

UBL

where you come first



FOSTERING CONNECTIONS, EMBRACING EMPATHY:  
OUR COMMITMENT TO CARING RELATIONSHIPS

NINE MONTHS REPORT  
SEPTEMBER 30, 2024  
(UN-AUDITED)

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# COMPANY INFORMATION

## Board of Directors

Sir Mohammed Anwar Pervez, OBE, H Pk	Chairman/Non-Executive Director
Lord Zameer M. Choudrey, CBE, SI Pk	Non-Executive Director
The Honourable Haider Zameer Choudrey	Non-Executive Director
Mr. Rizwan Pervez	Non-Executive Director
Mr. Tariq Rashid	Independent Director
Ms. Shazia Syed	Independent Director
Mr. Daniel Michael Howlett	Independent Director
Mr. Muhammad Irfan A. Sheikh	Non-Executive Director
Mr. Muhammad Jawaid Iqbal	President & CEO

## COMMITTEES OF THE BOARD BOARD AUDIT COMMITTEE (BAC):

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

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

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPk	Member
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Ms. Shazia Syed	Member
Ms. Hafsa Abbasy	Secretary

## BOARD RISK & COMPLIANCE COMMITTEE (BRCC):

Mr. Daniel Michael Howlett	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Muhammad Irfan A. Sheikh	Member
Mr. Muhammad Jawaid Iqbal	Member
Mr. Imran Sarwar	Secretary

## BOARD IT COMMITTEE (BITC):

The Honourable Haider Zameer Choudrey	Chairman
Mr. Rizwan Pervez	Member
Mr. Daniel Michael Howlett	Member
Mr. Muhammad Irfan A. Sheikh	Member
Mr. Muhammad Jawaid Iqbal	Member
Mr. Sohail Aziz	Secretary

## **BOARD NOMINATION COMMITTEE (BNC):**

Sir Mohammed Anwar Pervez, OBE, HPk  
Lord Zameer M. Choudrey, CBE, SI Pk  
The Honourable Haider Zameer Choudrey  
Mr. Aqeel Ahmed Nasir

Chairman  
Member  
Member  
Secretary

## **BOARD INTERNATIONAL COMMITTEE (BIC):**

Lord Zameer M. Choudrey, CBE, SI Pk  
Sir Mohammed Anwar Pervez, OBE, HPk  
The Honourable Haider Zameer Choudrey  
Mr. Rizwan Pervez  
Mr. Tariq Rashid  
Ms. Shazia Syed  
Mr. Daniel Michael Howlett  
Mr. Muhammad Irfan A. Sheikh  
Mr. Muhammad Jawaid Iqbal  
Mr. Mahboob Avais Saeed

Chairman  
Member  
Member  
Member  
Member  
Member  
Member  
Secretary

## **Chief Financial Officer**

Syed Manzoor Hussain Zaidi

## **Company Secretary & Chief Legal Counsel**

Mr. Aqeel Ahmed Nasir

## **Registered Office:**

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

## **UBL Head Office**

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

## **Share Registrar**

THK Associates (Pvt.) Limited  
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. EY Ford Rhodes  
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)

# DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the financial statements of United Bank Limited (UBL) for the nine months ended September 30, 2024.

## Performance Overview

UBL recorded an unconsolidated Profit Before Tax (PBT) of Rs. 107.8 billion for the nine months ended September 30, 2024, representing a 36% year on year growth. Profit After Tax (PAT) stood at Rs. 55.0 billion for 9M'24, compared to Rs. 40.9 billion in 9M'23 with Earnings per share (EPS) of Rs. 44.92 compared to Rs. 33.38 for the corresponding period last year.

UBL reported consolidated PAT of Rs. 49.7 billion (9M'23: Rs. 42.6 billion) with consolidated EPS of Rs. 40.12 (9M'23: Rs. 34.05).

The Board of Directors of UBL declared an interim cash dividend of Rs. 11.0 per share in their meeting in Islamabad held on October 23, 2024, along with the results for the nine months ended September 30, 2024.

Net mark-up income stood at Rs. 105.2 billion, while non-mark-up income was recorded at Rs. 61.3 billion in 9M'24, with overall gross revenues at Rs. 166.5 billion for 9M'24, an increase of 29% over 9M'23. Fee-based revenues maintained the overall business momentum with a 22% increase over the same period last year. Domestic current deposits averaged more than Rs. 1 trillion, increasing by 24% year on year, with enhanced focus on network sales and service levels.

The Bank's operating expenses recorded a 23% increase over 9M'23 to Rs. 58.0 billion. Staff costs stood at Rs. 23.3 billion, increasing by 28%, resulting from growth across branches and hiring mainly within front office functions. Property related expenses were recorded at Rs. 8.3 billion, up 14%.

The Bank recorded a net provision reversal of Rs. 1.5 billion for 9M'24 versus a net provision charge of Rs. 2.0 billion in the same period last year.

## Capital Ratios - Consolidated

UBL remains well capitalized with adequate buffers over regulatory requirements. The consolidated CAR stood at 19.2% at Sep'24 (Dec'23: 14.6%), 6.7% over the minimum regulatory requirement of 12.5%. The Common Equity Tier 1 (CET-1) ratio stood at 13.7% at Sep'24 (Dec'23: 10.5%). Tier 1 Capital ratio was measured at 14.5% at Sep'24 (Dec'23: 11.1%).

## Advances to Deposits Ratio

With declining inflation and policy rate cuts, the bank has developed a sizeable advances pipeline, most of which are expected to materialize in Q4' 2024. Based on the current status and pipeline in hand, management is confident of closing the year with an Advances to Deposits Ratio of above 50%. As such, no provision has been made this quarter concerning the enhanced tax on income from Federal Government Securities.

## Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of UBL at “AAA / A-1+” (Triple A / A-One Plus) in June 2024. Moreover, 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’.

## Future Outlook

Being a leading financial institution, UBL is committed to reinvesting in core businesses and supporting the Pakistan economy as it moves towards stability. UBL has continued to expand its market positioning with a growing momentum in 2024. Branch Banking, across both conventional and Islamic segments, remains the core of the franchise where the aim has been to expand our customer base, build deposit market share and increase focus on trade. We have continued to invest in our branch network and front-line staff in order to provide the best customer service to our valued clients. With the roll out of our front-end digital platform, we aim to deliver a unified customer experience across all our customer touchpoints. UBL’s most valuable asset remains its people, and the bank continues to invest in their growth and development. We remain committed to delivering a strong return on equity to our shareholders and superior service levels to our customers while acquiring and retaining the best available talent across the Bank.

## Acknowledgements

On behalf of the Board of Directors, we would like to express our appreciation to UBL’s shareholders and customers for their continued trust in the UBL brand and to the UBL staff for their commitment and dedication. We would also like to extend our gratitude 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.



Muhammad Jawaid Iqbal  
President & CEO  
Islamabad,  
October 23, 2024



Daniel Michael Howlett  
Director



# UNITED BANK LIMITED

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**UNCONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2024  
(Un-audited)**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	361,962,168	277,330,217
Balances with other banks	7	24,584,246	30,700,751
Lendings to financial institutions	8	1,076,737	34,447,852
Investments	9	6,425,371,416	4,385,216,671
Advances	10	619,267,724	613,565,526
Property and equipment	11	78,230,583	65,087,643
Right-of-use assets	12	9,573,081	8,497,029
Intangible assets	13	2,471,272	2,458,834
Deferred tax assets	14	-	-
Other assets	15	188,034,275	157,692,979
		<u>7,710,571,502</u>	<u>5,574,997,502</u>
<b>LIABILITIES</b>			
Bills payable	17	30,084,944	27,897,141
Borrowings	18	4,303,955,362	2,815,470,554
Deposits and other accounts	19	2,828,473,060	2,341,017,855
Lease liabilities	20	11,535,379	10,339,867
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	14	44,957,306	1,921,889
Other liabilities	22	168,834,473	115,849,665
		<u>7,397,840,524</u>	<u>5,322,496,971</u>
<b>NET ASSETS</b>		<u>312,730,978</u>	<u>252,500,531</u>
<b>REPRESENTED BY:</b>			
Share capital		12,241,797	12,241,797
Reserves		111,857,934	107,800,978
Surplus on revaluation of assets	23	90,431,585	41,965,460
Unappropriated profit		98,199,662	90,492,296
		<u>312,730,978</u>	<u>252,500,531</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		

The annexed notes 1 to 44 form an integral part of these unconsolidated condensed interim financial statements.

  
Syed Manzoor Hussain Zaidi  
Chief Financial Officer

  
Muhammad Jawaid Iqbal  
President &  
Chief Executive Officer

  
Shazia Syed  
Director

  
Daniel Michael Howlett  
Director

  
Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		July - September 2024	July - September 2023	January - September 2024	January - September 2023
	Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	26	310,741,852	147,350,437	825,895,798	337,213,439
Mark-up / return / interest expensed	27	259,148,402	109,574,476	720,664,403	230,576,398
<b>Net mark-up / interest income</b>		<u>51,593,450</u>	<u>37,775,961</u>	<u>105,231,395</u>	<u>106,637,041</u>
<b>Non mark-up / interest income</b>					
Fee and commission income	28	5,844,125	4,290,282	15,893,508	13,061,887
Dividend income		266,556	219,638	1,189,692	1,211,050
Foreign exchange income		3,294,805	2,228,965	9,662,474	9,136,511
(Loss) / income from derivatives		(16,176)	168,164	(41,021)	28,648
Gain / (loss) on securities - net	29	5,930,797	142,748	24,074,130	(1,360,303)
Capital gain on derecognition of financial assets measured at amortised cost		-	-	2,894,427	-
Other income	30	7,260,557	241,348	7,618,066	835,267
Total non mark-up / interest income		<u>22,580,664</u>	<u>7,291,145</u>	<u>61,291,276</u>	<u>22,913,060</u>
<b>Total income</b>		<u>74,174,114</u>	<u>45,067,106</u>	<u>166,522,671</u>	<u>129,550,101</u>
<b>Non mark-up / interest expenses</b>					
Operating expenses	31	22,201,169	17,057,279	57,961,029	46,962,707
Workers' Welfare Fund		982,752	515,376	2,215,724	1,550,062
Other charges	32	155	28,138	32,966	32,203
Total non mark-up / interest expenses		<u>23,184,076</u>	<u>17,600,793</u>	<u>60,209,719</u>	<u>48,544,972</u>
<b>Profit before credit loss allowance</b>		<u>50,990,038</u>	<u>27,466,313</u>	<u>106,312,952</u>	<u>81,005,129</u>
Credit loss allowance / provisions / (reversals) and write-offs - net	33	893,529	(1,006,165)	(1,473,236)	1,954,473
<b>Profit before taxation</b>		<u>50,096,509</u>	<u>28,472,478</u>	<u>107,786,188</u>	<u>79,050,656</u>
Taxation	34	24,556,195	13,926,053	52,800,301	38,185,072
<b>Profit after taxation</b>		<u>25,540,314</u>	<u>14,546,425</u>	<u>54,985,887</u>	<u>40,865,584</u>
		----- (Rupees) -----			
<b>Earnings per share - basic and diluted</b>	35	<u>20.86</u>	<u>11.88</u>	<u>44.92</u>	<u>33.38</u>

The annexed notes 1 to 44 form an integral part of these unconsolidated condensed interim financial statements.



**Syed Manzoor Hussain Zaidi**  
Chief Financial Officer



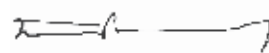
**Muhammad Jawaid Iqbal**  
President &  
Chief Executive Officer



**Shazia Syed**  
Director



**Daniel Michael Howlett**  
Director



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


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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	July - September 2024	July - September 2023	January - September 2024	January - September 2023
----- (Rupees in '000) -----				
<b>Profit after taxation for the period</b>	25,540,314	14,546,425	54,985,887	40,865,584
<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 overseas branches	(249,127)	525,347	(1,441,633)	18,066,802
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	49,790,714	471,080	50,306,596	(8,201,095)
	49,541,587	996,427	48,864,963	9,865,707
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in surplus on revaluation of equity investments through FVOCI - net of tax	532,553	284,933	1,370,373	387,965
Movement in surplus on revaluation of property and equipment - net of tax	(65)	140	5,457	7,190
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	532,488	285,073	1,375,830	395,155
<b>Total comprehensive income for the period</b>	<b>75,614,389</b>	<b>15,827,925</b>	<b>105,226,680</b>	<b>51,126,446</b>

The annexed notes 1 to 44 form an integral part of these unconsolidated condensed interim financial statements.

  
**Syed Manzoor Hussain Zaidi**  
 Chief Financial Officer

  
**Muhammad Jawaid Iqbal**  
 President &  
 Chief Executive Officer

  
**Shazia Syed**  
 Director

  
**Daniel Michael Howlett**  
 Director


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


# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Note	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Property and Equipment	Non-banking assets		
(Rupees in '000)								
<b>Balance as at January 01, 2023 (Audited)</b>	12,241,797	44,694,292	41,560,081	(20,679,865)	39,765,799	-	91,438,152	209,020,256
<b>Total comprehensive income for the nine months ended September 30, 2023</b>								
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	40,865,584	40,865,584
Other comprehensive income - net of tax	-	18,066,802	-	(7,813,130)	7,190	-	-	10,260,862
<b>Total comprehensive income for the nine months ended September 30, 2023</b>	-	18,066,802	-	(7,813,130)	7,190	-	40,865,584	51,126,446
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(1,474,233)	-	1,474,233	-
Transfer of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(44,691)	-	44,691	-
Transfer to statutory reserve	-	-	4,086,558	-	-	-	(4,086,558)	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - December 31, 2022 declared subsequent to the year end at Rs. 9.0 per share	-	-	-	-	-	-	(11,017,617)	(11,017,617)
Interim cash dividend - March 31, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Interim cash dividend - June 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
<b>Balance as at September 30, 2023 (Un-audited)</b>	12,241,797	62,761,094	45,646,639	(28,492,995)	38,254,065	-	91,786,531	222,197,131
<b>Total comprehensive income for the three months ended December 31, 2023</b>								
Profit after taxation for the three months ended December 31, 2023	-	-	-	-	-	-	12,314,829	12,314,829
Other comprehensive income - net of tax	-	(1,838,238)	-	32,246,662	(480)	-	1,046,604	31,454,548
<b>Total comprehensive income for the three months ended December 31, 2023</b>	-	(1,838,238)	-	32,246,662	(480)	-	13,361,433	43,769,377
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(41,792)	-	41,792	-
Transfer to statutory reserve	-	-	1,231,483	-	-	-	(1,231,483)	-
<b>Transactions with owners, recorded directly in equity</b>								
Interim cash dividend - September 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
	-	-	-	-	-	-	(13,465,977)	(13,465,977)
<b>Balance as at December 31, 2023 (Audited)</b>	12,241,797	60,922,856	46,878,122	3,753,667	38,211,793	-	90,492,296	252,500,531
Effect of reclassification on adoption of IFRS 9 (net of tax)	-	-	-	(3,214,765)	-	-	3,214,765	-
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	-	(4,598,302)	(4,598,302)
3.2.4	-	-	-	(3,214,765)	-	-	(1,383,537)	(4,598,302)
<b>Balance as at January 01, 2024 - as restated</b>	12,241,797	60,922,856	46,878,122	538,902	38,211,793	-	89,108,759	247,902,229
<b>Total comprehensive income for the nine months ended September 30, 2024</b>								
Profit after taxation for the nine months ended September 30, 2024	-	-	-	-	-	-	54,985,887	54,985,887
Other comprehensive income - net of tax	-	(1,441,633)	-	51,676,969	5,457	-	-	50,240,793
<b>Total comprehensive income for the nine months ended September 30, 2024</b>	-	(1,441,633)	-	51,676,969	5,457	-	54,985,887	105,226,680
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(62,912)	-	62,912	-
Transfer of net loss on disposal of FVOCI equity investments from surplus to unappropriated profit - net of tax	-	-	-	61,376	-	-	(61,376)	-
Transfer to statutory reserve	-	-	5,498,589	-	-	-	(5,498,589)	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - December 31, 2023 declared subsequent to the year end at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Interim cash dividend - March 31, 2024 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Interim cash dividend - June 30, 2024 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
<b>Balance as at September 30, 2024 (Un-audited)</b>	12,241,797	59,481,223	52,376,711	52,277,247	38,154,338	-	98,199,662	312,730,978

The annexed notes 1 to 44 form an integral part of these unconsolidated condensed interim financial statements.

  
**Syed Manzoor Hussain Zaidi**  
 Chief Financial Officer

  
**Muhammad Jawaid Iqbal**  
 President &  
 Chief Executive Officer

  
**Shazia Syed**  
 Director

  
**Daniel Michael Howlett**  
 Director

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	January - September 2024	January - September 2023
----- (Rupees in '000) -----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	107,786,188	79,050,656
Less: Dividend income	1,189,692	1,211,050
	<u>106,596,496</u>	<u>77,839,606</u>
<b>Adjustments:</b>		
Depreciation on fixed assets	4,053,854	3,098,439
Depreciation on Islamic financing against leased assets (Ijarah)	58,652	105,607
Depreciation on right-of-use assets	1,782,454	1,695,646
Depreciation on non-banking assets acquired in satisfaction of claims	2,420	2,259
Amortisation	716,175	748,237
Workers' Welfare Fund - charge	2,215,724	1,550,062
Provision for retirement benefits	1,145,073	536,469
Provision for compensated absences	119,882	64,941
Credit loss allowance against loans and advances - net	(1,142,648)	(3,040,735)
Credit loss allowance against off - balance sheet obligations - net	46,676	69,047
Credit loss allowance for diminution in value of investments - net	(250,046)	5,094,684
Interest expense on lease liability against right-of-use assets	1,077,013	893,342
(Gain) / loss on sale of Ijarah assets - net	(533)	626
Gain on sale of fixed assets - net	(148,042)	(396,875)
Gain on sale of subsidiary	(7,083,501)	-
Bad debts written-off directly	36,211	36,501
Unrealised gain on revaluation of investments classified as FVTPL	(261,073)	(13,750)
Credit loss allowance against other assets	(11,149)	(31,905)
Other credit loss allowance / write-offs	161,798	106,355
	<u>2,518,940</u>	<u>10,518,950</u>
	109,115,436	88,358,556
<b>(Increase) / Decrease in operating assets</b>		
Lendings to financial institutions	33,371,115	(140,651,785)
Securities classified as FVTPL	2,936,771	10,267,977
Advances	(5,957,740)	321,510,442
Other assets (excluding advance taxation)	(34,308,513)	(93,632,842)
	<u>(3,958,367)</u>	<u>97,493,792</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,187,803	(14,142,301)
Borrowings	1,488,484,808	792,538,851
Deposits and other accounts	487,455,205	389,028,059
Other liabilities	38,602,636	45,682,877
	<u>2,016,730,452</u>	<u>1,213,107,486</u>
	2,121,887,521	1,398,959,834
Receipts on account of staff retirement benefits	2,808,765	(514,710)
Income taxes paid	(43,115,580)	(31,957,499)
<b>Net cash flow generated from operating activities</b>	<u>2,081,580,706</u>	<u>1,366,487,625</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities classified as FVOCI	(1,991,646,143)	(1,231,031,924)
Net investments in amortized cost securities	38,842,561	50,664,538
Net investments in subsidiaries and associates	1,855,222	141,640
Dividend income received	1,156,617	1,069,792
Proceeds realised on sale of subsidiary	9,053,275	-
Investment in property and equipments and intangible assets	(17,988,176)	(5,371,395)
Sale proceeds from disposal of property and equipments	168,370	1,918,660
Sale proceeds from disposal of Ijarah assets	27,645	5,302
Effect of translation of net investment in overseas branches	(1,441,633)	18,066,802
<b>Net cash flow used in investing activities</b>	<u>(1,959,972,262)</u>	<u>(1,164,536,585)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(2,693,923)	(2,422,031)
Dividend paid	(40,399,075)	(45,818,530)
<b>Net cash flow used in financing activities</b>	<u>(43,092,998)</u>	<u>(48,240,561)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>78,515,446</u>	<u>153,710,479</u>
Cash and cash equivalents at the beginning of the period	309,638,228	138,219,642
Effect of exchange rate changes on cash and cash equivalents	(1,607,260)	20,477,019
	<u>308,030,968</u>	<u>158,696,661</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>386,546,414</u></u>	<u><u>312,407,140</u></u>

The annexed notes 1 to 44 form an integral part of these unconsolidated condensed interim financial statements.

				
<b>Syed Manzoor Hussain Zaidi</b> Chief Financial Officer	<b>Muhammad Jawaid Iqbal</b> President & Chief Executive Officer	<b>Shazia Syed</b> Director	<b>Daniel Michael Howlett</b> Director	<b>Sir Mohammed Anwar Pervez, OBE, HPK</b> Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 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 1,399 (December 31, 2023: 1,356) branches inside Pakistan including 241 (December 31, 2023: 209) Islamic Banking branches and 2 (December 31, 2023: 2) branches in Export Processing Zones. The Bank also operates 8 (December 31, 2023: 8) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL) which is incorporated in the Guernsey.

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

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. 2 dated February 09, 2023.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode. The 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 profit in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

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

## 2.1 STATEMENT OF COMPLIANCE

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

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

The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of 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.

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 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.

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. 2 dated February 09, 2023 and IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of audited annual financial statements, and should be read in conjunction with the audited unconsolidated financial statements of the Bank for the year ended December 31, 2023.

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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

During the year, the Bank has adopted IFRS 9 as applicable in Pakistan with effect from 01 January 2024 (refer note 3.1 for details). There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. Except for IFRS 9, these are either considered not to be relevant or do not have any significant impact and accordingly have not been detailed in these unconsolidated condensed interim financial statements.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

## 3. MATERIAL ACCOUNTING POLICIES

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, 2023, except as disclosed in Notes 3.1 and 3.2.

### 3.1 Changes in reporting format

The SBP vide BPRD Circular No. 2 dated February 09, 2023 specified the new format for interim financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the nine months ended September 30, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Lease liabilities and Right of use assets on the face of Statement of Financial Position out of Property and equipment and Other Liabilities, respectively in these financial statements.

### 3.2 IFRS 9 - Financial Instruments

The Bank has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) retrospectively with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening unappropriated profit and other reserves at the beginning of the current period without restating the comparative figures. The impact on carrying amounts of the financial assets and liabilities is disclosed in Note 3.2.4.

#### 3.2.1 Scope of IFRS 9 application

IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 01, 2018. The requirements of this standard were already incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Bank's financial statements as per the respective country's regulations, for the year ending December 31, 2024. As per the SBP IFRS 9 application instructions, all overseas Jurisdictions will be subject to the IFRS 9 requirements from next financial year.

Upon implementation of IFRS 9, the Banking Industry sought certain technical clarifications from SBP and also identified practical difficulties in certain areas of implementation of IFRS 9, such as valuation of unquoted equity securities, fair valuation of concessional loans, recognition of interest income/expense on financial instruments, modification accounting of financial assets and expected credit loss on foreign currency balances with SBP. The SBP vide its Circular No.16 dated July 29, 2024 has allowed temporary extension in timeline for most of the above referred matters with directions to implement IFRS 9 requirements before the end of the financial year other than valuation of unquoted equity securities which is required to be implemented from next financial year. However, the Banking Industry will continue to engage SBP on remaining matters in the coming months to have more clarity on such areas. Accordingly, the Bank has continued to apply previous accounting practices in such areas for the purposes of preparation of these interim financial statements.

#### 3.2.2 Significant differences from accounting policies applicable till 31 December 2023 before adoption of IFRS 9

##### 3.2.2.1 Classification of financial assets

IFRS 9 introduced a new classification model for financial assets that is more principle-based than the previous requirements. Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. Instruments will be classified either at amortised cost, the newly established measurement category fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). For equity investment that are not held for trading, an election is available to the Bank to classify these either through FVTPL or FVOCI. The previous accounting policies were based on instrument by instrument classification into Held for trading, Held to maturity and Available for Sale categories as disclosed in Note 4.3 to the annual financial statements of the Bank.

##### 3.2.2.2 Impairment of debt investments and loans and advances

The new IFRS 9 impairment requirements eliminate the previous threshold for the recognition of credit losses, i.e., it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for ECLs, and updates the loss allowance for changes in these ECLs at each reporting date to reflect changes in credit risk since initial recognition. Consequently, the holder of the financial asset needs to take into account more timely and forward-looking information in order to provide users of financial statements with useful information about the ECLs on financial instruments that are in the scope of these impairment requirements. The previous impairment requirements were based solely on Prudential regulations of SBP as disclosed in Note 4.9 to the annual financial statements of the Bank.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 3.2.2.3 Impairment of equity investments

Previously, investments classified as available for sale were required to be tested for impairment and if there is an objective evidence of impairment, impairment was required to be booked. Under IFRS 9 regime, no impairment is required against such investments which are carried at FVOCI as the gain or loss on remeasurement will permanently remain in OCI/Surplus on revaluation of Investments. The previous accounting policies are disclosed in Note 4.9 to the annual financial statements of the Bank.

## 3.2.3 Material accounting policies applicable from 01 January 2024 as a result of adoption of IFRS 9

### 3.2.3.1 Financial assets – initial recognition

Financial assets are initially recognized at fair value. When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in profit and loss account. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit and loss account when the inputs become observable, or when the instrument is derecognised.

### 3.2.3.2 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized cost
- Debt instruments at 'fair value through other comprehensive income' FVOCI
- Equity instruments at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

### 3.2.3.3 Financial assets at amortised cost

The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below:

#### a) Business model

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's Board / Board Committees;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### b) The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test. The assessment of SPPI aims to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding'.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

After initial measurement, these financial assets are subsequently measured at amortized cost.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 3.2.3.4 Debt instruments at FVOCI

The Bank applies this new category under IFRS 9 when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR and foreign exchange gains and losses are recognised in the profit and loss account.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

## 3.2.3.5 Equity instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'Equity' under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis and is irrevocable.

Gains and losses on these equity instruments are never recycled to profit and loss account. Dividends are recognised in profit and loss account when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

## 3.2.3.6 Financial assets and financial liabilities at FVPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or
- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

## 3.2.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost. These include Bills payable, Borrowings, Deposits and certain items within Other Liabilities.

## 3.2.3.8 Derecognition of financial assets

### 3.2.3.8.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain/(loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

### 3.2.3.8.2 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 3.2.3.9 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 3.2.3.10 Impairment of financial assets

### 3.2.3.10.1 Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

### 3.2.3.10.2 The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 DPD presumption based on behavioural analysis of its borrowers.

The key elements of ECL calculations are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Bank only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

### 3.2.3.10.3 Forward looking information

The Bank formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

### 3.2.4 Transition disclosures

This note sets out the impact of adopting IFRS 9 on the statement of financial position, unappropriated profit and surplus on revaluation of investments.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with Prudential Regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024:

	Classification under IFRS 9						IFRS 9 carrying amount as at Jan 01, 2024
	Carrying amount as per current accounting policy as at Dec 31, 2023	At FVTPL	At FVOCI - with recycling	At FVOCI - without recycling	At Amortized Cost	Remeasurement under IFRS 9	
(Rupees in '000)							
<b>Cash and cash equivalents</b>	308,030,968	-	-	-	308,030,968	(1,182)	308,029,786
<b>Lendings to financial institutions</b>	34,447,852	-	-	-	34,447,852	-	34,447,852
<b>Advances</b>	613,565,526	-	-	-	613,565,526	(7,969,693)	605,595,833
<b>Investments in financial assets</b>							
Held for trading	78,956,749	78,956,749	-	-	-	-	78,956,749
Held to maturity	362,838,478	-	-	-	362,838,478	(344)	362,838,134
Available for sale	3,939,226,221	3,635,231	3,925,259,062	10,331,928	-	(7,157)	3,939,219,064
<b>Other assets</b>	150,395,306	4,266,717	-	-	146,128,589	-	150,395,306
<b>Total Financial assets</b>	<b>5,487,461,100</b>	<b>86,858,697</b>	<b>3,925,259,062</b>	<b>10,331,928</b>	<b>1,465,011,413</b>	<b>(7,978,376)</b>	<b>5,479,482,724</b>
<b>Borrowings</b>	2,815,470,554	-	-	-	2,815,470,554	-	2,815,470,554
<b>Bills payable</b>	21,651,784	-	-	-	21,651,784	-	21,651,784
<b>Deposits</b>	2,350,540,823	-	-	-	2,350,540,823	-	2,350,540,823
<b>Subordinated debt</b>	10,000,000	-	-	-	10,000,000	-	10,000,000
<b>Other liabilities</b>	88,722,556	2,741,100	-	-	85,981,456	1,037,902	89,760,458
<b>Total Financial liabilities</b>	<b>5,286,385,717</b>	<b>2,741,100</b>	<b>-</b>	<b>-</b>	<b>5,283,644,617</b>	<b>1,037,902</b>	<b>5,287,423,619</b>
<b>Net Financial Assets</b>	<b>201,075,383</b>	<b>84,117,597</b>	<b>3,925,259,062</b>	<b>10,331,928</b>	<b>(3,818,633,204)</b>	<b>(9,016,278)</b>	<b>192,059,105</b>
<b>Deferred tax assets</b>	<b>(1,921,889)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,417,976</b>	<b>2,496,087</b>
<b>Effect on net assets on adoption of IFRS 9</b>						<b>(4,598,302)</b>	

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank as shown in the table above:

#### (A) Debt instruments previously classified as available for sale (AFS) but which fail the SPPI test

The Bank held a portfolio of debt instruments amounting to Rs. 1,864.973 million that failed to meet the SPPI requirement for amortised cost classification under IFRS 9. These instruments contain provisions that, in certain circumstances, can allow the issuer to defer interest payments, but which do not accrue additional interest. This clause breaches the criterion that interest payments should only be consideration for credit risk and the time value of money on the principal. As a result these are required to be classified as FVTPL under IFRS 9.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## (B) Designation of equity instruments at FVOCI

The Bank has elected to irrevocably designate investments in listed securities and strategic investments in unquoted securities as FVOCI amounting to Rs. 9,611.924 million and Rs. 720.004 million, respectively. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

## (C) Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under existing local regulations were 'retired', with no changes to their measurement basis:

- (i) Those previously classified as available for sale and now classified as measured at FVOCI;
- (ii) Those previously classified as held to maturity and now classified as measured at amortised cost; and
- (iii) Those previously classified as held for trading and now classified as measured at FVTPL.

