503,108	324,975,005
332.35%	318.68%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

1,968,023,129	1,714,566,321
864,803,727	770,865,635
227.57%	222.42%

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**38. ISLAMIC BANKING BUSINESS**

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

The statement of financial position of the Bank's Islamic Banking branches as at June 30, 2021 is as follows:

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		8,965,569	9,784,450
Balances with other banks		3,403,312	2,277,264
Due from financial institutions	38.1	-	19,959,132
Investments	38.2	68,539,121	62,729,601
Islamic financing and related assets	38.3	43,465,706	20,538,157
Fixed assets		935,504	984,416
Intangible assets		3,325	4,638
Due from Head Office		30,847,176	7,997,409
Other assets		1,641,476	716,619
<b>Total Assets</b>		157,801,189	124,991,686
<b>LIABILITIES</b>			
Bills payable		1,359,112	2,487,519
Due to financial institutions		3,696,805	3,632,752
Deposits and other accounts	38.4	143,200,166	111,478,161
Due to Head Office		-	-
Other liabilities		3,582,939	2,324,027
		151,839,022	119,922,459
<b>NET ASSETS</b>		5,962,167	5,069,227
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		79,348	(86,052)
Accumulated profit	38.8	3,701,819	2,974,279
		5,962,167	5,069,227

**CONTINGENCIES AND COMMITMENTS**

38.5

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

	Note	(Un-audited) January - June 2021	January - June 2020
		----- (Rupees in '000) -----	
Profit / return earned	38.6	4,225,371	4,606,068
Profit / return expensed	38.7	<u>(2,307,881)</u>	<u>(2,598,812)</u>
Net profit / return		1,917,490	2,007,256
<b>Other income</b>			
Fee and Commission Income		138,573	102,446
Foreign Exchange Income		19,685	1,058
Loss on securities		(285)	(5,197)
Other Income		11,967	7,406
Total Other Income		<u>169,940</u>	<u>105,713</u>
<b>Total Income</b>		<b>2,087,430</b>	<b>2,112,969</b>
Operating expenses		<u>(897,707)</u>	<u>(882,422)</u>
Profit before provisions		1,189,723	1,230,547
(Reversal) / provisions and write-offs - net		<u>(2,966)</u>	<u>4,939</u>
<b>Profit before taxation</b>		<b>1,192,689</b>	<b>1,225,608</b>
Taxation		<u>(465,149)</u>	<u>(477,987)</u>
<b>Profit after taxation</b>		<b>727,540</b>	<b>747,621</b>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**38.1 Due from Financial Institutions**

	June 30, 2021 (Un-Audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah	-	-	-	6,000,000	-	6,000,000
Mudarabah	-	-	-	4,500,000	-	4,500,000
Bai Muajjal:						
with State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
with other Financial Institution	-	-	-	3,026,018	-	3,026,018
	-	-	-	19,959,132	-	19,959,132

**38.2 Investments by segments**

	June 30, 2021 (Un-Audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	(Rupees in '000)							
<b>Federal Government Securities</b>								
- Ijarah Sukuks	23,995,452	-	79,348	24,074,800	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Mudarabah Pool	1,138,873	-	-	1,138,873	466,435	-	-	466,435
- Bai muajjal with Govt. of Pakistan	31,115,551	-	-	31,115,551	29,569,648	-	-	29,569,648
	56,249,876	-	79,348	56,329,224	50,028,535	-	(86,052)	49,942,483
<b>Non Government Debt Securities</b>								
- Listed	700,000	-	-	700,000	450,000	-	-	450,000
- Unlisted	11,509,897	-	-	11,509,897	12,337,118	-	-	12,337,118
	12,209,897	-	-	12,209,897	12,787,118	-	-	12,787,118
<b>Total Investments</b>	68,459,773	-	79,348	68,539,121	62,815,653	-	(86,052)	62,729,601

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(1,915,449)	(3,461,352)
Bai Muajjal Investment - net	31,115,551	29,569,648

**38.3 Islamic financing and related assets**

Ijarah	442,864	440,754
Murabahah	446,893	272,766
Musharakah	19,996,158	8,392,690
Diminishing Musharakah	14,649,370	6,754,380
Istisna	61,507	39,584
Islamic Export Refinance scheme - Musharakah	2,839,544	2,989,544
<b>Advances against Islamic assets</b>		
Advances against Ijarah	24,271	77,190
Advances for Diminishing Musharakah	2,953,290	410,595
Advances for Murabahah	18,459	33,427
Advances against Mera Pakistan Mera Ghar	77,788	459
Advances against Islamic Temporary Economic Refinance Scheme	345,640	-
Advances for Istisna Islamic Export Refiance Scheme	452,749	456,623
Advances for Istisna	477,763	148,586
Inventory related to Islamic financing - Istisna	329,866	296,918
Profit and other receivables against financings	468,886	336,219
Gross Islamic financing and related assets	43,585,048	20,649,735
Less: Provision against Islamic financings		
- Specific	(86,441)	(90,927)
- General	(32,901)	(20,651)
	(119,342)	(111,578)
<b>Islamic financing and related assets - net of provision</b>	43,465,706	20,538,157

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>38.4 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	49,971,422	40,360,080
Savings deposits	17,155,240	18,710,264
Term deposits	13,005,500	5,662,065
	<u>80,132,162</u>	<u>64,732,409</u>
<b>Financial Institutions</b>		
Current deposits	7,041,091	2,046,933
Savings deposits	25,720,413	22,697,263
Term deposits	30,306,500	22,001,556
	<u>63,068,004</u>	<u>46,745,752</u>
	<u>143,200,166</u>	<u>111,478,161</u>
<b>38.4.1</b> Deposits eligible to be covered under insurance arrangements amounting to Rs. 30,742.018 million (December 31, 2020: Rs. 31,125.997 million).		
	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>38.5 Contingencies and commitments</b>		
- Guarantees	52,598	111,454
- Commitments	30,612,610	5,880,112
	<u>30,665,208</u>	<u>5,991,566</u>
	----- (Un-audited) -----	
	January - June 2021	January - June 2020
	----- (Rupees in '000) -----	
<b>38.6 Profit / Return Earned on Financing, Investments and Placements</b>		
Financing	1,012,634	1,069,129
Investments	2,921,467	2,648,665
Placements	186,654	731,028
Rental Income from Ijarah	104,616	157,246
	<u>4,225,371</u>	<u>4,606,068</u>
<b>38.7 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	2,229,517	2,519,427
Due to Financial Institutions	31,075	21,114
Return expense on leases	47,289	58,271
	<u>2,307,881</u>	<u>2,598,812</u>
	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>38.8 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	2,974,279	1,407,736
Profit for the period / year	1,192,689	2,514,739
Taxation	(465,149)	(948,196)
Closing Balance	<u>3,701,819</u>	<u>2,974,279</u>

## **NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

### **FOR THE SIX MONTHS ENDED JUNE 30, 2021**

#### **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.

##### **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. The rate of these pool(s) 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 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 is 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 June 30, 2021 is Rs.1,580.106 million (45.14% of distributable profit of Mudarabah Pool). of this, an amount of Rs.345.504 million (21.87% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 9.12% per annum and the rate of profit paid on average deposits was 5.90% 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, 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 AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 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 six months period ended June 30, 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	6	Mudarabaha	Monthly	7.17%	48.62%	22,917	6%	52.79%	12,099
Special Pools	60	Mudarabaha	Monthly	8.51%	34.91%	391,978	6.73%	38.12%	149,437
IERS Pools	12	Musharakah	Monthly	6.40%	84.19%	166,621	2.00%	0.00%	-
FCY Pools	6	Mudarabaha	Monthly	1.75%	50.00%	788	1.06%	0.00%	-
General Pools	6	Mudarabaha	Monthly	9.46%	50.00%	1,165,211	5.48%	15.79%	183,968

**For the six months period ended June 30, 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	6	Mudarabah	Monthly	5.29%	50.00%	3,713	3%	16.55%	615
Special Pools	60	Mudarabah	Monthly	12.45%	28.45%	355,547	9.94%	31.50%	112,006
IERS Pools	12	Musharakah	Monthly	4.94%	86.89%	139,090	2.00%	0.00%	-
General Pools	6	Mudarabah	Monthly	11.90%	50.00%	1,087,379	7.71%	29.62%	322,032

**38.10 Deployment of Mudarabah based deposits by class of business**

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	-----Rupees in '000-----	
Chemical and pharmaceuticals	2,484,304	2,230,052
Agri business	20,437,489	8,745,482
Textile	2,380,905	1,991,142
Financial	3,952,240	13,335,120
Food industries	307,494	318,037
Plastic	299,229	299,263
Individuals	6,847,823	1,981,422
Production and Transmission of energy	18,742,631	13,496,129
Government of Pakistan Securities	56,329,223	59,401,615
Others	3,746,145	3,817,471
	<u>115,527,483</u>	<u>105,615,733</u>



**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

**39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on August 06, 2021 has declared an interim cash dividend in respect of quarter ended June 30, 2021 of Rs. 4.0 per share (June 30, 2020: Rs. nil per share). These unconsolidated condensed interim financial statements for the six months ended June 30, 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 August 06, 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

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**CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
JUNE 30, 2021  
(UN-AUDITED)**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2021

Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	

### ASSETS

Cash and balances with treasury banks	6	254,633,806	258,139,459
Balances with other banks	7	27,823,406	29,583,028
Lendings to financial institutions	8	24,841,054	22,212,442
Investments	9	1,483,817,074	1,167,803,512
Advances	10	655,963,045	611,851,676
Fixed assets	11	57,494,619	57,467,580
Intangible assets	12	1,929,970	2,034,551
Deferred tax assets	13	4,589,903	4,682,494
Other assets	15	37,015,321	48,101,456
		2,548,108,198	2,201,876,198

### LIABILITIES

Bills payable	17	31,820,615	29,741,206
Borrowings	18	271,806,301	131,827,185
Deposits and other accounts	19	1,966,747,082	1,764,392,286
Liabilities against assets subject to finance lease	20	13,041	15,957
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	22	62,899,704	58,267,678
		2,343,286,743	1,994,244,312
<b>NET ASSETS</b>		<b>204,821,455</b>	<b>207,631,886</b>

### REPRESENTED BY:

Share capital		12,241,797	12,241,797
Reserves		71,513,938	71,020,586
Surplus on revaluation of assets	23	29,021,641	29,334,212
Unappropriated profit		84,508,037	87,527,909
Total equity attributable to the equity holders of the Bank		197,285,413	200,124,504
Non-controlling interest		7,536,042	7,507,382
		<b>204,821,455</b>	<b>207,631,886</b>

### CONTINGENCIES AND COMMITMENTS

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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 SIX MONTHS ENDED JUNE 30, 2021

	Note	April - June 2021	April - June 2020	January - June 2021	January - June 2020
<b>(Rupees in '000)</b>					
Mark-up / return / interest earned	26	36,873,518	44,068,763	69,804,068	88,442,946
Mark-up / return / interest expensed	27	18,044,127	21,789,072	33,469,771	48,373,814
<b>Net mark-up / interest income</b>		<b>18,829,391</b>	<b>22,279,691</b>	<b>36,334,297</b>	<b>40,069,132</b>
<b>Non mark-up / interest income</b>					
Fee and commission income	28	3,651,729	2,642,479	7,121,063	6,152,592
Dividend income		182,866	218,133	435,072	395,832
Foreign exchange income		736,225	1,050,376	1,260,733	1,821,352
Income / (loss) from derivatives		1,504	(2,234)	8,758	(13,508)
Gain on securities - net	29	709,535	400,209	2,583,607	858,261
Other income	30	58,722	314,350	186,607	488,949
Total non mark-up / interest income		5,340,581	4,623,313	11,595,840	9,703,478
<b>Total income</b>		<b>24,169,972</b>	<b>26,903,004</b>	<b>47,930,137</b>	<b>49,772,610</b>
<b>Non mark-up / interest expenses</b>					
Operating expenses	31	11,008,395	10,631,755	21,793,028	20,946,569
Workers' Welfare Fund		273,358	283,511	521,852	502,933
Other charges	32	14,947	(28,706)	39,494	152,333
Total non mark-up / interest expenses		11,296,700	10,886,560	22,354,374	21,601,835
Share of profit of associates		72,784	191,665	224,786	44,129
<b>Profit before provisions</b>		<b>12,946,056</b>	<b>16,208,109</b>	<b>25,800,549</b>	<b>28,214,904</b>
(Reversals) / provisions and write-offs - net	33	(534,265)	6,251,277	(157,933)	9,952,594
<b>Profit before taxation from continuing operations</b>		<b>13,480,321</b>	<b>9,956,832</b>	<b>25,958,482</b>	<b>18,262,310</b>
Taxation	34	6,127,353	4,125,432	11,019,580	7,525,752
<b>Profit after taxation from continuing operations</b>		<b>7,352,968</b>	<b>5,831,400</b>	<b>14,938,902</b>	<b>10,736,558</b>
<b>Discontinued operations</b>					
Profit / (loss) from discontinued operations - net of tax	14	106,507	(16,776)	106,474	(10,271)
<b>Profit after taxation</b>		<b>7,459,475</b>	<b>5,814,624</b>	<b>15,045,376</b>	<b>10,726,287</b>
<b>Attributable to:</b>					
Equity holders of the Bank					
from continuing operations		7,282,454	6,085,264	14,881,184	10,956,381
from discontinued operations		106,507	(16,776)	106,474	(10,271)
		7,388,961	6,068,488	14,987,658	10,946,110
Non-controlling interest		70,514	(253,864)	57,718	(219,823)
		<b>7,459,475</b>	<b>5,814,624</b>	<b>15,045,376</b>	<b>10,726,287</b>
<b>(Rupees)</b>					
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank</b>					
Basic and diluted		5.95	4.97	12.16	8.95
<b>Earnings per share for profit attributable to the ordinary equity holders of the Bank</b>					
Basic and diluted	35	6.04	4.96	12.24	8.94

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 COMPREHENSIVE INCOME  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	April - June 2021	April - June 2020	January - June 2021	January - June 2020
	(Rupees in '000)			
<b>Profit after tax for the period attributable to:</b>				
Equity holders of the Bank				
from continuing operations	7,282,454	6,085,264	14,881,184	10,956,381
from discontinued operations	106,507	(16,776)	106,474	(10,271)
	<u>7,388,961</u>	<u>6,068,488</u>	<u>14,987,658</u>	<u>10,946,110</u>
Non-controlling interest	70,514	(253,864)	57,718	(219,823)
	<u>7,459,475</u>	<u>5,814,624</u>	<u>15,045,376</u>	<u>10,726,287</u>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>				
Effect of translation of net investment in foreign branches and subsidiaries				
Equity holders of the Bank	1,732,696	331,151	(1,014,132)	3,551,806
Non-controlling interest	200,456	(748,363)	98,623	83,099
	<u>1,933,152</u>	<u>(417,212)</u>	<u>(915,509)</u>	<u>3,634,905</u>
Movement in deficit on revaluation of investments - net of tax				
Equity holders of the Bank	1,345,037	8,666,397	(203,998)	1,833,004
Non-controlling interest	5,983	698,613	(55,601)	(65,869)
	<u>1,351,020</u>	<u>9,365,010</u>	<u>(259,599)</u>	<u>1,767,135</u>
	<u>3,284,172</u>	<u>8,947,798</u>	<u>(1,175,108)</u>	<u>5,402,040</u>
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>				
Remeasurement loss of defined benefit obligations - net of tax	-	(835,581)	-	(1,355,438)
Movement in surplus on revaluation of fixed assets - net of tax				
Equity holders of the Bank	(18,271)	(60,788)	(82,412)	(70,034)
Non-controlling interest	(16,119)	(49,697)	(68,229)	(58,631)
	<u>(34,390)</u>	<u>(110,485)</u>	<u>(150,641)</u>	<u>(128,665)</u>
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	219	(920)	219	(921)
	<u>(34,171)</u>	<u>(946,986)</u>	<u>(150,422)</u>	<u>(1,485,024)</u>
<b>Total comprehensive income for the period</b>	<u>10,709,476</u>	<u>13,815,436</u>	<u>13,719,846</u>	<u>14,643,303</u>
<b>Attributable to:</b>				
Equity holders of the Bank				
from continuing operations	10,342,135	14,185,523	13,580,861	14,914,798
from discontinued operations	106,507	(16,776)	106,474	(10,271)
	<u>10,448,642</u>	<u>14,168,747</u>	<u>13,687,335</u>	<u>14,904,527</u>
Non-controlling interest	260,834	(353,311)	32,511	(261,224)
	<u>10,709,476</u>	<u>13,815,436</u>	<u>13,719,846</u>	<u>14,643,303</u>

