

UBI

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LEADING THE WAY IN DIGITAL REVOLUTION

HALF YEARLY REPORT

JUNE 30, 2023

(UN-AUDITED)



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COMPANY INFORMATION

Board of Directors

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

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

The Honourable Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Muhammad Jawaid Iqbal
President & CEO

Mr. Muhammad Irfan A. Sheikh
Non-Executive Director

Mr. Daniel Michael Howlett
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Shazia Syed
Independent Director

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
Ms. Shazia Syed	Member
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Abdul Jabbar Junejo	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	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
The Honourable Haider Zameer Choudrey	Member
Mr. Aqeel Ahmed Nasir	Secretary

Chief Financial Officer

Mr. Arif Akmal Saifie

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
Email: 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 half year ended June 30, 2023.

Performance Overview

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 50.6 billion for the half year ended June 30, 2023, with strong and consistent growth of 48% year on year.

The Bank's gross revenues were recorded at Rs. 81.1 billion for H1'23, with an increase of 36% year on year. Net mark-up income stood at Rs. 68.9 billion for H1'23, a strong growth of 53% versus last year. Non-markup income of Rs. 12.2 billion was earned in H1'23 (H1'22: Rs. 14.7 billion), with fee-based revenues maintaining the overall business momentum during the year.

The bank's operating expenses stood at Rs. 29.9 billion for H1'23, with an increase of 24% over H1'22, as a result of higher inflation levels and reinvestment across core businesses. Cost to income ratio improved to 36.9% for H1'23 as against 40.3% in the corresponding period of last year.

The bank recorded a net provisioning reversal of Rs. 0.5 billion for H1'23, mainly due to strong recoveries across both domestic and international, while maintaining prudent coverage levels on its loans and investment portfolios.

Financial Highlights

On a standalone basis, UBL recorded Profit After Tax (PAT) of Rs. 26.3 billion for H1'23 versus a PAT of Rs. 11.9 billion for H1'22. Earnings per share (EPS) was measured at Rs. 21.50 for H1'23 (H1'22: Rs. 9.69).

On a consolidated basis, UBL recorded PAT of Rs. 27.5 billion (H1'22: Rs. 12.2 billion). The consolidated EPS was measured at Rs. 22.01 for H1'23 (H1'22: Rs. 9.77).

Net Markup Income

Net markup income was recorded at Rs. 68.9 billion for H1'23, with a significant growth of 53% year on year. The bank's total asset base averaged Rs. 3.0 trillion in H1'23, growing by 22% year on year. Bank level Net interest margins (NIMs) were measured at 5.5% for H1'23 (H1'22: 4.5%).

The State Bank of Pakistan (SBP) increased the policy rate over the last one year from 13.75% at Jun'22 to 22.0% at Jun'23. This was to counter the effects of rising inflation, also driven by the increase in global commodity prices and weakening in the domestic currency.

Benchmark interest rates averaged over 20% in H1'23 versus 12.4% in H1'22, which along with timely repositioning within the asset base, improved margins over the corresponding period of last year.

Domestic CASA deposits averaged Rs. 1.5 trillion for H1'23, with a growth of 13% year on year, with a portfolio increase of Rs. 167 billion. The average CASA to total deposits ratio continued to strengthen and was measured at 90.3% in H1'23 (H1'22: 87.2%). The bank added 474,000 new current account relationships in H1'23 as against 303,000 in the corresponding period. This resulted in average current deposits recording a growth of 16% year on year to Rs. 802 billion in H1'23. Resultantly, the average current to total deposits ratio improved to 48.3% in H1'23 from 45.2% in H1'22.

The domestic portfolio of savings accounts averaged Rs. 698 billion in H1'23, with a steady increase of 9% year on year. The domestic cost of deposits was measured at 8.2% as against 5.1% in the corresponding period of last year, thus remaining relatively well contained despite the sharp increase in interest rates in the last 12 months.

Bank level performing advances averaged Rs. 754 billion for H1'23, growing by 18% year on year. Domestic performing advances averaged Rs. 610 billion for H1'23, with an increase of 21%, with a cautious build up mainly across the Corporate and Islamic segment. The Islamic loan book increased by a healthy 28% over the corresponding period of last year to average Rs. 80 billion in H1'23.

The bank's markup earning investments averaged Rs. 1.7 trillion for H1'23, growing by 23%. The domestic government securities floating rate portfolio stood at a yield of 22% as at Jun'23.