The impact of transition to IFRS 9 on unappropriated profit and surplus on revaluation of investments is as follows:

	Unappropriated profit	Surplus / (Deficit) on revaluation Investments	Total
----- Rupees in '000' -----			
Balance as at December 31, 2023	90,492,296	3,753,667	94,245,963
Recognition of IFRS 9 ECL - net of tax	(4,598,302)	-	(4,598,302)
Available for sale equity instruments reclassified as FVOCI under IFRS 9 - net of tax	3,214,765	(3,214,765)	-
Balance under IFRS 9 as at January 01, 2024 - as restated	<u>89,108,759</u>	<u>538,902</u>	<u>89,647,661</u>

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2023, except for the adoption of IFRS 9 w.e.f January 01, 2024. These are disclosed in Note 4.1

### 4.1 Impairment losses on financial assets

Determination of expected credit losses is a significant estimate and involves the following judgments:

- Development of ECL models, including the various formulas and the choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis
- The Bank's internal credit grading model based on which PDs are assigned to the individual grades
- Qualitative and quantitative indicators used as SICR triggers
- The definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated
- Selection of forward-looking macroeconomic scenarios and their probability weightings
- Determination of economic inputs, such as GDP growth and CPI

## 5. FINANCIAL RISK MANAGEMENT

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, 2023.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>6.</b>	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand		
	Local currency	47,921,114	27,876,931
	Foreign currencies	8,065,526	13,042,939
		55,986,640	40,919,870
	With State Bank of Pakistan in		
	Local currency current accounts	122,261,811	88,035,634
	Foreign currency current accounts	4,923,916	5,306,080
	Foreign currency deposit accounts	8,682,419	9,473,621
		135,868,146	102,815,335
	With other central banks in		
	Foreign currency current accounts	91,863,219	50,093,433
	Foreign currency deposit accounts	19,085,137	10,684,831
		110,948,356	60,778,264
	With National Bank of Pakistan in		
	Local currency current accounts	53,237,697	72,368,067
	Foreign currency deposit accounts	5,554,262	-
		58,791,959	72,368,067
	National prize bonds	458,445	448,681
		362,053,546	277,330,217
	Less: Credit loss allowance held against cash and balances with treasury banks	(91,378)	-
	Cash and balances with treasury banks - net of credit loss allowance	<u>361,962,168</u>	<u>277,330,217</u>
<b>7.</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	In deposit accounts	7	7
	Outside Pakistan		
	In current accounts	16,543,501	23,665,786
	In deposit accounts	8,042,825	7,034,958
		24,586,326	30,700,744
		24,586,333	30,700,751
	Less: Credit loss allowance held against balances with other banks	(2,087)	-
	Balances with other banks - net of credit loss allowance	<u>24,584,246</u>	<u>30,700,751</u>
<b>8.</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Musharakah lending	-	12,500,000
	Call lending	100,000	-
	Repurchase agreement lendings (Reverse Repo)	976,737	21,947,852
		1,076,737	34,447,852
	Less: Credit loss allowance held against lending to financial institutions	-	-
	Lending to financial institutions - net of credit loss allowance	<u>1,076,737</u>	<u>34,447,852</u>
		(Un-audited)	
		September 30, 2024	
<b>8.1</b>	<b>Lending to FIs - Particulars of credit loss allowance</b>	<b>Lending</b>	<b>Credit loss allowance held</b>
		----- (Rupees in '000) -----	
	<b>Domestic</b>		
	Performing	Stage 1	1,076,737
	Under performing	Stage 2	-
	Non-performing	Stage 3	-
	Substandard		-
	Doubtful		-
	Loss		-
			1,076,737
	<b>Overseas</b>		
	Performing	Stage 1	-
	Under performing	Stage 2	-
	Non-performing	Stage 3	-
	Substandard		-
	Doubtful		-
	Loss		-
			-
	Total		<u>1,076,737</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 9. INVESTMENTS

### 9.1 Investments by type

September 30, 2024 (Un-audited)

December 31, 2023 (Audited)

Cost / Amortised cost	Expected credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
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(Rupees in '000)

#### FVTPL

##### Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds - fixed
- Pakistan Investment Bonds - floaters

##### Real Estate Investment Trust units

##### Non-Government debt securities

- Corporate Sukuks
- Term Finance Certificates

36,362,364	-	37,684	36,400,048	-	-	-	-
1,879,789	-	22,748	1,902,537	-	-	-	-
35,031,080	-	48,151	35,079,231	-	-	-	-
616,232	-	152,488	768,720	-	-	-	-
1,115,000	-	-	1,115,000	-	-	-	-
749,947	-	-	749,947	-	-	-	-
75,754,412	-	261,071	76,015,483	-	-	-	-

##### Held for trading securities

##### Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds - fixed
- Pakistan Investment Bonds - floaters

##### Real Estate Investment Trust units

##### Non-Government debt securities

- Corporate Sukuks
- Term Finance Certificates

-	-	-	-	17,963,912	-	(412)	17,963,500
-	-	-	-	3,066,638	-	(19,627)	3,047,011
-	-	-	-	58,005,273	-	(59,035)	57,946,238
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	79,035,823	-	(79,074)	78,956,749

#### FVOCI

##### Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds - fixed
- Pakistan Investment Bonds - floaters
- Government of Pakistan Sukuks
- Islamic Naya Pakistan Certificates
- Government of Pakistan Eurobonds

##### Ordinary shares

- Listed companies
- Unlisted companies

##### Non-Government debt securities

- Corporate Sukuks
- Term Finance Certificates

##### Foreign securities

- Market Treasury Bills
- Foreign bonds - sovereign
- Foreign bonds - others

##### Real Estate Investment Trust units

3,232,043,590	-	38,529,223	3,270,572,813	-	-	-	-
672,586,910	-	39,422,365	712,009,275	-	-	-	-
1,465,818,805	-	5,614,625	1,471,433,430	-	-	-	-
267,927,216	-	18,445,644	286,372,860	-	-	-	-
2,936,321	-	-	2,936,321	-	-	-	-
5,237,317	(1,560,819)	1,060,749	4,737,247	-	-	-	-
12,864,797	-	239,945	13,104,742	-	-	-	-
1,656,293	-	(57,587)	1,598,706	-	-	-	-
21,429	(7,047)	-	14,382	-	-	-	-
462,335	(162,444)	-	299,891	-	-	-	-
163,116,140	-	543,971	163,660,111	-	-	-	-
96,236,717	(15,562)	(1,206,082)	95,015,073	-	-	-	-
1,354,090	(479)	(88,447)	1,265,164	-	-	-	-
5,922,261,960	(1,746,351)	102,504,406	6,023,020,015	-	-	-	-

##### Available for sale securities

##### Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds - fixed
- Pakistan Investment Bonds - floaters
- Government of Pakistan Sukuks
- Islamic Naya Pakistan Certificates
- Government of Pakistan Eurobonds

##### Ordinary shares

- Listed companies
- Unlisted companies

##### Non-Government debt securities

- Corporate Sukuks
- Term Finance Certificates

##### Foreign securities

- Market Treasury Bills
- Foreign bonds - sovereign
- Foreign bonds - others

##### Real Estate Investment Trust units

-	-	-	-	1,759,484,348	-	4,084,530	1,763,568,878
-	-	-	-	501,749,097	-	(11,952,985)	489,796,112
-	-	-	-	1,062,667,124	-	6,455,501	1,069,122,625
-	-	-	-	435,136,727	(410,122)	7,532,654	442,259,259
-	-	-	-	5,709,016	-	-	5,709,016
-	-	-	-	40,864,536	(12,011,510)	300,243	29,153,269
-	-	-	-	13,243,966	(6,048,102)	3,570,071	10,765,935
-	-	-	-	779,023	(59,019)	-	720,004
-	-	-	-	1,200,714	-	-	1,200,714
-	-	-	-	1,212,322	(162,334)	-	1,049,988
-	-	-	-	67,730,157	-	55,839	67,785,996
-	-	-	-	58,914,521	(23,504)	(2,666,386)	56,224,631
-	-	-	-	1,381,785	(489)	(127,734)	1,253,562
-	-	-	-	507,834	-	108,398	616,232
-	-	-	-	3,950,581,170	(18,715,080)	7,360,131	3,939,226,221

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
9.1 Investments by type - continued	Note	Cost / Amortised cost	Expected credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)									
<b>Amortised cost</b>									
<b>Federal Government securities</b>									
-		193,016,766	-	-	193,016,766	-	-	-	-
-		25,915,913	-	-	25,915,913	-	-	-	-
-		10,001,263	-	-	10,001,263	-	-	-	-
-		-	-	-	-	-	-	-	-
-		45,505,664	-	-	45,505,664	-	-	-	-
<b>Non-Government debt securities</b>									
-		9,550,281	(32,151)	-	9,518,130	-	-	-	-
-		9,312,767	(430,136)	-	8,882,631	-	-	-	-
-		2,267	(2,267)	-	-	-	-	-	-
-		437	(437)	-	-	-	-	-	-
-		2,698,166	(806,906)	-	1,891,260	-	-	-	-
<b>Foreign securities</b>									
-		10,793,476	-	-	10,793,476	-	-	-	-
-		17,020,830	(15,562)	-	17,005,268	-	-	-	-
-		1,465,462	(519)	-	1,464,943	-	-	-	-
-		604	-	-	604	-	-	-	-
		325,283,896	(1,287,978)	-	323,995,918	-	-	-	-
<b>Held to maturity securities</b>									
<b>Federal Government securities</b>									
-		-	-	-	-	253,017,065	-	-	253,017,065
-		-	-	-	-	25,847,573	-	-	25,847,573
-		-	-	-	-	13,001,719	-	-	13,001,719
-		-	-	-	-	16,349,538	(4,406,225)	-	11,943,313
-		-	-	-	-	-	-	-	-
<b>Non-Government debt securities</b>									
-		-	-	-	-	9,471,269	(46,394)	-	9,424,875
-		-	-	-	-	10,551,604	(429,951)	-	10,121,653
-		-	-	-	-	2,267	(2,267)	-	-
-		-	-	-	-	437	(437)	-	-
-		-	-	-	-	2,739,066	(814,584)	-	1,924,482
<b>Foreign securities</b>									
-		-	-	-	-	15,875,336	-	-	15,875,336
-		-	-	-	-	20,728,155	(540,599)	-	20,187,556
-		-	-	-	-	1,494,823	(529)	-	1,494,294
-		-	-	-	-	612	-	-	612
		-	-	-	-	369,079,464	(6,240,986)	-	362,838,478
<b>Associates</b>									
-		240,000	-	-	240,000	240,000	-	-	240,000
-		1,057,485	(1,057,485)	-	-	1,057,485	(1,057,485)	-	-
		1,297,485	(1,057,485)	-	240,000	1,297,485	(1,057,485)	-	240,000
<b>Subsidiaries</b>									
-		-	-	-	-	2,855,223	-	-	2,855,223
-		2,000,000	-	-	2,000,000	1,000,000	-	-	1,000,000
-		100,000	-	-	100,000	100,000	-	-	100,000
		2,100,000	-	-	2,100,000	3,955,223	-	-	3,955,223
<b>Total Investments</b>		<b>6,326,697,753</b>	<b>(4,091,814)</b>	<b>102,765,477</b>	<b>6,425,371,416</b>	<b>4,403,949,165</b>	<b>(26,013,551)</b>	<b>7,281,057</b>	<b>4,385,216,671</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

9.1.1 Investments given as collateral	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
<b>Federal Government securities</b>			
Market Treasury Bills		2,566,354,516	1,739,647,706
Pakistan Investment Bonds		<u>1,593,312,127</u>	<u>962,704,865</u>
		<u>4,159,666,643</u>	<u>2,702,352,571</u>

The market value of securities given as collateral is Rs. 4,194,885 million (December 31, 2023: Rs. 2,716,080 million).

## 9.2 Expected credit loss allowance for diminution in value of investments

Opening balance		26,013,551	26,823,071
Exchange adjustments		(92,937)	3,003,752
Impact of reclassification on adoption of IFRS 9		(6,107,121)	-
Impact of ECL recognised on adoption of IFRS 9		7,501	-
Charge / (reversals)			
Charge for the period / year		110,912	7,793,597
Reversals for the period / year		(360,958)	(1,266,052)
Derecognition of ECL on disposals	9.2.1	(15,479,134)	(10,340,817)
Amounts written off		-	-
Closing balance	9.2.2	<u>4,091,814</u>	<u>26,013,551</u>

9.2.1 ECL provision under IFRS 9 amounting to Rs. 15,479.134 million was held as part of the amortised cost of securities. This amount has been derecognised as a consequence of the disposal of such securities.

## 9.2.2 Particulars of expected credit loss allowance for diminution in value of investments

Category of classification		(Un-audited)	
		September 30, 2024	Expected credit loss allowance held
		----- (Rupees in '000) -----	
<b>Domestic</b>			
Performing	Stage 1	6,009,613,766	7,501
Under performing	Stage 2	-	-
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		626,981	626,981
<b>Overseas</b>			
Performing	Stage 1	289,866,742	32,123
Under performing	Stage 2	8,055,456	2,367,724
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
<b>Total</b>		<u>6,308,162,945</u>	<u>3,034,329</u>

## Particulars of provision against debt securities

Category of classification	(Audited)	
	Non-Performing Investments	Provision
	----- (Rupees in '000) -----	
<b>Domestic</b>		
Loss	641,383	641,383
<b>Overseas</b>		
Defaulted exposure	-	-
<b>Total</b>	<u>641,383</u>	<u>641,383</u>

## 9.3 Summary of financial position and performance of associates and subsidiaries

	Country of Incorporation	Holding %	September 30, 2024 (Un-audited)				Total comprehensive income for the
			Assets	Liabilities	Revenue	Profit after tax	
			----- (Rupees in '000) -----				
<b>Associates</b>							
UBL Insurers Limited	Pakistan	30.00%	12,772,031	10,049,197	1,647,237	544,100	616,553
<b>Subsidiaries</b>							
UBL Fund Managers Limited	Pakistan	98.87%	6,724,719	2,858,267	2,624,212	798,976	798,976
UBL Currency Exchange (Private) Limited	Pakistan	100.00%	2,450,738	457,480	362,634	7,509	6,400

9.4 The market value of securities classified as amortised cost as at September 30, 2024 amounted to Rs. 322,229.832 million (December 31, 2023: Rs. 337,640.922)

9.5 The transaction for the sale of United National Bank Limited (UNBL UK) was approved by the shareholders' of United Bank Limited (UBL) in 65th Annual General Meeting held on 18 March 2024. As per the resolution for disposal of UNBL UK, the "Indicative Offer" received from Bestway Group to acquire 50.1% shares upfront, at a price of GBP 25.495 million, out of 55% shareholding of the Bank in UNBL UK, with an option to purchase remaining 4.9% shares within 36 months of the initial acquisition of 50.1% at the same price. The transaction for the sale of the Bank's shareholding in United National Bank Limited (UNBL UK) was concluded with the same terms formerly mentioned and the sale proceeds have been realized in July 2024. On disposal, the profit on disposal of Rs 7.083 million is recognised in profit and loss account. The residual investment of 4.9% holding in UNBL UK is recorded as investment in unlisted securities at fair value of Rs 885.450 million.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

10. ADVANCES	Note	September 30, 2024 (Un-audited)		
		Performing	Non-performing	Total
		----- (Rupees in '000) -----		
Loans, cash credits, running finances, etc.		539,912,468	97,160,467	637,072,935
Islamic financing and related assets	40.3	58,412,457	284,762	58,697,219
Bills discounted and purchased		21,893,802	10,587,678	32,481,480
<b>Advances - gross</b>		<b>620,218,727</b>	<b>108,032,907</b>	<b>728,251,634</b>
Expected credit loss allowance against advances	10.3	(5,283,525)	-	(5,283,525)
-Stage 1		(8,924,455)	-	(8,924,455)
-Stage 2		-	(94,775,930)	(94,775,930)
-Stage 3		(14,207,980)	(94,775,930)	(108,983,910)
<b>Advances - net of expected credit loss allowance</b>		<b>606,010,747</b>	<b>13,256,977</b>	<b>619,267,724</b>

		December 31, 2023 (audited)		
		Performing	Non-performing	Total
		----- (Rupees in '000) -----		
Loans, cash credits, running finances, etc.		553,317,263	94,992,688	648,309,951
Islamic financing and related assets	40.3	47,191,822	222,205	47,414,027
Bills discounted and purchased		11,018,066	10,325,627	21,343,693
<b>Advances - gross</b>		<b>611,527,151</b>	<b>105,540,520</b>	<b>717,067,671</b>
Provision against advances	10.3	-	(92,332,287)	(92,332,287)
-Specific		(11,169,858)	-	(11,169,858)
-General		(11,169,858)	(92,332,287)	(103,502,145)
<b>Advances - net of provision</b>		<b>600,357,293</b>	<b>13,208,233</b>	<b>613,565,526</b>

10.1 Particulars of advances - gross		(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
		----- (Rupees in '000) -----	
In local currency		512,971,847	465,031,632
In foreign currencies		215,279,787	252,036,039
		<b>728,251,634</b>	<b>717,067,671</b>

10.2 Advances include Rs.108,032.907 million (December 31, 2023: Rs. 105,540.520 million) which have been placed under non-performing / Stage 3 status as detailed below:

Category of Classification (Stage 3)	(Un-audited)	
	September 30, 2024	
	Non-Performing Loans	Credit loss allowance
----- (Rupees in '000) -----		
<b>Domestic</b>		
Other Assets Especially Mentioned*	181,972	42,481
Substandard	2,445,798	1,710,982
Doubtful	258,422	125,921
Loss	21,548,654	20,552,872
	24,434,846	22,432,256
<b>Overseas</b>		
Other Assets Especially Mentioned*	-	-
Substandard	2,906,137	733,505
Doubtful	17,398,562	11,466,979
Loss	63,293,362	60,143,190
	83,598,061	72,343,674
<b>Total</b>	<b>108,032,907</b>	<b>94,775,930</b>



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Audited)

December 31, 2023

Category of Classification

Non-Performing Loans Provision

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

## Domestic

Other Assets Especially Mentioned\*

Substandard

Doubtful

Loss

105,024	3,660
2,963,970	729,208
197,690	91,464
21,198,758	20,225,801
24,465,442	21,050,133

## Overseas

Not past due but impaired \*\*

Overdue by:

Upto 90 days

91 to 180 days

181 to 365 days

> 365 days

1,439,842	331,800
83,720	-
237,549	-
4,449,553	1,685,624
74,864,414	69,264,730
81,075,078	71,282,154
105,540,520	92,332,287

Total

\* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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

### 10.3 Particulars of expected credit loss allowance against advances

Note	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- (Rupees in '000) -----						
Opening balance	759,622	10,410,236	92,332,287	103,502,145	81,783,522	10,146,800	91,930,322
Exchange adjustments	(4,289)	(141,407)	(1,158,164)	(1,303,860)	14,650,438	2,289,735	16,940,173
Impact of Adoption of IFRS 9	4,046,484	2,689,194	1,234,015	7,969,693	-	-	-
Charge / (reversals)							
Charge for the period / year	562,350	-	3,005,058	3,567,408	894,440	100,364	994,804
Reversals for the period / year	(80,642)	(2,217,058)	(2,412,356)	(4,710,056)	(4,526,473)	(1,367,041)	(5,893,514)
	481,708	(2,217,058)	592,702	(1,142,648)	(3,632,033)	(1,266,677)	(4,898,710)
Amounts charged off							
- agriculture financing	10.5	-	-	(40,573)	(40,573)	-	(153,498)
Amounts written off	-	-	(54,958)	(54,958)	(316,142)	-	(316,142)
Transfers (out) / in - net	-	(1,816,510)	1,870,621	54,111	-	-	-
Closing balance	5,283,525	8,924,455	94,775,930	108,983,910	92,332,287	11,169,858	103,502,145

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 10.4 Advances - Particulars of expected credit loss allowance

### 10.4.1 Advances - Category of classification

September 30, 2024 (Un-audited)			
		Outstanding amount	Expected credit loss allowance held
----- (Rupees in '000) -----			
<b>Domestic</b>			
Performing	Stage 1	475,050,833	5,038,544
Under performing	Stage 2	49,026,380	1,984,762
Non-performing	Stage 3		
Substandard		2,627,770	1,753,463
Doubtful		258,422	125,921
Loss		21,548,654	20,552,872
		24,434,846	22,432,256
Sub Total		548,512,059	29,455,562
<b>Overseas</b>			
Performing	Stage 1	63,050,552	244,981
Under performing	Stage 2	33,090,962	6,939,693
Non-performing	Stage 3		
Substandard		2,906,137	733,505
Doubtful		17,398,562	11,466,979
Loss		63,293,362	60,143,190
		83,598,061	72,343,674
Sub Total		179,739,575	79,528,348
Total		728,251,634	108,983,910

**10.4.2** The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 01 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. 90.836 million (December 31, 2023: Rs. 44.193 million).

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 regulations 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. 3,850.118 million (December 31, 2023: Rs. 6,114.438 million) for the overseas branches.

The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

**10.5** These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>11. PROPERTY AND EQUIPMENT</b>	<b>Note</b>		
Capital work-in-progress	11.1	7,981,434	1,322,980
Property and equipment		70,249,149	63,764,663
		78,230,583	65,087,643
<b>11.1 Capital work-in-progress</b>			
Civil works		7,091,162	734,319
Equipment		890,272	588,661
		7,981,434	1,322,980

		(Un-audited) January - September 2024	January - September 2023
----- (Rupees in '000) -----			
<b>11.2 Additions to Property and equipment - net</b>			
The following additions have been made to property and equipment during the period:			
Capital work-in-progress - net additions		6,658,454	749,922

#### Property and equipment

Freehold land	770,331	-
Leasehold land	2,448,554	-
Building on freehold land	72,355	-
Leasehold improvements	1,389,211	787,367
Furniture and fixtures	856,194	132,424
Electrical, office and computer equipment	4,061,700	1,147,475
Vehicles	985,454	168,910
	10,583,799	2,236,176
<b>Total</b>	17,242,253	2,986,098

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Un-audited)  
**January -**      **January -**  
**September**      **September**  
**2024**              **2023**  
----- (Rupees in '000) -----

## 11.3 Disposal of Property and equipment

The net book value of Property and equipment disposed off during the period is as follows:

Building on leasehold land	-	54,824
Leasehold land	-	1,444,780
Leasehold Improvement	11,648	1,455
Furniture and fixtures	2,381	719
Electrical, office and computer equipment	2,904	1,664
Vehicles	3,395	15,365
	<u>20,328</u>	<u>1,518,807</u>
Total	<u>20,328</u>	<u>1,518,807</u>

## 12. RIGHT-OF-USE ASSETS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Buildings	Others	Total	Buildings	Others	Total
	----- (Rupees in '000) -----					
<b>At January 1,</b>						
Cost	13,834,046	182,562	14,016,608	12,400,452	69,255	12,469,707
Accumulated Depreciation	(5,452,800)	(66,779)	(5,519,579)	(4,640,808)	(21,348)	(4,662,156)
Net Carrying amount at January 1,	<u>8,381,246</u>	<u>115,783</u>	<u>8,497,029</u>	<u>7,759,644</u>	<u>47,907</u>	<u>7,807,551</u>
Additions during the period / year	3,451,886	19,761	3,471,647	3,172,770	124,327	3,297,097
Deletions during the period / year	(607,726)	(4,789)	(612,515)	(350,965)	(1,448)	(352,413)
Depreciation charge for the year	(1,704,190)	(78,264)	(1,782,454)	(2,231,324)	(55,003)	(2,286,327)
Exchange rate adjustments	(626)	-	(626)	31,121	-	31,121
Net Carrying Amount	<u>9,520,590</u>	<u>52,491</u>	<u>9,573,081</u>	<u>8,381,246</u>	<u>115,783</u>	<u>8,497,029</u>

(Un-audited)      (Audited)  
**September 30,**      **December 31,**  
**2024**                  **2023**  
----- (Rupees in '000) -----

## 13. INTANGIBLE ASSETS

Capital work-in-progress - Computer software	522,834	173,916
Intangible assets - Computer software	<u>1,948,438</u>	<u>2,284,918</u>
	<u>2,471,272</u>	<u>2,458,834</u>

(Un-audited)  
**January -**      **January -**  
**September**      **September**  
**2024**              **2023**  
----- (Rupees in '000) -----

### 13.1 Additions to intangible assets - net

The following additions have been made to intangible assets during the period:

Capital work-in-progress - net	348,918	69,468
Directly purchased - Intangible assets	<u>397,005</u>	<u>410,052</u>
	<u>745,923</u>	<u>479,520</u>

(Un-audited)      (Audited)  
**September 30,**      **December 31,**  
**2024**                  **2023**  
----- (Rupees in '000) -----

## 14. DEFERRED TAX (LIABILITIES) / ASSETS

### Deductible temporary differences on

Credit loss allowance against advances and off balance sheet obligations  
Workers' Welfare Fund

5,788,596	679,351
<u>5,492,228</u>	<u>4,406,522</u>
11,280,824	5,085,873

### Taxable temporary differences on

Surplus on revaluation of fixed assets / non-banking assets  
Surplus on revaluation of investments  
Post retirement employee benefits  
Accelerated tax depreciation  
Others

(1,555,189)	(1,610,164)
(53,256,957)	(3,606,464)
(841,433)	(841,433)
(510,570)	(884,730)
(73,981)	(64,971)
<u>(56,238,130)</u>	<u>(7,007,762)</u>
<u>(44,957,306)</u>	<u>(1,921,889)</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
	Note	----- (Rupees in '000) -----	
<b>15. OTHER ASSETS</b>			
Income / mark-up accrued in local currency		142,375,310	121,606,612
Income / mark-up accrued in foreign currencies	15.1	3,037,209	3,056,696
Receivable from staff retirement fund		760,200	4,593,952
Receivable from other banks against telegraphic transfers and demand drafts		55,197	38,339
Unrealised gain on forward foreign exchange contracts		1,536,601	4,234,338
Rebate receivable - net		4,789,204	1,868,330
Unrealised gain on derivative financial instruments	25	3,311	32,379
Suspense accounts		206,650	22,467
Stationery and stamps on hand		454,249	593,636
Non-banking assets acquired in satisfaction of claims		39,656	42,075
Advances, deposits, advance rent and other prepayments		3,177,501	2,045,543
Dividend receivable		33,075	-
Commission receivable - Bancassurance & Branchless Banking		692,664	688,884
Receivable against fraud & forgery and looted notes		488,657	475,390
Acceptances	22	28,741,023	17,584,022
Others		2,712,640	1,961,201
		<u>189,103,147</u>	<u>158,843,864</u>
Expected credit loss allowance / provision held against other assets	15.2	(1,068,872)	(1,150,885)
Other assets - net of expected credit loss allowance		<u>188,034,275</u>	<u>157,692,979</u>
Surplus / (Deficit) on revaluation of non-banking assets acquired in satisfaction of claims	23	-	-
		<u>188,034,275</u>	<u>157,692,979</u>

15.1 Unrealised mark-up held in suspense amounting to Rs. 45,235.207 million (December 31, 2023: Rs. 39,977.644 million) against non-performing overseas advances has been netted off.

		(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
<b>15.2 Expected credit loss allowance held against other assets</b>			
Advances and other receivables		54,108	54,108
Receivable against fraud & forgery and looted notes		488,657	475,390
Others		526,107	621,387
		<u>1,068,872</u>	<u>1,150,885</u>

## 15.2. Movement in expected credit loss allowance held against other assets

Opening balance		1,150,885	1,244,972
Exchange adjustments		(15,891)	83,333
Charge / (reversals)			
Charge for the period / year		33,934	97,737
Reversals for the period / year		(45,083)	(126,753)
		(11,149)	(29,016)
Transfers out - net		(52,250)	-
Amounts written off		(2,723)	(148,404)
Closing balance		<u>1,068,872</u>	<u>1,150,885</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 16. CONTINGENT ASSETS

There were no contingent assets as at September 30, 2024 (December 31, 2023: Nil).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
17. <b>BILLS PAYABLE</b>		
In Pakistan	29,199,445	26,095,575
Outside Pakistan	885,499	1,801,566
	<u>30,084,944</u>	<u>27,897,141</u>

## 18. BORROWINGS

### Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	26,669,759	37,076,201
Refinance facility for modernization of SME	1,412,779	1,353,958
Long term financing facility	11,351,278	13,991,026
Renewable energy scheme	1,059,645	873,755
Temporary economic refinance facility	15,589,644	16,886,679
Refinance facility for combating COVID-19	213,522	332,674
Repurchase agreement borrowings	4,138,600,153	2,717,697,641
Financing facility for storage of agriculture products	24,063	34,375
Refinance for women entrepreneurs	49,993	61,200
	4,194,970,836	2,788,307,509

Others

Repurchase agreement borrowings	64,137,828	15,966,300
	<u>4,259,108,664</u>	<u>2,804,273,809</u>

### Unsecured

Call borrowings	43,467,328	10,603,000
Overdrawn nostro accounts	1,379,370	593,745
	44,846,698	11,196,745
	<u>4,303,955,362</u>	<u>2,815,470,554</u>

## 19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	1,041,642,201	401,699,304	1,443,341,505	832,767,622	248,746,308	1,081,513,930
Savings deposits	857,457,384	31,116,057	888,573,441	698,079,461	55,703,568	753,783,029
Term deposits	107,513,786	114,082,217	221,596,003	158,820,636	108,618,487	267,439,123
Others	41,219,913	8,653,202	49,873,115	18,975,751	6,969,636	25,945,387
	2,047,833,284	555,550,780	2,603,384,064	1,708,643,470	420,037,999	2,128,681,469
<b>Financial Institutions</b>						
Current deposits	15,041,743	4,699,481	19,741,224	24,795,264	6,771,975	31,567,239
Saving deposits	202,080,282	70,513	202,150,795	174,456,017	94,660	174,550,677
Term deposits	78,450	3,118,527	3,196,977	1,925,450	4,293,020	6,218,470
	217,200,475	7,888,521	225,088,996	201,176,731	11,159,655	212,336,386
	<u>2,265,033,759</u>	<u>563,439,301</u>	<u>2,828,473,060</u>	<u>1,909,820,201</u>	<u>431,197,654</u>	<u>2,341,017,855</u>

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. 1,607,077.723 million (December 31, 2023: Rs 1,376,823.088 million).