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



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**Shazad G. Dada**  
President &  
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**Shazia Syed**  
Director



**Arshad Ahmad Mir**  
Director



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Chairman

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 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	7,213,855	190,871,871
Total comprehensive income for the six months ended June 30, 2020											
Profit after taxation for the six months ended June 30, 2020	-	-	-	-	-	-	-	10,946,110	10,946,110	(219,823)	10,726,287
Other comprehensive income - net of tax	-	-	-	3,551,806	1,833,004	(70,034)	(921)	(1,355,438)	3,958,417	(41,401)	3,917,016
Total comprehensive income for the six months ended June 30, 2020	-	-	-	3,551,806	1,833,004	(70,034)	(921)	9,590,672	14,904,527	(261,224)	14,643,303
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2,260)	(2,260)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(110,838)	(13,897)	124,735	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(26,274)	-	26,274	-	-	-
Transfer to statutory reserve	-	-	1,159,938	-	-	-	-	(1,159,938)	-	-	-
Transactions with owners for the six months ended June 30, 2020											
Final cash dividend - December 31, 2019 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2020 declared at Rs. 2.5 per share	-	-	-	-	-	-	-	(3,060,449)	(3,060,449)	-	(3,060,449)
Balance as at June 30, 2020 (Un-audited)	12,241,797	3,000	34,448,721	36,936,435	2,022,486	26,976,859	16,253	77,959,824	190,605,375	6,950,371	197,555,746
Total comprehensive income for the six months ended December 31, 2020											
Profit after taxation for the six months ended December 31, 2020	-	-	-	-	-	-	-	9,991,808	9,991,808	70,439	10,062,247
Other comprehensive income - net of tax	-	-	-	(1,318,227)	288,190	77,951	-	479,407	(472,679)	486,572	13,893
Total comprehensive income for the six months ended December 31, 2020	-	-	-	(1,318,227)	288,190	77,951	-	10,471,215	9,519,129	557,011	10,076,140
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(5,508)	(15,340)	20,848	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(26,679)	-	26,679	-	-	-
Transfer to statutory reserve	-	-	950,657	-	-	-	-	(950,657)	-	-	-
Transactions with owners for the six months ended December 31, 2020											
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	7,507,382	207,631,886
Total comprehensive income for the six months ended June 30, 2021											
Profit after taxation for the six months ended June 30, 2021	-	-	-	-	-	-	-	14,987,658	14,987,658	57,718	15,045,376
Other comprehensive income - net of tax	-	-	-	(1,014,132)	(203,998)	(82,412)	219	-	(1,300,323)	(25,207)	(1,325,530)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	(1,014,132)	(203,998)	(82,412)	219	14,987,658	13,687,335	32,511	13,719,846
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,851)	(3,851)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(2,641)	-	2,641	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(23,739)	-	23,739	-	-	-
Transfer to statutory reserve	-	-	1,507,484	-	-	-	-	(1,507,484)	-	-	-
Transactions with owners for the six months ended June 30, 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)
Interim cash dividend - March 31, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Balance as at June 30, 2021 (Un-audited)	12,241,797	3,000	36,906,862	34,604,076	2,106,678	26,913,831	1,132	84,508,037	197,285,413	7,536,042	204,821,455

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



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Chief Financial Officer



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**Shazia Syed**  
Director



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Director



**Sir Mohammed Anwar Pervez, OBE, HPK**  
Chairman

# CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE SIX MONTHS ENDED JUNE 30, 2021

	January - June 2021	January - June 2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation including discontinued operations	26,101,479	18,251,089
Less: Dividend income	(435,072)	(395,832)
Share of profit of associates	(224,786)	(44,129)
	<u>25,441,621</u>	<u>17,811,128</u>
<b>Adjustments:</b>		
Depreciation on fixed assets	1,443,566	1,410,119
Depreciation on Islamic financing against leased assets (Ijarah)	84,917	124,174
Depreciation on right-of-use assets	924,501	977,682
Amortisation	420,674	418,805
Workers' Welfare Fund	521,852	502,933
Provision for retirement benefits	363,183	587,684
Provision for compensated absences	86,226	99,118
Provision against loans and advances - net	458,384	9,329,874
(Reversal) / provision for diminution in value of investments - net	(833,915)	86,153
(Reversal) / provision against off balance sheet items	(330,661)	214,965
Interest expense on lease liability against right-of-use assets	474,784	584,330
Gain on sale of fixed assets - net	(4,298)	(47,109)
Gain on sale of ijarah assets - net	(3,222)	(548)
Gain on sale of non-banking asset	-	(223,054)
Bad debts written off directly	62,944	39,487
Unrealised gain on revaluation of investments classified as held for trading	(5,006)	(14,504)
Other provisions / write-offs	485,315	282,115
	<u>4,149,244</u>	<u>14,372,224</u>
	<u>29,590,865</u>	<u>32,183,352</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(2,628,612)	8,856,822
Held for trading securities	(62,052,548)	62,512,826
Advances	(44,735,979)	37,100,744
Other assets (excluding advance taxation)	<u>4,772,253</u>	<u>2,984,398</u>
	<u>(104,644,886)</u>	<u>111,454,790</u>
<b>Increase in operating liabilities</b>		
Bills payable	2,079,409	4,298,168
Borrowings	139,979,116	(6,803,391)
Deposits and other accounts	202,354,796	134,869,427
Other liabilities (excluding current taxation)	<u>2,567,152</u>	<u>(12,299,630)</u>
	<u>346,980,473</u>	<u>120,064,574</u>
	<u>271,926,452</u>	<u>263,702,716</u>
	<u>(1,625,581)</u>	<u>(1,437,990)</u>
	<u>(4,994,029)</u>	<u>(1,312,720)</u>
<b>Net cash flow generated from operating activities</b>	<u>265,306,842</u>	<u>260,952,006</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(196,220,533)	(268,965,808)
Net investments in held to maturity securities	(56,726,000)	28,091,919
Net investments in associates	(216,560)	502,479
Dividend income received	545,593	433,287
Investment in fixed assets and intangible assets	(2,115,852)	(1,700,152)
Sale proceeds from disposal of fixed assets	105,319	163,871
Sale proceeds from disposal of ijarah assets	21,587	952
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity holders of the Bank	(1,014,132)	3,551,806
- Non-controlling interest	<u>98,623</u>	<u>83,099</u>
<b>Net cash flow used in investing activities</b>	<u>(255,521,955)</u>	<u>(237,838,547)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease obligations	2,916	(239)
Payment of lease liability against right-of-use assets	(1,195,507)	(1,006,745)
Dividends paid to:		
- Equity holders of the Bank	(13,853,720)	(6,494,483)
- Non-controlling interest	<u>(3,851)</u>	<u>(2,260)</u>
<b>Net cash flow used in financing activities</b>	<u>(15,050,162)</u>	<u>(7,503,727)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(5,265,275)</u>	<u>15,609,732</u>
Cash and cash equivalents at the beginning of the period	<u>287,722,487</u>	<u>286,329,378</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>282,457,212</u></u>	<u><u>301,939,110</u></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 &  
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**Shazia Syed**  
Director



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Director



**Sir Mohammed Anwar Pervez, OBE, HPK**  
Chairman



# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 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, resolved to wind up "United Executors and Trustees Company Limited", a wholly owned subsidiary of the Bank. Accordingly, a special resolution was passed on March 19, 2021 by the shareholders of "United Executors and Trustees Company Limited" to appoint liquidators and voluntarily wind up the company. The liquidators will conclude the process of voluntary winding-up as per the requirements of applicable laws and regulations.

The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

## 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.

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.

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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 (SECP).

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

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

3.3 SECP vide its notification SRO 633 (I)/2014 dated 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.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are either considered to not be relevant or do not have any significant impact on these unconsolidated financial statements.

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

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018. Accordingly, the requirements of this standard are incorporated in the Group's consolidated financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022. Meanwhile, the banks are required to submit IFRS 9 compatible pro forma financial statements for year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

## 4. 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.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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 are carried at their present values.

## 5.2 Critical accounting estimates and judgements

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

## 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

## 7. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts  
In deposit accounts

Outside Pakistan

In current accounts  
In deposit accounts

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lending

Repurchase agreement lendings (Reverse Repo)

Bai Muajjal receivable

- with State Bank of Pakistan  
- with other financial institutions

Other lendings to financial institutions

(Un-audited) June 30, 2021  
(Audited) December 31, 2020

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

17,617,717	20,776,101
7,666,726	12,160,057
25,284,443	32,936,158
72,133,793	75,604,954
4,531,712	4,420,727
8,123,863	7,767,517
84,789,368	87,793,198
36,470,411	36,040,406
8,085,347	6,869,307
44,555,758	42,909,713
96,326,585	92,628,531
3,677,652	1,871,859
254,633,806	258,139,459

17	-
3,001,068	2,015,383
3,001,085	2,015,383
14,024,173	19,102,946
10,798,148	8,464,699
24,822,321	27,567,645
27,823,406	29,583,028

97,854	10,624,519
21,734,325	-
-	6,433,114
-	3,026,018
3,008,875	2,128,791
24,841,054	22,212,442

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 9. INVESTMENTS

9.	INVESTMENTS	(Un-audited) June 30, 2021				(Audited) 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 65,066,792 - 5,006 65,071,798 3,009,238 - 228 3,009,466										
Available for sale securities										
Market Treasury Bills 568,391,131 - 245,214 568,636,345 341,885,979 - 238,363 342,124,342										
Pakistan Investment Bonds - fixed 43,914,994 - (77,655) 43,837,339 76,334,054 - 333,950 76,668,004										
Pakistan Investment Bonds - floaters 365,457,101 - (1,286,525) 364,170,576 340,678,646 - (2,569,332) 338,109,314										
Government of Pakistan Eurobonds 25,325,313 (290,271) 969,230 26,004,272 25,519,619 (105,010) 1,226,132 26,640,741										
Government of Pakistan Sukuk 25,602,301 (2,332) 91,324 25,691,293 24,873,538 (8,713) (48,193) 24,816,632										
Government of Pakistan Mudarabah Pool 1,138,873 - - 1,138,873 466,435 - - 466,435										
Corporate Sukuks 1,220,000 - - 1,220,000 1,220,000 - - 1,220,000										
Ordinary shares of listed companies 13,918,677 (4,887,512) 3,294,757 12,325,922 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 790,495 (52,989) 16 737,522 808,294 (134,392) 36 673,938										
Investment in REIT 458,590 - 834 459,424 458,590 - (16,676) 441,914										
Investment in Mutual Fund 250,000 - (28,115) 221,885 250,000 - (21,482) 228,518										
Term Finance Certificates 782,335 (161,996) - 620,339 662,335 (162,033) - 500,302										
Foreign bonds - sovereign 60,403,670 (942,560) 128,876 59,589,986 81,369,066 (1,401,942) 1,742,758 81,709,882										
Foreign bonds - others 3,569,379 (18,307) 65,968 3,617,040 7,256,300 (24,002) 271,352 7,503,650										
1,111,259,526 (6,355,967) 3,403,924 1,108,307,483 915,164,679 (7,315,568) 3,674,488 911,523,599										
Held to maturity securities										
Market Treasury Bills 2,302,818 - - 2,302,818 2,696,727 - - 2,696,727										
Pakistan Investment Bonds - fixed 164,631,960 - - 164,631,960 160,738,122 - - 160,738,122										
Pakistan Investment Bonds - floaters 42,574,919 - - 42,574,919 - - - -										
Government of Pakistan Eurobonds 10,634,132 (127,403) - 10,506,729 10,706,182 (45,483) - 10,660,699										
Government of Pakistan Sukuk 1,277,907 (3,823) - 1,274,084 1,296,245 (3,374) - 1,292,871										
Bai Muajjal with Government of Pakistan 40.2.1 31,115,551 - - 31,115,551 29,569,648 - - 29,569,648										
Term Finance Certificates 7,084,206 (69,951) - 7,014,255 4,516,483 (69,951) - 4,446,532										
Corporate Sukuks 11,429,759 (50,934) - 11,378,825 12,022,820 (57,846) - 11,964,974										
Participation Term Certificates 437 (437) - - 437 (437) - -										
Debentures 2,266 (2,266) - - 2,266 (2,266) - -										
Corporate bonds 1,059,404 (14,421) - 1,044,983 - - - -										
Foreign bonds - sovereign 30,555,468 (577,390) - 29,978,078 25,058,739 (646,731) - 24,412,008										
Foreign bonds - others 1,941,765 (17,816) - 1,923,949 1,261,784 (23,219) - 1,238,565										
CDC SAARC Fund 342 - - 342 347 - - 347										
304,610,934 (864,441) - 303,746,493 247,869,800 (849,307) - 247,020,493										
Associates										
UBL Liquidity Plus Fund 947,881 - - 947,881 1,837,605 - - 1,837,605										
United Growth and Income Fund 100,284 - - 100,284 - - - -										
UBL Stock Advantage Fund 110,626 - - 110,626 107,282 - - 107,282										
UBL Financial Sector Fund 321,823 - - 321,823 225,640 - - 225,640										
UBL Cash Fund 800,528 - - 800,528 - - - -										
UBL Exchange Traded Fund 24,099 - - 24,099 21,374 - - 21,374										
UBL Special Savings Fund II 100,266 - - 100,266 101,850 - - 101,850										
Al Ameen Islamic Energy Fund 124,005 - - 124,005 92,471 - - 92,471										
Al Ameen Shariah Stock Fund 161,775 - - 161,775 - - - -										
UBL Insurers Limited 515,476 - - 515,476 499,948 - - 499,948										
Khushhali Bank Limited 9.2 3,484,537 - - 3,484,537 3,363,784 - - 3,363,784										
6,691,300 - - 6,691,300 6,249,954 - - 6,249,954										
Total Investments 1,487,628,552 (7,220,408) 3,408,930 1,483,817,074 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  
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	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>9.3 Investments given as collateral - at market value</b>		----- (Rupees in '000) -----	
Market Treasury Bills		43,952,534	59,846,168
Pakistan Investment Bonds - Fixed		2,081,906	-
Pakistan Investment Bonds - Floaters		120,696,000	-
		<u>166,730,440</u>	<u>59,846,168</u>

**9.4 Provision for diminution in value of investments**

<b>9.4.1</b>	Opening balance	8,164,875	7,429,256
	Exchange adjustments	(29,168)	58,788
	<b>Charge / (reversals)</b>		
	Charge for the period / year	282,804	1,389,189
	Reversals for the period / year	(1,116,719)	(562,394)
		(833,915)	826,795
	Amount written off	(81,384)	(149,964)
	Closing balance	<u>7,220,408</u>	<u>8,164,875</u>
	9.6		

**9.4.2 Particulars of provision against debt securities**

Category of classification	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	285,584	285,584	292,496	292,496
<b>Overseas</b>				
Not past due but impaired	1,973,690	388,248	2,004,405	510,210
<b>Total</b>	<u>2,259,274</u>	<u>673,832</u>	<u>2,296,901</u>	<u>802,706</u>

**9.5** The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 307,431.757 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. 1,606.092 million (December 31, 2020: Rs. 1,748.301 million).