Non-Markup Income

The bank recorded non-markup income of Rs. 12.2 billion in H1'23 and contributed 15% to the total revenues of the bank (H1'22: 25%). Fees and commission income of Rs. 8.8 billion was earned in H1'23, recording a strong growth of 13%. UBL maintained its leadership position in the domestic home remittances space with a market share of above 22%. As a result, commission income of Rs. 1.2 billion was earned in H1'23, with a growth of 22%. Income from debit and credit card fees of Rs. 1.6 billion was earned in H1'23, in line with last year. Commission income from cash management was recorded at Rs. 619 million for H1'23, growing by 20% year on year. The bank earned foreign exchange income of Rs. 6.9 billion for H1'23 as against Rs. 4.6 billion last year with better customer and interbank flows, well supported by proactive balance sheet positioning.

Provisions and loan losses

UBL recorded a net provision reversal of Rs. 0.5 billion for H1'23 as against a net provision charge of Rs. 0.8 billion in the corresponding period last year.

UBL International's NPLs stood at USD 296.2 million at Jun'23 (Dec'22: USD 296.5 million). Specific coverage maintained at 87.1% at Jun'23 (87.5% at Dec'22).

Domestic NPLs reduced by Rs. 1.4 billion since Dec'22, from Rs. 26.2 billion at Dec'22 to Rs. 24.8 billion at Jun'23. Domestic bank's asset quality stood at 4.4% at Jun'23 (Dec'22: 3.3%).

Bank level non-performing loans (NPLs) stood at Rs. 109.5 billion at Jun'23, (Dec'22: Rs. 93.3 billion). The increase is mainly due to the impact of currency devaluation on UBL International NPLs portfolio. Bank level asset quality increased from 9.2% at Dec'22 to 14.0% at Jun'23, while specific coverage was maintained at 87.3% at Jun'23. (Dec'22: 87.6%)

Cost management

Improving operational efficiencies remains a key focus for UBL. The bank is continually striving to optimize its cost base, while improving service delivery through greater investment in human capital as well as its IT infrastructure to support the needs of a large-scale network.

UBL's operating expenses were recorded at Rs. 29.9 billion for H1'23, growing by 24% as a result of higher inflation levels impacting all areas. Employee compensation was recorded at Rs. 11.8 billion for H1'23, with an increase of 26% owing primarily to better staff levels across the branches as well as merit increases. Premises expenses were recorded at Rs. 4.5 billion, growing by 14%. IT expenses recorded an increase of 41%, impacted by the steep devaluation in the PKR on foreign currency denominated contract. Other variable operating expenses were recorded at Rs. 10.1 billion for H1'23, up by 23%, in line with increased business volumes as compared to last year.

Capital Ratios

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

In the latest assessment carried out by SBP in December 2022, UBL has been classified as a Designated Domestic Systemically Important Bank (D-SIB). The Bank is required to meet the Higher Loss Absorbency (HLA) capital surcharge, in the form of additional Common Equity Tier 1 (CET-1) capital of 0.5% on a standalone and consolidated basis. As a result of the updated assessment, the minimum capital requirement for UBL has increased to 12.0%.

The overall CAR stood at 16.9% at Jun'23 (Dec'22: 19.2%), a buffer of 4.9% over the minimum regulatory requirement of 12.0%. The Common Equity Tier 1 (CET-1) ratio stood at 11.9% at Jun'23 (Dec'22: 13.4%). Total Tier 1 Capital ratio was measured at 12.8% at Jun'23 (Dec'22: 14.4%).

The Board of Directors of UBL declared an interim cash dividend of Rs. 11 per share in their meeting in Islamabad held on July 19, 2023, along with the results for the half year ended June 30, 2023.

Economy Review

Pakistan continued to face extraordinary challenges in the first half of 2023 primarily due to high inflation levels, a depreciating currency, trade imbalances leading to low foreign exchange reserves. The current account deficit for 11M'23 improved to USD 2,943 million compared to a deficit of USD 15,160 million last year mainly due to decline in imports by 26%. Pakistan recent arrangements with the IMF will support macroeconomic stability; however, the nation needs a long-term sustainable plan to meet its extensive financing needs in the years ahead.

The Rupee has depreciated by 26% since Dec'22, to Rs. 286 / USD in June 30, 2023. The State Bank of Pakistan (SBP) has raised interest rates by a cumulative 600 bps since Dec'22 raising the benchmark rate to 22.0%, including the 100bps increase in its most recent meeting held on June 27, 2023.

The KSE-100 index also remained impacted by the current economic environment during the year but remained relatively resilient and improved significantly to over 45,000 points (12% above Dec'22 levels) in early July as a result of an improving sentiment for the remaining part of the year.