## 20. LEASE LIABILITIES

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
Opening balance	10,339,867	9,418,000
Addition during the period / year	3,471,647	3,297,097
Lease payments including interest	(2,693,118)	(3,202,250)
Interest expense	1,077,013	1,217,778
Termination/modification	(659,628)	(390,758)
Exchange adjustments	(402)	-
Closing balance	<u>11,535,379</u>	<u>10,339,867</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>20.1 Liabilities Outstanding</b>		
Not later than one year	181,353	302,536
Later than one year and upto five years	5,219,330	4,819,731
Over five years	6,134,696	5,217,600
Total	<u>11,535,379</u>	<u>10,339,867</u>

## 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 86 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the Additional Tier 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>	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.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
<b>22. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		59,514,892	47,156,831
Mark-up / return / interest payable in foreign currencies		1,112,716	1,501,633
Accrued expenses		7,211,265	7,192,275
Branch adjustment account		41,197	749,289
Deferred income		1,993,656	1,332,699
Current taxation (provisions less payments)	22.1	18,881,616	7,015,440
Unearned commission and income on bills discounted		1,644,174	357,949
Credit loss allowance against off-balance sheet obligations	22.2	2,126,192	1,056,385
Unrealised loss on forward foreign exchange contracts		1,776,952	2,735,338
Unrealised loss on derivative financial instruments		18,640	5,762
Liability against trading of securities		986,145	-
Payable to staff retirement fund		28,588	-
Deferred liabilities	22.3	4,576,547	4,365,167
Workers' Welfare Fund payable		11,208,627	8,992,902
Liabilities against card settlement		700,352	148,039
Dividends payable		346,214	370,889
Unclaimed dividends		379,957	356,426
Acceptances	15	28,741,023	17,584,022
Security deposits		356,100	339,787
Charity fund balance		22,386	21,399
Levies and taxes payable		3,702,752	9,169,996
Clearing and settlement accounts		20,317,741	2,624,454
Others		3,146,741	2,772,983
		<u>168,834,473</u>	<u>115,849,665</u>

**22.1** The Income Tax returns of the Bank have been filed up to the tax year 2024 (accounting year ended December 31, 2023) 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 2023, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,080 million (2023: Rs.14,124 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 2024 (accounting year ended December 31, 2023) 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. 2,632 million (2023: Rs. 2,632 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE and Qatar branches have been filed upto the year ended December 31, 2023 and Yemen branches have been filed upto the year ended December 31, 2019 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
<b>22.2 Credit loss allowance against off-balance sheet obligations</b>	Note	----- (Rupees in '000) -----
Opening balance	1,056,385	882,445
Exchange adjustments	(14,771)	203,244
Impact of adoption of IFRS 9	1,037,902	-
Charge / (reversal)		
Charge for the period / year	53,410	4,367
Reversals for the period / year	(6,734)	(33,671)
	<u>46,676</u>	<u>(29,304)</u>
Closing balance	<u>2,126,192</u>	<u>1,056,385</u>
<b>22.3 Deferred liabilities</b>		
Provision for post-retirement medical benefits	2,851,299	2,590,351
Provision for compensated absences	776,622	779,284
End of service benefits		
-Overseas branches	704,663	648,827
-Outsourced services	243,963	346,705
	<u>4,576,547</u>	<u>4,365,167</u>
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		(Un-audited) September 30, 2024 Rupees in '000'
<b>(Deficit) / surplus arising on revaluation of:</b>		
- Securities measured at FVOCI - Debt	9.1	102,322,046
- Securities measured at FVOCI - Equity	9.1	3,212,157
- Property and Equipment		39,709,528
- Non-banking assets acquired in satisfaction of claims	15	-
		145,243,731
<b>Deferred tax on (deficit) / surplus on revaluation of:</b>		
- Securities measured at FVOCI - Debt		50,137,803
- Securities measured at FVOCI - Equity		3,119,154
- Property and Equipment		1,555,189
- Non-banking assets acquired in satisfaction of claims		-
		<u>54,812,146</u>
		<u>90,431,585</u>
		(Audited) December 31, 2023 Rupees in '000'
<b>(Deficit) / surplus arising on revaluation of:</b>		
- Available for sale securities-Debt	9.1	3,681,662
- Available for sale securities-Equity	9.1	3,678,469
- Fixed assets		39,821,957
- Non-banking assets acquired in satisfaction of claims	15	-
		47,182,088
<b>Deferred tax on (deficit) / surplus on revaluation of:</b>		
- Available for sale securities-Debt		1,804,014
- Available for sale securities-Equity		1,802,450
- Fixed assets		1,610,164
- Non-banking assets acquired in satisfaction of claims		-
		<u>5,216,628</u>
		<u>41,965,460</u>
	(Un-audited) September 30, 2024	(Audited) December 31, 2023
<b>24. CONTINGENCIES AND COMMITMENTS</b>	Note	----- (Rupees in '000) -----
Guarantees	24.1	324,148,442
Commitments	24.2	938,884,282
Other contingent liabilities	24.3	16,355,426
		<u>1,279,388,150</u>
		<u>1,315,206,507</u>
<b>24.1 Guarantees:</b>		
Financial guarantees		118,808,478
Performance guarantees		198,406,164
Other guarantees		6,933,800
		<u>324,148,442</u>
		<u>286,344,622</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
24.2 Commitments:	----- (Rupees in '000) -----	
Documentary credits and short-term trade-related transactions		
- letters of credit	329,991,642	303,953,368
Commitments in respect of:		
- forward foreign exchange contracts	24.2.2 436,608,906	540,001,109
- forward Government securities transactions	24.2.3 15,882,800	19,956,300
- derivatives	24.2.4 -	366,068
- forward lending	24.2.5 147,370,859	144,577,866
- operating leases	24.2.6 150,349	66,511
	600,012,914	704,967,854
Commitments for acquisition of:		
- fixed assets	7,364,018	2,998,928
- intangible assets	1,515,708	824,874
	8,879,726	3,823,802
	<u>938,884,282</u>	<u>1,012,745,024</u>

## 24.2.1 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.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
24.2.2 Commitments in respect of forward foreign exchange contracts	----- (Rupees in '000) -----	
Purchase	254,725,497	278,930,255
Sale	181,883,409	261,070,854
	<u>436,608,906</u>	<u>540,001,109</u>
24.2.3 Commitments in respect of forward Government securities transactions		
Purchase	325,075	16,956,300
Sale	15,557,725	3,000,000
	<u>15,882,800</u>	<u>19,956,300</u>
24.2.4 Commitments in respect of derivatives		
Cross Currency Swaps	-	-
FX options		
Purchase	-	183,034
Sale	-	183,034
	-	<u>366,068</u>
24.2.5 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1 76,212,325	84,953,615
Others	71,158,534	59,624,251
	<u>147,370,859</u>	<u>144,577,866</u>

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

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
24.2.6 Commitments in respect of operating leases	----- (Rupees in '000) -----	
Not later than one year	150,349	66,511
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>150,349</u>	<u>66,511</u>
24.3 Other contingent liabilities		
24.3.1 Claims against the Bank not acknowledged as debts	24.3.2 16,355,426	16,116,861

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.

24.3.2 This includes penalties amounting to Rs. 4.089 billion (2023: Rs. 4.089 billion) were levied during 2016 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 For contingencies relating to taxation, refer note 22.1.



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 25. Derivative Instruments

### Product analysis

September 30, 2024 (Un-audited)									
FX options		Cross Currency Swaps		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Loss
(Rupees in '000)									
Hedging	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	325,075	1	15,557,725	15,882,800	(15,329)
	-	-	-	-	325,075	1	15,557,725	15,882,800	(15,329)
December 31, 2023 (Audited)									
FX options		Cross Currency Swaps		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
(Rupees in '000)									
Hedging	183,034	-	-	-	-	-	-	183,034	-
Market making	183,034	-	-	-	16,956,300	26,320	3,000,000	20,139,334	26,617
	366,068	-	-	-	16,956,300	26,320	3,000,000	20,322,368	26,617

## 26. MARK-UP / RETURN / INTEREST EARNED

On:

	(Un-audited)	
	January - September 2024	January - September 2023
	----- (Rupees in '000) -----	
Loans and advances	76,571,924	85,627,076
Investments	740,983,709	237,339,948
Lendings to financial institutions	2,344,231	10,331,280
Balances with banks	5,995,934	3,915,135
	<u>825,895,798</u>	<u>337,213,439</u>

## 27. MARK-UP / RETURN / INTEREST EXPENSED

On:

Deposits	163,760,310	118,944,266
Borrowings	550,793,691	106,944,135
Subordinated debt	1,684,277	1,635,830
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,349,112	2,158,825
Lease liability against right-of-use assets	1,077,013	893,342
	<u>720,664,403</u>	<u>230,576,398</u>

## 28. FEE AND COMMISSION INCOME

Branch banking customer fee	1,466,598	1,968,446
Consumer finance related fee	887,277	962,898
Card related fee (debit and credit cards)	2,781,490	2,365,790
Investment banking fee	230,095	263,360
Financial Institution rebate / commission	564,743	448,837
Corporate service charges / facility fee	1,087,435	731,605
Commission on trade	2,360,854	1,574,891
Commission on guarantees	1,076,961	593,215
Commission on cash management	852,766	909,655
Commission on remittances including home remittances - net	3,355,085	2,084,869
Commission on bancassurance	869,807	823,675
Rent on lockers	169,118	167,335
Others	191,279	167,311
	<u>15,893,508</u>	<u>13,061,887</u>

## 29. GAIN / (LOSS) ON SECURITIES - NET

Realised	23,813,057	(1,374,053)
Unrealised - Measured at FVTPL	261,073	13,750
	<u>24,074,130</u>	<u>(1,360,303)</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited)	
	January - September 2024	January - September 2023
	----- (Rupees in '000) -----	
<b>30. OTHER INCOME</b>		
Charges recovered	313,184	374,810
Rent on properties	79,225	61,496
Gain on sale of fixed assets - net	148,042	396,875
Gain on sale of subsidiary	7,083,501	-
Gain/(Loss) on sale of Ijarah assets - net	533	(626)
(Loss)/Gain on trading liabilities - net	(6,419)	2,712
	<u>7,618,066</u>	<u>835,267</u>
<b>31. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	23,281,825	18,230,022
<b>Property expense</b>		
Rent and taxes	1,136,766	925,028
Insurance	228,995	197,941
Utilities cost	2,460,098	2,048,798
Security (including guards)	1,228,652	1,086,752
Repair and maintenance (including janitorial charges)	368,059	318,291
Depreciation on owned fixed assets	1,009,926	903,742
Depreciation on right-of-use assets	1,782,454	1,695,646
Depreciation on non-banking assets acquired in satisfaction of claims	2,420	2,259
Others	35,675	46,024
	<u>8,253,045</u>	<u>7,224,481</u>
<b>Information technology expenses</b>		
Software maintenance	2,483,947	2,149,563
Hardware maintenance	462,621	443,871
Depreciation	1,313,672	991,241
Amortisation	716,175	748,237
Network charges	804,450	786,086
Consultancy charges	218,856	191,311
	<u>5,999,721</u>	<u>5,310,309</u>
<b>Other operating expenses</b>		
Legal and professional charges	357,773	1,230,789
Outsourced service costs	1,502,695	1,330,312
Commission paid to branchless banking agents	230,293	265,090
Commission paid to sales force	1,439,521	1,448,467
Travelling and conveyance	181,837	186,779
Clearing charges	252,061	211,131
Depreciation - others	1,730,256	1,203,456
Depreciation on Islamic financing against leased assets	58,652	105,607
Training and development	149,446	77,598
Postage and courier charges	345,773	253,462
Communication	213,667	186,913
Stationery and printing	1,547,947	1,039,559
Marketing, advertisement and publicity	1,465,623	588,811
Donations	197,391	50,078
Auditors' remuneration	107,254	98,763
Insurance	90,341	94,833
Deposit protection premium expense	1,652,188	1,409,413
Cash transportation and sorting charges	897,443	813,759
Entertainment	296,155	191,817
Office running expenses	275,966	198,955
Vehicle expenses	403,043	174,355
Banking service charges	4,738,200	3,471,840
Repairs and maintenance	1,302,904	1,029,914
Miscellaneous expenses	990,009	536,194
	<u>20,426,438</u>	<u>16,197,895</u>
	<u>57,961,029</u>	<u>46,962,707</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		(Un-audited)	
		January - September 2024	January - September 2023
		----- (Rupees in '000) -----	
<b>32. OTHER CHARGES</b>	<b>Note</b>		
Penalties imposed by the SBP		2,306	31,988
Penalties imposed by other regulatory bodies of overseas branches		30,660	215
		<u>32,966</u>	<u>32,203</u>
<b>33. CREDIT LOSS ALLOWANCE &amp; WRITE OFFS - NET</b>			
Credit loss allowance/ Provision for diminution in value of investments	9.2	(250,046)	5,094,684
Credit loss allowance/ Reversal of provision against loans and advances	10.3	(1,142,648)	(3,040,735)
Bad debts written off directly		36,211	36,501
Credit loss allowance/ Provision against other assets - net	15.2.1	(11,149)	(31,905)
Credit loss allowance/ Reversal of provision against off-balance sheet obligations - net	22.2	46,676	69,047
Recovery of written-off / charged off bad debts		(314,078)	(279,474)
Other provisions and write-offs		161,798	106,355
		<u>(1,473,236)</u>	<u>1,954,473</u>
<b>34. TAXATION</b>			
Current		55,274,229	37,798,439
Prior years		(267,820)	-
Deferred		(2,206,108)	386,633
		<u>52,800,301</u>	<u>38,185,072</u>

		(Un-audited)	
		January - September 2024	January - September 2023
		----- (Rupees in '000) -----	
<b>35. EARNINGS PER SHARE</b>			
Profit after taxation for the period		<u>54,985,887</u>	<u>40,865,584</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>44.92</u>	<u>33.38</u>
There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2024 and September 30, 2023.			

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates 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.

### 36.1 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 THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

Item	Valuation approach and input used
<b>Federal Government securities</b>	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
<b>Non-Government debt securities</b>	The fair value of non-government debt securities is determined using the prices / rates from MUFAP.
<b>Foreign debt securities</b>	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
<b>Mutual Fund units</b>	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of each business day.
<b>Forward foreign exchange contracts and Forward Government securities transactions</b>	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
<b>Derivatives</b>	The fair valuation techniques include forward pricing and swap models using present value calculations.
<b>Fixed assets and non-banking assets acquired in satisfaction of claims</b>	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.

## 36.2 Fair value of financial assets

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:

Carrying value	September 30, 2024 (Un-audited)			Total	
	Fair value				
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
Investments					
- Federal Government securities	5,821,443,762	-	5,821,443,762	-	5,821,443,762
- Ordinary shares of listed companies	13,104,742	13,104,742	-	-	13,104,742
- Foreign Bonds - Market Treasury Bills	163,660,111	-	163,660,111	-	163,660,111
- Foreign bonds - sovereign	95,015,073	-	95,015,073	-	95,015,073
- Foreign bonds - others	1,265,164	-	1,265,164	-	1,265,164
- Non-Government debt securities	2,179,220	-	2,179,220	-	2,179,220
- Real Estate Investment Trust units	768,720	768,720	-	-	768,720
	6,097,436,792	13,873,462	6,083,563,330	-	6,097,436,792
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government securities	274,439,606	-	273,005,416	-	273,005,416
- Foreign Bonds - Market Treasury Bills	10,793,476	-	10,805,112	-	10,805,112
- Foreign Bonds - sovereign	17,005,268	-	16,508,389	-	16,508,389
- Foreign Bonds - others	1,464,943	-	1,377,861	-	1,377,861
- Non-Government debt securities	20,292,021	-	20,533,054	-	20,533,054
	323,995,314	-	322,229,832	-	322,229,832
	6,421,432,106	13,873,462	6,405,793,162	-	6,419,666,624
<b>Off-balance sheet financial instruments measured at fair value</b>					
Foreign exchange contracts - purchased and sold	436,608,906	-	(240,351)	-	(240,351)
FX options - purchased and sold	-	-	-	-	-
Forward Government Securities - purchased and sold	15,882,800	-	(15,329)	-	(15,329)

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	December 31, 2023 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
Investments					
- Federal Government securities	3,878,565,908	-	3,878,565,908	-	3,878,565,908
- Foreign Bonds - Market Treasury Bills	67,785,996	-	67,785,996	-	67,785,996
- Foreign bonds - sovereign	56,224,631	-	56,224,631	-	56,224,631
- Foreign bonds - others	1,253,562	-	1,253,562	-	1,253,562
- Ordinary shares of listed companies	10,765,935	10,765,935	-	-	10,765,935
- Non-Government debt securities	2,250,702	-	2,250,702	-	2,250,702
- Real Estate Investment Trust units	616,232	616,232	-	-	616,232
	4,017,462,966	11,382,167	4,006,080,799	-	4,017,462,966
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government Securities	303,809,670	-	280,259,649	-	280,259,649
- Foreign Bonds - Market Treasury Bills	15,875,336	-	15,889,922	-	15,889,922
- Foreign Bonds - sovereign	20,187,556	-	19,111,088	-	19,111,088
- Foreign Bonds - others	1,494,294	-	1,366,160	-	1,366,160
- Non-Government debt securities	21,471,010	-	21,014,103	-	21,014,103
	362,837,866	-	337,640,922	-	337,640,922
	4,380,300,832	11,382,167	4,343,721,721	-	4,355,103,888
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts - purchased and sold	540,001,109	-	1,499,000	-	1,499,000
FX options - purchased and sold	366,068	-	-	-	-
Forward Government Securities - purchased and sold	19,956,300	-	26,617	-	26,617

### 36.3 Fair Value of non-financial assets

	September 30, 2024 (Un-audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Fixed Assets	53,673,727	-	-	53,673,727	53,673,727
Non-banking assets acquired in satisfaction of claims	39,656	-	-	39,656	39,656
	53,713,383	-	-	53,713,383	53,713,383
	December 31, 2023 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
(Rupees in '000)					
Fixed Assets	50,716,919	-	-	50,716,919	50,716,919
Non-banking assets acquired in satisfaction of claims	42,075	-	-	42,075	42,075
	50,758,994	-	-	50,758,994	50,758,994

**36.4** 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 THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 37. SEGMENT INFORMATION

### 37.1 Segment details with respect to business activities

For the nine months ended September 30, 2024 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
<b>Profit and Loss</b>							
Net mark-up / return / profit	40,060,227	143,133,381	(119,327,689)	27,383,604	15,484,545	(1,502,673)	105,231,395
Inter segment (expense) / revenue - net	(30,957,556)	(212,876,402)	234,733,638	-	-	9,100,320	-
Non mark-up / return / interest income	6,519,575	25,543,193	9,413,402	1,937,210	10,034,937	7,842,959	61,291,276
<b>Total Income</b>	<b>15,622,246</b>	<b>(44,199,828)</b>	<b>124,819,351</b>	<b>29,320,814</b>	<b>25,519,482</b>	<b>15,440,606</b>	<b>166,522,671</b>
Segment direct expenses	1,477,721	549,422	38,640,669	4,291,786	5,931,003	9,319,118	60,209,719
Inter segment expense allocation	288,551	710,968	6,219,441	-	-	(7,218,960)	-
<b>Total expenses</b>	<b>1,766,272</b>	<b>1,260,390</b>	<b>44,860,110</b>	<b>4,291,786</b>	<b>5,931,003</b>	<b>2,100,158</b>	<b>60,209,719</b>
Credit loss allowance - net	174,376	(164)	138,476	(43,904)	1,109,466	94,986	1,473,236
<b>Profit / (loss) before taxation</b>	<b>14,030,350</b>	<b>(45,460,382)</b>	<b>80,097,717</b>	<b>24,985,124</b>	<b>20,697,945</b>	<b>13,435,434</b>	<b>107,786,188</b>

For the nine months ended September 30, 2023 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
<b>Profit and Loss</b>							
Net mark-up / return / profit	48,425,183	118,834,530	(87,586,223)	14,543,186	13,951,518	(1,531,153)	106,637,041
Inter segment (expense) / revenue - net	(44,585,357)	(167,993,201)	202,189,739	-	-	10,388,819	-
Non mark-up / return / interest income	4,902,885	7,024,381	8,652,184	438,074	(8,949,442)	1,057,321	13,125,403
<b>Total Income</b>	<b>8,742,711</b>	<b>(42,134,290)</b>	<b>123,255,700</b>	<b>14,981,260</b>	<b>5,002,076</b>	<b>9,914,987</b>	<b>119,762,444</b>
Segment direct expenses	1,313,121	433,497	30,986,612	2,630,508	6,106,618	7,074,616	48,544,972
Inter segment expense allocation	313,105	77,683	6,830,129	-	436,728	(7,657,645)	-
<b>Total expenses</b>	<b>1,626,226</b>	<b>511,180</b>	<b>37,816,741</b>	<b>2,630,508</b>	<b>6,543,346</b>	<b>(583,029)</b>	<b>48,544,972</b>
Provision reversal / (charge) - net	1,565,362	(543,666)	279,684	1,966	8,622,575	(2,092,737)	7,833,184
<b>Profit / (loss) before taxation</b>	<b>8,681,847</b>	<b>(43,189,136)</b>	<b>85,718,643</b>	<b>12,352,718</b>	<b>7,081,305</b>	<b>8,405,279</b>	<b>79,050,656</b>

As at September 30, 2024 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total	
(Rupees in '000)							
<b>Balance Sheet</b>							
Cash & Bank balances	27,083	116,944,189	100,216,430	30,966,097	138,392,615	-	386,546,414
Investments	10,647,694	5,760,466,699	-	354,485,515	296,214,663	3,556,845	6,425,371,416
Net inter segment lending	-	-	1,836,066,588	-	52,527,371	33,199,618	1,921,793,577
Lendings to financial institutions	-	1,076,737	-	-	-	-	1,076,737
Advances - performing	404,016,380	2,258	53,305,595	56,499,947	88,956,848	3,229,719	606,010,747
Advances - non-performing net	1,256,022	-	560,513	146,104	11,254,387	39,951	13,256,977
Others	11,351,726	109,440,142	74,450,481	20,835,679	14,183,276	48,047,907	278,309,211
<b>Total Assets</b>	<b>427,298,905</b>	<b>5,987,930,025</b>	<b>2,064,599,607</b>	<b>462,933,342</b>	<b>601,529,160</b>	<b>88,074,040</b>	<b>9,632,365,079</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

As at September 30, 2024 (Un-audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Borrowings	44,252,184	4,218,775,958	4,318,656	35,799,843	808,721	-	4,303,955,362
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	152,004,336	497,036	1,889,211,578	324,875,220	461,346,215	538,675	2,828,473,060
Net inter segment borrowing	218,872,334	1,686,309,956	-	16,611,287	-	-	1,921,793,577
Others	5,381,277	83,641,792	100,640,455	10,206,534	27,302,278	28,239,766	255,412,102
<b>Total Liabilities</b>	<b>420,510,131</b>	<b>5,989,224,742</b>	<b>1,994,170,689</b>	<b>387,492,884</b>	<b>489,457,214</b>	<b>38,778,441</b>	<b>9,319,634,101</b>
Equity	6,788,774	(1,294,717)	70,428,918	75,440,458	112,071,946	49,295,599	312,730,978
<b>Total Equity &amp; liabilities</b>	<b>427,298,905</b>	<b>5,987,930,025</b>	<b>2,064,599,607</b>	<b>462,933,342</b>	<b>601,529,160</b>	<b>88,074,040</b>	<b>9,632,365,079</b>
<b>Contingencies and Commitments</b>	<b>664,087,757</b>	<b>237,377,820</b>	<b>113,841,877</b>	<b>4,822,702</b>	<b>257,750,050</b>	<b>1,507,944</b>	<b>1,279,388,150</b>

As at December 31, 2023 (Audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
<b>Balance Sheet</b>							
Cash & Bank balances	11,358	91,246,445	101,463,285	27,886,564	87,423,316	-	308,030,968
Investments	12,055,059	3,829,326,862	-	331,496,374	199,730,588	12,607,788	4,385,216,671
Net inter segment lending	-	-	1,291,495,324	8,009,487	104,559,473	146,476,492	1,550,540,776
Lendings to financial institutions	-	21,947,852	-	12,500,000	-	-	34,447,852
Advances - performing	391,683,285	9,872	50,956,184	47,108,009	107,411,872	3,188,071	600,357,293
Advances - non-performing net	2,710,229	-	614,905	79,176	9,792,924	10,999	13,208,233
Others	18,344,061	92,057,395	38,605,116	21,064,320	15,071,413	48,594,180	233,736,485
<b>Total Assets</b>	<b>424,803,992</b>	<b>4,034,588,426</b>	<b>1,483,134,814</b>	<b>448,143,930</b>	<b>523,989,586</b>	<b>210,877,530</b>	<b>7,125,538,278</b>
Borrowings	57,979,951	2,739,257,686	4,506,465	13,726,452	-	-	2,815,470,554
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	105,887,403	199,712	1,532,602,546	378,100,209	324,227,985	-	2,341,017,855
Net inter segment borrowing	245,388,446	1,305,152,330	-	-	-	-	1,550,540,776
Others	2,062,665	8,066,357	42,277,586	1,578,750	94,288,601	7,734,603	156,008,562
<b>Total Liabilities</b>	<b>411,318,465</b>	<b>4,052,676,085</b>	<b>1,579,386,597</b>	<b>393,405,411</b>	<b>418,516,586</b>	<b>17,734,603</b>	<b>6,873,037,747</b>
Equity	13,485,527	(18,087,659)	(96,251,783)	54,738,519	105,473,000	193,142,927	252,500,531
<b>Total Equity &amp; liabilities</b>	<b>424,803,992</b>	<b>4,034,588,426</b>	<b>1,483,134,814</b>	<b>448,143,930</b>	<b>523,989,586</b>	<b>210,877,530</b>	<b>7,125,538,278</b>
<b>Contingencies and Commitments</b>	<b>666,470,041</b>	<b>317,073,549</b>	<b>36,229,803</b>	<b>6,642,138</b>	<b>288,041,327</b>	<b>749,649</b>	<b>1,315,206,507</b>

## 38. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates and other related parties including employee benefit schemes of the Bank.