**10. ADVANCES**

Note	Performing		Non-performing		Total	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	560,896,674	549,179,452	82,688,898	82,324,861	643,585,572	631,504,313
Islamic financings and related assets	43,489,775	20,542,257	95,273	107,478	43,585,048	20,649,735
Bills discounted and purchased	44,391,296	36,223,975	2,574,662	2,824,527	46,965,958	39,048,502
<b>Advances - gross</b>	<u>648,777,745</u>	<u>605,945,684</u>	<u>85,358,833</u>	<u>85,256,866</u>	<u>734,136,578</u>	<u>691,202,550</u>
Provision against advances	10.3					
- Specific	-	-	(71,452,980)	(72,036,997)	(71,452,980)	(72,036,997)
- General	(6,720,553)	(7,313,877)	-	-	(6,720,553)	(7,313,877)
	<u>(6,720,553)</u>	<u>(7,313,877)</u>	<u>(71,452,980)</u>	<u>(72,036,997)</u>	<u>(78,173,533)</u>	<u>(79,350,874)</u>
<b>Advances - net of provision</b>	<u>642,057,192</u>	<u>598,631,807</u>	<u>13,905,853</u>	<u>13,219,869</u>	<u>655,963,045</u>	<u>611,851,676</u>

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10.1	Particulars of advances - gross	(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
		----- (Rupees in '000) -----	-----
10.1.1	In local currency	472,628,812	453,024,198
	In foreign currencies	261,507,766	238,178,352
		<u>734,136,578</u>	<u>691,202,550</u>

**10.2** Advances include Rs. 85,358.833 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) June 30, 2021		(Audited) December 31, 2020	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Other Assets Especially Mentioned*	153,143	527	189,538	497
Substandard	2,525,259	624,336	2,690,171	662,589
Doubtful	685,672	341,615	1,599,695	798,209
Loss	24,398,551	23,318,137	24,259,582	23,164,558
	<u>27,762,625</u>	<u>24,284,615</u>	<u>28,738,986</u>	<u>24,625,853</u>
<b>Overseas</b>				
Not past due but impaired**	4,090,173	1,993,065	5,820,717	2,681,378
Overdue by:				
Upto 90 days	3,250,055	1,670,741	1,064,806	135,443
91 to 180 days	1,806,307	819,681	784,383	718,039
181 to 365 days	3,570,715	555,958	10,824,869	8,539,542
> 365 days	44,878,958	42,128,920	38,023,105	35,336,742
	<u>57,596,208</u>	<u>47,168,365</u>	<u>56,517,880</u>	<u>47,411,144</u>
Total	<u>85,358,833</u>	<u>71,452,980</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) June 30, 2021			(Audited) 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	(582,098)	(293,789)	(875,887)	937,162	160,201	1,097,363
<b>Charge / (reversals)</b>						
Charge for the period / year	2,839,856	185,587	3,025,443	14,338,496	3,623,212	17,961,708
Reversals for the period / year	(1,847,543)	(485,122)	(2,332,665)	(1,734,374)	(88,056)	(1,822,430)
33	992,313	(299,535)	692,778	12,604,122	3,535,156	16,139,278
Amounts written off	(994,232)	-	(994,232)	(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>71,452,980</u>	<u>6,720,553</u>	<u>78,173,533</u>	<u>72,036,997</u>	<u>7,313,877</u>	<u>79,350,874</u>

**10.3.1** General provision represents provision amounting to Rs. 344.124 million (December 31, 2020: Rs. 319.955 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 6,376.429 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.

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**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. 4.758 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. 3,338.496 million (December 31, 2020: Rs. 3,951.861 million) for the overseas branches.

**10.3.3** 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) June 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 ----- (Rupees in '000) -----
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	748,125	447,893
Property and equipments		50,015,552	50,155,993
Right-of-use assets		6,730,942	6,863,694
		<u>57,494,619</u>	<u>57,467,580</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		360,692	270,445
Equipment		387,433	177,448
		<u>748,125</u>	<u>447,893</u>
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		311,977	60,650
<b>Property and equipments</b>			
Leasehold Improvement		203,685	182,986
Furniture and fixture		50,039	40,266
Electrical, office and computer equipments		917,539	490,618
Vehicles		110,016	-
		<u>1,281,279</u>	<u>713,870</u>
Total		<u>1,593,256</u>	<u>774,520</u>
<b>11.3 Disposals of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Leasehold Land & Building on leasehold land		4,726	110,838
Leasehold Improvement		91,808	1,352
Furniture and fixture		565	755
Electrical, office and computer equipments		976	1,713
Vehicles		2,946	422
		<u>101,021</u>	<u>115,080</u>
<b>11.4 Additions to right-of-use assets</b>		<u>1,355,664</u>	<u>888,093</u>
<b>11.5 Derecognition of right-of-use assets</b>		<u>522,246</u>	<u>477,022</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
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	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress	417,910	232,545
Intangible assets	1,512,060	1,802,006
	<u>1,929,970</u>	<u>2,034,551</u>

	(Un-audited) January - June 2021	(Audited) January - June 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	181,725	(92,743)
Directly purchased intangibles	114,368	571,545

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS			

Deferred tax assets	13.1	<u>4,589,903</u>	<u>4,682,494</u>
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**13.1 Movement in temporary differences during the period**

	June 30, 2021 (Un-audited)			
	At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At June 30, 2021
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Post-retirement employee benefits	1,386,150	(951)	-	1,385,199
- Provision against advances, off-balance sheet etc.	6,390,263	(408,450)	-	5,981,813
- Workers' Welfare Fund	1,833,191	201,699	-	2,034,890
	9,609,604	(207,702)	-	9,401,902
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,286,111)	16,393	1,268	(1,268,450)
- Surplus on revaluation of investments	(1,697,416)	-	153,707	(1,543,709)
- Share of profit from Associates	(1,083,460)	(47,287)	-	(1,130,747)
- Accelerated tax depreciation	(286,178)	159,891	-	(126,287)
- Others	(573,945)	-	(168,861)	(742,806)
	(4,927,110)	128,997	(13,886)	(4,811,999)
	<u>4,682,494</u>	<u>(78,705)</u>	<u>(13,886)</u>	<u>4,589,903</u>

	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)
	<u>1,723,553</u>	<u>3,795,843</u>	<u>(836,902)</u>	<u>4,682,494</u>



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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 14. DISCONTINUED OPERATIONS

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.

The shareholders of the Bank have approved the decision to voluntarily and orderly wind up UBL (Switzerland) AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>14.1 Assets and liabilities under discontinued operations</b>		
<b>Assets</b>		
Cash and balances with treasury banks	9,264,946	-
Balances with other banks	7,442,884	219,488
Lendings to financial institutions	3,008,875	-
Investments	5,373,938	-
Advances	207,654	-
Fixed assets	26,692	-
Other assets	131,243	-
	<u>25,456,232</u>	<u>219,488</u>
<b>Liabilities</b>		
Borrowings	8,260,089	-
Deposits and other accounts	10,617,641	-
Other liabilities	170,990	11,575
	<u>19,048,720</u>	<u>11,575</u>
<b>14.2 Discontinued operations</b>		
	(Un-audited) January - June 2021	January - June 2020
	----- (Rupees in '000) -----	
Mark-up / return / interest earned	208,242	-
Mark-up / return / interest expensed	73,896	-
Net mark-up / interest income	<u>134,346</u>	<u>-</u>
<b>Non mark-up / interest income</b>		
Fee, commission and brokerage income	333,675	-
Foreign exchange income	198	-
Other income	-	124
Total non mark-up / interest income	<u>333,872</u>	<u>124</u>
<b>Total income</b>	<u>468,219</u>	<u>124</u>
<b>Non mark-up / interest expenses</b>		
Operating expenses	325,222	11,345
Total non mark-up / interest expenses	<u>325,222</u>	<u>11,345</u>
<b>(Loss) / profit before taxation</b>	<u>142,997</u>	<u>(11,221)</u>
Taxation	36,523	(950)
<b>(Loss) / profit after taxation</b>	<u>106,474</u>	<u>(10,271)</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>15. OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		21,186,730	21,075,329
Income / mark-up accrued in foreign currencies - net of provision	15.1	2,061,954	2,211,759
Advance taxation - net of provision for taxation	15.2	45,731	5,992,577
Receivable from staff retirement fund		74,054	24,160
Receivable from other banks against telegraphic transfers and demand drafts		22,359	110,689
Unrealised gain on forward foreign exchange contracts		1,206,838	3,347,603
Rebate receivable - net		307,859	631,410
Suspense accounts		-	240,002
Stationery and stamps on hand		197,125	169,311
Non-banking assets acquired in satisfaction of claims		241,683	274,451
Advances, deposits, advance rent and other prepayments		2,927,651	1,475,598
Acceptances		5,708,132	10,505,651
Dividend receivable		107,453	217,974
Receivable against IBFT, ATM and other settlements - net		853,694	-
Commission receivable - Branchless Banking		653,017	658,524
Receivable against fraud & forgery and looted notes		583,132	586,929
Others		2,089,986	2,010,832
		38,267,398	49,532,799
Provision held against other assets	15.3	(1,214,070)	(1,392,976)
Other assets - net of provision		37,053,328	48,139,823
Deficit on revaluation of non-banking assets acquired in satisfaction of claims		(38,007)	(38,367)
<b>Other assets - total</b>		<b>37,015,321</b>	<b>48,101,456</b>

**15.1** This includes unrealised mark-up held in suspense amounting to Rs. 14,852.074 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 2020, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs. 13,752 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. 2,467 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 return for Yemen branch has been filed upto the year ended December 31, 2019 and and for the UAE and Qatar 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 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 SIX MONTHS ENDED JUNE 30, 2021

The tax returns of USAG has 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.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>15.3 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		54,108	84,272
Fraud & forgery and looted notes		604,364	626,435
Others		555,598	682,269
		<u>1,214,070</u>	<u>1,392,976</u>
<b>15.3.1 Movement of provision held against other assets</b>			
Opening balance		1,392,976	1,271,877
Exchange adjustments		(11,571)	655
<b>Charge / (reversals)</b>			
Charge for the period / year		26,768	249,664
Reversals for the period / year		(125,306)	(94,809)
	33	(98,538)	154,855
Transfer (out) / in - net		(38,613)	3,245
Amounts written off		(30,184)	(37,656)
Closing balance		<u>1,214,070</u>	<u>1,392,976</u>

## 16. CONTINGENT ASSETS

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

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>17. BILLS PAYABLE</b>		
In Pakistan	30,886,817	28,820,012
Outside Pakistan	933,798	921,194
	<u>31,820,615</u>	<u>29,741,206</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(Un-audited) (Audited)  
June 30, December 31,  
2021 2020  
----- (Rupees in '000) -----

**18. BORROWINGS**

**Details of borrowings**

**Secured**

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	33,443,583	30,724,174
Long term financing facility	21,272,946	22,243,644
Refinance scheme for payment of wages and salaries	4,611,535	5,587,037
Renewable energy scheme	239,851	146,985
Temporary economic refinance scheme	3,996,989	307,540
Other borrowings	1,227,577	863,235
	64,792,481	59,872,615
Repurchase agreement borrowings	176,345,450	59,835,819
	241,137,931	119,708,434

**Unsecured**

Call borrowings

Overdrawn nostro accounts

Money market deals

25,290,923	2,397,485
842,601	379,564
4,534,846	9,341,702
30,668,370	12,118,751
271,806,301	131,827,185

**19. DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Fixed deposits	165,704,035	206,749,785	372,453,820	171,340,589	214,773,170	386,113,759
Saving deposits	612,040,337	50,484,493	662,524,830	509,563,742	53,146,711	562,710,453
Sundry deposits	24,630,724	1,623,559	26,254,283	5,022,037	2,173,583	7,195,620
Margin deposits	3,891,316	1,915,409	5,806,725	3,833,926	3,194,969	7,028,895
Current accounts - remunerative	1,978,906	4,635,461	6,614,367	1,387,144	6,911,630	8,298,774
Current accounts - non-remunerative	629,793,467	131,495,307	761,288,774	549,038,483	134,295,247	683,333,730
	1,438,038,785	396,904,014	1,834,942,799	1,240,185,921	414,495,310	1,654,681,231
<b>Financial Institutions</b>						
Current deposits	22,475,062	2,377,554	24,852,616	20,978,533	4,646,484	25,625,017
Saving deposits	59,944,811	5,908,335	65,853,146	56,409,524	2,373,413	58,782,937
Term deposits	40,850,400	248,121	41,098,521	25,207,956	95,145	25,303,101
	123,270,273	8,534,010	131,804,283	102,596,013	7,115,042	109,711,055
	1,561,309,058	405,438,024	1,966,747,082	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. 1,048,412.550 million (December 31, 2020: Rs. 991,687.959 million).

**20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	June 30, 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	5,550	452	5,098	5,562	452	5,110
Later than one year and not later than five years	8,058	115	7,943	11,132	285	10,847
	13,608	567	13,041	16,694	737	15,957

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

FOR THE SIX MONTHS ENDED JUNE 30, 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:

<b>Issue Size</b>	Rs. 10,000 million
<b>Issue Date</b>	January 29, 2019
<b>Tenor</b>	Perpetual (i.e. no fixed or final redemption date)
<b>Rating</b>	"AA+" (Double A Plus) by VIS Credit Rating Company Limited
<b>Security</b>	Unsecured
<b>Mark-up rate</b>	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
<b>Mark-up payment frequency</b>	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis
<b>Call option</b>	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.
<b>Lock-in clause</b>	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.
<b>Loss absorbency clause</b>	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