Deposits for the banking sector stood at Rs. 25.5 trillion at Jun'23, up 13% since Dec'22, while banking sector advances closed at Rs. 12.2 trillion at Jun'23, up 2.4% over Dec'22. Non-performing loans for the banking industry stood at Rs. 985 billion at Mar'23, 6.6% above the levels at Dec'22, as the asset quality improved slightly from 7.3% at Dec'22 to 7.8% at Mar'23.

Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of UBL at "AAA / A-1+" (Triple A / A-One Plus) on June 27, 2023. Furthermore, UBL's Additional Tier-1 (ADT-1) TFC has also been re-affirmed at 'AA+' (Double A plus). Outlook on the assigned ratings are 'Stable'.

Awards and Recognition

UBL was recognized by Asiamoney, an associate of Euromoney yet again during the year and awarded "Best Bank for ESG in Pakistan". UBL, as a responsible corporate citizen, is committed to promoting long-term sustainable growth in the economy through business initiatives and responsible corporate citizenship.

In addition, UBL received three awards at the prestigious Annual Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Awards 2023. The recognition was received under: Vision, Strategy and Business Impact, Leadership & Accountability, and DEI Structure & Implementation categories. This is as a result of our vision of promoting Diversity, Inclusivity & Equity, and becoming the "Best Bank for the People."

Future Outlook

UBL is committed to actively contributing to the development of the economy as Pakistan's leading financial institution, with a major presence across all sectors. We will continue to build on financial inclusion in the country and provide banking services throughout Pakistan across all our touch points. Branch banking remains the foundation of our business, and we are investing in our footprint while improving service and staff levels across the country. We are continuing to re-define 'customer experiences' throughout our digital proposition with the launch of innovative products with cutting edge technology.

Given the challenges across the credit environment, new asset booking will remain prudent with capital efficiency. International business is delivering stable returns, as we continue to de-risk where necessary and reposition for growth in overseas markets. It is our commitment to further develop the Bank's compliance culture in accordance with international best practices.

UBL's most valuable asset is our people, and the bank is committed to investing in their growth and development. We remain extremely focused on our customer service levels, growth in digital banking, as we build our franchise in coming years. We remain fully committed to delivering a strong return on equity, with an efficient capital base as we drive the organization towards a larger ambition.

Acknowledgements

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



Muhammad Jawaid Iqbal
President & CEO
Islamabad,
July 19, 2023



Daniel Michael Howlett
Director



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UNITED BANK LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2023
(Un-audited)**



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Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of United Bank Limited

Report on Review of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **United Bank Limited** (the Bank) as at **30 June 2023**, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2023 and 30 June 2022 have not been subject to limited scope review by us as we are only required to review the cumulative figures for the six-months period ended 30 June 2023.

Scope of review

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

Conclusion

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

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

Chartered Accountants
Date: August 7, 2023
Karachi.
UDIN: RR202310191kYrUWuQJL

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	270,822,901	143,004,094
Balances with other banks	7	51,519,561	15,692,567
Lendings to financial institutions	8	113,437,780	85,296,480
Investments	9	1,816,646,308	1,415,193,829
Advances	10	674,858,579	921,837,095
Fixed assets	11	70,705,111	70,816,984
Intangible assets	12	2,453,911	2,406,215
Deferred tax assets	13	32,847,960	18,874,768
Other assets	14	106,094,662	85,631,077
		3,139,386,773	2,758,753,109
LIABILITIES			
Bills payable	16	24,940,469	36,474,017
Borrowings	17	625,252,541	564,518,588
Deposits and other accounts	18	2,163,927,845	1,838,366,814
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	20	95,430,735	100,373,434
		2,919,551,590	2,549,732,853
NET ASSETS		<u>219,835,183</u>	<u>209,020,256</u>
REPRESENTED BY:			
Share capital		12,241,797	12,241,797
Reserves		106,427,744	86,254,373
Surplus on revaluation of assets	21	9,004,918	19,085,934
Unappropriated profit		92,160,724	91,438,152
		<u>219,835,183</u>	<u>209,020,256</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saifia
Chief Financial Officer



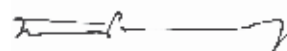
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 SIX MONTHS ENDED JUNE 30, 2023