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 and balances with related parties, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	As at September 30, 2024 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Statement of financial position</b>	----- (Rupees in '000) -----					
<b>Balances with other banks</b>						
In current accounts	-	-	-	-	-	545,836
In deposit accounts	-	-	-	-	-	-
	-	-	-	-	-	545,836
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	804,102
Addition during the period	-	-	-	-	-	2,128,469
Repaid during the period	-	-	-	-	-	(2,932,571)
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Investments</b>						
Opening balance	-	-	-	3,955,223	1,657,486	5,287,396
Investment made during the period	-	-	-	1,000,000	-	885,450
Investment disposed off / redeemed during the period	-	-	-	(2,855,223)	-	(2,500,000)
Transfers in / (out) - net	-	-	-	-	-	(37,406)
Closing balance	-	-	-	2,100,000	1,657,486	3,635,440
Credit loss allowance for diminution in value of investments	-	-	-	-	1,417,485	-
Provision written off	-	-	-	-	-	-
<b>Advances</b>						
Opening balance	-	1,286	529,196	-	-	392
Addition during the period	-	5,790	352,942	-	-	3,377
Repaid during the period	-	(5,820)	(395,091)	-	-	(3,666)
Transfers in / (out) - net	-	-	73,244	-	-	-
Closing balance	-	1,256	560,291	-	-	103
Credit loss allowance held against advances	-	-	-	-	-	-
Fixed Asset / Capital work in progress	-	-	-	-	-	131,680
<b>Other Assets</b>						
Income / mark-up accrued	-	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	-	760,200
Prepaid insurance	-	-	-	-	306,840	-
Dividend Receivable	-	-	-	-	-	-
Other receivable	-	-	-	14,206	-	51,152
Credit loss allowance against other assets	-	-	-	-	-	-
<b>Borrowings</b>						
Opening balance	-	-	-	3,320	-	402,800
Borrowings during the period	-	-	-	-	-	37,937,267
Settled during the period	-	-	-	(3,320)	-	(37,128,367)
Closing balance	-	-	-	-	-	1,211,700
<b>Deposits and other accounts</b>						
Opening balance	14,362	5,149,234	114,762	1,055,328	12,863,124	2,621,079
Received during the period	67,010,394	27,543,555	1,649,574	50,936,176	518,211,927	349,085,277
Withdrawn during the period	(67,017,233)	(25,699,307)	(1,642,312)	(51,542,917)	(523,879,484)	(350,066,802)
Transfers in - net	-	-	1,756	(82,810)	-	2,117,040
Closing balance	7,523	6,993,482	123,780	365,777	7,195,567	3,756,594



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

As at September 30, 2024 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
(Rupees in '000)						
<b>Other Liabilities</b>						
Interest / mark-up payable on deposits and borrowings	392	33,311	806	2,274	76,028	45,545
Dividend payable	-	55	4	-	-	-
Payable to staff retirement fund	-	-	-	-	-	28,588
Unearned income	-	-	-	26	-	18,200
Other payable	-	-	-	-	-	18,775
<b>Contingencies and Commitments</b>						
Letters of credit	-	-	-	-	-	9,320
<b>As at December 31, 2023 (Audited)</b>						
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	-	-	-	647,251	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	647,251	-	-
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	12,674,229
Repaid during the year	-	-	-	-	-	(11,870,127)
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	804,102
<b>Investments</b>						
Opening balance	-	-	-	2,955,223	2,024,126	5,300,368
Investment made during the year	-	-	-	1,000,000	225,000	-
Investment disposed / written off during the year	-	-	-	-	(366,640)	(58,518)
Transfers in / (out) - net	-	-	-	-	(225,000)	45,546
Closing balance	-	-	-	3,955,223	1,657,486	5,287,396
<b>Provision for diminution in value of investments</b>						
	-	-	-	-	1,417,485	1,160,263
<b>Provision written off</b>						
	-	-	-	-	-	-
<b>Advances</b>						
Opening balance	-	480	318,625	-	-	17,808,043
Addition during the year	-	5,664	544,583	-	-	14,944,269
Repaid during the year	-	(4,992)	(497,605)	-	-	(33,077,402)
Transfers in / (out) - net	-	134	163,593	-	-	325,482
Closing balance	-	1,286	529,196	-	-	392
<b>Provision held against advances</b>						
	-	-	-	-	-	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

As at December 31, 2023 (Audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
----- (Rupees in '000) -----						
<b>Other Assets</b>						
Interest mark-up accrued	-	-	8,612	-	-	120,906
Receivable from staff retirement fund	-	-	-	-	-	4,593,951
Prepaid insurance	-	-	-	-	100,000	-
Capital work in progress	-	-	-	-	-	29,000
Other receivable	-	-	-	60,217	-	-
Provision written off	-	-	-	-	-	-
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	3,320	-	27,041,450
Settled during the year	-	-	-	-	-	(26,638,650)
Closing balance	-	-	-	3,320	-	402,800
<b>Deposits and other accounts</b>						
Opening balance	14,327	13,924,363	68,837	70,757	1,665,575	16,000,091
Received during the year	123,898,655	64,480,148	1,619,139	20,241,079	385,943,559	487,996,157
Withdrawn during the year	(123,898,620)	(73,338,287)	(1,609,785)	(20,140,705)	(374,746,010)	(499,662,860)
Transfer in	-	83,010	36,571	884,197	-	(1,712,309)
Closing balance	14,362	5,149,234	114,762	1,055,328	12,863,124	2,621,079
<b>Other Liabilities</b>						
Interest / mark-up payable on deposits and borrowings	-	17,676	188	-	39,581	10,418
Dividend payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-
Unearned income	-	-	-	536	-	47,262
Other payable	-	4,310	-	-	5,000	14,583
<b>Contingencies and Commitments</b>						
Letter of guarantee	-	-	-	-	-	-
Forward Government securities - sale	-	-	-	-	-	-

For the nine months ended September 30, 2024 (Un-audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
----- (Rupees in '000) -----						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / interest earned	-	-	25,280	-	-	21,909
Commission / charges recovered	-	229	1,889	1,448	14,257	11,235
Dividend income	-	-	-	-	54,613	445,292
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	2,630	-	45,726
Gain on sale of subsidiary	-	-	-	7,083,501	-	-
Gain on sale of fixed assets	-	-	36	-	1,905	-
Reversal of provision	-	-	-	-	-	-
Switch revenue	-	-	-	-	-	336,478
Management fee	-	-	-	20,945	-	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

For the nine months ended September 30, 2024 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
(Rupees in '000)						
<b>Expense</b>						
Mark-up / return / interest paid	64,336	200,807	14,601	112,538	1,222,110	570,522
Remuneration paid	-	-	956,534	-	-	-
Post employment benefits	-	-	-	-	-	-
Directors' fees and allowances	-	78,540	-	-	-	-
Charge for defined contribution plans	-	-	24,794	-	-	488,651
Charge for defined benefit plans	-	-	7,706	-	-	660,638
Provision	-	-	-	-	-	-
Other expenses	-	-	-	-	-	317,550
Clearing charges	-	-	-	-	-	138,980
Membership, subscription, sponsorship and maintenance charges	-	-	2,635	-	-	14,534
<b>Other Information</b>						
Dividend paid	20,847,054	717,419	23,082	-	38,348	5,255,358
Insurance premium paid	-	-	-	-	759,967	-
Insurance claims settled	-	-	-	-	337,621	-
<b>For the nine months ended September 30, 2023 (Un-audited)</b>						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	
(Rupees in '000)						
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / interest earned	-	-	15,620	-	-	2,178,926
Commission / charges recovered	-	64	977	904	14,145	14,663
Dividend income	-	-	-	85,571	5,002	440,217
Net gain on sale of securities	-	-	-	-	32,413	-
Other income	-	-	-	2,043	-	32,024
Gain on sale of fixed assets	-	-	7,072	-	1,090	-
Reversal of provision	-	-	-	-	-	7,034
Switch revenue	-	-	-	-	-	249,996
Management fee	-	-	-	59,020	-	-
<b>Expense</b>						
Mark-up / return / interest paid	2,287	281,364	7,907	7,233	471,459	349,089
Remuneration paid	-	-	917,177	-	-	-
Post employment benefits	-	-	10,104	-	-	-
Directors' fees and allowances	-	74,956	-	-	-	-
Charge for defined contribution plans	-	-	22,188	-	-	391,028
Charge for defined benefit plans	-	-	-	-	-	555,340
Provision	-	-	-	-	-	215,453
Other expenses	-	-	15,162	-	-	113,720
Clearing charges	-	-	-	-	-	128,241
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	-
Custody charges	-	-	2,873	-	-	26,723
<b>Other Information</b>						
Dividend paid	34,745,089	1,004,941	13,194	-	64,941	2,619,101
Insurance premium paid	-	-	-	-	647,440	-
Insurance claims settled	-	-	-	-	453,070	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>39. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<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	163,577,731	143,456,256
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,934,770
Total Eligible Tier 1 Capital	173,512,501	153,391,026
Eligible Tier 2 Capital	55,656,050	49,594,306
Total Eligible Capital (Tier 1 + Tier 2)	229,168,551	202,985,332
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	734,534,434	709,252,566
Market Risk	212,641,657	259,291,125
Operational Risk	252,952,334	252,952,334
Total	1,200,128,425	1,221,496,025
<b>Common Equity Tier 1 Capital Adequacy Ratio</b>	13.63%	11.74%
<b>Tier 1 Capital Adequacy Ratio</b>	14.46%	12.56%
<b>Total Capital Adequacy Ratio</b>	19.10%	16.62%

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 September 30, 2024 stood at Rs.12,241.797 million (December 31, 2023: 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% 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 September 30, 2024. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.10% whereas CET 1 and Tier 1 ratios stood at 13.63% and 14.46% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB under letter BSD-3/Bank/UBL/751777/2024 dated August 29, 2024. 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. The prescribed HLA under D-SIB shall remain effective till the next D-SIB designation announcement is made by State Bank of Pakistan.

The Capital Adequacy Ratio excluding the transition benefit of ECL (net off tax) on adoption of IFRS 9 would be lower by 42bps as at September 30, 2024.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	173,512,501	153,391,026
Total Exposures	8,222,734,798	6,245,545,091
Leverage Ratio	2.11%	2.46%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	2,362,801,485	1,194,192,309
Total Net Cash Outflow	847,648,795	436,543,979
Liquidity Coverage Ratio	278.75%	273.56%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,221,791,892	1,912,608,898
Total Required Stable Funding	1,315,541,306	1,310,982,494
Net Stable Funding Ratio	168.89%	145.89%

**39.1** The SBP has allowed relaxation in Leverage Ratio requirement from 3% to 2% up to December 31, 2024 through its letter SBPHOK-BPRD-BACPD-UBL-601894 dated December 21, 2023.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 40. ISLAMIC BANKING BUSINESS

The Bank operates 241 (December 31, 2023: 209) Islamic Banking branches and 501 (December 31, 2023: 501) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		September 30, 2024	December 31, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		29,511,257	26,348,889
Balances with other banks		1,454,840	1,537,675
Due from financial institutions	40.1	-	12,500,000
Investments	40.2	354,485,515	331,496,374
Islamic financing and related assets - net	40.3	56,646,051	47,187,185
Property and equipment		2,639,022	1,235,419
Right-of-use assets		1,955,744	1,524,770
Intangible assets		-	-
Due from Head Office		-	8,009,487
Other assets		16,240,913	8,629,655
		462,933,342	438,469,454
<b>LIABILITIES</b>			
Bills payable		3,300,556	2,573,006
Due to financial institutions		35,799,843	13,726,453
Deposits and other accounts	40.4	324,875,220	378,100,209
Due to Head Office		16,611,287	-
Lease Liability		2,235,850	1,754,938
Other liabilities		4,670,128	5,647,031
		387,492,884	401,801,637
<b>NET ASSETS</b>		<b>75,440,458</b>	<b>36,667,817</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Surplus on revaluation of assets		18,445,616	3,087,953
Unappropriated profit	40.5	54,813,842	31,398,864
		75,440,458	36,667,817
<b>CONTINGENCIES AND COMMITMENTS</b>			
	40.6		
<b>PROFIT AND LOSS ACCOUNT</b>			
		(Un-audited)	
		January -	January -
		September	September
		2024	2023
----- (Rupees in '000) -----			
Profit / return earned	40.7	51,610,570	31,903,134
Profit / return expensed	40.8	24,226,966	17,359,948
Net profit / return		27,383,604	14,543,186
<b>Other income</b>			
Fee and commission income		356,372	257,386
Foreign exchange income		86,444	118,118
Gain on securities - net		1,434,053	-
Other income		60,341	62,570
Total other income		1,937,210	438,074
<b>Total Income</b>		<b>29,320,814</b>	<b>14,981,260</b>
<b>Other expenses</b>			
Other operating expenses		4,291,786	2,630,508
<b>Profit before credit loss allowance</b>		<b>25,029,028</b>	<b>12,350,752</b>
Credit loss allowance and write offs - net		43,904	(1,966)
<b>Profit before taxation</b>		<b>24,985,124</b>	<b>12,352,718</b>
Taxation		12,242,711	6,052,832
<b>Profit after taxation</b>		<b>12,742,413</b>	<b>6,299,886</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 40.1 Due from Financial Institutions

	As at September 30, 2024 (Un-audited)			As at December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah / Mudarabah	-	-	-	12,500,000	-	12,500,000
Bai Muajjal	-	-	-	-	-	-
with other Financial Institutions	-	-	-	-	-	-
with State Bank of Pakistan	-	-	-	-	-	-
	-	-	-	12,500,000	-	12,500,000

## 40.2 Investments by segments

Note	As at September 30, 2024 (Un-audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
<b>Debt Instruments</b>				
<b>Measured at amortised cost</b>				
Federal Government Securities				
- Ijarah Sukuks	10,001,263	-	-	10,001,263
- Bai Muajjal with Govt. of Pakistan	45,505,664	-	-	45,505,664
Non Government debt securities	9,368,289	(118)	-	9,368,171
	64,875,216	(118)	-	64,875,098
<b>Measured at FVOCI</b>				
Federal Government securities				
- Ijarah Sukuks	267,914,098	-	18,445,616	286,359,714
- Islamic Naya Pakistan Certificate	2,936,321	-	-	2,936,321
Non Government debt securities	21,429	(7,047)	-	14,382
	270,871,848	(7,047)	18,445,616	289,310,417
<b>Instruments mandatorily classified / measured at FVPTL</b>				
Non Government debt securities	300,000	-	-	300,000
	300,000	-	-	300,000
<b>Total investments</b>	<b>336,047,064</b>	<b>(7,165)</b>	<b>18,445,616</b>	<b>354,485,515</b>

	As at December 31, 2023 (Audited)			
	Cost / Amortised cost	Provision	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
<b>Federal Government Securities</b>				
- Ijarah Sukuks	313,038,816	-	3,087,953	316,126,769
- Islamic Naya Pakistan Certificate	5,709,016	-	-	5,709,016
	318,747,832	-	3,087,953	321,835,785
<b>Non Government Debt Securities</b>				
- Listed	376,339	-	-	376,339
- Unlisted	9,284,250	-	-	9,284,250
	9,660,589	-	-	9,660,589
	328,408,421	-	3,087,953	331,496,374

## Particulars of credit loss allowance

	As at September 30, 2024 (Un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Federal Government securities	-	-	-	-
Non Government debt securities	7,165	-	-	7,165
	7,165	-	-	7,165

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Un-audited)  
September 30,  
2024  
(Rupees in '000)

## 40.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	69,340,000
Less:Deferred Income	(23,834,336)
Bai Muajjal Investment-net	<u>45,505,664</u>

## 40.3 Islamic financing and related assets

Ijarah	154,459
Murabaha	292,075
Musharakah	1,919,277
Diminishing Musharakah	35,871,847
Mera Pakistan Mera Ghar (MPMG)	4,935,975
Istisna	456,325
Diminishing Musharakah - Under SBP's Islamic Temporary Economic Refinance Facility	281,250
Ameen Musharakah Running Finance Under SBP's - Islamic Export Refinance scheme	3,460,000
Islamic Export Refinance scheme - Istisna	586,004
Advances against Islamic assets	
Advances against Ijarah	49,012
Advances for Diminishing Musharakah	5,270,603
Advances for Murabaha	-
Advances agaist Mera Pakistan Mera Ghar	4,336
Advances for Istisna	406,036
Advances against Istisna - Under SBP' Islamic Export Refinance scheme	36,800
Advances against Diminishing Musharakah ITERF	3,705,624
Inventory related to Islamic financing	-
Istisna	189,925
Profit and other receivables against financings	1,077,671
Gross Islamic financing and related assets	58,697,219
Less: Credit Loss Allowance against Islamic financings	
- Stage 1	(1,809,436)
- Stage 2	(103,074)
- Stage 3	(138,658)
	<u>(2,051,168)</u>
Islamic financing and related assets - net of expected credit loss allowance	<u>56,646,051</u>

(Audited)  
December 31, 2023  
(Rupees in '000)

## Islamic financing and related assets

Ijarah	210,375
Murabaha	326,733
Musharakah	3,672,838
Diminishing Musharakah	26,340,035
Mera Pakistan Mera Ghar (MPMG)	5,159,709
Istisna	349,612
Diminishing Musharakah - Under SBP's Islamic Temporary Economic Refinance Facility	300,000
Ameen Musharakah Running Finance Under SBP's - Islamic Export Refinance scheme	3,649,999
Islamic Export Refinance scheme - Istisna	603,250
Advances against Islamic assets	
Advances against Ijarah	8,612
Advances for Diminishing Musharakah	1,646,484
Advances for Murabaha	56,537
Advances agaist Mera Pakistan Mera Ghar	14,236
Advances for Istisna	414,006
Advances against Istisna - Under SBP' Islamic Export Refinance scheme	50,000
Advances against Diminishing Musharakah ITERF	3,705,624
Inventory related to Islamic financing	
Istisna	156,060
Profit and other receivables against financings	749,917
Gross Islamic financing and related assets	47,414,027
Less: Provision against Islamic financings	
- Specific	(143,029)
- General	(83,813)
	<u>(226,842)</u>
Islamic financing and related assets - net of provision	<u>47,187,185</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 40.4 Deposits and other accounts

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>Customers</b>		
Current deposits	201,021,236	147,393,373
Saving deposits	69,291,632	67,293,259
Term deposits	10,179,541	24,888,049
	280,492,409	239,574,681
<b>Financial Institutions</b>		
Current deposits	745,224	603,101
Saving deposits	43,604,587	137,892,427
Term deposits	33,000	30,000
	44,382,811	138,525,528
	<u>324,875,220</u>	<u>378,100,209</u>

40.4.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 234,396.712 million (December 31, 2023: Rs. 182,080.598 million).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>40.5 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	31,398,864	15,024,771
Impact of adoption of IFRS 9	(1,570,146)	-
Profit for the period / year	24,985,124	16,374,093
	54,813,842	31,398,864
Taxation	(12,242,711)	(8,023,306)
Closing Balance	<u>42,571,131</u>	<u>23,375,558</u>

## 40.6 Contingencies and commitments

- Guarantees	114,212	228,481
- Commitments	4,708,490	6,413,657
	<u>4,822,702</u>	<u>6,642,138</u>

## 40.7 Profit / Return earned

	(Un-audited) January - September 2024	(Un-audited) January - September 2023
	----- (Rupees in '000) -----	
<b>40.7 Profit / Return earned</b>		
On:		
Financing	6,058,637	8,775,401
Investments	45,261,627	22,672,628
Placements	191,981	287,267
Rental Income from Ijarah	98,325	167,838
	<u>51,610,570</u>	<u>31,903,134</u>

## 40.8 Profit / Return expensed

On:		
Deposits and other accounts	20,094,302	11,972,125
Due to Financial Institutions	3,930,625	5,280,120
Others	202,039	107,703
	<u>24,226,966</u>	<u>17,359,948</u>

## 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.



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## General Pool(s)

For General Pools, the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business and Investments in Sovereign Guarantee Sukuk, Corporate Sukuk, Bai Muajjal with Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis.

## IERS Pool(s)

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to Corporate Customers and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

## Treasury Pool(s)

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah/ Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding company.

## Special Pool(s) - LCY

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.

## Special Pool(s) - FCY

UBL also manage Foreign Currency (FCY) special pools. The objective of Pool is to meet the FCY Liquidity requirement. The funds in this pool are generally deployed in FCY Placement of funds with State Bank under the mode of Islamic Naya Pakistan Certificate, Loss (if any) is borne by the Rabulmaal as per ratio of investment of the pool.

## Equity Pool(s)

All other assets including fixed assets, advance against financing, bai-salam financing and subsidized financing to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Holding company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity..

During the year, the Bank has given General Hiba to the depositors in General and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba are given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the period ended Sep 30, 2024 is Rs.7,058.03 million (27.95% of distributable profit of Mudarabah Pool) of this, an amount of Rs.2,025 million (28.69% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 20.61% per annum and the rate of profit paid on average deposits was 16.50% per annum.

## The risk characteristics of pools

The risk characteristic of each pool mainly depends on the assets and liability profile of the pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to the pool. The Bank maintains General Pools, Special Pools, FI Pools, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

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

- The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on Ijarah assets, takaful premium, Amortization 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

The Bank managed following pools during the period.

## For the nine months ended September 30, 2024 (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	9	Mudarbaha	Monthly	12.16%	38.80%	151,622	8.20%	15.31%	23,207
Special Pools	104	Mudarbaha	Monthly	20.66%	13.45%	2,032,150	19.06%	42.71%	868,028
IERS Pools	18	Musharkah	Monthly	17.78%	59.36%	735,665	17.78%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	4,594	1.06%	0.00%	-
General Pools	9	Mudarbaha	Monthly	20.58%	49.99%	4,874,260	12.59%	23.27%	1,134,037
Treasury Pools	219	Musharkah	Monthly	18.94%	11.16%	420,971	17.85%	0.00%	-

## For the nine months ended September 30, 2023 (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	9	Mudarbaha	Monthly	12.26%	35.00%	269,067	8.62%	15.32%	41,219
Special Pools	105	Mudarbaha	Monthly	19.37%	21.34%	697,371	16.82%	47.37%	330,353
IERS Pools	18	Musharkah	Monthly	16.34%	71.96%	1,441,505	13.95%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	8,054	1.06%	0.00%	-
General Pools	9	Mudarbaha	Monthly	19.69%	50.00%	6,265,396	15.18%	54.18%	3,394,567
Treasury Pools	5	Mudarbaha	Monthly	18.67%	6.27%	21,442	17.71%	5.35%	1,148
Treasury Pools	2	Wakala	Monthly	21.30%	3.57%	725	21.00%	0.00%	-
Treasury Pools	305	Musharkah	Monthly	19.36%	12.28%	595,646	19.03%	0.00%	-

(Un-audited)      (Audited)  
September 30,      December 31,  
2024                      2023

-----Rupees in '000-----

### 40.10 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	5,953,014	5,934,303
Agriculture	-	12,974
Textile	3,379,680	5,931,200
Financial	800,403	13,291,379
Food industries	-	52,926
Plastic	299,734	291,051
Individuals	20,209,414	15,287,661
Production and transmission of energy	19,915,720	19,682,190
Government of Pakistan Securities	344,795,796	321,835,785
Others	17,828,973	9,090,933
	<u>413,182,734</u>	<u>391,410,402</u>

### 41. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities. However, on account of several factors, including but not limited to fragile political and economic situation in Yemen, bankruptcy of CBY Sana'a, existence of two Central Banks (i.e. CBY Sana'a and CBY Aden), has resulted in illiquid market, which does not appears to be reversed in near future.

It is no longer possible for the Bank to continue its operations in Yemen due to reasons not attributable to the Bank and caused by circumstances entirely beyond the Bank's control. Therefore, Bank has completely exited from Yemen. The Bank is cognizant of the associated risks arising out of its exit from Yemen.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 23, 2024 has declared an interim cash dividend in respect of quarter ended September 30, 2024 of Rs. 11.0 per share (September 30, 2023: Rs. 11.0 per share). This is in addition to Rs. 22.0 already paid during the period bringing the total dividend for the nine months to Rs.33.0 per share (September 30, 2023: Rs. 33.0). These unconsolidated condensed interim financial statements for the nine months ended September 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

## 43. GENERAL

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

43.2 The Bank has not restated comparative information for 2023 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2023 is reported under previous local regulatory requirements and is not comparable with the information presented for 2024.

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

## 44. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on October 23, 2024, by the Board of Directors of the Bank.



**Syed Manzoor Hussain Zaidi**  
Chief Financial Officer



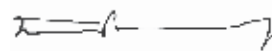
**Muhammad Jawaid Iqbal**  
President &  
Chief Executive Officer



**Shazia Syed**  
Director



**Daniel Michael Howlett**  
Director



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



*where you come first*

# **UNITED BANK LIMITED**

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**CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2024  
(Un-audited)**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	362,682,947	277,355,760
Balances with other banks	7	24,551,862	33,430,371
Lendings to financial institutions	8	1,076,737	39,316,270
Investments	9	6,429,803,323	4,435,750,870
Advances	10	619,267,724	872,040,932
Property and equipment	11	78,538,024	76,460,159
Right-of-use assets	12	9,890,896	8,611,473
Intangible assets	13	2,773,686	2,552,398
Deferred tax assets	14	-	-
Other assets	15	189,219,364	159,156,653
		<u>7,717,804,563</u>	<u>5,904,674,886</u>
<b>LIABILITIES</b>			
Bills payable	17	30,084,944	27,979,888
Borrowings	18	4,305,951,619	2,823,887,914
Deposits and other accounts	19	2,828,107,282	2,625,193,134
Lease liabilities	20	11,860,507	10,474,561
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	14	45,260,356	2,079,220
Other liabilities	22	169,756,389	119,187,574
		<u>7,401,021,097</u>	<u>5,618,802,291</u>
		<u><u>316,783,466</u></u>	<u><u>285,872,595</u></u>
<b>NET ASSETS</b>			
<b>REPRESENTED BY:</b>			
Share capital		12,241,797	12,241,797
Reserves		111,857,935	116,771,416
Surplus on revaluation of assets	23	90,447,130	44,575,947
Unappropriated profit		<u>102,194,330</u>	<u>97,379,056</u>
Total equity attributable to the equity holders of the Bank		<u>316,741,192</u>	<u>270,968,216</u>
Non-controlling interest		<u>42,274</u>	<u>14,904,379</u>
		<u><u>316,783,466</u></u>	<u><u>285,872,595</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

The annexed notes 1 to 45 form an integral part of these consolidated condensed interim financial statements.

  
Syed Manzoor Hussain Zaidi  
Chief Financial Officer

  
Muhammad Jawaid Iqbal  
President &  
Chief Executive Officer

  
Shazia Syed  
Director

  
Daniel Michael Howlett  
Director


  
Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	July - September 2024	July - September 2023	January - September 2024	January - September 2023	
Note	(Rupees in '000)				
Mark-up / return / interest earned	26	310,757,603	151,129,050	825,931,552	346,949,346
Mark-up / return / interest expensed	27	259,143,899	111,569,381	720,569,733	235,054,918
<b>Net mark-up / interest income</b>		<u>51,613,704</u>	<u>39,559,669</u>	<u>105,361,819</u>	<u>111,894,428</u>
<b>Non mark-up / interest income</b>					
Fee and commission income	28	6,478,039	4,892,214	17,594,243	14,612,311
Dividend income		266,556	216,177	1,135,079	1,120,477
Foreign exchange income		3,438,925	2,313,587	9,866,476	9,369,247
(Loss) / Income from derivatives		(16,176)	165,972	(41,021)	(43,211)
Gain / (loss) on securities - net	29	5,930,797	283,567	24,074,130	(1,211,342)
Capital gain on derecognition of financial assets measured at amortised cost		-	-	2,894,427	-
Other income	30	251,270	239,313	864,077	1,039,073
Total non mark-up / interest income		<u>16,349,411</u>	<u>8,110,830</u>	<u>56,387,411</u>	<u>24,886,555</u>
<b>Total income</b>		<u>67,963,115</u>	<u>47,670,499</u>	<u>161,749,230</u>	<u>136,780,983</u>
<b>Non mark-up / interest expenses</b>					
Operating expenses	31	23,024,463	18,579,359	59,576,656	51,233,840
Workers' Welfare Fund		993,613	515,389	2,246,109	1,559,009
Other charges	32	155	28,138	32,966	32,203
Total non mark-up / interest expenses		<u>24,018,231</u>	<u>19,122,886</u>	<u>61,855,731</u>	<u>52,825,052</u>
Share of profit / (loss) of associates		426,286	(446,558)	672,233	(820,959)
<b>Profit before credit loss allowance from continuing operations</b>		<u>44,371,170</u>	<u>28,101,055</u>	<u>100,565,732</u>	<u>83,134,972</u>
Credit loss allowance / provisions / (reversals) and write-offs - net	33	893,528	(992,501)	(1,473,236)	2,020,477
<b>Profit before taxation from continuing operations</b>		<u>43,477,642</u>	<u>29,093,556</u>	<u>102,038,968</u>	<u>81,114,495</u>
Taxation	34	24,747,107	14,048,130	53,249,350	38,546,968
<b>Profit after taxation from continuing operations</b>		<u>18,730,535</u>	<u>15,045,426</u>	<u>48,789,618</u>	<u>42,567,527</u>
<b>Discontinued Operation</b>					
(Loss) / gain from discontinued operation - net of tax	35	(409,151)	-	938,610	-
		<u>18,321,384</u>	<u>15,045,426</u>	<u>49,728,228</u>	<u>42,567,527</u>
<b>Attributable to:</b>					
Equity holders of the Bank					
from continuing operations		18,728,087	14,737,205	48,780,590	41,680,502
from discontinued operation		(409,151)	-	332,118	-
		<u>18,318,936</u>	<u>14,737,205</u>	<u>49,112,708</u>	<u>41,680,502</u>
Non-controlling interest					
from continuing operations		2,448	308,221	9,028	887,025
from discontinued operation		-	-	606,492	-
		<u>2,448</u>	<u>308,221</u>	<u>615,520</u>	<u>887,025</u>
		<u>18,321,384</u>	<u>15,045,426</u>	<u>49,728,228</u>	<u>42,567,527</u>
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Bank</b>					
Basic and diluted		<u>15.30</u>	<u>12.04</u>	<u>39.85</u>	<u>34.05</u>
<b>Earnings per share for profit attributable to the equity holders of the Bank</b>					
Basic and diluted	36	<u>14.96</u>	<u>12.04</u>	<u>40.12</u>	<u>34.05</u>

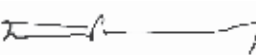
The annexed notes 1 to 45 form an integral part of these consolidated condensed interim financial statements.