## 22. OTHER LIABILITIES

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		13,135,582	11,630,286
Mark-up / return / interest payable in foreign currencies		598,599	1,327,591
Accrued expenses		3,367,036	4,332,657
Branch adjustment account		134,380	105,228
Payable against purchase of securities		142,027	-
Deferred income		930,685	882,954
Unearned commission and income on bills discounted		319,131	453,296
Provision against off-balance sheet obligations	22.1	727,320	1,076,530
Unrealised loss on forward foreign exchange contracts		1,586,365	3,376,994
Trading liabilities		9,603,973	-
Payable to staff retirement fund		143,887	1,142,926
Deferred liabilities		3,842,158	3,969,397
Workers' Welfare Fund payable		5,074,250	4,752,294
Liabilities against IBFT, ATM and other settlements - net		-	1,199,242
Insurance payable against consumer assets		657,347	615,405
Dividend payable		3,030,284	357,578
Acceptances		5,708,132	10,505,651
Suspense accounts		139,352	-
Lease Liability under IFRS 16		7,996,545	7,950,494
Levies and taxes payable		3,486,318	2,671,007
Others		2,276,333	1,918,148
		<u>62,899,704</u>	<u>58,267,678</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	June 30, 2021	December 31, 2020
		----- (Rupees in '000) -----	
<b>22.1 Provision against off-balance sheet obligations</b>			
Opening balance		1,076,530	632,785
Exchange adjustments		(18,550)	11,996
Charge for the period / year		5,266	431,749
Reversals for the period / year		(335,927)	-
		(330,661)	431,749
Closing Balance		727,319	1,076,530
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus arising on revaluation of assets - net of tax			
Fixed assets	23.1	26,913,831	27,022,623
Available for sale securities	23.2	2,109,652	2,282,110
Non-banking assets acquired in satisfaction of claims		1,132	913
Surplus arising on revaluation of assets of associates		(2,974)	28,566
		29,021,641	29,334,212
<b>23.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January 1		29,975,515	30,165,526
Revaluation against fixed assets during the period		(7,276)	(250,405)
Realised on disposal during the period / year		(4,330)	(162,824)
Exchange adjustments		(11,453)	310,216
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(23,739)	(53,821)
Related deferred tax liability on incremental depreciation charged during the period / year		(14,401)	(33,177)
		(61,199)	(190,011)
		29,914,316	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		(1,689)	(46,478)
Surplus / (deficit) on revaluation against fixed assets during the period / year		134,411	(4,506)
Exchange adjustments		(2,499)	50,249
Incremental depreciation charged on related assets		(14,401)	(33,177)
		115,822	(33,912)
		1,401,350	1,285,528
		28,512,966	28,689,987
Share of non-controlling interest		(1,599,135)	(1,667,364)
Group's share		26,913,831	27,022,623
<b>23.2 Surplus on revaluation of available for sale securities</b>			
Market Treasury Bills		245,214	238,363
Pakistan Investment Bonds - fixed		(77,655)	333,950
Pakistan Investment Bonds - floaters		(1,286,525)	(2,569,332)
Ordinary shares and mutual fund		3,266,658	2,496,134
REIT Investment		834	(16,676)
Term Finance Certificates, Sukuks, other bonds etc.		91,324	(48,193)
Foreign bonds		1,164,074	3,240,242
		3,403,924	3,674,488
Related deferred tax liability		(1,543,709)	(1,697,416)
		1,860,215	1,977,072
Share of non-controlling interest		249,437	305,038
Group's share		2,109,652	2,282,110

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	24.1	144,384,313	147,961,658
- Commitments	24.2	987,123,236	970,991,372
- Other contingent liabilities	24.3	15,872,320	15,554,510
		<u>1,147,379,869</u>	<u>1,134,507,540</u>
<b>24.1 Guarantees</b>			
Financial guarantees		43,402,845	43,053,322
Performance guarantees		100,959,670	104,908,336
Other guarantees		21,798	-
		<u>144,384,313</u>	<u>147,961,658</u>
<b>24.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		212,411,922	160,344,833
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	645,580,045	683,065,647
- forward Government securities transactions	24.2.3	707,328	-
- derivatives - FX options	24.2.4	2,338,968	-
- forward lending	24.2.5	122,591,515	124,510,935
- operating leases	24.2.6	219,990	126,093
Commitments for acquisition of:			
- operating fixed assets	24.2.7	2,230,323	2,876,499
- intangible assets	24.2.7	902,016	-
Others		141,129	67,365
		<u>987,123,236</u>	<u>970,991,372</u>
<b>24.2.1 Commitments to extend credit</b>			
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)	(Audited)
		June 30,	December 31,
		2021	2020
		----- (Rupees in '000) -----	
<b>24.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		352,235,472	366,797,666
Sale		<u>293,344,574</u>	<u>316,267,981</u>
<b>24.2.3 Commitments in respect of forward Government securities transactions</b>			
Forward purchase of Government securities		707,328	-
Forward sale of Government securities		<u>-</u>	<u>-</u>
<b>24.2.4 Commitments in respect of derivatives</b>			
FX options - purchased		1,169,484	-
FX options - sold		<u>1,169,484</u>	<u>-</u>
<b>24.2.5 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	73,417,460	66,651,116
Others		49,174,055	57,859,819
		<u>122,591,515</u>	<u>124,510,935</u>

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
<b>24.2.6 Commitments in respect of operating leases</b>			
Not later than one year		158,617	58,443
Later than one year and not later than five years		33,373	37,620
Later than five years		28,000	30,030
		<u>219,990</u>	<u>126,093</u>
<b>24.2.7 Commitments in respect of capital expenditure</b>		<u>3,132,339</u>	<u>2,876,499</u>

## 24.3 Other contingent liabilities

Claims against the Group not acknowledged as debts	24.3.1	<u>11,783,017</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.

## 25. DERIVATIVE INSTRUMENTS

### 25.1 Product analysis

Counterparties	June 30, 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) -----								
<b>Total</b>								
Hedging	1,169,484	-	707,328	(183)	-	-	1,876,812	(183)
Market making	1,169,484	-	-	-	-	-	1,169,484	-
	<u>2,338,968</u>	<u>-</u>	<u>707,328</u>	<u>(183)</u>	<u>-</u>	<u>-</u>	<u>3,046,296</u>	<u>(183)</u>
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) -----								
<b>Total</b>								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	(Un-audited)	
		January - June 2021	January - June 2020
		----- (Rupees in '000) -----	
<b>26. MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		20,369,132	33,779,193
Investments		48,462,089	52,914,161
Lendings to financial institutions		722,797	1,412,262
Balances with banks		250,050	337,330
		<u>69,804,068</u>	<u>88,442,946</u>
<b>27. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		26,569,996	35,983,195
Borrowings		4,382,104	9,064,368
Subordinated debt		441,847	652,061
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,601,040	2,089,860
Lease liability against right-of-use assets		474,784	584,330
		<u>33,469,771</u>	<u>48,373,814</u>
<b>28. FEE AND COMMISSION INCOME</b>			
Branch banking customer fee		834,635	874,158
Consumer finance related fee		544,098	477,722
Card related fees (debit and credit cards)		1,138,268	1,058,037
Investment banking fee		343,216	85,319
Financial Institution rebate / commission		156,835	143,105
Corporate service charges / facility fee		376,681	193,585
Commission on trade		320,522	349,318
Commission on guarantees		275,578	357,132
Commission on cash management		461,703	373,443
Commission on remittances including home remittances - net		1,116,302	1,139,659
Commission on bancassurance		882,534	478,967
Commission on Benazir Income Support Program		-	38,359
Management fee		388,188	345,344
Rent on lockers		95,652	93,817
Others		186,851	144,627
		<u>7,121,063</u>	<u>6,152,592</u>
<b>29. GAIN ON SECURITIES - NET</b>			
Realised	29.1	2,578,601	843,757
Unrealised - held for trading	9.1	5,006	14,504
		<u>2,583,607</u>	<u>858,261</u>
<b>29.1 Realised gain on:</b>			
Federal Government securities		808,119	350,660
Shares		298,863	(164,582)
Foreign securities		1,471,185	661,293
Other securities		434	(3,614)
		<u>2,578,601</u>	<u>843,757</u>
<b>30. OTHER INCOME</b>			
Charges recovered		123,463	116,012
Rent on properties		38,958	26,158
Gain on sale of operating fixed assets - net		4,298	47,109
Gain on sale of ljarah assets		3,222	548
Gain on sale of non banking assets - net		-	223,054
Gain on trading liabilities - net		16,666	76,068
		<u>186,607</u>	<u>488,949</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

		(Un-audited)	
		January - June 2021	January - June 2020
		----- (Rupees in '000) -----	
<b>31. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		9,082,490	9,006,037
<b>Property expense</b>			
Rent and taxes		603,367	579,307
Insurance		108,822	98,837
Utilities cost		661,737	603,289
Security		502,727	509,719
Repair and maintenance		92,233	84,470
Depreciation		414,571	407,180
Depreciation - Right-of-use assets		924,501	977,682
Others		37,625	33,412
		3,345,583	3,293,896
<b>Information technology expenses</b>			
Software maintenance		794,888	677,916
Hardware maintenance		319,470	242,914
Depreciation		416,379	401,344
Amortisation		420,674	418,805
Network charges		382,669	374,453
		2,334,080	2,115,432
<b>Other operating expenses</b>			
Directors' fees and allowances		54,168	49,749
Fees and allowances to Shariah Board		4,818	4,560
Legal and professional charges		292,382	346,664
Outsourced service costs		207,616	705,043
Commission paid to branchless banking agents		624,849	186,004
Commission paid to Sales force		674,189	482,679
Travelling and conveyance		48,117	51,564
Clearing charges		89,830	121,421
Depreciation others		612,616	601,595
Depreciation on Islamic financing against leased assets		84,917	124,174
Training and development		11,212	21,408
Postage and courier charges		163,482	127,991
Communication		253,431	254,355
Stationery and printing		379,292	267,196
Marketing, advertisement and publicity		308,504	209,329
Donations		71,096	240,980
Auditors' remuneration		56,286	58,744
Insurance		51,956	102,936
Deposit Protection Premium		793,350	683,778
Cash transportation and sorting charges		414,374	376,023
Entertainment		75,896	67,794
Vehicle expenses		46,818	46,365
Subscription		95,697	48,359
Office running expenses		75,862	83,908
Banking service charges		955,209	835,347
Repairs and maintenance		358,271	232,927
Cartage, freight and conveyance		27,252	19,336
Zakat paid by overseas branch		6,406	7,369
Brokerage expenses		9,794	13,296
Miscellaneous expenses		183,185	160,310
		7,030,875	6,531,204
		21,793,028	20,946,569
<b>32. OTHER CHARGES</b>			
Penalties imposed by the SBP		28,179	152,252
Other penalties		11,315	81
		39,494	152,333

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

		(Un-audited)	
	Note	January - June 2021	January - June 2020
		----- (Rupees in '000) -----	
<b>33.</b>	<b>(REVERSALS) / PROVISIONS AND WRITE-OFFS - NET</b>		
Provision against loans and advances - net	10.3	692,778	9,607,327
(Reversals) / provision for diminution in value of investments - net	9.4	(833,915)	86,153
Bad debts written-off directly		62,944	39,487
(Reversals) / provision against other assets - net	15.3.1	(98,538)	(65,845)
(Reversals) / provision against off-balance sheet obligations	22.1	(330,661)	214,965
Recovery of written-off / charged-off bad debts		(234,394)	(277,453)
Other provisions / write-offs		583,853	347,960
		<u>(157,933)</u>	<u>9,952,594</u>
<b>34.</b>	<b>TAXATION</b>		
Current		11,129,891	10,276,888
Prior years		(189,016)	(5,968)
Deferred		78,705	(2,745,168)
		<u>11,019,580</u>	<u>7,525,752</u>
<b>35.</b>	<b>EARNINGS PER SHARE</b>		
Profit after tax attributable to equity shareholders of the Bank		<u>14,987,658</u>	<u>10,946,110</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
<b>Earnings per share - basic and diluted</b>		<u>12.24</u>	<u>8.94</u>
<b>35.1</b>	There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.		
<b>36.</b>	<b>FAIR VALUE OF FINANCIAL INSTRUMENTS</b>		
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.			
<b>36.1</b>	The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.			
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).			
Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).			

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

June 30, 2021 (Un-audited)					
On-balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
Federal Government Securities (T-bills, PIBs, GoP Sukuks, Eurobonds, Modaraba Pool)	1,094,550,496	-	1,094,550,496	-	1,094,550,496
Foreign Bonds - sovereign	59,589,986	-	59,589,986	-	59,589,986
Foreign Bonds - others	3,617,040	-	3,617,040	-	3,617,040
Ordinary shares of listed companies	12,325,922	12,325,922	-	-	12,325,922
Mutual Fund	221,885	-	221,885	-	221,885
Debt securities (TFCs, Corporate Sukuks)	1,840,339	-	1,840,339	-	1,840,339
Investment in REIT	459,424	-	459,424	-	459,424
	1,172,605,092	12,325,922	1,160,279,170	-	1,172,605,092
Financial assets not measured at fair value					
- Investments					
Federal Government Securities (PIBs, GoP Sukuks Eurobonds, Bai Muajjal)	250,103,243	-	252,292,272	-	252,292,272
Foreign Bonds - sovereign	32,280,896	-	33,456,448	-	33,456,448
Foreign Bonds - others	1,923,949	-	1,999,967	-	1,999,967
Debt securities (TFCs, Corporate Sukuks and others)	19,438,405	-	19,683,070	-	19,683,070
	303,746,493	-	307,431,757	-	307,431,757
	1,476,351,585	12,325,922	1,467,710,927	-	1,480,036,849
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	645,580,046	-	(379,527)	-	(379,527)
FX options - purchased and sold (net)	2,338,968	-	-	-	-
Forward purchase of Government Securities	707,328	-	(183)	-	(183)
Forward sale of Government Securities	-	-	-	-	-
Fair value of non-financial assets					
Fixed Assets	59,424,589	-	-	59,424,589	59,424,589
Non-banking assets acquired in satisfaction of claims	203,676	-	-	203,676	203,676
	59,628,265	-	-	59,628,265	59,628,265
December 31, 2020 (Audited)					
On-balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
		(Rupees in '000)			
Financial assets measured at fair value					
- Investments					
Government Securities (T-bills, PIBs, GoP Sukuks 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)	202,261,340	-	208,585,861	-	208,585,861
Foreign Bonds - sovereign	27,108,735	-	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) FOR THE SIX MONTHS ENDED JUNE 30, 2021

**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 six months ended June 30, 2021 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
<b>Profit and Loss</b>							
<b>Net mark-up / return / profit</b>							
11,746,753	36,866,641	(18,942,711)	1,917,490	3,794,060	1,245,391	(293,327)	36,334,297
<b>Inter segment (expense) / revenue - net</b>							
(9,699,132)	(33,307,860)	39,935,709	-	-	-	3,071,283	-
<b>Non mark-up / return / interest income</b>							
1,582,025	1,705,321	4,521,379	169,940	2,871,976	601,348	368,637	11,820,626
<b>Total income</b>	<b>3,629,646</b>	<b>5,264,102</b>	<b>25,514,377</b>	<b>2,087,430</b>	<b>6,666,036</b>	<b>1,846,739</b>	<b>48,154,923</b>
<b>Segment direct expenses</b>							
599,967	314,245	13,045,262	897,707	2,332,203	1,598,879	3,566,111	22,354,374
<b>Inter segment expense allocation</b>							
252,943	40,337	3,048,057	-	307,437	-	(3,648,774)	-
<b>Total expenses</b>							
852,910	354,582	16,093,319	897,707	2,639,640	1,598,879	(82,663)	22,354,374
<b>(Reversals) / provisions and write-offs - net</b>							
(132,311)	(591,454)	(407,642)	(2,966)	1,031,493	(70,537)	15,484	(157,933)
<b>Profit before tax from continuing operations</b>	<b>2,909,047</b>	<b>5,500,974</b>	<b>9,828,700</b>	<b>1,192,689</b>	<b>2,994,903</b>	<b>3,213,772</b>	<b>25,958,482</b>
For the six months ended June 30, 2020 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
<b>Profit and Loss</b>							
<b>Net mark-up / return / profit</b>							
23,018,771	36,409,262	(26,043,876)	2,007,256	4,050,078	948,676	(321,035)	40,069,132
<b>Inter segment (expense) / revenue - net</b>							
(18,418,839)	(34,105,391)	48,931,336	-	-	-	3,592,894	-
<b>Non mark-up / return / interest income</b>							
1,023,820	1,800,720	3,565,942	105,713	1,181,587	1,156,537	913,288	9,747,607
<b>Total income / (loss)</b>	<b>5,623,752</b>	<b>4,104,591</b>	<b>26,453,402</b>	<b>2,112,969</b>	<b>5,231,665</b>	<b>2,105,213</b>	<b>49,816,739</b>
<b>Segment direct expenses</b>							
579,258	243,183	11,993,902	882,422	2,754,969	1,788,171	3,359,930	21,601,835
<b>Inter segment expense allocation</b>							
190,466	34,880	2,307,653	-	255,361	-	(2,788,360)	-
<b>Total expenses</b>							
769,724	278,063	14,301,555	882,422	3,010,330	1,788,171	571,570	21,601,835
<b>(Reversals) / provisions and write-offs - net</b>							
88,065	155,374	856,191	4,939	8,310,916	522,773	14,336	9,952,594
<b>Profit / (loss) before tax from continuing operations</b>	<b>4,765,963</b>	<b>3,671,154</b>	<b>11,295,656</b>	<b>1,225,608</b>	<b>(6,089,581)</b>	<b>3,599,241</b>	<b>18,262,310</b>