		April - June 2023	April - June 2022	January - June 2023	January - June 2022
	Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	24	100,025,963	54,891,250	189,863,002	102,847,455
Mark-up / return / interest expensed	25	64,419,944	31,258,621	121,001,922	57,741,904
Net mark-up / interest income		<u>35,606,019</u>	<u>23,632,629</u>	<u>68,861,080</u>	<u>45,105,551</u>
Non mark-up / interest income					
Fee and commission income	26	4,434,039	3,835,629	8,771,605	7,754,584
Dividend income		515,963	355,843	991,412	1,259,503
Foreign exchange income		2,560,949	3,332,194	6,907,546	4,614,918
(Loss) / income from derivatives		(161,010)	60,264	(139,516)	22,487
(Loss) / gain on securities - net	27	(4,286,964)	146,466	(4,926,858)	574,717
Other income	28	353,730	190,442	593,919	474,770
Total non mark-up / interest income		<u>3,416,707</u>	<u>7,920,838</u>	<u>12,198,108</u>	<u>14,700,979</u>
Total income		<u>39,022,726</u>	<u>31,553,467</u>	<u>81,059,188</u>	<u>59,806,530</u>
Non mark-up / interest expenses					
Operating expenses	29	15,380,268	12,361,375	29,905,428	24,089,347
Workers' Welfare Fund		538,601	374,482	1,034,686	699,603
Other charges	30	2,544	10,334	4,065	15,962
Total non mark-up / interest expenses		<u>15,921,413</u>	<u>12,746,191</u>	<u>30,944,179</u>	<u>24,804,912</u>
Profit before provisions		<u>23,101,313</u>	<u>18,807,276</u>	<u>50,115,009</u>	<u>35,001,618</u>
(Reversal) / Provisions and write-offs - net	31	(3,077,760)	418,471	(463,169)	765,760
Profit before taxation		<u>26,179,073</u>	<u>18,388,805</u>	<u>50,578,178</u>	<u>34,235,858</u>
Taxation	32	13,762,654	16,054,639	24,259,019	22,373,985
Profit after taxation		<u>12,416,419</u>	<u>2,334,166</u>	<u>26,319,159</u>	<u>11,861,873</u>
----- (Rupees) -----					
Earnings per share - basic and diluted	33	<u>10.14</u>	<u>1.91</u>	<u>21.50</u>	<u>9.69</u>

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saifie
Chief Financial Officer



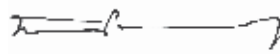
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 SIX MONTHS ENDED JUNE 30, 2023

	April - June 2023	April - June 2022	January - June 2023	January - June 2022
	(Rupees in '000)			
Profit after taxation for the period	12,416,419	2,334,166	26,319,159	11,861,873
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
Effect of translation of net investment in overseas branches	713,431	5,585,461	17,541,455	7,737,861
Movement in deficit on revaluation of investments - net of tax	5,409,643	(6,415,890)	(8,569,143)	(11,173,324)
	6,123,074	(830,429)	8,972,312	(3,435,463)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	(5,741)	(101,304)	7,050	(100,596)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(668)	-	15,214
	(5,741)	(101,972)	7,050	(85,382)
Total comprehensive income for the period	18,533,752	1,401,765	35,298,521	8,341,028

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saifie
Chief Financial Officer



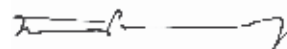
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 SIX MONTHS ENDED JUNE 30, 2023**

	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (Deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
(Rupees in '000)								
Balance as at January 01, 2022 (Audited)	12,241,797	31,364,651	38,353,816	(2,041,000)	40,087,140	10,189	84,625,954	204,642,547
Total comprehensive income for the six months ended June 30, 2022								
Profit after taxation for the six months ended June 30, 2022	-	-	-	-	-	-	11,861,873	11,861,873
Other comprehensive income - net of tax	-	7,737,861	-	(11,173,324)	(100,596)	15,214	-	(3,520,845)
Total comprehensive income for the six months ended June 30, 2022	-	7,737,861	-	(11,173,324)	(100,596)	15,214	11,861,873	8,341,028
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(102,988)	-	102,988	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(46,564)	-	46,564	-
Transfer to statutory reserve	-	-	1,186,187	-	-	-	(1,186,187)	-
Transactions with owners, recorded directly in equity								
Final cash dividend - December 31, 2021 declared subsequent to the year end at Rs. 6.0 per share	-	-	-	-	-	-	(7,345,078)	(7,345,078)
Interim cash dividend - March 31, 2022 declared at Rs. 5.0 per share	-	-	-	-	-	-	(6,120,899)	(6,120,899)
Balance as at June 30, 2022 (Un-audited)	12,241,797	39,102,512	39,540,003	(13,214,324)	39,836,992	25,403	81,985,215	199,517,598
Total comprehensive income for the six months ended December 31, 2022								
Profit after taxation for the six months ended December 31, 2022	-	-	-	-	-	-	20,200,782	20,200,782
Other comprehensive income - net of tax	-	5,591,780	-	(7,465,541)	2,415	-	966,660	(904,686)
Total comprehensive income for the six months ended December 31, 2022	-	5,591,780	-	(7,465,541)	2,415	-	21,167,442	19,296,096
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(33,158)	(25,403)	58,561	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(40,450)	-	40,450	-
Transfer to statutory reserve	-	-	2,020,078	-	-	-	(2,020,078)	-
Transactions with owners, recorded directly in equity								
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
	-	-	-	-	-	-	(9,793,438)	(9,793,438)
Balance as at December 31, 2022 (Audited)	12,241,797	44,694,292	41,560,081	(20,679,865)	39,765,799	-	91,438,152	209,020,256
Total comprehensive income for the six months ended June 30, 2023								
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	26,319,159	26,319,159
Other comprehensive income - net of tax	-	17,541,455	-	(8,569,143)	7,050	-	-	8,979,362
Total comprehensive income for the six months ended June 30, 2023	-	17,541,455	-	(8,569,143)	7,050	-	26,319,159	35,298,521
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(1,474,232)	-	1,474,232	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(44,691)	-	44,691	-
Transfer to statutory reserve	-	-	2,631,916	-	-	-	(2,631,916)	-
Transactions with owners, recorded directly in equity								
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)
Balance as at June 30, 2023 (Un-audited)	12,241,797	62,235,747	44,191,997	(29,249,008)	38,253,926	-	92,160,724	219,835,183