  
Syed Manzoor Hussain Zaidi  
Chief Financial Officer

  
Muhammad Jawaid Iqbal  
President &  
Chief Executive Officer

  
Shazia Syed  
Director

  
Daniel Michael Howlett  
Director

  
Sir Mohammed Anwar Pervez, OBE, HPK  
Chairman


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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	July - September 2024	July - September 2023	January - September 2024	January - September 2023
	----- (Rupees in '000) -----			
<b>Profit after taxation for the year attributable to:</b>				
Equity holders of the Bank	18,318,936	14,737,205	49,112,708	41,680,502
Non-controlling interest	2,448	308,221	615,520	887,025
	<u>18,321,384</u>	<u>15,045,426</u>	<u>49,728,228</u>	<u>42,567,527</u>
<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 overseas branches and subsidiaries				
Equity holders of the Bank	(249,127)	(61,963)	(1,705,359)	21,024,150
Non-controlling interest	-	(500,601)	(219,135)	2,430,896
	<u>(249,127)</u>	<u>(562,564)</u>	<u>(1,924,494)</u>	<u>23,455,046</u>
Less: Reserve reclassified to profit and loss on disposal of subsidiary	(8,706,711)	-	(8,706,711)	-
	<u>(8,955,838)</u>	<u>(562,564)</u>	<u>(10,631,205)</u>	<u>23,455,046</u>
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax				
Equity holders of the Bank	49,744,290	656,060	50,759,436	(8,114,039)
Non-controlling interest	-	137,214	405,717	58,919
	<u>49,744,290</u>	<u>793,274</u>	<u>51,165,153</u>	<u>(8,055,120)</u>
	<u>40,788,452</u>	<u>230,710</u>	<u>40,533,948</u>	<u>15,399,926</u>
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Remeasurement gain on defined benefit obligations - net of tax				
Equity holders of the Bank	-	5,226	-	146,213
Non-controlling interest	-	4,276	-	119,629
	-	9,502	-	265,842
Movement in surplus on revaluation of equity investments - net of tax				
Equity holders of the Bank	532,552	284,933	1,370,372	387,965
Non-controlling interest	-	-	-	-
	<u>532,552</u>	<u>284,933</u>	<u>1,370,372</u>	<u>387,965</u>
Movement in (deficit) / surplus on revaluation of property and equipment - net of tax				
Equity holders of the Bank	(63)	(129,196)	(61,237)	770,522
Non-controlling interest	-	(106,167)	(74,091)	623,412
	<u>(63)</u>	<u>(235,363)</u>	<u>(135,328)</u>	<u>1,393,934</u>
	<u>532,489</u>	<u>59,072</u>	<u>1,235,044</u>	<u>2,047,741</u>
<b>Total comprehensive income for the period</b>	<u>59,642,325</u>	<u>15,335,208</u>	<u>91,497,220</u>	<u>60,015,194</u>
<b>Attributable to:</b>				
Equity holders of the Bank	59,639,877	15,492,265	90,769,209	55,895,313
Non-controlling interest	2,448	(157,057)	728,011	4,119,881
	<u>59,642,325</u>	<u>15,335,208</u>	<u>91,497,220</u>	<u>60,015,194</u>

The annexed notes 1 to 45 form an integral part of these consolidated condensed interim financial statements.

  
**Syed Manzoor Hussain Zaidi**  
 Chief Financial Officer

  
**Muhammad Jawaid Iqbal**  
 President &  
 Chief Executive Officer

  
**Shazia Syed**  
 Director

  
**Daniel Michael Howlett**  
 Director

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

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Note	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation		Unappropriated profit	Sub total	Non-controlling interest	Total
				Investments	Property and Equipment				
(Rupees in '000)									
<b>Balance as at January 01, 2023 (Audited)</b>	12,241,797	50,328,629	41,560,081	(22,788,440)	42,442,737	96,282,169	220,066,973	9,125,301	229,192,274
<b>Total comprehensive income for the nine months ended September 30, 2023</b>									
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	41,680,502	41,680,502	887,025	42,567,527
Other comprehensive income - net of tax	-	21,024,150	-	(7,726,074)	770,522	146,213	14,214,811	3,232,856	17,447,667
Total comprehensive income for the nine months ended September 30, 2023	-	21,024,150	-	(7,726,074)	770,522	41,826,715	55,895,313	4,119,881	60,015,194
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(1,474,232)	1,474,232	-	-	-
Transfer of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(72,548)	72,548	-	-	-
Transfer to statutory reserve	-	-	4,086,558	-	-	(4,086,558)	-	-	-
<b>Transactions with owners for the nine months ended September 30, 2023, recorded directly in equity</b>									
Final cash dividend - December 31, 2022 declared subsequent to the year end at Rs. 9.0 per share	-	-	-	-	-	(11,017,617)	(11,017,617)	-	(11,017,617)
Interim cash dividend - March 31, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
Interim cash dividend - June 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
<b>Balance as at September 30, 2023 (Un-audited)</b>	12,241,797	71,352,779	45,646,639	(30,514,514)	41,666,479	97,619,535	238,012,715	13,245,182	251,257,897
<b>Total comprehensive income for the three months ended December 31, 2023</b>									
Profit after taxation for the three months ended December 31, 2023	-	-	-	-	-	13,464,573	13,464,573	438,821	13,903,394
Other comprehensive income - net of tax	-	(1,459,486)	-	33,295,151	144,661	976,579	32,956,905	1,220,376	34,177,281
Total comprehensive income for the three months ended December 31, 2023	-	(1,459,486)	-	33,295,151	144,661	14,441,152	46,421,478	1,659,197	48,080,675
Transfer of incremental depreciation from surplus on revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(15,830)	15,830	-	-	-
Transfer to statutory reserve	-	-	1,231,484	-	-	(1,231,484)	-	-	-
<b>Transactions with owners for the three months ended December 31, 2023, recorded directly in equity</b>									
Interim cash dividend - September 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
<b>Balance as at December 31, 2023 (Audited)</b>	12,241,797	69,893,293	46,878,123	2,780,637	41,795,310	97,379,056	270,968,216	14,904,379	285,872,595
Effect of reclassification on adoption of IFRS 9 - ECL (net of tax)	-	-	-	(3,214,765)	-	3,214,765	-	-	-
Effect of adoption of IFRS 9 - ECL (net of tax)	-	-	-	-	-	(4,598,302)	(4,598,302)	-	(4,598,302)
	-	-	-	(3,214,765)	-	(1,383,537)	(4,598,302)	-	(4,598,302)
<b>Balance as at January 01, 2024 - Restated</b>	12,241,797	69,893,293	46,878,123	(434,128)	41,795,310	95,995,519	266,369,914	14,904,379	281,274,293
<b>Total comprehensive income for the nine months ended September 30, 2024</b>									
Profit after taxation for the nine months ended September 30, 2024	-	-	-	-	-	49,112,708	49,112,708	615,520	49,728,228
Other comprehensive income - net of tax	-	(10,412,070)	-	52,129,808	(61,237)	-	41,656,501	112,491	41,768,992
Total comprehensive income for the nine months ended September 30, 2024	-	(10,412,070)	-	52,129,808	(61,237)	49,112,708	90,769,209	728,011	91,497,220
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(22,930)	22,930	-	-	-
Transfer of incremental depreciation from revaluation of property and equipment to unappropriated profit - net of tax	-	-	-	-	(63,841)	63,841	-	-	-
Transfer net loss on disposal of FVOCI equity investments from surplus to unappropriated profit - net of tax	-	-	-	61,377	-	(61,377)	-	-	-
Transfer to statutory reserve	-	-	5,498,589	-	-	(5,498,589)	-	-	-
Derecognition of subsidiary	-	-	-	535,734	(3,492,963)	2,957,229	-	(15,590,116)	(15,590,116)
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend - December 31, 2023 declared subsequent to the year end at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
Interim cash dividend - March 31, 2024 declared at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
Interim cash dividend - June 30, 2024 declared at Rs. 11.0 per share	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
<b>Balance as at September 30, 2024 (Un-audited)</b>	12,241,797	59,481,223	52,376,712	52,292,791	38,154,339	102,194,330	316,741,192	42,274	316,783,466

The annexed notes 1 to 45 form an integral part of these consolidated condensed interim financial statements.

  
**Syed Manzoor Hussain Zaidi**  
 Chief Financial Officer

  
**Muhammad Jawaid Iqbal**  
 President &  
 Chief Executive Officer

  
**Shazia Syed**  
 Director

  
**Daniel Michael Howlett**  
 Director

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



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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	January - September 2024	January - September 2023
----- (Rupees in '000) -----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation including discontinued operations	103,711,492	81,114,495
Less: Dividend income	1,135,079	1,120,477
Less: Share of profit / (loss) of associates	672,233	(820,959)
	101,904,180	80,814,977
<b>Adjustments:</b>		
Depreciation on property and equipment	4,097,614	3,222,531
Depreciation on Islamic financing against leased assets (Ijarah)	58,652	105,607
Depreciation on right-of-use assets	1,820,179	1,720,996
Depreciation on non-banking assets acquired in satisfaction of claims	2,420	2,259
Amortisation	727,292	810,845
Workers' Welfare Fund - charge	2,246,109	1,559,009
Provision for retirement benefits	1,305,473	548,294
Provision for compensated absences	128,055	153,673
Credit loss allowance against loans and advances - net	(1,142,648)	(3,062,103)
Credit loss allowance against off - balance sheet obligations - net	46,676	69,047
Credit loss allowance for diminution in value of investments - net	(250,046)	5,094,684
Interest expense on lease liability against right-of-use assets	1,088,176	903,411
(Gain) / loss on sale of Ijarah assets - net	(533)	626
Gain on sale of property and equipments - net	(148,042)	(396,880)
Transfer of exchange translation reserve to profit and loss on derecognition of subsidiary	(8,706,711)	-
Bad debts written-off directly	36,211	123,873
Unrealised gain on revaluation of investments classified as FVTPL	(261,073)	(13,750)
Credit loss allowance against other assets	(11,149)	(31,905)
Other credit loss allowance / write-offs	161,798	106,355
	1,198,453	10,916,572
	103,102,633	91,731,549
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	37,356,267	(142,758,551)
Securities classified as FVTPL	3,202,339	10,267,977
Advances	(55,502,873)	253,117,773
Other assets (excluding advance taxation)	(34,917,450)	(92,861,859)
	(49,861,717)	27,765,340
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	2,116,644	(14,138,025)
Borrowings	1,482,063,705	797,586,061
Deposits and other accounts	532,711,096	456,411,697
Other liabilities	38,459,758	46,569,608
	2,055,351,203	1,286,429,341
	2,108,592,119	1,405,926,230
Receipts / (payments) on account of staff retirement benefits	2,742,669	(603,230)
Income taxes paid	(43,778,709)	(32,639,192)
<b>Net cash flow generated from operating activities</b>	2,067,556,079	1,372,683,808
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities classified as FVOCI	(1,977,409,691)	(1,242,735,738)
Net investments in amortized cost securities	38,842,560	50,664,538
Net investments in associates	(1,454,863)	1,560,255
Dividend income received	1,102,004	1,062,838
Proceeds realised on sale of subsidiary	9,053,275	-
Investment in property and equipments and intangible assets	(18,154,200)	(6,389,865)
Sale proceeds from disposal of property and equipments	168,370	1,918,670
Sale proceeds from disposal of Ijarah assets	27,645	5,302
Sale proceeds from disposal of non banking assets	-	-
Effect of translation of net investment in overseas branches and subsidiaries	(1,924,494)	23,455,045
<b>Net cash flow used in investing activities</b>	(1,949,749,394)	(1,170,458,955)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(2,755,882)	(2,574,551)
Dividend paid	(40,399,075)	(45,818,530)
<b>Net cash flow used in financing activities</b>	(43,154,957)	(48,393,081)
<b>Decrease in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	74,651,728	153,831,772
Effect of exchange rate changes on cash and cash equivalents	312,294,647	138,729,540
	(1,508,516)	20,991,751
	310,786,131	159,721,291
Cash and cash equivalents of subsidiary at disposal date	1,796,950	-
<b>Cash and cash equivalents at the end of the period</b>	387,234,809	313,553,063

The annexed notes 1 to 45 form an integral part of these consolidated condensed interim financial statements.

				
<b>Syed Manzoor Hussain Zaidi</b> Chief Financial Officer	<b>Muhammad Jawaid Iqbal</b> President & Chief Executive Officer	<b>Shazia Syed</b> Director	<b>Daniel Michael Howlett</b> Director	<b>Sir Mohammed Anwar Pervez, OBE, HPK</b> Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 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 1,399 (December 31, 2023: 1,356) branches inside Pakistan including 241 (December 31, 2023: 209) Islamic Banking branches and 2 (December 31, 2023: 2) branches in Export Processing Zones. The Bank also operates 8 (December 31, 2023: 8) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL) which is incorporated in the Guernsey.

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

These consolidated 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. 2 dated February 09, 2023.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode. The 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 profit 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 utilized and the appropriate portion of profit thereon.

Key financial figures of the Islamic Banking branches are disclosed in note 41 to these consolidated condensed interim financial statements.

## 2.1 STATEMENT OF COMPLIANCE

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

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

The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of 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.

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 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.

The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular No. 2 dated February 09, 2023 and IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of audited annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Bank for the year ended December 31, 2023.

These consolidated 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.

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

During the year, the Bank has adopted IFRS 9 as applicable in Pakistan with effect from 01 January 2024 (refer note 3.1 for details). There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. Except for IFRS 9, these are either considered not to be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated condensed interim financial statements.

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

There are various amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

## 3 MATERIAL ACCOUNTING POLICIES

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 Bank for the year ended December 31, 2023, except as disclosed in Notes 3.1 and 3.2.

### 3.1 Changes in reporting format

The SBP vide BPRD Circular No. 2 dated February 09, 2023 specified the new format for interim financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the nine months ended September 30, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Lease liabilities and Right of use assets on the face of Statement of Financial Position out of Property and equipment and Other Liabilities, respectively in these financial statements.

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

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## 3.2 IFRS 9 - Financial Instruments

The Bank has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) retrospectively with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening unappropriated profit and other reserves at the beginning of the current period without restating the comparative figures. The impact on carrying amounts of the financial assets and liabilities is disclosed in Note 3.2.4.

### 3.2.1 Scope of IFRS 9 application

IFRS 9 has been applicable in several overseas jurisdictions at various effective dates starting from January 01, 2018. The requirements of this standard were already incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. The results of those overseas operations where IFRS 9 is not applicable will be directly incorporated in the Bank's financial statements as per the respective country's regulations, for the year ending December 31, 2024. As per the SBP IFRS 9 application instructions, all overseas Jurisdictions will be subject to the IFRS 9 requirements from next financial year.

Upon implementation of IFRS 9, the Banking Industry sought certain technical clarifications from SBP and also identified practical difficulties in certain areas of implementation of IFRS 9, such as valuation of unquoted equity securities, fair valuation of concessional loans, recognition of interest income/expense on financial instruments, modification accounting of financial assets and expected credit loss on foreign currency balances with SBP. The SBP vide its Circular No.16 dated July 29, 2024 has allowed temporary extension in timeline for most of the above referred matters with directions to implement IFRS 9 requirements before the end of the financial year other than valuation of unquoted equity securities which is required to be implemented from next financial year. However, the Banking Industry will continue to engage SBP on remaining matters in the coming months to have more clarity on such areas. Accordingly, the Bank has continued to apply previous accounting practices in such areas for the purposes of preparation of these interim financial statements.

### 3.2.2 Significant differences from accounting policies applicable till 31 December 2023 before adoption of IFRS 9

#### 3.2.2.1 Classification of financial assets

IFRS 9 introduced a new classification model for financial assets that is more principles-based than the previous requirements. Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. Instruments will be classified either at amortised cost, the newly established measurement category fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). For equity investment that are not held for trading, an election is available to the Bank to classify these either through FVTPL or FVOCI. The previous accounting policies were based on instrument by instrument classification into Held for trading, Held to maturity and Available for Sale categories as disclosed in Note 4.4 to the annual financial statements of the Bank.

#### 3.2.2.2 Impairment of debt investments and loans and advances

The new IFRS 9 impairment requirements eliminate the previous threshold for the recognition of credit losses, i.e., it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for ECLs, and updates the loss allowance for changes in these ECLs at each reporting date to reflect changes in credit risk since initial recognition. Consequently, the holder of the financial asset needs to take into account more timely and forward-looking information in order to provide users of financial statements with useful information about the ECLs on financial instruments that are in the scope of these impairment requirements. The previous impairment requirements were based solely on Prudential regulations of SBP as disclosed in Note 4.10 to the annual financial statements of the Bank.

#### 3.2.2.3 Impairment of equity investments

Previously, investments classified as available for sale were required to be tested for impairment and if there is an objective evidence of impairment, impairment was required to be booked. Under IFRS 9 regime, no impairment is required against such investments which are carried at FVOCI as the gain or loss on remeasurement will remain in OCI/Surplus on revaluation of Investments. The previous accounting policies are disclosed in Note 4.10 to the annual financial statements of the Bank.

### 3.2.3 Material accounting policies applicable from 01 January 2024 as a result of adoption of IFRS 9

#### 3.2.3.1 Financial assets – initial recognition

Financial assets are initially recognized at fair value. When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in profit and loss account. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit and loss account when the inputs become observable, or when the instrument is derecognised.

#### 3.2.3.2 Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized cost
- Debt instruments at 'fair value through other comprehensive income' FVOCI
- Equity instruments at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

#### 3.2.3.3 Financial assets at amortised cost

The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below:

##### a) Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's Board/ Board Committees
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

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The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

## b) The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test. The assessment of SPPI aims to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding'.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

After initial measurement, these financial assets are subsequently measured at amortized cost.

### 3.2.3.4 Debt instruments at FVOCI

The Bank applies this new category under IFRS 9 when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR and foreign exchange gains and losses are recognised in the profit and loss account.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

### 3.2.3.5 Equity instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'Equity' under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis and is irrevocable.

Gains and losses on these equity instruments are never recycled to profit and loss account. Dividends are recognised in profit and loss account when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

### 3.2.3.6 Financial assets and financial liabilities at FVPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or
- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

### 3.2.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost. These include Bills payable, Borrowings, Deposits and certain items within Other Liabilities.

### 3.2.3.8 Derecognition of financial assets

#### 3.2.3.8.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors such as change in currency of the loan, introduction of an equity feature, change in counterparty, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The gain/(loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

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## 3.2.3.8.2 Derecognition other than due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

## 3.2.3.9 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 3.2.3.10 Impairment of financial assets

### 3.2.3.10.1 Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

### 3.2.3.10.2 The calculation of ECLs

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Bank has rebutted 30 DPD presumption based on behavioural analysis of its borrowers.

The key elements of ECL calculations are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. For IFRS 9, the Bank only considers the liquid collaterals.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers three probability-weighted scenarios (a base case, a best case, and a worse case). Each of these is associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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## 3.2.3.10.3 Forward looking information

The Bank formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent macro economic inputs.

## 3.2.4 Transition disclosures

This note sets out the impact of adopting IFRS 9 on the statement of financial position, unappropriated profit and surplus on revaluation of investments of the bank.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024:

Carrying amount as per current accounting policy as at Dec 31, 2023	Classification under IFRS 9						IFRS 9 carrying amount as at Jan 01, 2024
	At FVTPL	At FVOCI - with recycling	At FVOCI - without recycling	At Amortized Cost	Remeasurement under IFRS 9		
(Rupees in '000)							
<b>Cash and cash equivalents</b>	308,030,968	-	-	-	308,030,968	(1,182)	308,029,786
Lendings to financial institutions	34,447,852	-	-	-	34,447,852	-	34,447,852
Advances	613,565,526	-	-	-	613,565,526	(7,969,693)	605,595,833
<b>Investments in financial assets</b>							
Held for trading	78,956,749	78,956,749	-	-	-	-	78,956,749
Held to maturity	362,838,478	-	-	-	362,838,478	(344)	362,838,134
Available for sale	3,939,226,221	3,635,231	3,925,259,062	10,331,928	-	(7,157)	3,939,219,064
Other assets	150,395,306	4,266,717	-	-	146,128,589	-	150,395,306
<b>Total Financial Assets</b>	<b>5,487,461,100</b>	<b>86,858,697</b>	<b>3,925,259,062</b>	<b>10,331,928</b>	<b>1,465,011,413</b>	<b>(7,978,376)</b>	<b>5,479,482,724</b>
<b>Borrowings</b>	2,815,470,554	-	-	-	2,815,470,554	-	2,815,470,554
<b>Bills payable</b>	21,651,784	-	-	-	21,651,784	-	21,651,784
<b>Deposits</b>	2,350,540,823	-	-	-	2,350,540,823	-	2,350,540,823
<b>Subordinated debt</b>	10,000,000	-	-	-	10,000,000	-	10,000,000
<b>Other liabilities</b>	88,722,556	2,741,100	-	-	85,981,456	1,037,902	89,760,458
<b>Total financial liabilities</b>	<b>5,286,385,717</b>	<b>2,741,100</b>	<b>-</b>	<b>-</b>	<b>5,283,644,617</b>	<b>1,037,902</b>	<b>5,287,423,619</b>
<b>Net Financial Assets</b>	<b>201,075,383</b>	<b>84,117,597</b>	<b>3,925,259,062</b>	<b>10,331,928</b>	<b>(3,818,633,204)</b>	<b>(9,016,278)</b>	<b>192,059,105</b>
<b>Deferred tax assets</b>	<b>(1,921,889)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,417,976</b>	<b>2,496,087</b>
<b>Effect on net assets on adoption of IFRS 9</b>						<b>(4,598,302)</b>	

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank as shown in the table above:

### (A) Debt instruments previously classified as available for sale (AFS) but which fail the SPPI test

The Bank held a portfolio of debt instruments amounting to Rs. 1,864.973 million that failed to meet the SPPI requirement for amortised cost classification under IFRS 9. These instruments contain provisions that, in certain circumstances, can allow the issuer to defer interest payments, but which do not accrue additional interest. This clause breaches the criterion that interest payments should only be consideration for credit risk and the time value of money on the principal. As a result these are required to be classified as FVTPL under IFRS 9.

### (B) Designation of equity instruments at FVOCI

The Bank has elected to irrevocably designate investments in listed securities and strategic investments in unquoted securities as FVOCI amounting to Rs. 9,611.924 million and Rs. 720.004 million, respectively. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

### (C) Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under existing local regulations were 'retired', with no changes to their measurement basis:

- Those previously classified as available for sale and now classified as measured at FVOCI; and
- Those previously classified as held to maturity and now classified as measured at amortised cost.
- Those previously classified as held for trading and now classified as measured at FVTPL.

The impact of transition to IFRS 9 on unappropriated profit and surplus on revaluation of investments is as follows:

	Unappropriated profit	Surplus / (Deficit) on revaluation Investments	Total
----- Rupees in '000' -----			
Balance as at December 31, 2023	90,492,296	3,753,667	94,245,963
Recognition of IFRS 9 ECL - net of tax	(4,598,302)	-	(4,598,302)
Available for sale equity instruments reclassified as FVOCI under IFRS 9 - net of tax	3,214,765	(3,214,765)	-
<b>Balance under IFRS 9 as at January 01, 2024 - as restated</b>	<b>89,108,759</b>	<b>538,902</b>	<b>89,647,661</b>

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated 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 consolidated financial statements of the Bank for the year ended December 31, 2023, except for the adoption of IFRS 9 w.e.f January 01, 2024. These are disclosed in Note 4.1

### 4.1 Impairment losses on financial assets

Determination of expected credit losses is a significant estimate and involves the following judgments:

- Development of ECL models, including the various formulas and the choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis
- The Bank's internal credit grading model based on which PDs are assigned to the individual grades
- Qualitative and quantitative indicators used as SICR triggers
- The definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated
- Selection of forward-looking macroeconomic scenarios and their probability weightings
- Determination of economic inputs, such as GDP growth and CPI

## 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
In hand		
Local currency	48,140,033	27,876,981
Foreign currencies	8,567,386	13,068,432
	56,707,419	40,945,413
With State Bank of Pakistan in		
Local currency current accounts	122,261,811	88,035,634
Foreign currency current accounts	4,923,916	5,306,080
Foreign currency deposit accounts	8,682,419	9,473,621
	135,868,146	102,815,335
With other central banks in		
Foreign currency current accounts	91,863,219	50,093,433
Foreign currency deposit accounts	19,085,137	10,684,831
	110,948,356	60,778,264
With National Bank of Pakistan in		
Local currency current accounts	53,237,697	72,368,067
Foreign currency deposit account	5,554,262	-
	58,791,959	72,368,067
National prize bonds	458,445	448,681
	362,774,325	277,355,760
Less: Credit loss allowance held against cash and balances with treasury banks	(91,378)	-
Cash and balances with treasury banks - net of credit loss allowance	362,682,947	277,355,760

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	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>7. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	-	1,659
In deposit accounts	7	7
Outside Pakistan		
In current accounts	16,511,117	26,393,747
In deposit accounts	8,042,825	7,034,958
	24,553,942	33,428,705
	24,553,949	33,430,371
Less: Credit loss allowance held against balances with other banks	(2,087)	-
Balances with other banks - net of credit loss allowance	24,551,862	33,430,371

<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Musharakah lending	-	12,500,000
Call / clean money lendings	100,000	4,868,418
Repurchase agreement lendings (Reverse Repo)	976,737	21,947,852
	1,076,737	39,316,270
Less: Credit loss allowance held against lending to financial institutions	-	-
Lending to financial institutions - net of credit loss allowance	1,076,737	39,316,270

		(Un-audited) September 30, 2024	
		Lending	Credit loss allowance held
		----- (Rupees in '000) -----	
<b>8.1 Lending to FIs - Particulars of credit loss allowance</b>			
<b>Domestic</b>			
Performing	Stage 1	1,076,737	-
Under performing	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		-	-
Sub total		1,076,737	-
<b>Overseas</b>			
Performing	Stage 1	-	-
Under performing	Stage 2	-	-
Non-performing	Stage 3		
Substandard		-	-
Doubtful		-	-
Loss		-	-
Sub total		-	-
Total		1,076,737	-



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 9. INVESTMENTS

### 9.1 Investments by type

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)				
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Fair value through profit and loss - FVTPL</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	36,362,364	-	37,684	36,400,048	-	-	-	-
- Pakistan Investment Bonds - fixed	1,879,789	-	22,748	1,902,537	-	-	-	-
- Pakistan Investment Bonds - floaters	35,031,080	-	48,151	35,079,231	-	-	-	-
<b>Real Estate Investment Trust units</b>	616,232	-	152,488	768,720	-	-	-	-
<b>Non-Government debt securities</b>								
- Corporate Sukuks	1,115,000	-	-	1,115,000	-	-	-	-
- Term Finance Certificates	749,947	-	-	749,947	-	-	-	-
	75,754,412	-	261,071	76,015,483	-	-	-	-
<b>Held for trading securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	-	-	-	-	17,963,912	-	(412)	17,963,500
- Pakistan Investment Bonds - fixed	-	-	-	-	3,066,638	-	(19,627)	3,047,011
- Pakistan Investment Bonds - floaters	-	-	-	-	58,005,273	-	(59,035)	57,946,238
	-	-	-	-	79,035,823	-	(79,074)	78,956,749
<b>Fair value through other comprehensive income - FVOCI</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	3,232,227,895	-	38,530,058	3,270,757,953	-	-	-	-
- Pakistan Investment Bonds - fixed	672,586,910	-	39,422,365	712,009,275	-	-	-	-
- Pakistan Investment Bonds - floaters	1,465,818,805	-	5,614,625	1,471,433,430	-	-	-	-
- Government of Pakistan Sukuks	268,064,968	-	18,443,700	286,508,668	-	-	-	-
- Islamic Naya Pakistan Certificates	2,936,321	-	-	2,936,321	-	-	-	-
- Government of Pakistan Eurobonds	5,237,317	(1,560,819)	1,060,749	4,737,247	-	-	-	-
<b>Ordinary shares</b>								
- Listed companies	12,864,797	-	239,945	13,104,742	-	-	-	-
- Unlisted companies	1,656,558	-	(57,587)	1,598,971	-	-	-	-
<b>Non-Government debt securities</b>								
- Corporate Sukuks	21,429	(7,047)	-	14,382	-	-	-	-
- Term Finance Certificates	462,335	(162,444)	-	299,891	-	-	-	-
<b>Foreign securities</b>								
- Market Treasury Bills	163,116,140	-	543,971	163,660,111	-	-	-	-
- Foreign bonds - sovereign	96,236,717	(15,562)	(1,206,082)	95,015,073	-	-	-	-
- Foreign bonds - others	1,354,090	(479)	(88,447)	1,265,164	-	-	-	-
<b>Real Estate Investment Trust units</b>								
	5,922,584,282	(1,746,351)	102,503,297	6,023,341,228	-	-	-	-
<b>Available for sale securities</b>								
<b>Federal Government securities</b>								
- Market Treasury Bills	-	-	-	-	1,759,608,269	-	4,084,546	1,763,692,815
- Pakistan Investment Bonds - fixed	-	-	-	-	501,749,097	-	(11,952,985)	489,796,112
- Pakistan Investment Bonds - floaters	-	-	-	-	1,062,667,124	-	6,455,501	1,069,122,625
- Government of Pakistan Sukuks	-	-	-	-	435,136,727	(410,122)	7,532,654	442,259,259
- Islamic Naya Pakistan Certificates	-	-	-	-	5,709,016	-	-	5,709,016
- Government of Pakistan Eurobonds	-	-	-	-	46,754,448	(12,011,509)	(1,093,669)	33,649,270
<b>Ordinary shares</b>								
- Listed companies	-	-	-	-	13,243,966	(6,048,102)	3,570,071	10,765,935
- Unlisted companies	-	-	-	-	779,288	(59,019)	-	720,269
<b>Non-Government debt securities</b>								
- Corporate Sukuks	-	-	-	-	1,200,714	-	-	1,200,714
- Term Finance Certificates	-	-	-	-	1,212,322	(162,334)	-	1,049,988
- Corporate Bonds	-	-	-	-	1,551,722	-	(674,087)	877,635
<b>Foreign securities</b>								
- Market Treasury Bills	-	-	-	-	67,730,157	-	55,839	67,785,996
- Foreign bonds - sovereign	-	-	-	-	94,294,781	(23,504)	(2,886,631)	91,384,646
- Foreign bonds - others	-	-	-	-	10,509,383	(489)	(179,593)	10,329,301
<b>Real Estate Investment Trust units</b>								
	-	-	-	-	507,834	-	108,398	616,232
	-	-	-	-	4,002,654,848	(18,715,079)	5,020,044	3,988,959,813

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 9.1 Investments by type - continued