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

	As at June 30, 2021 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
<b>Balance Sheet</b>								
Cash and bank balances	9,515	79,563,460	119,688,958	12,368,881	50,358,112	19,680,568	787,718	282,457,212
Investments	7,503,061	1,262,799,248	-	68,539,121	113,080,763	27,152,206	4,742,675	1,483,817,074
Net inter segment lending	-	-	1,325,910,472	30,847,176	-	-	85,877,346	1,442,634,994
Lendings to financial institutions	-	21,734,325	-	-	-	3,106,729	-	24,841,054
Advances - performing	357,454,663	16,939	43,424,603	43,456,874	95,822,270	95,707,935	6,173,908	642,057,192
Advances - non-performing	2,907,797	-	547,032	8,832	7,413,073	3,014,770	14,349	13,905,853
Others	9,497,782	16,100,463	15,152,668	2,580,305	11,385,322	6,416,920	39,896,353	101,029,813
<b>Total assets</b>	<b>377,372,818</b>	<b>1,380,214,435</b>	<b>1,504,723,733</b>	<b>157,801,189</b>	<b>278,059,540</b>	<b>155,079,128</b>	<b>137,492,349</b>	<b>3,990,743,192</b>
Borrowings	55,761,710	179,699,106	4,559,481	3,696,805	19,049,768	9,039,431	-	271,806,301
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	48,779,096	134,986	1,450,188,109	143,200,166	206,909,896	117,221,324	313,505	1,966,747,082
Net inter segment borrowing	257,031,378	1,184,593,196	-	-	1,010,420	-	-	1,442,634,994
Others	13,969,542	11,201,953	45,315,747	4,942,051	4,693,096	1,818,164	12,792,807	94,733,360
<b>Total liabilities</b>	<b>375,541,726</b>	<b>1,375,629,241</b>	<b>1,500,063,337</b>	<b>151,839,022</b>	<b>231,663,180</b>	<b>128,078,919</b>	<b>23,106,312</b>	<b>3,785,921,737</b>
Equity	1,831,092	4,585,194	4,660,396	5,962,167	46,396,360	27,000,209	114,386,037	204,821,455
<b>Total equity and liabilities</b>	<b>377,372,818</b>	<b>1,380,214,435</b>	<b>1,504,723,733</b>	<b>157,801,189</b>	<b>278,059,540</b>	<b>155,079,128</b>	<b>137,492,349</b>	<b>3,990,743,192</b>
<b>Contingencies and Commitments</b>	<b>365,216,743</b>	<b>198,404,512</b>	<b>29,959,047</b>	<b>30,665,208</b>	<b>464,452,076</b>	<b>56,219,050</b>	<b>2,463,233</b>	<b>1,147,379,869</b>
	As at December 31, 2020 (Audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
<b>Balance Sheet</b>								
Cash and bank balances	5,833	81,844,130	121,154,769	12,061,714	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	-	-	1,139,940,361	7,997,409	-	-	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	-	41,532,652	20,521,606	89,119,069	80,220,386	6,811,741	598,631,807
Advances - non-performing	3,287,884	-	802,173	16,551	7,754,943	1,351,794	6,524	13,219,869
Others	14,416,544	16,648,272	14,968,909	1,705,673	13,301,659	7,426,167	43,818,857	112,286,081
<b>Total assets</b>	<b>382,939,776</b>	<b>1,030,885,852</b>	<b>1,318,398,864</b>	<b>124,991,686</b>	<b>280,805,918</b>	<b>155,797,787</b>	<b>133,011,140</b>	<b>3,426,831,023</b>
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	1,257,558,195	111,478,161	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	47,513,400	4,811,546	6,305,922	1,728,707	10,923,640	88,024,841
<b>Total liabilities</b>	<b>378,287,862</b>	<b>1,022,972,436</b>	<b>1,309,672,082</b>	<b>119,922,459</b>	<b>236,397,901</b>	<b>130,774,081</b>	<b>21,172,316</b>	<b>3,219,199,137</b>
Equity	4,651,914	7,913,416	8,726,782	5,069,227	44,408,017	25,023,706	111,838,824	207,631,886
<b>Total equity and liabilities</b>	<b>382,939,776</b>	<b>1,030,885,852</b>	<b>1,318,398,864</b>	<b>124,991,686</b>	<b>280,805,918</b>	<b>155,797,787</b>	<b>133,011,140</b>	<b>3,426,831,023</b>
<b>Contingencies and Commitments</b>	<b>354,762,782</b>	<b>278,633,736</b>	<b>13,182,354</b>	<b>377,425</b>	<b>398,498,687</b>	<b>86,347,176</b>	<b>2,705,380</b>	<b>1,134,507,540</b>

## 38. RELATED PARTY TRANSACTIONS

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

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

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

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 38.1 RELATED PARTY TRANSACTIONS

	As at June 30, 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)									
<b>Investments</b>										
Opening balance	-	-	-	6,609,954	3,997,489	-	-	-	6,113,434	3,943,202
Investment made during the period / year	-	-	-	29,273,563	2,563,634	-	-	-	15,928,370	54,287
Investment redeemed / disposed off during the period / year	-	-	-	(28,969,733)	(150,820)	-	-	-	(15,868,601)	-
Equity method adjustments	-	-	-	137,516	-	-	-	-	436,751	-
Closing balance	-	-	-	7,051,300	6,410,303	-	-	-	6,609,954	3,997,489
Provision for diminution in value of investments	-	-	-	-	1,434,287	-	-	-	-	1,544,596
Provision written off	-	-	-	-	77,606	-	-	-	-	1,544,596
<b>Advances</b>										
Opening balance	-	10	299,395	-	9,365,687	-	4,624	287,618	2,155,149	12,715,998
Addition during the period / year	-	191	25,377	-	17,381,345	-	838	73,339	-	16,398,899
Repaid during the period / year	-	(156)	(22,584)	-	(23,384,746)	-	(5,452)	(75,431)	(152,755)	(19,749,210)
Transfers in / (out) - net	-	-	(12,295)	-	-	-	-	13,869	(2,002,394)	-
Closing balance	-	45	289,893	-	3,362,286	-	10	299,395	-	9,365,687
<b>Other Assets</b>										
Interest mark-up accrued	-	-	-	31,617	38,294	-	-	-	4,282	232,471
Receivable from staff retirement funds	-	-	-	-	74,054	-	-	-	-	24,160
Advances, deposits & prepayments	-	-	-	-	-	-	-	-	-	63,634
Prepaid insurance	-	-	-	283,322	-	-	-	-	1,002	-
Remuneration receivable from management of funds	-	-	-	77,278	-	-	-	-	77,194	-
Sales load receivable	-	-	-	39,802	-	-	-	-	37,396	-
Formation cost receivable	-	-	-	6,000	-	-	-	-	6,000	-
Other receivable	-	-	-	-	-	-	-	-	1,750	30,164
Provision against other assets	-	-	-	-	-	-	-	-	-	(30,164)
Provision written off	-	-	-	-	30,164	-	-	-	-	-
<b>Borrowings</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	944,583	-	-	-	-	1,538,000
Settled during the period / year	-	-	-	-	(288,300)	-	-	-	-	(1,538,000)
Closing balance	-	-	-	-	656,283	-	-	-	-	-
<b>Deposits and other accounts</b>										
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	100,712	52,791,437	445,016	72,092,144	187,067,887	-	29,415,769	1,338,885	144,141,551	177,775,235
Withdrawn during the period / year	(79,496)	(52,378,802)	(494,903)	(72,660,874)	(187,263,422)	-	(31,659,519)	(1,192,342)	(148,166,050)	(172,469,603)
Transfers (out) / in - net	-	-	(8,062)	-	-	-	(3,910)	(59,940)	-	6,541
Closing balance	21,216	6,844,425	99,763	1,909,702	16,463,734	-	6,431,790	157,712	2,478,432	16,659,269
<b>Other Liabilities</b>										
Interest / mark-up payable on deposits and borrowings	-	82,400	-	5,480	284,590	-	39,335	210	7,651	115,024
Payable to staff retirement fund	-	-	-	-	131,457	-	-	-	-	1,142,926
Deferred performance bonus – MRTs / MRCs	-	-	115,963	-	-	-	-	-	-	-
Dividend payable	2,526,916	80,633	862	21,844	389,261	-	-	-	-	-
Unearned income	-	-	-	-	7,145	-	-	-	-	-
Other payable	-	-	-	23,107	-	-	3,900	-	22,353	-
<b>Contingencies and Commitments</b>										
Forward foreign exchange contracts purchase	-	-	-	-	-	-	-	-	-	4,360
	For the six months ended June 30, 2021 (Un-audited)					For the six months ended June 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
<b>Income</b>										
Mark-up / return / interest earned	-	-	7,978	18,352	383,939	-	-	-	-	-
Commission / charges recovered	22	224	1,064	15,515	12,607	-	46	1,687	11,170	10,137
Dividend income	-	-	-	11,841	71,079	-	-	-	62,952	139,868
Net gain on sale of securities	-	78	-	-	-	-	-	-	41,269	-
Other income	-	-	2,374	-	10,718	-	-	-	4,582	-
Reservel of provision	-	-	-	-	32,703	-	-	-	152,755	-
Switch revenue	-	-	-	-	119,796	-	-	-	-	104,302
Remuneration from management of fund	-	-	-	378,319	-	-	-	-	375,803	-
Sales load	-	-	-	19,910	-	-	-	-	22,443	-
<b>Expenses</b>										
Mark-up / return / interest paid	269	185,727	575	48,666	438,711	-	99,948	757	277,728	192,264
Remuneration paid	-	-	857,215	-	-	-	-	607,884	-	-
Post employment benefits	-	-	13,163	-	-	-	-	18,413	-	-
Non-executive directors' fee	-	34,050	17,089	-	-	-	49,749	-	-	-
Net charge for defined contribution plans	-	-	14,129	-	197,059	-	-	-	-	272,431
Net charge for defined benefit plans	-	-	-	-	159,695	-	-	-	-	176,191
Other expenses	-	-	22,605	-	64,497	-	-	-	-	21,942
Clearing charges	-	-	-	-	67,645	-	-	-	-	64,874
Seminar and membership fees	-	-	-	-	6,541	-	-	-	-	1,298
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	39,827	-	-	-	-	400
Custody charges	-	-	-	-	1,485	-	-	-	-	2,189
Insurance premium paid	-	-	999	463,586	-	-	-	-	515,078	-
Insurance claims settled	-	-	-	244,459	-	-	-	-	183,804	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	12,241,797	12,241,797
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	136,189,095	137,040,359
Eligible Additional Tier 1 (ADT 1) Capital	10,731,032	10,735,774
Total Eligible Tier 1 Capital	146,920,127	147,776,133
Eligible Tier 2 Capital	47,173,383	47,926,723
Total Eligible Capital (Tier 1 + Tier 2)	194,093,510	195,702,856
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	665,263,845	642,342,717
Market Risk	88,999,057	73,650,146
Operational Risk	164,656,143	164,656,143
Total	918,919,045	880,649,006
Common Equity Tier 1 Capital Adequacy Ratio	14.82%	15.56%
Tier 1 Capital Adequacy Ratio	15.99%	16.78%
Total Capital Adequacy Ratio	21.12%	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 June 30, 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 June 30, 2021. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 21.12% whereas the CET 1 and Tier 1 ratios stand at 14.82% and 15.99% 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) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	146,920,127	147,776,133
Total Exposures	3,157,950,540	2,639,232,164
Leverage Ratio	4.65%	5.60%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,055,220,404	1,035,616,032
Total Net Cash Outflow	317,503,108	324,975,005
Liquidity Coverage Ratio	332.35%	318.68%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,968,023,129	1,714,566,321
Total Required Stable Funding	864,803,727	770,865,635
Net Stable Funding Ratio	227.57%	222.42%



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

FOR THE SIX MONTHS ENDED JUNE 30, 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.

		(Un-audited) June 30, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Cash and balances with treasury banks		8,965,569	9,784,450
Balances with other banks		3,403,312	2,277,264
Due from financial institutions	40.1	-	19,959,132
Investments	40.2	68,539,121	62,729,601
Islamic financing and related assets - net	40.3	43,465,706	20,538,157
Fixed assets		935,504	984,416
Intangible assets		3,325	4,638
Due from Head Office		30,847,176	7,997,409
Other assets		1,641,476	716,619
<b>Total Assets</b>		<b>157,801,189</b>	<b>124,991,686</b>
<b>LIABILITIES</b>			
Bills payable		1,359,112	2,487,519
Due to financial institutions		3,696,805	3,632,752
Deposits and other accounts	40.4	143,200,166	111,478,161
Due to Head Office		-	-
Other liabilities		3,582,939	2,324,027
		<b>151,839,022</b>	<b>119,922,459</b>
<b>NET ASSETS</b>		<b>5,962,167</b>	<b>5,069,227</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,181,000	2,181,000
Deficit on revaluation of assets		79,348	(86,052)
Accumulated profit	40.8	3,701,819	2,974,279
		<b>5,962,167</b>	<b>5,069,227</b>

## CONTINGENCIES AND COMMITMENTS

40.5

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

		(Un-audited) January - June 2021 ----- (Rupees in '000) -----	(Un-audited) January - June 2020 ----- (Rupees in '000) -----
Profit / return earned	40.6	4,225,371	4,606,068
Profit / return expensed	40.7	(2,307,881)	(2,598,812)
Net profit / return		1,917,490	2,007,256
<b>Other income</b>			
Fee and commission income		138,573	102,446
Foreign exchange income		19,685	1,058
Loss on securities - net		(285)	(5,197)
Other Income		11,967	7,406
Total other income		169,940	105,713
<b>Total income</b>		<b>2,087,430</b>	<b>2,112,969</b>
Other operating expenses		(897,707)	(882,422)
Profit before provisions		1,189,723	1,230,547
(Reversals) / provisions and write-offs - net		(2,966)	4,939
<b>Profit before taxation</b>		<b>1,192,689</b>	<b>1,225,608</b>
Taxation		(465,149)	(477,987)
<b>Profit after taxation</b>		<b>727,540</b>	<b>747,621</b>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 40.1 Due from Financial Institutions

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah	-	-	-	6,000,000	-	6,000,000
Mudarabah	-	-	-	4,500,000	-	4,500,000
Bai Muajjal receivable from State Bank of Pakistan	-	-	-	6,433,114	-	6,433,114
from other Financial Institutions	-	-	-	3,026,018	-	3,026,018
	-	-	-	19,959,132	-	19,959,132

## 40.2 Investments by segments

Note	June 30, 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)							
<b>Federal Government Securities</b>								
- Ijarah Sukuks	23,995,452	-	79,348	24,074,800	19,992,452	-	(86,052)	19,906,400
- Government of Pakistan Mudarabah Pool	1,138,873	-	-	1,138,873	466,435	-	-	466,435
- Bai Muajjal with Govt. of Pakistan	31,115,551	-	-	31,115,551	29,569,648	-	-	29,569,648
	56,249,876	-	79,348	56,329,224	50,028,535	-	(86,052)	49,942,483
<b>Non Government Debt Securities</b>								
- Listed	700,000	-	-	700,000	450,000	-	-	450,000
- Unlisted	11,509,897	-	-	11,509,897	12,337,118	-	-	12,337,118
	12,209,897	-	-	12,209,897	12,787,118	-	-	12,787,118
<b>Total Investments</b>	68,459,773	-	79,348	68,539,121	62,815,653	-	(86,052)	62,729,601