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saif
Chief Financial Officer



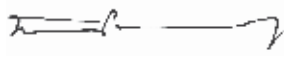
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January - June 2023	January - June 2022
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	50,578,178	34,235,858
Less: Dividend income	991,412	1,259,503
	<u>49,586,766</u>	<u>32,976,355</u>
Adjustments:		
Depreciation on fixed assets	1,996,470	1,715,546
Depreciation on Islamic financing against leased assets (Ijarah)	70,047	77,662
Depreciation on right-of-use assets	1,109,997	1,008,142
Depreciation on non-banking assets acquired in satisfaction of claims	1,506	33,425
Amortisation	467,339	373,165
Workers' Welfare Fund - charge	1,034,686	699,603
Provision for retirement benefits	613,498	292,699
Provision for compensated absences	32,259	57,765
Reversal of provision against loans and advances - net	(2,114,018)	(1,836,277)
Provision / (reversal) against off - balance sheet obligations - net	36,401	(29,123)
Provision for diminution in value of investments - net	1,741,566	2,931,690
Interest expense on lease liability against right-of-use assets	582,003	506,676
Loss on sale of Ijarah assets - net	671	1,718
Gain on sale of fixed assets - net	(307,223)	(42,616)
Bad debts written-off directly	21,279	18,242
Unrealised gain / (loss) on revaluation of investments classified as held for trading	7,008	(39,132)
(Reversal) / Provision against other assets	(16,064)	40,427
Other provisions / (reversal) and write-offs	56,193	(18,176)
	<u>5,333,618</u>	<u>5,791,436</u>
	<u>54,920,384</u>	<u>38,767,791</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	(28,141,300)	(44,984,653)
Held for trading securities	18,949,028	26,375,473
Advances	248,187,526	(9,775,583)
Other assets (excluding advance taxation)	(22,984,225)	(27,357,892)
	<u>216,011,029</u>	<u>(55,742,655)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(11,533,548)	5,239,398
Borrowings	60,733,953	(10,341,718)
Deposits and other accounts	325,561,031	223,934,067
Other liabilities	317,921	11,289,194
	<u>375,079,357</u>	<u>230,120,941</u>
	<u>646,010,770</u>	<u>213,146,077</u>
(Payments) / receipts on account of staff retirement benefits	561,526	1,603,144
Income taxes paid	(22,416,339)	(10,730,452)
Net cash flow generated from operating activities	<u>624,155,957</u>	<u>204,018,769</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(432,629,077)	(191,087,274)
Net investments in held to maturity securities	(10,591,537)	(35,636,988)
Net investments in subsidiaries and associates	-	(3,000,000)
Dividend income received	849,179	1,259,503
Investment in fixed assets and intangible assets	(3,492,309)	(2,956,563)
Sale proceeds from disposal of fixed assets	1,826,030	149,816
Sale proceeds from disposal of Ijarah assets	5,302	19,512
Effect of translation of net investment in overseas branches	17,541,455	7,737,861
Net cash flow used in investing activities	<u>(426,490,957)</u>	<u>(223,514,133)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(1,607,582)	(1,360,070)
Dividend paid	(32,411,617)	(12,952,916)
Net cash flow used in financing activities	<u>(34,019,199)</u>	<u>(14,312,986)</u>
Increase / (decrease) in cash and cash equivalents	<u>163,645,801</u>	<u>(33,808,350)</u>
Cash and cash equivalents at the beginning of the period	138,652,864	279,312,680
Effect of exchange rate changes on cash and cash equivalents	20,043,797	11,987,659
	<u>158,696,661</u>	<u>291,300,339</u>
Cash and cash equivalents at the end of the period	<u>322,342,462</u>	<u>257,491,989</u>