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
<b>Amortized cost</b>								
<b>Federal Government securities</b>								
- Pakistan Investment Bonds - fixed	193,016,766	-	-	193,016,766	-	-	-	-
- Pakistan Investment Bonds - floaters	25,915,913	-	-	25,915,913	-	-	-	-
- Government of Pakistan Sukuks	10,001,263	-	-	10,001,263	-	-	-	-
- Government of Pakistan Eurobonds	-	-	-	-	-	-	-	-
- Bai Muajjal with Government of Pakistan	45,505,664	-	-	45,505,664	-	-	-	-
<b>Non-Government debt securities</b>								
- Corporate Sukuks	9,550,281	(32,151)	-	9,518,130	-	-	-	-
- Term Finance Certificates	9,312,767	(430,136)	-	8,882,631	-	-	-	-
- Debentures	2,267	(2,267)	-	-	-	-	-	-
- Participation Term Certificates	437	(437)	-	-	-	-	-	-
- Corporate Bond	2,698,166	(806,906)	-	1,891,260	-	-	-	-
<b>Foreign securities</b>								
- Market Treasury Bills	10,793,476	-	-	10,793,476	-	-	-	-
- Foreign bonds - sovereign	17,020,830	(15,562)	-	17,005,268	-	-	-	-
- Foreign bonds - others	1,465,462	(519)	-	1,464,943	-	-	-	-
- CDC SAARC Fund	604	-	-	604	-	-	-	-
	325,283,896	(1,287,978)	-	323,995,918	-	-	-	-
<b>Held to maturity securities</b>								
<b>Federal Government securities</b>								
- Pakistan Investment Bonds - fixed	-	-	-	-	253,017,065	-	-	253,017,065
- Pakistan Investment Bonds - floaters	-	-	-	-	25,847,573	-	-	25,847,573
- Government of Pakistan Sukuks	-	-	-	-	13,001,719	-	-	13,001,719
- Government of Pakistan Eurobonds	-	-	-	-	16,349,538	(4,406,225)	-	11,943,313
- Bai Muajjal with Government of Pakistan	-	-	-	-	-	-	-	-
<b>Non-Government debt securities</b>								
- Corporate Sukuks	-	-	-	-	9,471,269	(46,394)	-	9,424,875
- Term Finance Certificates	-	-	-	-	10,551,604	(429,952)	-	10,121,652
- Debentures	-	-	-	-	2,267	(2,267)	-	-
- Participation Term Certificates	-	-	-	-	437	(437)	-	-
- Corporate Bond	-	-	-	-	2,739,066	(814,584)	-	1,924,482
<b>Foreign securities</b>								
- Market Treasury Bills	-	-	-	-	15,875,336	-	-	15,875,336
- Foreign bonds - sovereign	-	-	-	-	20,728,155	(540,599)	-	20,187,556
- Foreign bonds - others	-	-	-	-	1,494,823	(529)	-	1,494,294
- CDC SAARC Fund	-	-	-	-	612	-	-	612
	-	-	-	-	369,079,464	(6,240,987)	-	362,838,477
<b>Associates</b>								
- UBL Liquidity Plus Fund	2,826,341	-	-	2,826,341	591,213	-	-	591,213
- UBL Stock Advantage Fund	160,209	-	-	160,209	-	-	-	-
- UBL Special Savings Plan XI	-	-	-	-	1,533,503	-	-	1,533,503
- UBL Exchange Traded Fund	35,918	-	-	35,918	28,122	-	-	28,122
- UBL Dedicated Equity Fund	-	-	-	-	83,864	-	-	83,864
- Al Ameen Islamic Energy Fund	64,780	-	-	64,780	132,535	-	-	132,535
- Al Ameen Islamic Dedicated Equity Fund	-	-	-	-	65,766	-	-	65,766
- Al Ameen Islamic Fixed Return Plan	-	-	-	-	14,313	-	-	14,313
- Al Ameen Islamic Income Fund	-	-	-	-	38,567	-	-	38,567
- Al-Ameen Islamic Cash Plan I	2,096,513	-	-	2,096,513	1,583,806	-	-	1,583,806
- UBL Fixed Return Plan - II-N	10,250	-	-	10,250	-	-	-	-
- UBL Fixed Return Plan - IV-(B)	43,133	-	-	43,133	-	-	-	-
- UBLPKP - Money Market Sub Fund	36,644	-	-	36,644	30,385	-	-	30,385
- AIKPK - Money Market Sub Fund	36,033	-	-	36,033	30,392	-	-	30,392
- UBL Fixed Return Plan - II B	-	-	-	-	54,869	-	-	54,869
- UBL Fixed Return Plan - II D	-	-	-	-	56,640	-	-	56,640
- UBL Fixed Return Plan - II E	-	-	-	-	40,673	-	-	40,673
- Al-Ameen Shariah Stock Fund	-	-	-	-	25,319	-	-	25,319
- UBL Government Securities Fund	324,024	-	-	324,024	-	-	-	-
- UBL Insurers Limited	816,849	-	-	816,849	685,864	-	-	685,864
- Khushhali Bank Limited	1,033,786	(1,033,786)	-	-	1,033,786	(1,033,786)	-	-
	7,484,480	(1,033,786)	-	6,450,694	6,029,617	(1,033,786)	-	4,995,831
<b>Total Investments</b>	<b>6,331,107,070</b>	<b>(4,068,115)</b>	<b>102,764,368</b>	<b>6,429,803,323</b>	<b>4,456,799,752</b>	<b>(25,989,852)</b>	<b>4,940,970</b>	<b>4,435,750,870</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 9.2 Summary of financial position and performance of associates

	Country of incorporation	Percentage Holding	September 30, 2024 (Un-audited)				Total comprehensive income
			Assets	Liabilities	Revenue	Profit / (loss)	
					(Rupees in '000)		
UBL Stock Advantage Fund	Pakistan	1.89%	9,450,767	963,112	1,906,219	1,679,754	1,679,754
Al-Ameen Islamic Energy Fund	Pakistan	5.96%	1,135,633	49,082	145,861	109,963	109,963
UBL Pakistan Enterprise Exchange Traded Fund	Pakistan	71.64%	51,831	1,696	4,871	4,037	4,081
UBL Liquidity Plus Fund	Pakistan	7.89%	36,174,340	361,805	4,830,485	4,483,522	4,483,522
Al-Ameen Islamic Cash Plan-I	Pakistan	20.34%	10,369,037	62,777	3,195,069	3,017,598	3,017,598
UBL Fixed Return Plan - II-N	Pakistan	3.50%	293,833	968	11,478	10,311	10,311
UBL Fixed Return Plan-IV-B	Pakistan	21.97%	198,225	1,941	32,931	29,435	29,435
UBL Government Securities Fund	Pakistan	1.89%	17,211,499	108,112	1,165,038	1,087,876	1,087,876
UBLKPK - Money Market Sub Fund	Pakistan	70.57%	52,272	344	6,011	5,687	5,687
AIKPK - Money Market Sub Fund	Pakistan	54.74%	67,738	1,913	5,935	5,568	5,568
UBL Insurers Limited	Pakistan	30.00%	12,772,031	10,049,197	1,647,237	544,100	616,553
						(Un-audited) September 30, 2024	(Audited) December 31, 2023
						----- (Rupees in '000) -----	

## 9.3 Investments given as collateral

### Federal Government securities

Market Treasury Bills						2,566,354,516	1,739,647,706
Pakistan Investment Bonds						1,593,312,127	962,704,865
<b>Associates</b>							
Units of UBL Liquidity Plus Fund						2,341,621	589,320
Units of UBL Cash Fund						-	1,299,847
						<u>4,162,008,264</u>	<u>2,704,241,738</u>

The market value of securities given as collateral is Rs. 4,197,227 million (December 31, 2023: Rs. 2,717,969 million).

Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	

## 9.4 Credit loss allowance for diminution in value of investments

Opening balance		25,989,852	28,604,522
Exchange adjustments		(92,937)	3,388,726
Impact of reclassification on adoption of IFRS 9		(6,107,121)	-
Impact of ECL recognised on adoption of IFRS 9		7,501	-
Charge / (reversals)			
Charge for the period / year		110,912	7,376,097
Reversals for the period / year		(360,958)	(1,266,052)
		(250,046)	6,110,045
Transfer		-	-
Derecognition of ECL on disposals	9.4.1	(15,479,134)	(12,113,441)
Amounts written off		-	-
Closing balance	9.5	<u>4,068,115</u>	<u>25,989,852</u>

9.4.1 ECL provision under IFRS 9 amounting to Rs.15,479.134 million was held as part of the amortised cost of securities. This amount has been derecognised as a consequence of the disposal of such securities.

## 9.5 Particulars of credit loss allowance against debt securities

### Domestic

		(Un-audited) September 30, 2024	
		Outstanding amount	Credit loss allowance held
		----- (Rupees in '000) -----	
Performing	Stage 1	6,009,935,823	7,501
Under performing	Stage 2	-	-
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		626,981	626,981

### Overseas

Performing	Stage 1	289,866,742	32,123
Under performing	Stage 2	8,055,456	2,367,724
Non-performing	Stage 3	-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
Total		<u>6,308,485,002</u>	<u>3,034,329</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## Particulars of provision against debt securities

Category of classification	December 31, 2023 (Audited)	
	Non-Performing Investments	Provision
	----- (Rupees in '000) -----	
<b>Domestic</b>		
Loss	641,383	641,383
<b>Overseas</b>		
Defaulted exposure	-	-
<b>Total</b>	641,383	641,383

9.6 The market value of securities classified as amortised cost as at September 30, 2024 amounted to Rs. 322,229.832 million (December 31, 2023: Rs. 337,640.922 million).

## 10. ADVANCES

Loans, cash credits, running finances, etc.  
Islamic financing and related assets  
Bills discounted and purchased  
**Advances - gross**

Note	September 30, 2024 (Un-audited)		
	Performing	Non-performing	Total
	----- (Rupees in '000) -----		
	539,912,468	97,160,467	637,072,935
	58,412,457	284,762	58,697,219
	21,893,802	10,587,678	32,481,480
	620,218,727	108,032,907	728,251,634
	-----		
	(5,283,525)	-	(5,283,525)
	(8,924,455)	-	(8,924,455)
	-	(94,775,930)	(94,775,930)
	(14,207,980)	(94,775,930)	(108,983,910)
	606,010,747	13,256,977	619,267,724

Credit loss allowance against advances

-Stage 1  
-Stage 2  
-Stage 3

10.3

**Advances - net of credit loss allowance**

Loans, cash credits, running finances, etc.  
Islamic financing and related assets  
Bills discounted and purchased  
**Advances - gross**

Provision against advances

-Specific  
-General

10.3

**Advances - net of provision**

	December 31, 2023 (Audited)		
	Performing	Non-performing	Total
	----- (Rupees in '000) -----		
	800,959,576	100,026,704	900,986,280
	47,191,822	222,205	47,414,027
	16,976,674	10,325,627	27,302,301
	865,128,072	110,574,536	975,702,608
	-----		
	-	(92,332,287)	(92,332,287)
	(11,329,389)	-	(11,329,389)
	(11,329,389)	(92,332,287)	(103,661,676)
	853,798,683	18,242,249	872,040,932

### 10.1 Particulars of advances - gross

In local currency  
In foreign currencies

	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
	----- (Rupees in '000) -----	
	512,971,847	465,031,634
	215,279,787	510,670,974
	728,251,634	975,702,608

10.2 Advances include Rs. 108,032.907 million (December 31, 2023: Rs. 110,574.536 million) which have been placed under non-performing / Stage 3 status as detailed below:

### Category of Classification (Stage 3)

**Domestic**  
Other Assets Especially Mentioned (OAEM)\*  
Substandard  
Doubtful  
Loss

**Overseas**  
Other Assets Especially Mentioned (OAEM)\*  
Substandard  
Doubtful  
Loss

Total

Category of Classification (Stage 3)	September 30, 2024 (Un-audited)	
	Non-Performing Loans	Credit loss allowance
	----- (Rupees in '000) -----	
	181,972	42,481
	2,445,798	1,710,982
	258,422	125,921
	21,548,654	20,552,872
	24,434,846	22,432,256
	-----	
	-	-
	2,906,137	733,505
	17,398,562	11,466,979
	63,293,362	60,143,190
	83,598,061	72,343,674
	108,032,907	94,775,930

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	December 31, 2023 (Audited)	
	Non-Performing Loans	Provision
	(Rupees in '000)	
<b>Domestic</b>		
Other Assets Especially Mentioned (OAEM)*	105,024	3,660
Substandard	2,963,970	729,208
Doubtful	197,690	91,464
Loss	21,198,758	20,225,801
	<u>24,465,442</u>	<u>21,050,133</u>
<b>Overseas</b>		
Not past due but impaired **	2,607,829	331,800
Overdue by:		
Upto 90 days	91,393	-
91 to 180 days	3,632,088	-
181 to 365 days	4,913,369	1,685,624
> 365 days	74,864,415	69,264,730
	<u>86,109,094</u>	<u>71,282,154</u>
<b>Total</b>	<u>110,574,536</u>	<u>92,332,287</u>

\* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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

## 10.3 Particulars of credit loss allowance against advances

	September 30, 2024 (Un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance	919,153	10,410,236	92,332,287	103,661,676
Exchange adjustments	(4,289)	(141,407)	(1,158,164)	(1,303,860)
Impact of Adoption of IFRS 9	4,046,484	2,689,194	1,234,015	7,969,693
Charge / (reversals)				
Charge for the period / year	562,350	-	3,005,058	3,567,408
Reversals for the period / year	(80,642)	(2,217,058)	(2,412,356)	(4,710,056)
	<u>481,708</u>	<u>(2,217,058)</u>	<u>592,702</u>	<u>(1,142,648)</u>
Disposal of subsidiary	(159,531)	-	-	(159,531)
Amounts charged off agriculture financing	-	-	(40,573)	(40,573)
Amounts written off	-	-	(54,958)	(54,958)
Transfers (out) / in - net	-	(1,816,510)	1,870,621	54,111
Closing balance	<u>5,283,525</u>	<u>8,924,455</u>	<u>94,775,930</u>	<u>108,983,910</u>

## Particulars of provision against advances

	December 31, 2023 (Audited)		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	82,038,458	10,236,536	92,274,994
Exchange adjustments	14,721,165	2,318,974	17,040,139
Charge / (reversals)			
Charge for the period / year	894,440	140,921	1,035,361
Reversals for the period / year	(4,561,819)	(1,367,042)	(5,928,861)
	<u>(3,667,379)</u>	<u>(1,226,121)</u>	<u>(4,893,500)</u>
Amounts charged off - agriculture financing	-	-	-
Amounts written off	(153,498)	-	(153,498)
Transfers (out) / in - net	(606,459)	-	(606,459)
Closing balance	<u>92,332,287</u>	<u>11,329,389</u>	<u>103,661,676</u>

### 10.3.1 Advances - Category of classification

	September 30, 2024 (Un-audited)		
	Outstanding amount	Credit loss allowance held	
	(Rupees in '000)		
<b>Domestic</b>			
Performing			
Under performing	Stage 1	475,050,833	5,038,544
	Stage 2	49,026,380	1,984,762
Non-performing	Stage 3		
Substandard		2,627,770	1,753,463
Doubtful		258,422	125,921
Loss		21,548,654	20,552,872
		<u>24,434,846</u>	<u>22,432,256</u>
Sub total		<u>548,512,059</u>	<u>29,455,562</u>
<b>Overseas</b>			
Performing			
Under performing	Stage 1	63,050,552	244,981
	Stage 2	33,090,962	6,939,693
Non-performing	Stage 3		
Substandard		2,906,137	733,505
Doubtful		17,398,562	11,466,979
Loss		63,293,362	60,143,190
		<u>83,598,061</u>	<u>72,343,674</u>
Sub total		<u>179,739,575</u>	<u>79,528,348</u>
<b>Total</b>		<u>728,251,634</u>	<u>108,983,910</u>

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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 01 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. 90.836 million (December 31, 2023: Rs. 44.193 million).

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 regulations 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.3,850.118 million (December 31, 2023: Rs. 6,114.438 million) for the overseas branches.

The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

10.4 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>11. PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	11.1	8,038,579	1,353,200
Property and equipment		70,499,445	75,106,959
		<u>78,538,024</u>	<u>76,460,159</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		7,148,307	764,539
Equipment		890,272	588,661
		<u>8,038,579</u>	<u>1,353,200</u>
		<b>(Un-audited)</b>	<b>(Un-audited)</b>
		<b>September 30,</b>	<b>September 30,</b>
		<b>2024</b>	<b>2023</b>
		----- (Rupees in '000) -----	
<b>11.2 Additions to Property and equipment</b>			
The following additions have been made to Property and equipment during the period:			
Capital work-in-progress - net		6,685,379	771,156
<b>Property and equipment</b>			
Freehold land		770,331	-
Leasehold land		2,448,554	-
Building on freehold land		72,355	-
Leasehold improvements		1,414,669	802,636
Furniture and fixtures		892,561	133,138
Electrical, office and computer equipment		4,105,823	1,164,143
Vehicles		1,113,521	168,910
		<u>10,817,814</u>	<u>2,268,827</u>
Total		<u>17,503,193</u>	<u>3,039,983</u>

### 11.3 Disposal of Property and equipment

The net book value of Property and equipment disposed off during the period is as follows:

Building on leasehold land	-	54,824
Leasehold land	-	1,444,780
Leasehold Improvement	11,648	1,455
Furniture and fixtures	2,381	719
Electrical, office and computer equipment	2,904	1,669
Vehicles	3,395	15,365
	<u>20,328</u>	<u>1,518,812</u>
Total	<u>20,328</u>	<u>1,518,812</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 12 RIGHT-OF-USE ASSETS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Buildings	Others	Total	Buildings	Others	Total
	----- (Rupees in '000) -----					
At January 1,						
Cost	14,136,595	209,786	14,346,381	12,714,260	89,986	12,804,246
Accumulated Depreciation	(5,656,792)	(78,116)	(5,734,908)	(4,803,576)	(23,071)	(4,826,647)
Net Carrying amount at January 1,	8,479,803	131,670	8,611,473	7,910,684	66,915	7,977,599
Additions during the year	3,719,230	19,761	3,738,991	3,183,903	124,328	3,308,231
Deletions during the year	(618,087)	(4,789)	(622,876)	(373,111)	(1,448)	(374,559)
Disposal of subsidiary	-	(15,887)	(15,887)	-	-	-
Depreciation charge for the year	(1,741,915)	(78,264)	(1,820,179)	(2,272,547)	(63,832)	(2,336,379)
Exchange rate adjustments	(626)	-	(626)	30,874	5,707	36,581
Net Carrying amount	9,838,405	52,491	9,890,896	8,479,803	131,670	8,611,473

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023  
----- (Rupees in '000) -----

## 13. INTANGIBLE ASSETS

Capital work-in-progress - Computer software	533,815	174,853
Intangible assets - Computer software	1,988,344	2,377,545
Goodwill	251,527	-
	<u>2,773,686</u>	<u>2,552,398</u>

(Un-audited) (Un-audited)  
September 30, September 30,  
2024 2023

### 13.1 Additions to intangible assets

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

The following additions have been made to intangible assets during the period

Capital work-in-progress - net	358,962	110,452
Directly purchased - Intangible assets	403,848	410,052
Through business combinations	251,527	-
	<u>1,014,337</u>	<u>520,504</u>

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023

## 14. DEFERRED TAX ASSETS / (LIABILITIES)

### Deductible temporary differences on

Credit loss allowance against advances and off balance sheet obligations	5,788,596	679,351
Tax losses carried forward	-	1,111,293
Workers Welfare Fund	5,492,228	4,406,522
	<u>11,280,824</u>	<u>6,197,166</u>

### Taxable temporary differences on

Surplus on revaluation of property and equipment / non-banking assets	(1,555,189)	(3,340,734)
Surplus on revaluation on investments	(53,256,957)	(3,021,438)
Share of loss from associates	(282,656)	(218,473)
Accelerated tax depreciation	(559,265)	(817,819)
Post retirement employee benefits	(848,006)	(847,823)
Others	(39,107)	(30,099)
	<u>(56,541,180)</u>	<u>(8,276,386)</u>
	<u>(45,260,356)</u>	<u>(2,079,220)</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>15. OTHER ASSETS</b>			
Income / mark-up accrued in local currency		142,373,036	121,606,613
Income / mark-up accrued in foreign currencies	15.1	3,037,209	3,056,696
Receivable from staff retirement fund		763,639	4,730,609
Receivable from other banks against telegraphic transfers and demand drafts		55,197	38,339
Unrealised gain on forward foreign exchange contracts		1,536,601	4,461,256
Rebate receivable - net		4,789,204	1,868,330
Unrealised gain on derivative financial instruments	25	3,311	32,379
Suspense accounts		206,650	-
Stationery and stamps on hand		454,249	593,636
Non-banking assets acquired in satisfaction of claims		39,656	42,075
Advances, deposits, advance rent and other prepayments		4,020,950	3,143,717
Dividend Receivable		33,075	-
Commission receivable - Bancassurance & Branchless Banking		692,664	688,884
Receivable against fraud & forgery and looted notes		488,657	475,390
Acceptances	22	28,741,023	17,584,022
Others		3,053,115	1,985,592
		<u>190,288,236</u>	<u>160,307,538</u>
Less: Credit loss allowance / provision held against other assets	15.2	<u>(1,068,872)</u>	<u>(1,150,885)</u>
Other assets - net of credit loss allowance		189,219,364	159,156,653
Surplus / (Deficit) on revaluation of non-banking assets acquired in satisfaction of claims	23	-	-
		<u>189,219,364</u>	<u>159,156,653</u>

15.1 Unrealised mark-up held in suspense amounting to Rs. 45,235.207 million (December 31, 2023: Rs. 39,977.644 million) against non-performing overseas advances has been netted off.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
<b>15.2 Expected credit loss allowance held against other assets</b>		
Advances, deposits, advance rent and other prepayments	54,108	54,108
Receivable against fraud & forgery and looted notes	488,657	475,390
Others	526,107	621,387
	<u>1,068,872</u>	<u>1,150,885</u>

## 15.2.1 Movement in expected credit loss allowance held against other assets

Opening balance	1,150,885	1,244,972
Exchange adjustments	(15,891)	83,333
Charge / (reversals)		
Charge for the period / year	33,934	97,737
Reversals for the period / year	(45,083)	(126,753)
	(11,149)	(29,016)
Transfers out - net	(52,250)	-
Amounts written off	(2,723)	(148,404)
Closing balance	<u>1,068,872</u>	<u>1,150,885</u>

## 16. CONTINGENT ASSETS

There were no contingent assets as at September 30, 2024 (December 31, 2023: Nil).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
<b>17. BILLS PAYABLE</b>		
In Pakistan	29,199,445	26,095,575
Outside Pakistan	885,499	1,884,313
	<u>30,084,944</u>	<u>27,979,888</u>



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>18. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	26,669,759	37,076,201
Refinance facility for modernization of SME	1,412,779	1,353,958
Long term financing facility	11,351,278	13,991,026
Renewable energy scheme	1,059,645	873,755
Temporary economic refinance facility	15,589,644	16,886,679
Refinance facility for combating COVID-19	213,522	332,674
Repurchase agreement borrowings	4,138,600,153	2,717,697,641
Financing facility for storage of agriculture products	24,063	34,375
Refinance for women entrepreneurs	49,993	61,200
	4,194,970,836	2,788,307,509
Repurchase agreement borrowings from other banks	64,137,828	22,881,729
Borrowing from commercial bank by subsidiary	1,996,257	1,498,925
	4,261,104,921	2,812,688,163
<b>Unsecured</b>		
Call borrowings	43,467,328	10,603,000
Overdrawn nostro accounts	1,379,370	596,751
	44,846,698	11,199,751
	4,305,951,619	2,823,887,914

## 19. DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
Current deposits	1,041,642,201	401,699,304	1,443,341,505	832,767,622	264,416,961	1,097,184,583
Savings deposits	857,457,384	31,116,057	888,573,441	698,079,461	89,414,155	787,493,616
Term deposits	107,513,786	114,082,217	221,596,003	158,820,636	337,702,171	496,522,807
Others	41,219,913	8,653,202	49,873,115	18,975,751	7,246,442	26,222,193
	2,047,833,284	555,550,780	2,603,384,064	1,708,643,470	698,779,729	2,407,423,199
<b>Financial Institutions</b>						
Current deposits	14,741,828	4,699,481	19,441,309	24,773,540	6,928,345	31,701,885
Saving deposits	202,014,419	70,513	202,084,932	173,505,890	6,343,690	179,849,580
Term deposits	78,450	3,118,527	3,196,977	1,925,450	4,293,020	6,218,470
	216,834,697	7,888,521	224,723,218	200,204,880	17,565,055	217,769,935
	2,264,667,981	563,439,301	2,828,107,282	1,908,848,350	716,344,784	2,625,193,134

19.1 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, applicable to domestic operations amounting to Rs. 1,607,077.723 million (2023: Rs. 1,376,823.088 million).

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>20. LEASE LIABILITIES</b>		
Opening balance	10,474,561	9,614,922
Addition during the year	3,738,991	3,307,070
Lease payments including interest	(2,755,882)	(3,282,249)
Interest expense	1,088,176	1,236,242
Termination/modification	(667,668)	(409,209)
Disposal of subsidiary	(17,269)	-
Exchange adjustments	(402)	7,785
Closing balance	11,860,507	10,474,561
<b>20.1 Liabilities Outstanding</b>		
Not later than one year	257,539	383,156
Later than one year and upto five years	5,414,716	4,873,805
Over five years	6,188,252	5,217,600
Total	11,860,507	10,474,561

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 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 Additional Tier 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>	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.

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
		----- (Rupees in '000) -----	
<b>22. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		59,514,130	47,159,535
Mark-up / return / interest payable in foreign currencies		1,112,716	1,501,909
Accrued expenses		7,638,529	7,999,572
Branch adjustment account		41,729	749,289
Deferred income		1,993,656	1,332,699
Current taxation (provisions less payments)	22.1	19,005,452	7,275,286
Unearned commission and income on bills discounted		1,644,174	894,134
Credit loss allowance against off-balance sheet obligations	22.2	2,126,192	1,056,385
Unrealised loss on forward foreign exchange contracts		1,776,952	2,789,527
Unrealised loss on derivative financial instruments		18,640	5,762
Liability against trading of securities		986,145	-
Payable to staff retirement fund		28,588	-
Deferred liabilities	22.3	4,576,547	4,395,908
Suspense accounts		-	247,181
Workers' Welfare Fund payable		11,343,289	9,097,179
Liabilities against Card settlement		700,352	148,039
Dividend payable		346,214	370,889
Unclaimed dividend		379,957	356,426
Acceptances	15	28,741,023	17,584,022
Security deposits		356,100	339,787
Charity fund balance		22,386	21,399
Levies and taxes payable		3,763,021	9,209,613
Clearing and settlement accounts		20,317,741	2,624,454
Others		3,322,856	4,028,579
		<u>169,756,389</u>	<u>119,187,574</u>

**22.1** The Income Tax returns of the Bank have been filed up to the tax year 2024 (accounting year ended December 31, 2023) and are 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 2023, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,080 million (2023: Rs.14,124 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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 2024 (accounting year ended December 31, 2023) 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. 2,632 million (2023: Rs. 2,632 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE and Qatar branches have been filed upto the year ended December 31, 2023 and Yemen branches have been filed upto the year ended December 31, 2019 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The tax returns of UBL FM have been filed upto the accounting year ended December 31, 2023, under the provisions of the prevailing tax laws and are deemed as assessed unless opened for reassessment by the tax authorities.