### 40.2.1 Bai Muajjal with Government of Pakistan

	(Un-audited) June 30, 2021	(Audited) December 2020
	(Rupees in '000)	
Bai Muajjal Investment	33,031,000	33,031,000
Less: Deferred Income	(1,915,449)	(3,461,352)
Bai Muajjal Investment - net	31,115,551	29,569,648

## 40.3 Islamic financing and related assets

Ijarah	442,864	440,754
Murabahah	446,893	272,766
Musharakah	19,996,158	8,392,690
Diminishing Musharakah	14,649,370	6,754,380
Istisna	61,507	39,584
Islamic Export Refinance scheme - Musharakah	2,839,544	2,989,544
<b>Advances against Islamic assets</b>		
Advances against Ijarah	24,271	77,190
Advances for Diminishing Musharakah	2,953,290	410,595
Advances for Murabahah	18,459	33,427
Advances against Mera Pakistan Mera Ghar	77,788	459
Advances against Islamic Temporary Economic Refinance Scheme	345,640	-
Advances for Istisna Islamic Export Refiance Scheme	452,749	456,623
Advances for Istisna	477,763	148,586
<b>Inventory related to Islamic financing</b>		
Istisna	329,866	296,918
Profit and other receivables against financings	468,886	336,219
Gross Islamic financing and related assets	43,585,048	20,649,735
Less: Provision against Islamic financing		
- Specific	(86,441)	(90,927)
- General	(32,901)	(20,651)
	(119,342)	(111,578)
Islamic financing and related assets - net of provision	43,465,706	20,538,157

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

FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 40.4 Deposits and other accounts

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>Customers</b>		
Current deposits	49,971,422	40,360,080
Saving deposits	17,155,240	18,710,264
Term deposits	13,005,500	5,662,065
	80,132,162	64,732,409
<b>Financial Institutions</b>		
Current deposits	7,041,091	2,046,933
Saving deposits	25,720,413	22,697,263
Term deposits	30,306,500	22,001,556
	63,068,004	46,745,752
	143,200,166	111,478,161

40.4.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 30,742.018 million (December 31, 2020: Rs. 31,125.997 million).

## 40.5 Contingencies and commitments

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
- Guarantees	52,598	111,454
- Commitments	30,612,610	5,880,112
	30,665,208	5,991,566

## 40.6 Profit / Return earned on Financing, Investments and Placements

	(Un-audited) January - June 2021	(Audited) January - June 2020
	----- (Rupees in '000) -----	
Profit earned on:		
Financing	1,012,634	1,069,129
Investments	2,921,467	2,648,665
Placements	186,654	731,028
Rental Income from Ijarah	104,616	157,246
	4,225,371	4,606,068

## 40.7 Profit on Deposits and other Dues Expensed

Deposits and other accounts	2,229,517	2,519,427
Due to Financial Institutions	31,075	21,114
Return expense on leases	47,289	58,271
	2,307,881	2,598,812

## 40.8 Islamic Banking Business Unappropriated Profit

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
Opening balance	2,974,279	1,407,736
Profit for the period / year	1,192,689	2,514,739
Taxation	(465,149)	(948,196)
Closing balance	3,701,819	2,974,279

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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.

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, 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 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 is 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 June 30, 2021 is Rs.1,580.106 million (45.14% of distributable profit of Mudarabah Pool). of this, an amount of Rs. 345.504 million (21.87% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 9.12% per annum and the rate of profit paid on average deposits was 5.90% per annum.

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

## The Parameters used for allocation of profit, expenses and provisions to the Pool

- The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on Ijarah assets, takaful premium, amortisation of premium on investment etc.
- No expense of general or administrative nature is charged to the pools.
- No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset.
- The profit of the pool is shared between equity and Rab-ul-Maal of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity.
- The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee.

The Bank managed following pools during the period.

### For the six months ended June 30, 2021 (Un-audited)

For the six months ended June 30, 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	6	Mudarabah	Monthly	7.17%	48.62%	22,917	6%	52.79%	12,099
Special Pools	60	Mudarabah	Monthly	8.51%	34.91%	391,978	6.73%	38.12%	149,437
IERS Pools	12	Musharakah	Monthly	6.40%	84.19%	166,621	2.00%	0.00%	-
FCY Pools	6	Mudarabah	Monthly	1.75%	50.00%	788	1.06%	0.00%	-
General Pools	6	Mudarabah	Monthly	9.46%	50.00%	1,165,211	5.48%	15.79%	183,968

### For the six months ended June 30, 2020 (Un-audited)

For the six months ended June 30, 2016 (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	6	Mudarabah	Monthly	5.29%	50.00%	3,713	3.08%	16.55%	615
Special Pools	60	Mudarabah	Monthly	12.45%	28.45%	355,547	9.94%	31.50%	112,006
IERS Pools	12	Musharakah	Monthly	4.94%	86.89%	139,090	2.00%	0.00%	-
General Pools	6	Mudarabah	Monthly	11.90%	50.00%	1,087,379	7.71%	29.62%	322,032

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)**  
FOR THE SIX MONTHS ENDED JUNE 30, 2021

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	-----Rupees in '000-----	
<b>40.10 Deployment of Mudarabah based deposits by class of business</b>		
Chemical and pharmaceuticals	2,484,304	2,230,052
Agri business	20,437,489	8,745,482
Textile	2,380,905	1,991,142
Financial	3,952,240	13,335,120
Food industries	307,494	318,037
Plastic	299,229	299,263
Individuals	6,847,823	1,981,422
Production and transmission of energy	18,742,631	13,496,129
Government of Pakistan securities	56,329,223	59,401,615
Others	3,746,145	3,817,471
	<u>115,527,483</u>	<u>105,615,733</u>

**41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on August 06, 2021, has declared an interim cash dividend in respect of the quarter ended June 30, 2021 of Rs. 4.0 per share (June 30, 2020: Rs. Nil per share). These consolidated condensed interim financial statements for the six months ended June 30, 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 August 06, 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

### مستقبل کی توقعات (Future Outlook)

ملک کے ایک بڑے بینک ہونے کی حیثیت سے، یو بی ایل ملک بھر میں مالیاتی خدمات کی توسیع میں بدستور قائدانہ کردار ادا کرتا رہے گا۔ پراجیکٹ بینکنگ گروپ کو یو بی ایل فرچائز میں بدستور مرکزی حیثیت حاصل ہے جہاں بہتر خدمت کی فراہمی کے ساتھ اپنی رسائی کو بڑھاتا ہمارا نصب العین ہے۔ خدمات کی فراہمی میں بہتری لانے کے لیے بینک اپنے نیٹ ورک اور عملے پر سرمایہ کاری کے ساتھ ساتھ فی پراجیکٹ ڈیپازٹ اور منافع کا ہدف بھی بلند کر رہا ہے۔ ہماری ایوارڈ یافتہ ڈیجیٹل پیشکش، ہمارے نیٹ ورک میں بڑھتے ہوئے کسٹمرز کو محفوظ اور آسان خدمات کی فراہمی میں معاونت دے رہی ہیں۔ جیسے جیسے معاشی سرگرمیاں تیز ہو رہی ہیں، بینک فعال طور پر موجودہ اور ابھرتے ہوئے شعبوں میں، محتاط انداز میں قرض گیری کر رہا ہے۔ ہدایات کی تعمیل کے ماحول کو فروغ دینا ہماری اولین ترجیح ہے۔ یو بی ایل کا سب سے اہم اثاثہ اس کے ملازمین ہیں، اور بینک ان کی ترقی اور فلاح و بہبود میں سرمایہ کاری جاری رکھے گا۔

### کلماتِ تشکر (Acknowledgements)

آخر میں، بورڈ آف ڈائریکٹری کی جانب سے، ہم یو بی ایل اسٹیک ہولڈرز اور کسٹمرز کے تہ دل سے شکریہ ادا کرتے ہیں جو مسلسل یو بی ایل برانڈ پر اعتماد کر رہے ہیں۔ ہم یو بی ایل ٹیم کے بھی شکرگزار ہیں جن کی شبانہ روز محنت اور لگن کی بدولت آج یو بی ایل مشکل کی اس گھڑی میں بھی اپنے صارفین کو بہترین خدمات فراہم کر رہا ہے ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ضابطہ کار اداروں کے بھی شکرگزار ہیں جو بینک کو رہنمائی اور تعاون فراہم کرتے ہیں۔



ارشاد احمد میر

ڈائریکٹر



شیرا اوجی دادا

صدر رورسی ای او

کراچی

16 اگست، 2021

کی کپنٹل مارکیٹس ایک مستحکم حجم کے ساتھ برقرار ہے اور 2021 کی پہلی ششماہی میں ویلیو ایڈیشن ٹریڈرز بطور کے ایس ای-100 انڈیکس (KSE-100) جون 21 میں 47.4 ہزار پونٹس پر بند ہوا، یہ دسمبر 2020 سے 8 فیصد زیادہ ہے۔

جون 2021 کے اختتام پر بینکنگ سیکٹر کے ذخائر 19.8 ٹریلین روپے کیے گئے، جو دسمبر 2020 سے 11 فیصد زیادہ ہیں، جبکہ جون 2021 کے اختتام پر بینکنگ سیکٹر ایڈوائسز 9.0 ٹریلین روپے رہے، یہ دسمبر 2020 کے مقابلہ 6 فیصد زیادہ ہیں۔ مارچ 2021 میں بینکنگ کی صنعت کے لیے نان پرفارمنگ قرضہ جات 850 ارب روپے پر قرار رہے جو دسمبر 2020 کے مقابلہ میں 3 فیصد زیادہ ہے جبکہ اثاثہ جات کا معیار دسمبر 2020 میں 9.2 فیصد کی سطح سے خراب ہو کر مارچ 2021 میں 9.3 فیصد ہو گیا۔

### یو بی ایل انٹرنیشنل (UBL International)

خلیج تعاون کونسل کے خطے میں معاشی بحالی کی سرگرمیاں شروع ہو گئی ہیں جس سے طلب میں اضافہ کے باعث کچھ تیزی آ رہی ہے، کیونکہ پورے خطے میں ویکسی نیشن کا عمل جاری ہے۔ پیداوار میں کمی پر ایک مہران مالک (OPEC) کے فیصلہ نے عالمی تیل کی قیمتوں میں نمایاں حد تک اثر ڈالا ہے جس کی وجہ سے تیل کی عالمی قیمتوں میں اضافہ ہوا ہے، جس سے مستقبل قریب میں معاشی بحالی کو مدد ملے گی۔ یو بی ایل انٹرنیشنل میں، بینک کا مقصد ذخائر کی مستحکم بنیاد پر اپنے برنس ماڈل کو برقرار رکھنا ہے۔ اثاثہ جات میں، کچھ قرض گیری محتاط رہی، کسی نئے نان پرفارمنگ قرضہ جات کی فارمیشن پر نگرانی کے ساتھ موجودہ معیاری تعلقات کو مستحکم بنایا گیا۔ بینک مزید تجارت کے ساتھ ساتھ اپنی مالیاتی اداروں کے قرضہ جات میں توسیع کے لیے بھی سرگرم ہے۔ سوورین ڈیٹ سیکورٹیز (Sovereign Debt Securities) میں ابتدائی طور پر اضافی لیکویڈیٹی رکھی گئی ہے جس کا مقصد بہتر میٹ انٹرسٹ کو برقرار رکھنا ہے۔ اس کے علاوہ، بینک غیر فعال ریجن سے باہر نکلنے اور زیادہ منافع بخش ریجن اور کاروباری مواقع کے لیے دوبارہ سرمایہ مختص کرنے کے لیے سرگرم ہے۔ عالمی تنظیم نو کی (re-alignment) اسٹریٹیجی کا حصہ ہوتے ہوئے، بینک رضا کارانہ طور پر، اپنے کلی ملکیتی، ماتحتی، یو بی ایل (سوئٹزرلینڈ) اے جی کو متعلقہ قانونی اور ریگولیٹری منظوری کے ساتھ ختم کرنے کا ارادہ رکھتا ہے۔

سال 2021 کی پہلی ششماہی میں یو بی ایل انٹرنیشنل کے ڈیپازٹس اوسطاً 1.3 ارب امریکی ڈالر رہے (سال 2020 کی پہلی ششماہی: 1.5 ارب امریکی ڈالر)۔ ڈیپازٹس کی لاگت سال 2020 کی پہلی ششماہی میں 1.8 فیصد سے سال 2021 کی پہلی ششماہی میں 1.2 فیصد تک کم ہوئی ہے۔ سال 2021 کی پہلی ششماہی میں پرفارمنگ ایڈوائسز اوسطاً 644 ملین امریکی ڈالر رہے ہیں، جو کہ سال 2020 کی پہلی ششماہی کے مقابلہ میں 15 فیصد کم ہوئے ہیں۔ بنیادی طور پر Sovereign بانڈز کی بدولت سرمایہ کاری کے پورٹ فولیو کی اوسط 757 ملین امریکی ڈالر ہے جس کی وجہ سے سال 2021 کی پہلی ششماہی کے دوران بینک حوصلہ افزاء 5.5 فیصد فائدہ حاصل کیا ہے، اس کے نتیجے میں یو بی ایل انٹرنیشنل نے 30 جون 2021 کو ختم ہونے والے ششماہی میں 19.1 ملین امریکی ڈالر کا ایک منافع قبل از ٹیکس ریکارڈ کیا گیا ہے (سال 2020 کی پہلی ششماہی: خسارہ قبل از ٹیکس، 38.1 ملین امریکی ڈالر)۔

### کریڈٹ ریٹنگ (Credit Rating)

30 جون، 2021 کو VIS کریڈٹ ریٹنگ ایجنسی نے یو بی ایل انٹرنیشنل کو 'AA+' کی دوبارہ توثیق کی ہے (ڈبل پلس اے) اس طرح ادارہ کو تقویض شدہ ریٹنگ مستحکم ہے۔

### ایوارڈ اور اعترافات (Award and Recognition)

یورپی کے ایک ایسوسی ایٹ، ایشیائی نے مستقل دوسرے سال بھی یو بی ایل کو کا بہترین ڈیجیٹل بینک قرار دیا ہے۔ یہ ایوارڈ یو بی ایل کے قائدانہ کردار کا اعتراف ہے کیونکہ یو بی ایل ملک میں ترقی پسند اور جدت پسند ٹیکنالوجی میں سے ایک ہے۔ دورانہ پیش ڈیجیٹل اسٹریٹیجی کو اختیار کرنے کے نتیجے میں بینک نے مارکیٹ میں اپنے قدم مزید مضبوط کرنے کے ساتھ ساتھ مستقبل کے لیے جدت پسندی ترقیاتی حل کے لیے کوشاں ہے۔ بینکر ایوارڈز میں یو بی ایل کو یو بی ایل کو "سال 2020 کا بینک آف دی ایئر" پاکستان "تسلیم کیا گیا۔ بینکر، فنانشل ٹائمز یو کے کے ساتھ الحاق ہے اور عالمی مالیاتی پبلیکیشن کی دنیا میں قائدانہ حیثیت رکھتا ہے۔ عالمی بینکنگ انڈیکس میں اس کا اہم نام ہے۔ بینکر ایوارڈز نے کسٹمر ویلیو میں ایڈیٹ، سوسائٹی میں جدت اور لیڈر شپ میں بہترین کارکردگی کا اعتراف کرتا ہے۔ موجودہ غیر معمولی وقت میں، پاکستان میں مالیاتی خدمات کی وسعت کو پھیلانے میں اپنا حصہ شامل کر کے یو بی ایل نے ایک عشرہ میں چار دفعہ یہ ایوارڈ جیتا ہے۔