The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saiffe
Chief Financial Officer



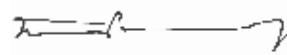
Muhammad Jawaid Iqbal
President &
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Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 1,335 (December 31, 2022: 1,335) branches inside Pakistan including 151 (December 31, 2022: 150) Islamic Banking branches and 2 (December 31, 2022: 2) branches in Export Processing Zones. The Bank also operates 8 (December 31, 2022: 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 Letter No. 5 dated March 22, 2019.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic 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 38 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 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribe by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign currency requirements are considered for recording, classification and valuation of investment.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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. 5 dated March 22, 2019 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, 2022.

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.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not 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

IFRS 9 has been applicable in several overseas jurisdictions from January 01, 2018. Accordingly, the requirements of this standard are incorporated in the Bank's unconsolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted.

As per SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from 01 January 2023 to 01 January 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after 1 January 2024. As disclosed in note 2.3.1 to the unconsolidated annual financial statements of the Bank for the year ended 31 December 2022, the Bank had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

3. SIGNIFICANT 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, 2022.

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, 2022.

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, 2022.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	31,471,137	27,392,567
Foreign currencies	9,609,233	8,051,809
	41,080,370	35,444,376
With State Bank of Pakistan in		
Local currency current accounts	90,303,694	55,264,401
Foreign currency current accounts	5,530,220	912,557
Foreign currency deposit accounts	9,886,090	204,472
	105,720,004	56,381,430
With other central banks in		
Foreign currency current accounts	39,264,309	44,342,604
Foreign currency deposit accounts	20,890,065	6,298,682
	60,154,374	50,641,286
With National Bank of Pakistan in local currency current accounts	63,625,001	377,456
National prize bonds	243,152	159,546
	<u>270,822,901</u>	<u>143,004,094</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	5,000,007	7
Outside Pakistan		
In current accounts	39,514,097	10,035,719
In deposit accounts	7,005,457	5,656,841
	46,519,554	15,692,560
	<u>51,519,561</u>	<u>15,692,567</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	-	-
Repurchase agreement lendings (Reverse Repo)	113,437,780	85,296,480
Placements with State Bank of Pakistan	-	-
	<u>113,437,780</u>	<u>85,296,480</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