There are no material tax contingencies in any of the subsidiaries.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>22.2 Credit loss allowance against off-balance sheet obligations</b>		
Opening balance	1,056,385	896,567
Exchange adjustments	(14,771)	207,162
Impact of adoption of IFRS 9	1,037,902	-
Charge / (reversal)		
Charge for the period / year	53,410	4,367
Reversals for the period / year	(6,734)	(33,671)
	46,676	(29,304)
Transfers out - net	-	(18,040)
Closing balance	<u>2,126,192</u>	<u>1,056,385</u>

## 22.3 Deferred liabilities

Provision for post-retirement medical benefits	2,851,299	2,590,351
Provision for compensated absences	776,622	810,025
End of service benefits		
-Overseas branches	704,663	648,827
-Outsourced services	243,963	346,705
	<u>4,576,547</u>	<u>4,395,908</u>

September 30, 2024 (Un-audited)

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

## 23. SURPLUS ON REVALUATION OF ASSETS

### (Deficit) / surplus arising on revaluation of:

	Equity Holders	Non-Controlling interest	Total
- Securities measured at FVOCI - Debt	102,320,936	-	102,320,936
- Securities measured at FVOCI - Equity	3,212,157	-	3,212,157
- Property and Equipment	39,709,528	-	39,709,528
- Assets of associates	16,655	-	16,655
	145,259,276	-	145,259,276

### Deferred tax on (deficit) / surplus on revaluation of:

- Securities measured at FVOCI - Debt	50,137,803	-	50,137,803
- Securities measured at FVOCI - Equity	3,119,154	-	3,119,154
- Property and Equipment	1,555,189	-	1,555,189
	54,812,146	-	54,812,146
	<u>90,447,130</u>	-	<u>90,447,130</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

December 31, 2023 (Audited)

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

Equity Holders	Non-Controlling interest	Total
----------------	--------------------------	-------

**(Deficit) / surplus arising on revaluation of:**

- Available for sale securities - Debt
- Available for sale securities - Equity
- Property and Equipment
- Assets of associates

2,394,621	(1,053,046)	1,341,575
3,678,469	-	3,678,469
44,357,289	3,710,727	48,068,016
(7,753)	-	(7,753)
50,422,626	2,657,681	53,080,307

**Deferred tax on (deficit) / surplus on revaluation of:**

- Available for sale securities - Debt
- Available for sale securities - Equity
- Property and Equipment

1,482,250	(263,262)	1,218,988
1,802,450	-	1,802,450
2,561,979	778,757	3,340,736
5,846,679	515,495	6,362,174
44,575,947	2,142,186	46,718,133

Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
------	---------------------------------------	-----------------------------------

**24. CONTINGENCIES AND COMMITMENTS**

Guarantees	24.1	324,148,442	286,724,968
Commitments	24.2	938,884,282	1,054,616,393
Other contingent liabilities	24.3	16,355,426	16,116,861
		<u>1,279,388,150</u>	<u>1,357,458,222</u>

**24.1 Guarantees:**

Financial guarantees	118,808,478	124,944,607
Performance guarantees	198,406,164	154,072,480
Other guarantees	6,933,800	7,707,881
	<u>324,148,442</u>	<u>286,724,968</u>

**24.2 Commitments:**

Documentary credits and short-term trade-related transactions		
- letters of credit	329,991,642	303,953,368

Commitments in respect of:

- forward foreign exchange contracts	24.2.2	436,608,906	572,110,279
- forward Government securities transactions	24.2.3	15,882,800	19,956,300
- derivatives	24.2.4	-	366,068
- forward lending	24.2.5	147,370,859	154,319,495
- operating leases	24.2.6	150,349	87,081
		600,012,914	746,839,223

Commitments for acquisition of:

- Property and Equipment	7,364,018	2,998,928
- intangible assets	1,515,708	824,874
	8,879,726	3,823,802

938,884,282      1,054,616,393

**24.2.1 Commitments to extend credit**

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Note	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>24.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		254,725,497	295,080,548
Sale		181,883,409	277,029,731
		<u>436,608,906</u>	<u>572,110,279</u>
<b>24.2.3 Commitments in respect of forward Government securities transactions</b>			
Purchase		325,075	16,956,300
Sale		15,557,725	3,000,000
		<u>15,882,800</u>	<u>19,956,300</u>
<b>24.2.4 Commitments in respect of derivatives</b>			
<b>FX options</b>			
Purchase		-	183,034
Sale		-	183,034
		<u>-</u>	<u>366,068</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	76,212,325	94,695,244
Others		71,158,534	59,624,251
		<u>147,370,859</u>	<u>154,319,495</u>
<b>24.2.5.1</b> 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) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----			
<b>24.2.6 Commitments in respect of operating leases</b>			
Not later than one year		150,349	75,986
Later than one year and not later than five years		-	11,095
Later than five years		-	-
		<u>150,349</u>	<u>87,081</u>
<b>24.3 Other contingent liabilities</b>			
<b>24.3.1</b> Claims against the Bank not acknowledged as debts	24.3.2	<u>16,355,426</u>	<u>16,116,861</u>
<p>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 consolidated condensed interim financial statements.</p>			
<p><b>24.3.2</b> This includes penalties amounting to Rs. 4.089 billion (2023: Rs. 4.089 billion) were levied during 2016 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.</p>			
<p><b>24.3.3</b> For contingencies relating to taxation, refer note 22.1.</p>			

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 25. Derivative Instruments

### Product analysis

September 30, 2024 (Un-audited)								
	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 Gain	Notional principal	Mark to Market Loss	Notional principal	Mark to Market Gain
(Rupees in '000)								
Hedging	-	-	-	-	-	-	-	-
Market making	-	-	325,075	1	15,557,725	(15,330)	15,882,800	(15,329)
	-	-	325,075	1	15,557,725	(15,330)	15,882,800	(15,329)

December 31, 2023 (Audited)								
	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 Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
(Rupees in '000)								
Hedging	183,034	-	-	-	-	-	183,034	-
Market making	183,034	-	16,956,300	26,320	3,000,000	297	20,139,334	26,617
	366,068	-	16,956,300	26,320	3,000,000	297	20,322,368	26,617

## 26. MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances	76,571,924	93,390,940
Investments	741,017,184	239,255,397
Lendings to financial institutions	2,344,231	10,331,280
Balances with banks	5,998,213	3,971,729
	<u>825,931,552</u>	<u>346,949,346</u>

## 27. MARK-UP / RETURN / INTEREST EXPENSED

On:

Deposits	163,647,772	123,290,477
Borrowings	550,800,396	107,066,375
Subordinated debt	1,684,277	1,635,830
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,349,112	2,158,825
Lease liability against right-of-use assets	1,088,176	903,411
	<u>720,569,733</u>	<u>235,054,918</u>

## 28. FEE AND COMMISSION INCOME

Branch banking customer fee	1,465,150	2,053,308
Consumer finance related fee	887,277	1,206,005
Card related fees (debit and credit cards)	2,781,490	2,367,123
Investment banking fees	230,095	263,360
Financial Institution rebate / commission	564,743	448,837
Corporate service charges / facility fee	1,087,435	731,605
Commission on trade	2,360,854	1,581,842
Commission on guarantees	1,076,961	593,215
Commission on cash management	852,766	909,655
Commission on remittances including home remittances - net	3,355,085	2,123,564
Commission on bancassurance	869,807	823,675
Rent on lockers	169,118	167,335
Management fee	1,632,535	1,143,949
Others	260,927	198,838
	<u>17,594,243</u>	<u>14,612,311</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited)	
	January - September 2024	January - September 2023
	----- (Rupees in '000) -----	
<b>29. GAIN / (LOSS) ON SECURITIES - NET</b>		
Realised	23,813,057	(1,225,092)
Unrealised - Measured at FVPL	261,073	13,750
	<u>24,074,130</u>	<u>(1,211,342)</u>
<b>30. OTHER INCOME</b>		
Charges recovered	644,457	528,179
Rent on properties	77,464	111,928
Gain on sale of property and equipment - net	148,042	396,880
Gain / (loss) on sale of Ijarah assets - net	533	(626)
(Loss) / gain on trading liabilities - net	(6,419)	2,712
	<u>864,077</u>	<u>1,039,073</u>
<b>31. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	24,085,857	20,593,079
<b>Property expense</b>		
Rent and taxes	1,183,697	1,207,805
Insurance	234,301	206,011
Utilities cost	2,501,474	2,059,084
Security (including guards)	1,247,833	1,086,752
Repair and maintenance (including janitorial charges)	368,424	332,941
Depreciation on owned fixed assets	1,009,926	932,598
Depreciation on right-of-use assets	1,820,179	1,720,996
Depreciation on non-banking assets acquired in satisfaction of claims	2,420	2,259
Others	35,675	46,024
	<u>8,403,929</u>	<u>7,594,470</u>
<b>Information technology expenses</b>		
Software maintenance	2,504,171	2,166,063
Hardware maintenance	462,621	896,460
Depreciation	1,336,709	1,075,336
Amortisation	727,292	810,845
Network charges	817,242	799,972
Consultancy Charges	218,856	191,311
	<u>6,066,891</u>	<u>5,939,987</u>
<b>Other operating expenses</b>		
Legal and professional charges	389,895	1,292,804
Outsourced service costs	1,502,695	1,410,483
Commission paid to branchless banking agents	384,149	265,090
Commission paid to sales force	1,439,521	1,448,467
Travelling and conveyance	191,880	201,882
Clearing charges	252,061	211,131
Depreciation others	1,750,979	1,214,597
Depreciation on Islamic financing against leased assets	58,652	105,607
Training and development	150,807	110,021
Postage and courier charges	345,935	253,462
Communication	226,119	235,437
Stationery and printing	1,554,112	1,046,517
Marketing, advertisement and publicity	1,491,792	679,716
Donations	198,569	50,078
Auditors' remuneration	109,891	181,145
Insurance	98,381	112,694
Deposit protection premium expense	1,652,188	1,409,413
Cash transportation and sorting charges	904,869	818,488
Entertainment	300,077	203,102
Office running expenses	275,966	198,955
Vehicle expenses	403,043	174,355
Banking service charges	4,742,861	3,526,146
Repairs and maintenance	1,378,035	1,066,088
Miscellaneous expenses	1,217,502	890,626
	<u>21,019,979</u>	<u>17,106,304</u>
	<u>59,576,656</u>	<u>51,233,840</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Note	(Un-audited)	
		January - September 2024	January - September 2023
----- (Rupees in '000) -----			
<b>32. OTHER CHARGES</b>			
Penalties imposed by the SBP		2,306	31,988
Penalties imposed by other regulatory bodies of overseas branches		30,660	215
		<u>32,966</u>	<u>32,203</u>
<b>33. CREDIT LOSS ALLOWANCE &amp; WRITE OFFS - NET</b>			
Credit loss allowance/ Provision for diminution in value of investments	9.4	(250,046)	5,094,684
Credit loss allowance/ Reversal of provision against loans and advances	10.3	(1,142,648)	(3,062,103)
Bad debts written off directly		36,211	123,873
Credit loss allowance/ Provision against other assets - net	15.2.1	(11,149)	(31,905)
Credit loss allowance/ Reversal of provision against off-balance sheet obligations - net	22.2	46,676	69,047
Recovery of written-off / charged off bad debts		(314,078)	(279,474)
Other credit loss allowance / write-offs		161,798	106,355
		<u>(1,473,236)</u>	<u>2,020,477</u>
<b>34. TAXATION</b>			
Current		55,768,761	38,600,165
Prior years		(259,886)	25,005
Deferred		(2,259,525)	(78,202)
		<u>53,249,350</u>	<u>38,546,968</u>
<b>35. Discontinued Operation - United National Bank Limited (UNBL UK)</b>			

The transaction for the sale of United National Bank Limited (UNBL UK) was approved by the shareholders' of United Bank Limited (UBL) in the 65th Annual General Meeting held on March 18, 2024. Subsequently, the Bank entered into a Share Purchase Agreement (SPA) with Bestway Group FS Limited for divestment of its 50.1% shareholding in United National Bank Limited (UNBL UK) at an aggregate price of GBP 25.495 million equal to Rs. 9.053 billion. Prior to this transaction, the Bank held 55% shareholding in UNBL UK.

The Change in Control Notice of Approval from the Prudential Regulatory Authority of the Bank of England was received on July 01, 2024 after which UNBL UK ceased to be treated as a subsidiary of the Bank and the transaction was subsequently concluded on July 05, 2024. The Bank continues to hold 4.9% shareholding in UNBL UK and it's treated as an unlisted equity investment in the consolidated financial statements.

Bestway Group FS Limited continues to hold an option for acquisition of the remaining 4.9% at the same price for 36 months from the date of approval.

An analysis of assets and liabilities attributable to discontinued operation as at the disposal date is as follows:

	As of July 01, 2024 (Rupees in '000)
<b>ASSETS:</b>	
Cash and balances with treasury banks	41,173
Balances with other banks	1,755,777
Lendings to financial institutions	883,266
Investments - net	43,815,778
Advances - net	309,324,399
Property and equipment	10,935,391
Right-of-use assets	11,151
Intangible assets	74,422
Other assets	786,086
	<u>367,627,443</u>
<b>LIABILITIES:</b>	
Bills payable	11,588
Deposits and other accounts	329,796,948
Deferred tax liability	209,622
Lease liabilities	14,965
Other liabilities	2,949,618
	<u>332,982,741</u>
<b>Net assets attributable to discontinued operations</b>	<u>34,644,702</u>
<b>Attributable to:</b>	
- equity holders of the Bank	19,054,586
- non-controlling interest	15,590,116



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

As of July 01,  
2024

(Rupees in '000)

<b>Loss on disposal of subsidiary attributable to equity holders</b>	
Net assets derecognised	(19,054,586)
Proceeds for 50.1% shareholding disposed	9,053,274
	<u>(10,001,312)</u>
Transfer of exchange translation reserve to profit and loss on derecognition	8,706,711
Loss attributable to discontinued operation	<u>(1,294,601)</u>
Recognition of retained share of 4.9% at fair value	885,450
Net loss	<u><u>(409,151)</u></u>

Financial performance of the discontinued operation till the date of disposal is as follows:

For the period  
January 01 to  
July 01, 2024

(Rupees in '000)

Mark-up / return / interest earned	9,400,835
Mark-up / return / interest expensed	5,873,124
<b>Net mark-up / interest income</b>	<u>3,527,711</u>
<b>Non mark-up / interest income</b>	
Fee and commission income	410,167
Foreign exchange income	54,377
Loss from derivatives	-
Gain on securities - net	45,657
Other income	28,402
Total non mark-up / interest income	<u>538,603</u>
<b>Total income</b>	<u>4,066,314</u>
<b>Non mark-up / interest expenses</b>	2,388,936
<b>Profit before credit loss allowance</b>	<u>1,677,378</u>
Credit loss allowance and write-offs - net	4,854
<b>Profit before taxation</b>	<u>1,672,524</u>
Taxation	324,763
<b>Profit after taxation</b>	<u>1,347,761</u>
<i>Loss on disposal attributable to equity holders due to adjustment to carrying value</i>	(409,151)
<i>Profit after taxation before carrying value adjustment</i>	
Attributable to equity holders	741,269
Attributable to NCI	606,492
	<u>1,347,761</u>
<i>Profit after taxation after carrying value adjustment</i>	
Equity holder	332,118
NCI	606,492
	<u>938,610</u>

(Un-audited)

January -  
September  
2024

January -  
September  
2023

**36. EARNINGS PER SHARE**

Profit after tax attributable to equity shareholders of the Bank

49,112,708      41,680,502

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

----- (Number of shares) -----

Weighted average number of ordinary shares

1,224,179,687      1,224,179,687

----- (Rupees) -----

**Earnings per share - basic and diluted**

40.12      34.05

There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2024 and September 30, 2023.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified under held to collect, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortized 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.

37.1 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).

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

Item	Valuation approach and input used
<b>Federal Government securities</b>	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
<b>Non-Government debt securities</b>	The fair value of non-government debt securities is determined using the prices / rates from MUFAP.
<b>Foreign debt securities</b>	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
<b>Mutual Fund units</b>	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of each business day.
<b>Forward foreign exchange contracts and Forward Government securities transactions</b>	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
<b>Derivatives</b>	The fair valuation techniques include forward pricing and swap models using present value calculations.
<b>Fixed assets and non-banking assets acquired in satisfaction of claims</b>	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.

## 37.2 Fair value of financial assets

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:

Carrying value	September 30, 2024 (Un-audited)			Total
	Fair value			
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government securities	5,821,764,710	-	5,821,764,710	-
- Ordinary shares of listed companies	13,104,742	13,104,742	-	-
- Foreign Bonds - Market Treasury Bills	163,660,111	-	163,660,111	-
- Foreign bonds - sovereign	95,015,073	-	95,015,073	-
- Foreign bonds - others	1,265,164	-	1,265,164	-
- Non-Government debt securities	2,179,220	-	2,179,220	-
- Real Estate Investment Trust units	768,720	768,720	-	-
	6,097,757,740	13,873,462	6,083,884,278	-
				6,097,757,740

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	September 30, 2024 (Un-audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets - disclosed but not measured at fair value</b>	(Rupees in '000)				
Investments					
- Federal Government Securities	274,439,606	-	273,005,416	-	273,005,416
- Foreign Bonds - Market Treasury Bills	10,793,476	-	10,805,112	-	10,805,112
- Foreign Bonds - sovereign	17,005,268	-	16,508,389	-	16,508,389
- Foreign Bonds - others	1,464,943	-	1,377,861	-	1,377,861
- Non-Government debt securities	20,292,021	-	20,533,054	-	20,533,054
	323,995,314	-	322,229,832	-	322,229,832
	6,421,753,054	13,873,462	6,406,114,110	-	6,419,987,572

<b>Off-balance sheet financial instruments measured at fair value</b>					
Foreign exchange contracts - purchased and sold	436,608,906	-	(240,351)	-	(240,351)
FX options - purchased and sold	-	-	-	-	-
Forward Government Securities - purchased and sold	15,882,800	-	(15,329)	-	(15,329)

	December 31, 2023 (Audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				

<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
Investments					
- Federal Government securities	3,883,185,846	-	3,883,185,846	-	3,883,185,846
- Ordinary shares of listed companies	10,765,935	10,765,935	-	-	10,765,935
- Foreign Bonds - Market Treasury Bills	67,785,996	-	67,785,996	-	67,785,996
- Foreign bonds - sovereign	91,384,646	-	91,384,646	-	91,384,646
- Foreign bonds - others	10,329,301	-	10,329,301	-	10,329,301
- Non-Government debt securities	3,128,337	-	3,128,337	-	3,128,337
- Real Estate Investment Trust units	616,232	616,232	-	-	616,232
	4,067,196,293	11,382,167	4,055,814,126	-	4,067,196,293

<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government Securities	303,809,670	-	280,259,649	-	280,259,649
- Foreign Bonds - Market Treasury Bills	15,875,336	-	15,889,922	-	15,889,922
- Foreign bonds - sovereign	20,187,556	-	19,111,088	-	19,111,088
- Foreign bonds - others	1,494,294	-	1,366,160	-	1,366,160
- Non-Government debt securities	21,471,009	-	21,014,103	-	21,014,103
	362,837,865	-	337,640,922	-	337,640,922
	4,430,034,158	11,382,167	4,393,455,048	-	4,404,837,215

<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts - purchased and sold	572,110,279	-	1,671,729	-	1,671,729
FX options - purchased and sold	366,068	-	-	-	-
Forward Government Securities - purchased and sold	19,956,300	-	26,617	-	26,617

### 37.3 Fair Value of non-financial assets

	September 30, 2024 (Un-audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Property and Equipment	53,673,727	-	-	53,673,727	53,673,727
Non-banking assets acquired in satisfaction of claims	39,656	-	-	39,656	39,656
	53,713,383	-	-	53,713,383	53,713,383

	December 31, 2023 (Audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Property and Equipment	61,722,714	-	-	61,722,714	61,722,714
Non-banking assets acquired in satisfaction of claims	42,075	-	-	42,075	42,075
	61,764,789	-	-	61,764,789	61,764,789

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

37.4 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.

## 38. SEGMENT INFORMATION

### 38.1 Segment details with respect to business activities

For the nine months ended September 30, 2024 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)							
<b>Profit and Loss</b>							
Net mark-up / return / profit	40,060,227	143,133,381	(119,327,689)	27,383,604	15,484,545	130,424	(1,502,673)
Inter segment (expense) / revenue - net	(30,957,556)	(212,876,402)	234,733,638	-	-	-	9,100,320
Non mark-up / return / interest income	6,519,575	25,543,193	9,413,402	1,937,210	10,034,937	2,764,430	846,897
<b>Total Income</b>	<b>15,622,246</b>	<b>(44,199,828)</b>	<b>124,819,351</b>	<b>29,320,814</b>	<b>25,519,482</b>	<b>2,894,854</b>	<b>162,421,463</b>
Segment direct expenses	1,477,721	549,422	38,640,669	4,291,786	5,931,003	1,646,012	9,319,118
Inter segment expense allocation	288,551	710,968	6,219,441	-	-	-	(7,218,960)
<b>Total expenses</b>	<b>1,766,272</b>	<b>1,260,390</b>	<b>44,860,110</b>	<b>4,291,786</b>	<b>5,931,003</b>	<b>1,646,012</b>	<b>61,855,731</b>
Credit loss allowance - net	174,376	(164)	138,476	(43,904)	1,109,466	-	94,986
<b>Profit / (loss) before taxation from continuing</b>	<b>14,030,350</b>	<b>(45,460,382)</b>	<b>80,097,717</b>	<b>24,985,124</b>	<b>20,697,945</b>	<b>1,248,842</b>	<b>102,038,968</b>

For the nine months ended September 30, 2023 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)							
<b>Profit and Loss</b>							
Net mark-up / return / profit	48,425,183	118,834,530	(87,586,223)	14,543,186	13,951,518	5,257,387	(1,531,153)
Inter segment (expense) / revenue - net	(44,585,357)	(167,993,201)	202,189,739	-	-	-	10,388,819
Non mark-up / return / interest income	4,902,885	7,379,672	8,592,260	438,074	540,353	2,468,956	(256,604)
<b>Total Income</b>	<b>8,742,711</b>	<b>(41,778,999)</b>	<b>123,195,776</b>	<b>14,981,260</b>	<b>14,491,871</b>	<b>7,726,343</b>	<b>135,960,024</b>
Segment direct expenses	1,313,121	433,497	30,986,612	2,630,508	6,106,618	4,280,080	7,074,616
Inter segment expense allocation	313,105	77,683	6,830,129	-	436,728	-	(7,657,645)
<b>Total expenses</b>	<b>1,626,226</b>	<b>511,180</b>	<b>37,816,741</b>	<b>2,630,508</b>	<b>6,543,346</b>	<b>4,280,080</b>	<b>52,825,052</b>
Provision charge / (reversal) - net	1,565,362	(834,494)	279,684	1,966	(867,220)	(66,004)	(2,099,771)
<b>Profit before taxation</b>	<b>8,681,847</b>	<b>(43,124,673)</b>	<b>85,658,719</b>	<b>12,352,718</b>	<b>7,081,305</b>	<b>3,380,259</b>	<b>81,114,495</b>

As at September 30, 2024 (Un-audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)							
<b>Balance Sheet</b>							
Cash & Bank balances	27,083	116,944,189	100,216,430	30,966,097	138,392,615	688,395	387,234,809
Investments	10,647,694	5,760,466,699	-	354,485,515	296,214,663	5,955,058	6,429,803,323
Net inter segment lending	-	-	1,836,066,588	-	52,527,371	-	33,199,618
Lendings to financial institutions	-	1,076,737	-	-	-	-	1,076,737
Advances - performing	404,016,380	2,258	53,305,595	56,499,947	88,956,848	3,229,719	606,010,747
Advances - non-performing net	1,256,022	-	560,513	146,104	11,254,387	-	39,951
Others	11,351,726	109,440,142	74,450,481	20,835,679	14,183,276	2,129,239	48,031,427
<b>Total Assets</b>	<b>427,298,905</b>	<b>5,987,930,025</b>	<b>2,064,599,607</b>	<b>462,933,342</b>	<b>601,529,160</b>	<b>8,772,692</b>	<b>9,639,598,140</b>
Borrowings	44,252,184	4,218,775,958	4,318,656	35,799,843	808,721	1,996,257	4,305,951,619
Subordinated debt	-	-	-	-	-	-	10,000,000
Deposits and other accounts	152,004,336	497,036	1,888,845,800	324,875,220	461,346,215	-	538,675
Net inter segment borrowing	218,872,334	1,686,309,956	-	16,611,287	-	-	1,921,793,577
Others	5,381,277	83,641,792	100,640,455	10,206,534	27,302,278	1,268,024	28,521,836
<b>Total Liabilities</b>	<b>420,510,131</b>	<b>5,989,224,742</b>	<b>1,993,804,911</b>	<b>387,492,884</b>	<b>489,457,214</b>	<b>3,284,281</b>	<b>9,322,814,674</b>
Equity	6,788,774	(1,294,717)	70,794,696	75,440,458	112,071,946	5,508,411	47,473,898
<b>Total Equity &amp; liabilities</b>	<b>427,298,905</b>	<b>5,987,930,025</b>	<b>2,064,599,607</b>	<b>462,933,342</b>	<b>601,529,160</b>	<b>8,772,692</b>	<b>9,639,598,140</b>
<b>Contingencies and Commitments</b>	<b>664,087,757</b>	<b>237,377,820</b>	<b>113,841,877</b>	<b>4,822,702</b>	<b>257,750,050</b>	<b>-</b>	<b>1,507,944</b>

As at December 31, 2023 (Audited)							
Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)							
<b>Balance Sheet</b>							
Cash & Bank balances	11,358	91,058,816	101,463,285	27,886,564	86,963,694	3,402,414	310,786,131
Investments	12,055,059	3,829,744,363	-	331,496,374	199,730,588	54,043,558	4,435,750,877
Net inter segment lending	-	-	1,291,495,324	8,009,487	104,559,473	-	146,476,492
Lendings to financial institutions	-	21,947,852	-	12,500,000	-	4,868,418	39,316,270
Advances - performing	391,683,285	9,872	50,956,184	47,108,009	107,411,872	253,441,391	3,188,070
Advances - non-performing net	2,710,229	-	614,905	79,176	9,792,924	5,034,016	10,999
Others	18,344,061	92,057,395	38,605,116	21,064,320	15,071,413	13,126,882	48,511,496
<b>Total Assets</b>	<b>424,803,992</b>	<b>4,034,818,298</b>	<b>1,483,134,814</b>	<b>448,143,930</b>	<b>523,529,964</b>	<b>333,916,679</b>	<b>7,455,215,662</b>
Borrowings	57,979,951	2,739,257,686	4,506,465	13,726,452	-	8,417,360	2,823,887,914
Subordinated debt	-	-	-	-	-	-	10,000,000
Deposits and other accounts	105,003,206	37,064	1,532,602,546	378,100,209	324,219,498	285,230,611	2,625,193,134
Net inter segment borrowing	245,388,446	1,305,152,330	-	-	-	-	1,550,540,776
Others	2,062,665	8,066,357	42,277,586	1,578,214	94,288,601	3,517,211	7,930,609
<b>Total Liabilities</b>	<b>410,434,268</b>	<b>4,052,513,437</b>	<b>1,579,386,597</b>	<b>393,404,875</b>	<b>418,508,099</b>	<b>297,165,182</b>	<b>7,169,343,067</b>
Equity	14,369,724	(17,695,139)	(96,251,783)	54,739,055	105,021,865	36,751,497	188,937,376
<b>Total Equity &amp; liabilities</b>	<b>424,803,992</b>	<b>4,034,818,298</b>	<b>1,483,134,814</b>	<b>448,143,930</b>	<b>523,529,964</b>	<b>333,916,679</b>	<b>7,455,215,662</b>
<b>Contingencies and Commitments</b>	<b>666,470,042</b>	<b>317,073,549</b>	<b>36,229,803</b>	<b>6,642,138</b>	<b>288,041,327</b>	<b>42,251,714</b>	<b>749,649</b>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 39. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates and other related parties including employee benefit schemes of the Bank.