یو بی ایل کو پاکستان بینکنگ ایوارڈز کی سال 2020 میں "بیسٹ ڈیجیٹل بینک" قرار دیا گیا تھا۔ یہ ایوارڈ اس بات کا اعتراف ہے کہ یو بی ایل نے بہت سے کسٹمر سٹرک ٹیکنالوجی پیش کش کرنے کے حوالے سے کیا ہے، اور ترقیاتی پسند اور جدت پسند بینک میں یو بی ایل کی پوزیشن قائم ہے۔

یو بی ایل نے "بیسٹ موبائل ایپ" اور "بیسٹ ایمریٹنگ ٹیکنالوجی" ایوارڈ بھی جیتے ہیں، یہ ایوارڈ پاکستان ڈیجیٹل ایوارڈز 2021 کی طرف سے دیئے گئے ہیں۔ یہ ایوارڈ ٹیکنیکی پیش کش کرنے کے حوالے سے پاکستان کے ممتاز ترقی پسند اور جدت پسند بینک کی حیثیت سے یو بی ایل کے مقام کا اعتراف ہے۔



گئی تھی، جس میں فکسڈ ریٹ PIBs میں 209 ارب روپے، فلوئڈنگ ریٹ کے حامل PIBs میں 408 ارب روپے اور ٹریڈری بلز میں 633 ارب روپے کی سرمایہ کاری شامل ہے۔ حالیہ شرح سود کے ماحول میں، سرمایہ کاری کی اسٹریٹیجی کا مقصد شرح منافع کو برقرار رکھتے ہوئے مختصر طویل مدتی سرمایہ کاری کا بہترین امتزاج برقرار رکھے۔

## 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 بفر (buffers) برقرار رکھے۔

اسٹیٹ بینک آف پاکستان کی جانب سے یو بی ایل کوڈ ویسک 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 کی کرکے 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 کمزیر ہدایات کے اجرا تک اپنی موجودہ سطح 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے۔ لہذا مطابق 30 جون 2021، یو بی ایل سے 12.5 فیصد کم از کم CAR درکار ہوگا (بشمول 1.0 فیصد HLA سرچارج)۔

جون 2021 میں مجموعی CAR 23.5 فیصد رہی (دسمبر 2020 میں 24.4 فیصد) جو 12.5 فیصد سے کم از کم ریگولیٹری تقاضے سے 11.0 فیصد زائد ہے۔ کامن ویلکویٹی ٹیسٹ 1 (CET-1) کا تناسب جون 2021 میں 16.4 فیصد تھا (دسمبر 2020: 17.0 فیصد)۔ مجموعی ٹیسٹ 1 کا مالیاتی تناسب بمطابق جون 2021، 17.7 فیصد شمار کیا گیا (دسمبر 2020: 18.4 فیصد)۔ یو بی ایل کے بورڈ آف ڈائریکٹرز نے 06 اگست 2021 کو کراچی میں منعقد ہونے والے اپنے اجلاس میں 30 جون 2021 کو ختم ہونے والی ششماہی کے نتائج کے ساتھ 4 روپے فی شیئر عبوری نقد منافع کا اعلان کیا ہے۔

## معاشی جائزہ (Economy Review)

سال 2020ء کی پہلی سہ ماہی میں کووڈ-19 وبا کے پھیلاؤ کے بعد ملک اپنی معاشی بحالی کے راستے پر گامزن ہے۔ ملک بھر میں صنعتی سرگرمی کی بحالی سے سازگار کاروباری ماحول بن رہا ہے جس کی وجہ سے روزگار کے مواقع بڑھ رہے ہیں۔ حکومت کی طرف سے ملک بھر میں ویکسین لگانے کے عمل جاری ہے، مالی سال 2021 میں جی ڈی پی میں شرح نمو 3.9 فیصد ریکارڈ کی گئی (مالی سال 2020 میں منفی 0.5 فیصد) جو کم مدت کے دوران درپیش چیلنجز کی موجودگی میں ایک قابل ذکر کامیابی ہے۔ تاہم نئے ویرینٹس (variants) کے پھیلاؤ، اور وبا کی اس طویل چوٹی لہر کا خطرہ اس بحالی پر اثرات مرتب کر سکتا ہے، علاوہ ازیں، ملک ابھی تک آئی ایم ایف پروگرام کا حصہ ہے جن کی سخت شرائط ہیں، جو حکومت کی پالیسی اقدامات کے لیے چیلنج بن سکتی ہیں۔

موجودہ حکومت کے لیے افراط زر کو قابو کرنا ایک بڑا چیلنج ہے، پالیسی کے اقدامات میں، مالیاتی تحریک، مالیاتی ڈسپلن کو برقرار رکھنے اور مجموعی طور پر قیمتوں کی سطح کو برقرار رکھنے کو یقینی بنانا، ان سب میں درست توازن کی ضرورت ہوتی ہے۔ کنزیومر پرائس انڈیکس (CPI) جون 2021 کے مہینہ میں 9.7 فیصد رہا، اشیاء خورد و نوش کی قیمت 1.2 فیصد کمی ہوئی ہے۔ جبکہ مالی سال 2021 کا اوسط افراط زر 8.9 فیصد ریکارڈ کیا گیا ہے (مالی سال 2020 میں یہ 10.8 فیصد)۔

بیرونِ محاذ پر، ملک کی پبلکس آف بے منٹ کی پوزیشن بہت سازگار رہی، ابتدائی طور پر ریٹینس کی مضبوط چوٹی، جو کہ مالی سال 2021 میں یہ 24.9 ارب امریکی ڈالر تک پہنچ گئی جس میں 27 فیصد سالانہ اضافہ ہے۔ تاہم کیپٹل اشیاء، صنعتی اشیاء، خوراک اور اجناس کی درآمد کی وجہ تجارتی خسارہ جاری ہے، اس کے علاوہ، جون 2020 سے تیل کی قیمتوں میں 90 فیصد اضافہ ہوا ہے جس کی وجہ سے کرنٹ اکاؤنٹ کی پوزیشن پر نمایاں پریشر پڑا ہے۔ مالی سال 2021 میں کرنٹ اکاؤنٹ میں خسارہ 1.9 ارب امریکی ڈالر ریکارڈ کیا گیا جبکہ گزشتہ سال کے اسی عرصہ میں 4.4 ارب امریکی ڈالر خسارہ تھا۔ ملکی درآمدات مالی سال 21 میں 156.4 ارب امریکی ڈالر رہی ہیں اور اس میں 26.6 فیصد سالانہ اضافہ ہے، جبکہ مالی سال 2021 میں برآمدات 25.3 ارب امریکی ڈالر ریکارڈ کی گئی ہیں، جس میں سالانہ 18.3 فیصد اضافہ ہے۔

ملک نے سال 2021 میں 3.5 ارب امریکی ڈالر کے کئی یورو بانڈ جاری کر کے بین الاقوامی مارکیٹ میں بھی قدم رکھا ہے۔ اس کے علاوہ، اسٹیٹ بینک آف پاکستان کے روشن ڈیجیٹل اقدام برائے بیرون ملک پاکستانی کے ساتھ یہ مؤہم جاری ہے، کیونکہ اس میں جون 2021 تک 1.5 ارب امریکی ڈالر حاصل ہوئے، ان مثبت پیش رفت نے ڈیجیٹل مارکیٹ پر بھی اثر ڈالا کیونکہ دسمبر 2020 سے امریکی ڈالر کے مقابلہ میں پاکستانی روپیہ میں 1.4 فیصد بہتری آئی ہے جو 157.54 پر ہندوستان، 30 جون 2021 کے بعد کیچنگ ریٹ کو کچھ دباؤ کا سامنا کرنا پڑا ہے، کیچنگ ریٹ اس وقت 160 روپے کی سطح پر یہ گردش کر رہا ہے۔ مجموعی طور پر، زرمبادلہ کے ذخائر میں دسمبر 2020 سے 18.9 فیصد اضافہ ہوا ہے، جو جون 2021 میں یہ 24.4 ارب امریکی ڈالر ریکارڈ کیے گئے ہیں، ملک

86.7 فیصد ہوئی ہے۔

### یو بی ایل ڈومیسٹک (UBL Domestic)

ڈومیسٹک بینک کے مجموعی ایڈوانسز جون 2021 تک 479 ارب روپے رہے (دسمبر 2020 میں 458 ارب روپے تھے)، جو کہ بینک کے کل پورٹ فولیو کا 75 فیصد بنتے ہیں۔ ڈومیسٹک غیر فعال قرضہ جات دسمبر 2020 میں 28.7 ارب روپے تھے جو کہ کم ہو کر جون 2021 میں 27.8 ارب روپے تک پہنچ گئے، اس میں کم و بیش 1.0 ارب روپے کی کمی ہوئی ہے۔ سال 2020 میں 1.1 ارب روپے کے نیٹ پرویشن چارجز کے مقابلہ میں سال 2021 میں ڈومیسٹک بینک نے 1.1 ارب روپے کے نیٹ پرویشن ریکورسل ریکارڈ کیے۔ ڈومیسٹک بینک کے اثاثہ جات کا معیار دسمبر 2020 میں 6.3 فیصد سے جون 2021 میں 5.8 فیصد تک بہتر رہا۔

### یو بی ایل انٹرنیشنل (UBL International)

یو بی ایل انٹرنیشنل کے غیر فعال قرضہ جات جون 2021 میں 344.6 ملین امریکی ڈالر پر بڑی حد تک مستحکم رہے ہیں (دسمبر 2020: 343.3 ملین امریکی ڈالر)۔ سال 2021 کی پہلی ششماہی میں 6.6 ملین امریکی ڈالر نیٹ پرویشن چارج ریکارڈ کیا گیا، جبکہ سال 2020 کی پہلی ششماہی میں 52.0 ملین امریکی ڈالر کا نیٹ پرویشن چارج ریکارڈ کیا گیا تھا۔ دسمبر 2020 میں مخصوص کوریج 89.9 فیصد سے بڑھا کر جون 2021 میں 86.3 فیصد کر دی گئی۔ علاوہ ازیں، مورگن شدہ املاک اور کیش کو لیٹرل کی مالیت (FSV) اور مجموعی کیش کے ساتھ مخصوص کوریج جون 2021 میں 94.8 فیصد ریکارڈ کی گئی (دسمبر 2020: 95.5 فیصد، مالیاتی گواہ ثورے میں حوالہ نمبر نوٹ 10.3.2)

### اخراجات کا نظم و نسق (Cost Management)

انتظامی افادیت کو بہتر بنانا یو بی ایل کی توجہ کا مرکز ہے، بینک اپنی لاگت کی بنیاد کو بہتر کرنے کے لیے مسلسل کوشاں ہے، اس کے لیے آئی ٹی میں سرمایہ کاری کے ذریعے اپنی سروسز میں بہتری لاکر اور پراجیکٹس ورک کی صلاحیت میں اضافہ کیا جا رہا ہے۔

سال 2021 کی پہلی ششماہی میں یو بی ایل کے انتظامی اخراجات 20.2 ارب روپے ریکارڈ کیے گئے جس میں 5 فیصد کا سال بہ سال اضافہ ہوا۔ ملازمین کے معاوضے سال 2021 کی پہلی ششماہی میں 8.3 ارب روپے ریکارڈ کیے گئے جس میں 4 فیصد سال بہ سال اضافہ ہوا۔ سال 2021 کی پہلی ششماہی میں 3.2 ارب روپے کے عملاتی اخراجات ریکارڈ کیے گئے ہیں جو کہ گزشتہ سال کے برابر ہیں۔ اس سال 2021 کی پہلی ششماہی میں آئی ٹی میں 2.1 ارب روپے کے اخراجات ریکارڈ کیے گئے جو کہ سال 20 کی پہلی ششماہی کے مقابلہ میں 8 فیصد زیادہ ہیں۔ سال 2021 کی پہلی ششماہی میں دیگر اخراجات 6.6 ارب روپے ریکارڈ کیے گئے ہیں جس میں سال بہ سال 8 فیصد اضافہ ہوا، اس کی بڑی وجہ، ہلز کی پیشینہ اور معاشی سرگرمیوں میں بہتری سے کاروباری حجم میں اضافہ ہے۔

### بیلنس شیٹ کا نظم و نسق (Balance Sheet Managment)

یو بی ایل کی بیلنس شیٹ دسمبر 2020 سے 17 فیصد اضافہ کے ساتھ 2.4 ٹریلین روپے ریکارڈ کی گئی ہے۔ دسمبر 2020 میں بینک ڈیپازٹس کی سطح 13 فیصد اضافہ کے ساتھ 1.85 ٹریلین روپے رہے۔ اس کارکردگی میں سب سے اہم کردار پراجیکٹنگ گروپ کا بحیثیت ڈومیسٹک ڈیپازٹس کا رہا ہے جو کہ دسمبر 2020 میں 16 فیصد اضافہ کے ساتھ 1.6 ٹریلین روپے رہا ہے، جس کی وجہ سے بینک اس قابل ہوا کہ سال 2021 کی پہلی ششماہی میں کل بینکنگ سیلر ڈیپازٹس کا 8.3 فیصد اوسط مارکیٹ شیئر ریکارڈ کر سکے یہی اوسط مارکیٹ شیئر سال 2020 کی پہلی ششماہی میں 8.0 فیصد تھا۔ ڈومیسٹک کرٹ ڈیپازٹس جون 2021 میں 715 ارب روپے رہے، دسمبر 2020 کے بعد اس میں 16 فیصد اضافہ ہوا۔ جبکہ سیونگ پورٹ فولیو 701 ارب روپے رہا، جس میں 18 فیصد اضافہ ہے۔ اس کے نتیجے میں، بینک نے اپنے کل ڈیپازٹس میں CASA کے تناسب میں بہتری لائی ہے، جو کہ دسمبر 2020 میں 85.2 فیصد تھا اور جون 2021 میں یہ 86.2 فیصد ہو گیا۔ جون 2021 میں یو بی ایل انٹرنیشنل کے ڈیپازٹس 1.3 ارب امریکی ڈالر ریکارڈ کیے گئے ہیں جس میں دسمبر 2020 سے 5 فیصد کی معمولی کمی دیکھی گئی ہے۔

یو بی ایل کے نیٹ ایڈوانسز جون 2021 کو 557 ارب روپے رہے (دسمبر 2020: 530 ارب روپے)۔ ہماری قرضہ گیری کی اسٹریجی کا مقصد سرمایہ کی موثر ایلوکیشن کو یقینی بنانا ہے جبکہ ریلیشن شپس سے مجموعی ریٹرنز کو زیادہ سے زیادہ کرنا ہے۔ ڈومیسٹک پرفارمنگ ایڈوانسز 451 ارب ریکارڈ کیے گئے ہیں، اس میں دسمبر 2020 سے 5 فیصد اضافہ ہوا ہے۔ بینک اسلامک بینکنگ میں اضافے کا خواہاں ہے جیسا کہ پرفارمنگ ایڈوانسز 43 ارب روپے ریکارڈ کیے گئے جس میں دسمبر 2020 میں 121 ارب روپے سے دوگنا اضافہ ہوا ہے۔ جون 2021 میں یو بی ایل انٹرنیشنل کے نیٹ ایڈوانسز میں 655 ملین امریکی ڈالر ریکارڈ کیے گئے ہیں جس میں بینک کی اسٹریجی کے مطابق ٹریڈ کی بنیاد اور ایف آئی قرضہ دینے کی نمو کی وجہ دسمبر 2020 کے بعد 8 فیصد اضافہ ہوا ہے۔