9. INVESTMENTS

9.1 Investments by type

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Note (Rupees in '000)								
Hold for trading securities								
Federal Government Securities								
- Market Treasury Bills	8,597,301	-	(7,008)	8,590,293	27,546,990	-	(661)	27,546,329
- Pakistan Investment Bonds - fixed	-	-	-	-	-	-	-	-
- Pakistan Investment Bonds - floaters	-	-	-	-	-	-	-	-
	8,597,301	-	(7,008)	8,590,293	27,546,990	-	(661)	27,546,329
Available for sale securities								
Federal Government securities								
- Market Treasury Bills	145,769,178	-	(88,700)	145,680,478	111,414,256	-	(349,118)	111,065,138
- Pakistan Investment Bonds - fixed	326,501,920	-	(27,125,897)	299,376,023	228,274,771	-	(14,385,381)	213,889,390
- Pakistan Investment Bonds - floaters	610,524,308	-	(14,068,921)	596,455,387	451,294,888	-	(5,349,435)	445,945,453
- Government of Pakistan Sukuks	203,101,727	(420,283)	(2,910,386)	199,771,058	102,872,728	(302,150)	(1,138,560)	101,432,018
- Islamic Naya Pakistan Certificates	7,611,951	-	-	7,611,951	4,806,162	-	-	4,806,162
- Government of Pakistan Eurobonds	41,477,824	(12,197,004)	(8,519,702)	20,761,118	32,853,852	(8,768,691)	(10,627,203)	13,457,958
Ordinary shares								
- Listed companies	15,332,834	(6,846,643)	411,744	8,897,935	15,334,557	(6,017,934)	233,489	9,550,112
- Unlisted companies	779,112	(60,046)	-	719,066	791,144	(67,155)	-	723,989
Non-Government debt securities								
- Corporate Sukuks	1,888,571	-	-	1,888,571	1,931,429	-	-	1,931,429
- Term Finance Certificates	2,707,335	(162,334)	-	2,545,001	2,507,335	(162,334)	-	2,345,001
Foreign securities								
- Market Treasury Bills	36,128,324	-	(59,515)	36,068,809	5,973,330	-	314	5,973,644
- Foreign bonds - sovereign	51,516,476	(2,109,181)	(4,969,292)	44,438,003	51,667,603	(3,715,561)	(4,598,334)	43,353,708
- Foreign bonds - others	1,407,001	(498)	(131,367)	1,275,136	1,117,819	(1,167)	(119,742)	996,910
Mutual Fund units								
-	-	-	-	-	258,179	-	(55,649)	202,530
Real Estate Investment Trust units								
-	533,453	-	111,039	644,492	533,453	-	109,155	642,608
	1,445,280,014	(21,795,989)	(57,350,997)	1,366,133,028	1,011,631,506	(19,034,992)	(36,280,464)	956,316,050
Hold to maturity securities								
Federal Government securities								
- Pakistan Investment Bonds - fixed	297,933,203	-	-	297,933,203	295,069,033	-	-	295,069,033
- Pakistan Investment Bonds - floaters	45,811,946	-	-	45,811,946	47,788,071	-	-	47,788,071
- Government of Pakistan Sukuks	13,002,026	-	-	13,002,026	10,002,327	-	-	10,002,327
- Government of Pakistan Eurobonds	16,639,379	(4,792,240)	-	11,847,139	13,221,686	(3,528,868)	-	9,692,818
- Bai Muajjal with Government of Pakistan	-	-	-	-	-	-	-	-
Non-Government debt securities								
- Corporate Sukuks	8,561,189	(46,394)	-	8,514,795	8,599,224	(50,934)	-	8,548,290
- Term Finance Certificates	8,935,599	(69,951)	-	8,865,648	8,076,150	(69,951)	-	8,006,199
- Debentures	2,267	(2,267)	-	-	2,267	(2,267)	-	-
- Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
- Corporate Bond	2,779,509	(820,783)	-	1,958,726	2,200,838	(587,404)	-	1,613,434
Foreign securities								
- Market Treasury Bills	8,855,563	-	-	8,855,563	6,469,775	-	-	6,469,775
- Foreign bonds - sovereign	43,422,580	(4,204,805)	-	39,217,775	42,086,214	(3,546,802)	-	38,539,412
- Foreign bonds - others	1,521,735	(538)	-	1,521,197	1,208,667	(1,416)	-	1,207,251
- CDC SAARC Fund	621	-	-	621	492	-	-	492
	447,466,054	(9,937,415)	-	437,528,639	434,725,181	(7,788,079)	-	426,937,102
Associates								
- UBL Financial Sector Fund	366,640	-	-	366,640	366,640	-	-	366,640
- UBL Insurers Limited	240,000	-	-	240,000	240,000	-	-	240,000
- Khushhali Bank Limited	832,485	-	-	832,485	832,485	-	-	832,485
	1,439,125	-	-	1,439,125	1,439,125	-	-	1,439,125
Subsidiaries								
- United National Bank Limited (UBL UK)	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
- UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
	2,955,223	-	-	2,955,223	2,955,223	-	-	2,955,223
Total Investments	1,905,737,717	(31,733,404)	(57,358,005)	1,816,646,308	1,478,298,025	(26,823,071)	(36,281,125)	1,415,193,829

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
9.1.1 Investments given as collateral		
Federal Government securities		
Market Treasury Bills	143,733,744	-
Pakistan Investment Bonds - floaters	344,477,318	368,801,131
Pakistan Investment Bonds - fixed	6,625,980	56,225,155
Government of Pakistan Sukuks	-	20,000,000
Foreign securities		
Foreign bonds - sovereign	-	9,199,941
	<u>494,837,042</u>	<u>454,226,227</u>

The market value of securities given as collateral is Rs. 489,424 million (December 31, 2022: Rs. 442,733 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
9.2 Provision for diminution in value of investments		
9.2.1 Opening balance	26,823,071	8,146,230
Exchange adjustments	3,168,767	1,195,906
Charge / (reversals)		
Charge for the period / year	5,925,541	19,357,588
Reversals for the period / year	(735,747)	(207,747)
Reversal on disposals	(3,448,228)	(87,936)
	1,741,566	19,061,905
Amounts written off	-	(1,580,970)
Closing balance	31,733,404	26,823,071
	9.5	

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2023		(Audited) December 31, 2022	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	281,383	281,383	285,923	285,923
Overseas				
Defaulted exposure	7,819,202	5,283,921	9,117,129	6,145,880
Total	<u>8,100,585</u>	<u>5,565,304</u>	<u>9,403,052</u>	<u>6,431,803</u>

9.3 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 396,358.403 million (December 31, 2022: Rs. 394,810.915 million).