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 and balances with related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	As at September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Statement of financial position</b>					
<b>Balances with other banks</b>					
In current accounts	-	-	-	-	545,836
In deposit accounts	-	-	-	-	-
	-	-	-	-	545,836
<b>Landings to financial institutions</b>					
Opening balance	-	-	-	-	804,102
Addition during the period	-	-	-	-	2,128,469
Repaid during the period	-	-	-	-	(2,932,571)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Investments</b>					
Opening balance	-	-	-	6,389,617	5,287,396
Investment made during the period	-	-	-	3,114,460	885,450
Investment disposed during the period	-	-	-	(1,776,617)	(2,500,000)
Transfers in / (out) - net	-	-	-	-	(37,406)
Equity accounting adjustments	-	-	-	117,020	-
Closing balance	-	-	-	7,844,480	3,635,440
Credit loss allowance for diminution in value of investments	-	-	-	1,393,786	-
<b>Advances</b>					
Opening balance	-	1,286	609,959	-	392
Addition during the period	-	5,790	356,504	-	3,377
Repaid during the period	-	(5,820)	(397,887)	-	(3,666)
Derecognition on disposal of subsidiary	-	-	(81,529)	-	-
Transfers in / (out) - net	-	-	73,244	-	-
Closing balance	-	1,256	560,291	-	103
Credit loss allowance held against advances	-	-	-	-	-
<b>Other Assets</b>					
Income / mark-up accrued	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	763,639
Prepaid insurance	-	-	-	306,840	-
Remuneration and other receivable from management of funds	-	-	-	585,836	-
Sales load receivable	-	-	-	89,291	-
Dividend Receivable	-	-	-	-	-
Provision written off	-	-	-	-	-
Other receivable	-	-	-	9,282	51,152
Credit loss allowance against other assets	-	-	-	-	-
Fixed Asset / Capital work in progress	-	-	-	-	131,680
<b>Borrowings</b>					
Opening balance	-	-	-	-	402,800
Borrowings during the period	-	-	-	-	37,937,267
Settled during the period	-	-	-	-	(37,128,367)
Closing balance	-	-	-	-	1,211,700

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	As at September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Deposits and other accounts</b>					
Opening balance	14,362	5,149,234	115,491	12,863,124	2,621,079
Received during the period	67,010,394	27,543,555	1,650,867	518,211,927	349,085,277
Withdrawn during the period	(67,017,233)	(25,699,307)	(1,557,782)	(523,879,484)	(350,066,802)
Derecognition on disposal of subsidiary	-	-	(2,205)	-	-
Transfers in - net	-	-	(82,591)	-	2,117,040
Closing balance	7,523	6,993,482	123,780	7,195,567	3,756,594
<b>Other Liabilities</b>					
Interest / mark-up payable on deposits and borrowings	392	33,311	806	76,028	45,545
Dividend payable	-	55	4	-	-
Payable to staff retirement fund	-	-	-	-	28,588
Unearned income	-	-	-	-	18,200
Other payable	-	-	-	-	18,775
<b>Contingencies and Commitments</b>					
Letter of credits	-	-	-	-	9,320
<b>As at December 31, 2023 (Audited)</b>					
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Statement of financial position</b>					
<b>Balances with other banks</b>					
In current accounts	-	-	-	-	-
In deposit accounts	-	-	-	-	-
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	12,674,229
Repaid during the year	-	-	-	-	(11,870,127)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	804,102
<b>Investments</b>					
Opening balance	-	-	-	7,657,008	5,300,368
Investment made during the year	-	-	-	15,023,586	-
Investment disposed / written off during the year	-	-	-	(14,680,742)	(58,518)
Transfers in / (out) - net	-	-	-	(225,000)	45,546
Equity method adjustments	-	-	-	(1,385,235)	-
Closing balance	-	-	-	6,389,617	5,287,396
Provision for diminution in value of investments	-	-	-	1,393,786	1,160,263
Provision written off	-	-	-	-	-
<b>Advances</b>					
Opening balance	-	480	372,952	-	17,808,043
Addition during the year	-	5,664	577,328	-	14,944,269
Repaid during the year	-	(4,992)	(503,914)	-	(33,077,402)
Transfers in / (out) - net	-	134	163,593	-	325,482
Closing balance	-	1,286	609,959	-	392
Provision held against advances	-	-	-	-	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	As at December 31, 2023 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Other Assets</b>					
Interest / mark-up accrued	-	-	8,612	-	120,906
Receivable from staff retirement funds	-	-	-	-	4,730,609
Prepaid insurance	-	-	-	100,000	-
Remuneration and other receivable from management of funds	-	-	-	180,417	-
Sales load receivable	-	-	-	25,069	-
Other receivable	-	-	-	213,326	-
Capital Work in Progress	-	-	-	-	29,000
Dividend receivable	-	-	-	-	-
Provision written off	-	-	-	-	-
<b>Borrowings</b>					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	27,041,450
Settled during the year	-	-	-	-	(26,638,650)
Closing balance	-	-	-	-	402,800
<b>Deposits and other accounts</b>					
Opening balance	14,327	13,924,363	142,761	1,665,575	16,000,091
Received during the year	123,898,655	64,480,148	1,647,717	385,943,559	487,996,157
Withdrawn during the year	(123,898,620)	(73,338,287)	(1,711,558)	(374,746,010)	(499,662,860)
Transfer in	-	83,010	36,571	-	(1,712,309)
Closing balance	14,362	5,149,234	115,491	12,863,124	2,621,079
<b>Other Liabilities</b>					
Interest / mark-up payable on deposits and borrowings	-	17,676	188	39,581	10,418
Dividend payable	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-
Unearned income	-	-	-	-	47,262
Other payable	-	4,310	-	5,000	14,583
<b>Contingencies and Commitments</b>					
Forward Government securities - sale	-	-	-	-	-

## For the nine months ended September 30, 2024 (Un-audited)

	Parent	Directors	Key	Associates	Other related parties
			management personnel		
	(Rupees in '000)				
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	-	-	27,355	-	21,909
Commission / charges recovered	-	229	1,889	14,257	11,235
Dividend income	-	-	-	402,811	445,292
Net loss on sale of securities	-	-	-	(176,806)	-
Other income	-	-	-	-	45,726
Gain on sale of property and equipment	-	-	36	1,905	-
Remuneration from management of funds	-	-	-	1,619,832	-
Sales load	-	-	-	59,848	-
Reimbursement of expenses by funds	-	-	-	340,283	-
Reversal of provision	-	-	-	-	-
Switch revenue	-	-	-	-	336,478

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	For the nine months ended September 30, 2024 (Un-audited)				
	Parent	Directors	Key management personnel		Other related parties
			Associates		
(Rupees in '000)					
<b>Expense</b>					
Mark-up / return / interest paid	64,336	200,807	14,631	1,222,110	570,522
Remuneration paid	-	-	1,207,257	-	-
Post employment benefits	-	-	-	-	-
Directors' fees and allowances	-	78,540	-	-	-
Charge for defined contribution plans	-	-	43,026	-	488,651
Charge for defined benefit plans	-	-	24,792	-	660,638
Provision	-	-	-	-	-
Other expenses	-	-	-	-	426,846
Clearing charges	-	-	-	-	138,980
Donations	-	-	-	-	-
Seminar and Membership fees	-	-	-	-	-
Membership, subscription, sponsorship and maintenance charges	-	-	2,635	-	14,534
<b>Other Information</b>					
Dividend paid	20,847,054	717,419	23,082	-	4,926,678
Insurance premium paid	-	-	2,392	759,967	-
Insurance claims settled	-	-	-	337,621	-

	For the nine months ended September 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel		Other related parties
			Associates		
(Rupees in '000)					
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	-	-	18,676	-	2,178,926
Commission / charges recovered	-	64	977	14,145	14,663
Dividend income	-	-	-	204,375	440,217
Net gain on sale of securities	-	-	-	129,682	-
Other income	-	-	-	-	32,024
Gain on sale of property and equipment	-	-	7,072	1,090	-
Remuneration from management of fund	-	-	-	1,279,800	-
Sales load	-	-	-	35,447	-
Reversal of provision	-	-	-	-	7,034
Switch revenue	-	-	-	-	249,996
<b>Expense</b>					
Mark-up / return / interest paid	2,287	281,364	7,907	471,459	349,089
Remuneration paid	-	-	1,250,775	-	-
Post employment benefits	-	-	10,104	-	-
Directors' fees and allowances	-	74,956	-	-	-
Net Charge for defined contribution plans	-	-	44,380	-	391,028
Net Charge for defined benefit plans	-	-	-	-	555,340
Provision - net	-	-	-	-	215,453
Other expenses	-	-	56,760	-	113,720
Clearing charges	-	-	-	-	128,241
Membership, subscription, sponsorship and maintenance charges	-	-	2,873	-	26,723
<b>Other Information</b>					
Dividend paid	34,745,089	1,004,941	13,194	64,941	2,619,101
Insurance premium paid	-	-	2,705	647,603	-
Insurance claims settled	-	-	-	453,070	-



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>40. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<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	167,114,535	164,342,620
Eligible Additional Tier 1 (ADT 1) Capital	9,877,856	9,422,078
Total Eligible Tier 1 Capital	176,992,391	173,764,698
Eligible Tier 2 Capital	56,905,948	55,404,738
Total Eligible Capital (Tier 1 + Tier 2)	233,898,339	229,169,436
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	734,891,460	1,001,013,090
Market Risk	220,996,371	301,826,815
Operational Risk	265,722,534	265,722,534
Total	1,221,610,365	1,568,562,439
<b>Common Equity Tier 1 Capital Adequacy Ratio</b>	13.68%	10.48%
<b>Tier 1 Capital Adequacy Ratio</b>	14.49%	11.08%
<b>Total Capital Adequacy Ratio</b>	19.15%	14.61%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the nine months ended September 30, 2024 stood at Rs.12,241.797 million (December 31, 2023: 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% 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 September 30, 2024. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.15% whereas CET 1 and Tier 1 ratios stood at 13.68% and 14.49% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB under letter BSD-3/Bank/UBL/751777/2024 dated August 29, 2024. 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. The prescribed HLA under D-SIB shall remain effective till the next D-SIB designation announcement is made by State Bank of Pakistan.

The Consolidated Capital Adequacy Ratio excluding the transition benefit of ECL (net of tax) on adoption of IFRS 9 would be lower by 41bps as at September 30, 2024.

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	176,992,391	173,764,698
Total Exposures	8,228,426,954	6,589,218,905
Leverage Ratio	2.15%	2.64%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	2,362,801,485	1,194,192,309
Total Net Cash Outflow	847,648,795	436,543,979
Liquidity Coverage Ratio	278.75%	273.56%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,221,791,892	1,912,608,898
Total Required Stable Funding	1,315,541,306	1,310,982,494
Net Stable Funding Ratio	168.89%	145.89%

**40.1** The SBP has allowed relaxation in Leverage Ratio requirement from 3% to 2% up to December 31, 2024 through its letter SBPHOK-BPRD-BACPD-UBL-601894 dated December 21, 2023.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 41. ISLAMIC BANKING BUSINESS

The Bank operates 241 (December 31, 2023: 209) Islamic Banking branches and 501 (December 31, 2023: 501) Islamic Banking windows.

### STATEMENT OF FINANCIAL POSITION

Note	(Un-audited)	(Audited)
	September 30, 2024	December 31, 2023
----- (Rupees in '000) -----		
<b>ASSETS</b>		
	29,511,257	26,348,889
	1,454,840	1,537,675
41.1	-	12,500,000
41.2	354,485,515	331,496,374
41.3	56,646,051	47,187,185
	2,639,022	1,235,419
	1,955,744	1,524,770
	-	-
	-	8,009,487
	16,240,913	8,629,655
	462,933,342	438,469,454
<b>LIABILITIES</b>		
	3,300,556	2,573,006
	35,799,843	13,726,453
41.4	324,875,220	378,100,209
	16,611,287	-
	2,235,850	1,754,938
	4,670,128	5,647,031
	387,492,884	401,801,637
	75,440,458	36,667,817
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
	2,181,000	2,181,000
	-	-
	18,445,616	3,087,953
41.5	54,813,842	31,398,864
	75,440,458	36,667,817
<b>CONTINGENCIES AND COMMITMENTS</b>		
41.6		

### PROFIT AND LOSS ACCOUNT

	(Un-audited)	
	January - September 2024	January - September 2023
----- (Rupees in '000) -----		
41.7	51,610,570	31,903,134
41.8	24,226,966	17,359,948
	27,383,604	14,543,186
<b>Other income</b>		
	356,372	257,386
	86,444	118,118
	1,434,053	-
	60,341	62,570
	1,937,210	438,074
	29,320,814	14,981,260
<b>Other expenses</b>		
	4,291,786	2,630,508
	25,029,028	12,350,752
	43,904	(1,966)
	24,985,124	12,352,718
	12,242,711	6,052,832
	12,742,413	6,299,886

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 41.1 Due from Financial Institutions

	As at September 30, 2024 (Un-audited)			As at December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah / Mudarabah	-	-	-	12,500,000	-	12,500,000
Bai Muajjal	-	-	-	-	-	-
with other Financial Institutions	-	-	-	-	-	-
with State Bank of Pakistan	-	-	-	-	-	-
	-	-	-	12,500,000	-	12,500,000

## 41.2 Investments by segments

Note	As at September 30, 2024 (Un-audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)			
<b>Debt Instruments</b>				
<b>Measured at amortised cost</b>				
Federal Government Securities				
- Ijarah Sukuks	10,001,263	-	-	10,001,263
- Bai Muajjal with Govt. of Pakistan	45,505,664	-	-	45,505,664
Non Government debt securities	9,368,289	(118)	-	9,368,171
	64,875,216	(118)	-	64,875,098
<b>Measured at FVOCI</b>				
Federal Government securities				
- Ijarah Sukuks	267,914,098	-	18,445,616	286,359,714
- Islamic Naya Pakistan Certificate	2,936,321	-	-	2,936,321
Non Government debt securities	21,429	(7,047)	-	14,382
	270,871,848	(7,047)	18,445,616	289,310,417
<b>Instruments mandatorily classified / measured at FVTPL</b>				
Non Government debt securities	300,000	-	-	300,000
	300,000	-	-	300,000
<b>Total investments</b>	<b>336,047,064</b>	<b>(7,165)</b>	<b>18,445,616</b>	<b>354,485,515</b>
	<b>As at December 31, 2023 (Audited)</b>			
	<b>Cost / Amortised cost</b>	<b>Provision</b>	<b>Surplus / (Deficit)</b>	<b>Carrying Value</b>
	(Rupees in '000)			
<b>Federal Government Securities</b>				
- Ijarah Sukuks	313,038,816	-	3,087,953	316,126,769
- Islamic Naya Pakistan Certificate	5,709,016	-	-	5,709,016
	318,747,832	-	3,087,953	321,835,785
<b>Non Government Debt Securities</b>				
- Listed	376,339	-	-	376,339
- Unlisted	9,284,250	-	-	9,284,250
	9,660,589	-	-	9,660,589
	328,408,421	-	3,087,953	331,496,374
<b>Particulars of credit loss allowance</b>	<b>As at September 30, 2024 (Un-audited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	(Rupees in '000)			
Federal Government securities	-	-	-	-
Non Government debt securities	7,165	-	-	7,165
	7,165	-	-	7,165

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Un-audited)  
September 30,  
2024  
(Rupees in '000)

## 41.2.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	69,340,000
Less:Deferred Income	(23,834,336)
Bai Muajjal Investment-net	<u>45,505,664</u>

## 41.3 Islamic financing and related assets

Ijarah	154,459
Murabaha	292,075
Musharakah	1,919,277
Diminishing Musharakah	35,871,847
Mera Pakistan Mera Ghar (MPMG)	4,935,975
Istisna	456,325
Diminishing Musharakah - Under SBP's Islamic Temporary Economic Refinance Facility	281,250
Ameen Musharakah Running Finance Under SBP's - Islamic Export Refinance scheme	3,460,000
Islamic Export Refinance scheme - Istisna	586,004
Advances against Islamic assets	
Advances against Ijarah	49,012
Advances for Diminishing Musharakah	5,270,603
Advances for Murabaha	-
Advances agaisnt Mera Pakistan Mera Ghar	4,336
Advances for Istisna	406,036
Advances against Istisna - Under SBP' Islamic Export Refinance scheme	36,800
Advances against Diminishing Musharakah ITERF	3,705,624
Inventory related to Islamic financing	-
Istisna	189,925
Profit and other receivables against financings	1,077,671
Gross Islamic financing and related assets	58,697,219

Less: Credit Loss Allowance against Islamic financings

- Stage 1	(1,809,436)
- Stage 2	(103,074)
- Stage 3	(138,658)
	<u>(2,051,168)</u>
	<u>56,646,051</u>

Islamic financing and related assets - net of expected credit loss allowance

(Audited)  
December 31, 2023  
(Rupees in '000)

## Islamic financing and related assets

Ijarah	210,375
Murabaha	326,733
Musharakah	3,672,838
Diminishing Musharakah	26,340,035
Mera Pakistan Mera Ghar (MPMG)	5,159,709
Istisna	349,612
Diminishing Musharakah - Under SBP's Islamic Temporary Economic Refinance Facility	300,000
Ameen Musharakah Running Finance Under SBP's - Islamic Export Refinance scheme	3,649,999
Islamic Export Refinance scheme - Istisna	603,250
Advances against Islamic assets	
Advances against Ijarah	8,612
Advances for Diminishing Musharakah	1,646,484
Advances for Murabaha	56,537
Advances agaisnt Mera Pakistan Mera Ghar	14,236
Advances for Istisna	414,006
Advances against Istisna - Under SBP' Islamic Export Refinance scheme	50,000
Advances against Diminishing Musharakah ITERF	3,705,624
Inventory related to Islamic financing	
Istisna	156,060
Profit and other receivables against financings	749,917
Gross Islamic financing and related assets	47,414,027

Less: Provision against Islamic financings

- Specific	(143,029)
- General	(83,813)
	<u>(226,842)</u>

Islamic financing and related assets - net of provision

47,187,185

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 41.4 Deposits and other accounts

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
<b>Customers</b>		
Current deposits	201,021,236	147,393,373
Saving deposits	69,291,632	67,293,259
Term deposits	10,179,541	24,888,049
	280,492,409	239,574,681
<b>Financial Institutions</b>		
Current deposits	745,224	603,101
Saving deposits	43,604,587	137,892,427
Term deposits	33,000	30,000
	44,382,811	138,525,528
	324,875,220	378,100,209

41.4.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 234,396.712 million (December 31, 2023: Rs. 182,080.598 million).

## 41.5 Islamic Banking Business Unappropriated Profit

	(Un-audited) September 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----		
Opening Balance	31,398,864	15,024,771
Impact of adoption of IFRS 9	(1,570,146)	-
Profit for the period / year	24,985,124	16,374,093
	54,813,842	31,398,864
Taxation	(12,242,711)	(8,023,306)
Closing Balance	42,571,131	23,375,558

## 41.6 Contingencies and commitments

- Guarantees	114,212	228,481
- Commitments	4,708,490	6,413,657
	4,822,702	6,642,138

## 41.7 Profit / Return earned

	(Un-audited)	
	January - September 2024	January - September 2023
----- (Rupees in '000) -----		
On:		
Financing	6,058,637	8,775,401
Investments	45,261,627	22,672,628
Placements	191,981	287,267
Rental Income from Ijarah	98,325	167,838
	51,610,570	31,903,134

## 41.8 Profit / Return expensed

On:		
Deposits and other accounts	20,094,302	11,972,125
Due to Financial Institutions	3,930,625	5,280,120
Others	202,039	107,703
	24,226,966	17,359,948

## 41.9 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## General Pool(s)

For General Pools, the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business and Investments in Sovereign Guarantee Sukuk, Corporate Sukuk, Bai Muajjal with Government of Pakistan, are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis.

## IERS Pool(s)

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to Corporate Customers and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

## Treasury Pool(s)

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah/ Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding company.

## Special Pool(s) - LCY

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.

## Special Pool(s) - FCY

UBL also manage Foreign Currency (FCY) special pools. The objective of Pool is to meet the FCY Liquidity requirement. The funds in this pool are generally deployed in FCY Placement of funds with State Bank under the mode of Islamic Naya Pakistan Certificate, Loss (if any) is borne by the Rabulmaal as per ratio of investment of the pool.

## Equity Pool(s)

All other assets including fixed assets, advance against financing, bai-salam financing and subsidized financing to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Holding company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

During the year, the Bank has given General Hiba to the depositors in General and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba are given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the period ended September 30, 2024 is Rs.7,058.03 million (27.95% of distributable profit of Mudarabah Pool) of this, an amount of Rs.2,025 million (28.69% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 20.61% per annum and the rate of profit paid on average deposits was 16.50% per annum.

## The risk characteristics of pools

The risk characteristic of each pool mainly depends on the assets and liability profile of the pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to the pool. The Bank maintains General Pools, Special Pools, FI Pools, IERS pool and Equity pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

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

- The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool.
- Profit of pool is calculated after deduction of expenses directly incurred in earning the income of such pool, the directly related costs comprise of depreciation on ijarah assets, takaful premium, Amortization 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

The Bank managed following pools during the period.

For the nine months ended September 30, 2024 (Un-audited)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudrab fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudrab share transferred through Hiba	Amount of Mudrab share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudrabaha	Monthly	12.16%	38.80%	151,622	8.20%	15.31%	23,207
Special Pools	104	Mudrabaha	Monthly	20.66%	13.45%	2,032,150	19.06%	42.71%	868,028
IERS Pools	18	Musharkah	Monthly	17.78%	59.36%	735,665	17.78%	0.00%	-
FCY Pools	12	Mudrabaha	Monthly	2.13%	50.00%	4,594	1.06%	0.00%	-
General Pools	9	Mudrabaha	Monthly	20.58%	49.99%	4,874,260	12.59%	23.27%	1,134,037
Treasury Pools	219	Musharkah	Monthly	18.94%	11.16%	420,971	17.85%	0.00%	-

For the nine months ended September 30, 2023 (Un-audited)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudrab fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudrab share transferred through Hiba	Amount of Mudrab share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	9	Mudrabaha	Monthly	12.26%	35.00%	269,067	8.62%	15.32%	41,219
Special Pools	105	Mudrabaha	Monthly	19.37%	21.34%	697,371	16.82%	47.37%	330,353
IERS Pools	18	Musharkah	Monthly	16.34%	71.96%	1,441,505	13.95%	0.00%	-
FCY Pools	12	Mudrabaha	Monthly	2.13%	50.00%	8,054	1.06%	0.00%	-
General Pools	9	Mudrabaha	Monthly	19.69%	50.00%	6,265,396	15.18%	54.18%	3,394,567
Treasury Pools	5	Mudrabaha	Monthly	18.67%	6.27%	21,442	17.71%	5.35%	1,148
Treasury Pools	2	Wakala	Monthly	21.30%	3.57%	725	21.00%	0.00%	-
Treasury Pools	305	Musharkah	Monthly	19.36%	12.28%	595,646	19.03%	0.00%	-

(Un-audited) (Audited)  
September 30, December 31,  
2024 2023

-----Rupees in '000-----

#### 41.10 Deployment of Mudrabah based deposits by class of business

Chemical and pharmaceuticals	5,953,014	5,934,303
Agriculture	-	12,974
Textile	3,379,680	5,931,200
Financial	800,403	13,291,379
Food industries	-	52,926
Plastic	299,734	291,051
Individuals	20,209,414	15,287,661
Production and transmission of energy	19,915,720	19,682,190
Government of Pakistan Securities	344,795,796	321,835,785
Others	17,828,973	9,090,933
	<u>413,182,734</u>	<u>391,410,402</u>

#### 42. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities. However, on account of several factors, including but not limited to fragile political and economic situation in Yemen, bankruptcy of CBY Sana'a, existence of two Central Banks (i.e. CBY Sana'a and CBY Aden), has resulted in illiquid market, which does not appear to be reversed in near future.

It is no longer possible for the Bank to continue its operations in Yemen due to reasons not attributable to the Bank and caused by circumstances entirely beyond the Bank's control. Therefore, Bank has completely exited from Yemen. The Bank is cognizant of the associated risks arising out of its exit from Yemen.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## 43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 23, 2024 has declared an interim cash dividend in respect of quarter ended September 30, 2024 of Rs. 11.0 per share (September 30, 2023: Rs. 11.0 per share). This is in addition to Rs. 22.0 already paid during the period bringing the total dividend for the nine months to Rs. 33.0 per share (September 30, 2023: Rs. 33.0). These consolidated condensed interim financial statements for the nine months ended September 30, 2024 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

## 44. GENERAL

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

44.2 The Bank has not restated comparative information for 2023 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2023 is reported under previous local regulatory requirements and is not comparable with the information presented for 2024.

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

## 45. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on October 23, 2024, by the Board of Directors of the Bank.



**Syed Manzoor Hussain Zaidi**  
Chief Financial Officer



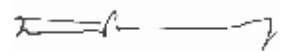
**Muhammad Jawaid Iqbal**  
President &  
Chief Executive Officer



**Shazia Syed**  
Director



**Daniel Michael Howlett**  
Director



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



## کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے جون 2024 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی "AAA / A-1+" (ٹرپل اے / اے وون پلس) اثباتی ریٹنگ کی دوبارہ توثیق کی ہے۔ علاوہ ازیں، یو بی ایل کی ایڈیشنل ٹیئر TFC-1 (ADT-1) کی بھی بطور 'AA+' دوبارہ توثیق کی جا چکی ہے۔ تفویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

## مستقبل کی توقعات

ملک کا نمایاں مالیاتی ادارہ ہونے کی حیثیت سے یو بی ایل اپنے بنیادی کاروبار میں ری انویسٹنگ اور معیشت کے استحکام کی طرف بڑھتے ہوئے پاکستان کے سفر میں ساتھ دیتا رہے گا۔ یو بی ایل نے ہمیشہ کی طرح سال 2024 میں بھی اپنی مارکیٹ پوزیشن بہترین رفتار کے ساتھ آگے بڑھانی رکھی۔ برانچ بینکنگ کنوینشنل اور اسلامک دونوں سیکٹرز میں فریڈم کو بنیادی اور اہم مرکز رہے گی جس کا مقصد اپنے کسٹمرز کی تعداد میں اضافہ، ڈپازٹ مارکیٹ شیئر کی مستحکم تعمیر، تجارت پر گہری توجہ مرکوز کیے رکھنا ہے۔ اپنے تمام قابل قدر کسٹمرز کو بہترین کسٹمر سروس فراہم کرنے کے لیے ہم نے اپنے برانچ نیٹ ورک اور فرنٹ لائن اسٹاف پر سرمایہ کاری جاری رکھی ہوئی ہے۔ ہمارا مقصد اپنے براہ راست ڈیجیٹل پلیٹ فارم کو متعارف کروانے کے ساتھ ساتھ اپنے کسٹمر کی تمام ضروریات کو مد نظر رکھتے ہوئے کسٹمر کے تجربے میں مکمل طور پر مثبت اضافہ کرنا ہے۔ یو بی ایل کا سب سے قیمتی اثاثہ اس کے لوگ ہیں اور بینک ان کی ترقی اور فلاح کے لیے کام کرتا رہے گا۔ ہم اپنے بینک میں موجود بہترین ٹیلنٹ سے فائدہ اٹھانے اور برقرار رکھنے کے دوران اپنے تمام شیئر ہولڈرز کو مستحکم ریٹرن آن انویسٹمنٹ اور اپنے کسٹمرز کو اعلیٰ سطح پر سروسز کی فراہمی کے لیے پُر عزم ہیں۔

## اظہارِ تشکر

بورڈ آف ڈائریکٹرز کی جانب سے ہم یو بی ایل کے شیئر ہولڈرز اور صارفین کا شکریہ ادا کرنا چاہیں گے جنہوں نے ہمیشہ یو بی ایل برانڈ پر مسلسل اعتماد کیا اور یو بی ایل اسٹاف کا جنہوں نے اپنے عہد اور خلوص کو نبھایا ہے۔ ہم مسلسل رہنمائی اور معاونت پر حکومت پاکستان، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بھی تہہ دل سے شکریہ ادا کرنا چاہیں گے۔

Amel Anwar

ڈینیل مائیکل ہاؤلیٹ  
ڈائریکٹر

محمد جاوید اقبال  
صدر روری ای او  
اسلام آباد

23 اکتوبر 2024

# یونائیٹڈ بینک لمیٹڈ ارکان کوڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2024 کو ختم ہونے والے نو ماہ کے لیے یونائیٹڈ بینک لمیٹڈ (یو بی ایل) کی رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

## کارکردگی کا جائزہ

یو بی ایل نے غیر مجتمع بنیادوں پر 30 ستمبر 2024 کو ختم ہونے والے نو ماہ کے لیے 107.8 ارب روپے کا قبل از منافع (PBT) ریکارڈ کیا جو کہ سال بہ سال کے مقابلے میں 36 فیصد کی بہترین نمو کی نمائندگی کرتا ہے۔ 24'9M کے لیے منافع بعد از ٹیکس (PAT) 55.0 ارب روپے رہا جو کہ 23'9M میں 40.9 ارب روپے تھا جس کی آمدنی فی حصص 44.92 روپے رہی جو گزشتہ سال کے اسی عرصے میں 33.38 روپے تھی۔

یو بی ایل نے 40.12 روپے کی مجتمع آمدنی فی حصص (23'9M: 34.05 روپے) کے ساتھ 49.7 ارب روپے (23'9M: 42.6 ارب روپے) مجتمع بنیاد پر منافع بعد از ٹیکس کا اندراج کیا۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 23 اکتوبر 2024 کو اسلام آباد میں منعقد ہونے والے اپنے اجلاس میں 30 ستمبر 2024 کو ختم ہونے والے نو ماہ کے نتائج کے ساتھ ساتھ 11.0 روپے فی حصص کے عبوری نقد منافع کا اعلان کیا۔

نیٹ مارک آپ آمدنی 105.2 ارب روپے رہی جبکہ نیا مارک آپ آمدنی 9M'24 میں 61.3 ارب روپے ریکارڈ کی گئی، 9M'23 کے مقابلے میں 29 فیصد کے اضافے کے ساتھ 9M'24 کے لیے مجموعی طور پر تمام آمدنی 166.5 ارب روپے رہی۔ گزشتہ سال کی اسی مدت کے مقابلے میں فیس پر مبنی آمدنیوں نے پورے سال مجموعی کاروباری رفتار کو 22 فیصد کے اضافے کے ساتھ برقرار رکھا۔ ڈومیسٹک کرنٹ ڈپازٹس اور بیج 1 کھرب روپے سے زائد رہا جو نیٹ ورک کی کارکردگی پر توجہ دینے کے ساتھ ساتھ سال بہ سال 24 فیصد بڑھ رہا ہے۔

بینک کے آپریشنات میں 9M'23 کے 58.0 ارب روپے کے مقابلے میں 23 فیصد اضافہ ریکارڈ کیا گیا ہے۔ عملی لاگت 23.3 ارب روپے رہی جو کہ تمام برانچز میں مجموعی اضافے اور فنڈ آفس فنکشنز میں بنیادی تقریروں کے حساب سے 28 فیصد اضافی تھی۔ 14 فیصد اضافے کے ساتھ پراپرٹی سے متعلق اخراجات 8.3 ارب روپے ریکارڈ کیے گئے۔

بینک نے گزشتہ سال کی اسی مدت میں 2.0 ارب روپے کے نیٹ پرویشن چارجز کے مقابلے میں 9M'24 کے لیے 1.5 ارب روپے کا نیٹ پرویشن ریورسل ریکارڈ کیا۔

## سرمائے کا تناسب - مجتمع

یو بی ایل ریگولیٹری تقاضوں پر سرمایہ کاری کے ساتھ مناسب بفرز کو برقرار رکھتا ہے۔ مجتمع CAR ستمبر 2024 19.2% (دسمبر 2023: 14.6%) رہا، جس میں 12.5% ریگولیٹری شرط پر 6.7% کا بفر بھی برقرار رکھا گیا ہے۔ کاسن ایکویٹی ٹیئر (CET-1) کا تناسب ستمبر 2024 میں 13.7% (دسمبر 2023: 10.5%) رہا۔ ستمبر 2024 کو ٹیئر 1 کیپٹل کا تناسب 14.5% (دسمبر 2023: 11.1%) ریکارڈ کیا گیا۔

## ڈپازٹس اور ایڈوائس کا تناسب

گرتی ہوئی افراط زر اور پالیسی میں کمی کی شرح کے باعث بینک نے ایک قابل قدر ایڈوائسز پر مبنی پائپ لائن تیار کی ہے، جس کے زیادہ تر حصے کے 2024 Q4 میں مکمل ہونے کی توقع ہے۔ موجودہ صورتحال اور دستیاب پائپ لائن کی بنیاد پر انتظامیہ پر اعتماد ہے کہ وہ اس سال کا اختتام 50% سے زائد ڈپازٹس اور ایڈوائس کے تناسب کے ساتھ کر سکے گی۔ لہذا اس سرمایہ میں وفاقی حکومت کی سیکورٹیز سے حاصل ہونے والی آمدنی پر بھائے گئے اضافی ٹیکس سے متعلق کوئی پرویشن نہیں کیا گیا ہے۔







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