بینک کی سرمایہ کاری جون 2021 میں 1.46 ٹریلین روپے رہی جس میں دسمبر 2020 کے مقابلے میں 29 فیصد اضافہ ہوا۔ یو بی ایل ڈومیسٹک کے اندر محکماتی سیکورٹیز میں بنیادی طور پر اضافی لیکویڈیٹی رکھی

ششماہی میں سال بہ سال 16 فیصد مضبوط اضافہ کے ساتھ اوسط 603 ارب روپے ریکارڈ کیا۔ کم لاگت ڈیپازٹس میں مستحکم بہتری اور پالیسی ریسٹ میں تیزی سے کمی کی وجہ سے رواں سال کی پہلی ششماہی میں ڈومیسٹک ڈیپازٹس کی لاگت 3.4 فیصد رہی جبکہ گزشتہ سال 2020ء کی پہلی ششماہی میں یہ 5.5 فیصد تھی۔

اثاثہ جات میں، بینک کی سطح پر اوسط پر فارمنگ ایڈوائسز رواں سال کی پہلی ششماہی میں 537 ارب روپے رہے (پہلی ششماہی 20 میں 605 ارب روپے)۔ جبکہ رواں سال کی پہلی ششماہی کے دوران اوسط ڈومیسٹک پر فارمنگ ایڈوائسز 436 ارب روپے رہے (سال 2020 کی پہلی ششماہی: 484 ارب روپے)۔ اثاثہ کے معیار پر مضبوط توجہ برقرار رکھتے ہوئے، رواں سال کی پہلی ششماہی میں ڈومیسٹک کارپوریٹ فونڈز بک کی اوسط 355 ارب روپے رہی جو کہ سال بہ سال 13 فیصد کی گولڈ ہارپر کرتے ہیں۔ رواں سال کی پہلی ششماہی میں اوسط کٹز پورموز 19 ارب روپے رہے، اس میں سال بہ سال 9 فیصد اضافہ ہے، اس میں سرفہرست آٹوز کے شعبہ میں نمو ہے۔ اسلامک لون بک کی اوسط میں سال بہ سال 58 فیصد اضافہ ہوا، جو سال 2021 کی پہلی ششماہی میں 31 ارب روپے ریکارڈ کی گئی۔ یو بی ایل انٹرنیشنل میں، بینک نے اپنی بیلنس شیٹ میں نمایاں حد تک کمی کی گئی، گزشتہ سال 2020 کی پہلی ششماہی میں اوسط پر فارمنگ لون بک 758 ملین امریکی ڈالر کے مقابلہ میں رواں سال کی پہلی ششماہی میں 644 ملین امریکی ڈالر ہے، اس میں 15 فیصد سال بہ سال کمی ہے۔

2021 کی پہلی ششماہی کے دوران بینک کی منافع بخش سرمایہ کاری کی اوسط 1.2 ٹریلین روپے ریکارڈ کی گئی جس میں گزشتہ سال کی اسی مدت کے مقابلے میں 26 فیصد نمایاں اضافہ ہے۔ زمرہ جازہ مدت کے دوران، حکومت کی سپورٹ پر ریٹورن فلو سے بینک 8.0 فیصد کی پیکش آمدن حاصل ہوئی ہے۔ رواں سال کی پہلی ششماہی کے دوران، سال بہ سال 10 فیصد اضافہ کے ساتھ یو بی ایل بین الاقوامی غیر ملکی بائڈز (International Foreign Bond) کا پورٹ فولیو اوسطاً 735 ملین امریکی ڈالر رہا جس سے بینک کو 5.3 فیصد کی مستحکم آمدنی حاصل ہوئی۔

#### ٹان مارک اپ آمدن (Non-Markup Income)

سال 2021 کی پہلی ششماہی کے دوران بینک کو سال بہ سال 28 فیصد اضافہ کے ساتھ 11.4 ارب روپے کی ٹان مارک اپ آمدن ہوئی اور رواں سال کی پہلی ششماہی میں ٹان مارک اپ آمدن بینک کے کل ریونیو کا 25 فیصد حصہ رہی (سال 2020 کی پہلی ششماہی: 19 فیصد)۔

رواں سال کی پہلی ششماہی میں فیس اور کمیشن کی مددیں بینک کو 6.6 ارب روپے کی آمدن ہوئی ہے جس میں گزشتہ سال کے مقابلہ میں اس میں 26 فیصد اضافہ ہوا ہے۔ اس کارکردگی میں سب سے بڑا عنصر ڈومیسٹک فریچارجز ہے جس میں سال 2020 کی پہلی ششماہی کے مقابلہ میں سال 2021 کی پہلی ششماہی میں 35 فیصد نمو دیکھی گئی ہے۔

سال 2021 کی پہلی ششماہی میں برانچ بینکنگ سے کسٹمر فیس 820 ملین روپے ریکارڈ کی گئی ہے، یہ گزشتہ سال کی آمدن کے مساوی ہے۔ یو بی ایل نے تقریباً 20 فیصد مارکیٹ شیئر کے ساتھ ترسیلات زر میں اپنی قائمہ حیثیت برقرار رکھی، جس کے نتیجے میں، سال 2021 کی پہلی ششماہی میں ترسیلات زر سے 841 ملین روپے کی کمیشن آمدن حاصل ہوئی اور یہ سال بہ سال 12 فیصد زیادہ ہے۔ بینک نے رواں سال کی پہلی ششماہی میں 1.18 ارب روپے کی پربیمجم کے ساتھ بینک ایڈوائز میں اپنا موئٹم برقرار رکھا ہے اور یہ سال 2020 کی پہلی ششماہی کے مقابلہ میں 81 فیصد زیادہ ہے۔ بینک انشورنس کمیشن سال 2021 کی پہلی ششماہی میں 883 ملین روپے ریکارڈ کیے گئے جس میں سال بہ سال 84 فیصد کی مضبوط نمو ہوئی۔ کاروباری موئٹم میں تیزی سے، ڈیجیٹل اوکریڈٹ کارڈ کی فیس سے سال 2021 کی پہلی ششماہی میں 1.1 ارب روپے کی آمدن ہوئی ہے (سال 2020 کی پہلی ششماہی: 690 ملین روپے)۔ بینک نے ایڈوائزری سروس کے لیے دیئے گئے کاروباری مینڈیٹس کے ذریعے سال 2020 کی پہلی ششماہی کے 85 ملین روپے کے مقابلہ میں سال 2021 کی پہلی ششماہی میں 343 ملین روپے کی انسوئمنٹ بینکنگ فیس کی آمدن ہوئی ہے۔ سال 2021 کی پہلی ششماہی میں کمیشن انکم 462 ملین روپے ریکارڈ کی گئی ہے جو کہ سال بہ سال 24 فیصد اضافہ ہے۔

سال 2021 کی پہلی ششماہی میں بینک کو غیر ملکی زرمبادلہ کی مددیں 1.2 ارب روپے کی آمدن ہوئی ہے (سال 2020 کی پہلی ششماہی: 1.7 ارب روپے)۔ سال 2021 کی پہلی ششماہی میں 881 ملین روپے کی ڈیونڈنڈ انکم ریکارڈ کی گئی، جس میں کھاد اور توانائی کے شعبوں سے ادائیگیوں میں بہتری کی وجہ سے سال بہ سال 11 فیصد اضافہ ہوا۔ سال 2021 کی پہلی ششماہی میں بینک نے 2.5 ارب روپے کے کپٹل گینز (Capital gains) حاصل کیے ہیں (سال 2020 کی پہلی ششماہی: 676 ملین روپے)، جس کی بنیادی وجہ فارن سکیورٹیز کی بروقت پرفورمنس ہے۔

#### قرضوں پر ممکنہ تاہدنگ اور خسارے کے لیے محض قیوم (Provisions and loan losses)

یو بی ایل نے سال 2021 کی پہلی ششماہی میں 87 ملین روپے کے نیٹ پروویژن ریسرول ریکارڈ کیے، جو گزشتہ سال کی اسی مدت میں 9.4 ارب روپے کے نیٹ پروویژن چارج تھے۔

بینک کے غیر فعال قرضہ جات دسمبر 2020 میں 83.6 ارب روپے کے مقابلہ میں جون 2021 میں 82.1 ارب روپے ہو گئے، جس میں 1.6 روپے کی کمی ہوئی ہے۔ بینک کی سطح پر اثاثہ جات کا معیار میں بہتری ہوئی جو دسمبر 2020 میں 13.7 فیصد سے جون 2021 میں 12.9 فیصد رہے۔ مخصوص کوریٹ میں بہتری ہوئی ہے جو کہ دسمبر 2020 میں 85.8 فیصد سے بڑھ کر جون 2021 میں

## یونائیٹڈ بینک لمیٹڈ ارکان کوڈ انٹرکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کے مالیاتی گوشوارے پیش کرنا ہمارے لئے باعث مسرت ہے۔

### کارکردگی کا جائزہ (Performance Overview)

یو بی ایل نے غیر مجتمع بنیاد پر 30 جون 2021 کو ختم ہونے والی ششماہی کے دوران 37 فیصد کی سال بہ سال مضبوط نمو کے ساتھ 25.9 ارب روپے کا منافع قبل از ٹیکس ریکارڈ کیا۔ سرمایہ بنیاد پر، بینک نے 2021ء کی پہلی سرمایہ کے مقابلہ میں 2021ء کی دوسری سرمایہ میں 12 فیصد زائد منافع قبل از ٹیکس ریکارڈ کیا ہے جو کہ ایک مضبوط نمونہ نظر کرتا ہے۔

یو بی ایل کے مجموعی ریونیو پہلی ششماہی کے دوران 46.5 ارب روپے ریکارڈ کئے گئے (جو کہ گزشتہ سال یعنی 2020ء کی پہلی ششماہی کی اسی مدت میں 48.0 ارب روپے تھے)۔ سال 2021ء کی پہلی ششماہی میں منیٹ مارک اپ کی آمدنی 35.1 ارب روپے ریکارڈ کی گئی (سال 2020ء کی پہلی ششماہی: 39.1 ارب روپے)۔ بینک کی ٹان مارک اپ آمدنی کی سطح سال 2021ء کی پہلی ششماہی کے دوران 11.4 ارب روپے رہی جو کہ گزشتہ سال 2020ء کی پہلی ششماہی کے مقابلہ میں 28 فیصد اضافی ہے۔ اس اضافہ کی وجہ غیر ملکی بانڈز پر سرمایہ کے اضافہ کے ساتھ ساتھ فیس کی مد میں آمدنی میں مضبوط نمو ہے۔

گزشتہ سال 2020ء کی پہلی ششماہی کے مقابلے میں رواں سال کی پہلی ششماہی کے انتظامی اخراجات 5 فیصد اضافے کے ساتھ 20.2 ارب روپے ریکارڈ کیے گئے۔ لاگت اور آمدنی کا تناسب زیر بحث ششماہی میں 43 فیصد ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصہ میں 40 فیصد تھا۔

رواں سال کی پہلی ششماہی کے دوران پروٹون ریورسل 87 ملین روپے رہے جبکہ گزشتہ سال کی پہلی ششماہی میں 9.4 ارب روپے کا منیٹ پروٹون چارج ریکارڈ کیا گیا تھا جس کی بڑی وجہ مقامی اور بین الاقوامی سطح پر ریکوری کی کوششیں ہیں۔

### مالیاتی اہم نکات (Financial Highlights)

یو بی ایل نے غیر مجتمع بنیاد پر 2021ء کی پہلی ششماہی کے دوران 15.0 ارب روپے کا بعد از ٹیکس منافع ریکارڈ کیا یہ گزشتہ سال 2020ء کی اسی مدت میں 11.4 ارب روپے تھا جس میں سال بہ سال 32 فیصد اضافہ ہوا۔ رواں سال کی پہلی ششماہی میں فی شیئر آمدنی 12.25 روپے رہی (جبکہ گزشتہ سال 2020ء کی اسی مدت میں 9.31 روپے تھی)۔ یو بی ایل نے مجتمع بنیاد پر 15.0 ارب روپے کا منافع بعد از ٹیکس کمایا (جو گزشتہ سال کی اسی مدت کے دوران 10.7 ارب روپے تھا)۔ مجتمع بنیاد پر پہلی ششماہی 2021ء کے لیے فی شیئر آمدنی 12.24 روپے ریکارڈ کی گئی (گزشتہ سال اسی مدت میں 8.94 روپے)۔

### نیٹ مارک اپ آمدنی (Net Markup Income)

سال 2021ء کی پہلی ششماہی میں سال بہ سال کی بنیاد پر 10 فیصد کمی کے ساتھ نیٹ مارک اپ آمدنی 35.1 ارب روپے ریکارڈ کی گئی ہے۔ رواں سال کی پہلی ششماہی کے دوران سال بہ سال 11 فیصد کے اضافہ کے ساتھ، بینک کی اوسط منافع بخش اثاثے 1.8 ٹریلین روپے رہے۔ بینک کی سطح پر مجموعی (Net Interest Margin) رواں سال کی پہلی ششماہی کے دوران 3.9 فیصد ریکارڈ کیا گیا (جبکہ گزشتہ سال 2020ء کی اسی مدت میں 5.0 فیصد)۔ دوا کے دوران معیشت کو سہارا دینے کے سلسلہ میں، اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ دسمبر 2019ء کی سطح 13.25 فیصد سے کم کر کے جون 2020ء تک 7.0 فیصد کر دیا تھا، گزشتہ سال 2020ء کی پہلی ششماہی میں اوسط شرح سود 11.0 فیصد کے مقابلہ میں سال 2021ء کی پہلی ششماہی میں 7.0 فیصد رہی جس کی وجہ سے گزشتہ سال کے اسی مدت کے مقابلہ میں رواں سال اوسط مارک اپ آمدنی میں کمی دیکھی گئی۔

رواں سال کی پہلی ششماہی میں ڈومیسٹک ڈیپازٹس 1.4 ٹریلین روپے رہے، اور پورٹ فولیو میں 20 فیصد کی بلند ترین نمو ریکارڈ کی۔ رواں سال کی پہلی ششماہی میں اوسط ڈومیسٹک CASA ڈیپازٹس 1.2 ٹریلین روپے رہے ہیں، جس میں سال بہ سال 195 ارب روپے کے اضافے کے ساتھ 19 فیصد نمو رہی۔ رواں سال کی پہلی ششماہی میں کل اوسط ڈیپازٹس میں CASA کا تناسب 85.1 فیصد رہا (سال 2020ء کی پہلی ششماہی: 85.5 فیصد)۔ بینک نے خاص طور پر کرنٹ اکاؤنٹ کے ضمن میں نئے کسٹمرز پر توجہ مرکوز رکھی اور کرنٹ اکاؤنٹ میں 290,000 نئے کسٹمرز کا اضافہ کیا (سال 2020ء میں 231,000 نئے کرنٹ اکاؤنٹس)۔ اس سے اوسط کرنٹ ڈیپازٹس سال بہ سال 22 فیصد اضافہ کے ساتھ 618 ارب روپے رہے، اسی کے نتیجے میں کل ڈیپازٹس میں اوسط کرنٹ ڈیپازٹس کا تناسب گزشتہ سال 2020ء کی پہلی ششماہی کے 42 فیصد کے مقابلہ میں رواں سال کی پہلی ششماہی میں 43 فیصد کی بہتر سطح پر رہا۔ سیولنگ اکاؤنٹس کے ڈومیسٹک پورٹ فولیو رواں سال کی پہلی





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