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

9.5 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs. 24,545.331 million (December 31, 2022: Rs. 20,452.132 million) on overseas branches.

The Bank has estimated ECL / impairment provisions based on the IFRS 9 requirements in respect of overseas jurisdictions. Under the IFRS 9 model, credit impairment provisions, inter alia, takes into account the credit ratings of the relevant bonds provided by the International rating agencies and the observed Probability of Default information relevant for such credit rating with appropriate adjustments applied by the Bank considering the market conditions. In respect of the defaulted bonds, the Bank considers actual market prices to estimate the impairment provision.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

10. ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Note	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	581,885,619	771,367,966	106,428,110	90,270,610	688,313,729	861,638,576
Islamic financing and related assets	76,577,178	102,281,886	170,100	159,579	76,747,278	102,441,465
Bills discounted and purchased	14,620,456	46,778,723	2,943,436	2,908,653	17,563,892	49,687,376
Advances - gross	673,083,253	920,428,575	109,541,646	93,338,842	782,624,899	1,013,767,417
Provision against advances	10.3					
- Specific	-	-	(95,616,337)	(81,783,522)	(95,616,337)	(81,783,522)
- General	(12,149,983)	(10,146,800)	-	-	(12,149,983)	(10,146,800)
	(12,149,983)	(10,146,800)	(95,616,337)	(81,783,522)	(107,766,320)	(91,930,322)
Advances - net of provision	660,933,270	910,281,775	13,925,309	11,555,320	674,858,579	921,837,095

10.1 Particulars of advances - gross

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
In local currency	528,167,862	765,445,158
In foreign currencies	254,457,037	248,322,259
	782,624,899	1,013,767,417

10.2 Advances include Rs.109,541.646 million (December 31, 2022: Rs. 93,338.842 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	124,169	3,384	135,948	1,948
Substandard	2,375,737	580,933	2,307,269	569,848
Doubtful	177,072	80,234	732,137	365,716
Loss	22,158,942	21,214,085	23,018,816	22,067,588
	24,835,920	21,878,636	26,194,170	23,005,100
Overseas				
Not past due but impaired**	2,303,587	695,385	5,192,817	1,806,054
Overdue by:				
Upto 90 days	-	-	1,194,694	403,030
91 to 180 days	4,806,911	1,691,359	82,114	31,978
181 to 365 days	2,805,590	2,368,874	1,511,494	1,511,494
> 365 days	74,789,638	68,982,083	59,163,553	55,025,866
	84,705,726	73,737,701	67,144,672	58,778,422
Total	109,541,646	95,616,337	93,338,842	81,783,522

* 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 provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Note	----- (Rupees in '000) -----					
Opening balance	81,783,522	10,146,800	91,930,322	74,703,857	7,393,261	82,097,118
Exchange adjustments	15,686,435	2,484,189	18,170,624	14,624,765	1,386,654	16,011,419
Charge / (reversals)						
Charge for the period / year	360,295	114,242	474,537	2,460,068	366,812	2,826,880
Reversals for the period / year	(1,993,307)	(595,248)	(2,588,555)	(3,677,644)	(2,089,277)	(5,766,921)
	(1,633,012)	(481,006)	(2,114,018)	(1,217,576)	(1,722,465)	(2,940,041)
Amounts charged off						
- agriculture financing	(11,017)	-	(11,017)	(66,894)	-	(66,894)
Amounts written off	(209,591)	-	(209,591)	(3,171,280)	-	(3,171,280)
Transfers (out) / in - net	-	-	-	(3,089,350)	3,089,350	-
Closing balance	95,616,337	12,149,983	107,766,320	81,783,522	10,146,800	91,930,322

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FOR THE SIX MONTHS ENDED JUNE 30, 2023

10.3.1 General provision represents provision amounting to Rs. 458.053 million (December 31, 2022: Rs. 469.159 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 11,391.930 million (December 31, 2022: Rs. 9,337.641 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, bank has created a general charge on agriculture finance portfolio of Rs. 300.000 million (December 31, 2022: Rs. 300.000 million).

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. 17.355 million (December 31, 2022: Rs. 5.359 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. 4,969.802 million (December 31, 2022: Rs. 5,329.058 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.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,792,256	1,042,334
Property and equipment		60,824,807	61,967,099
Right-of-use assets		8,088,048	7,807,551
		<u>70,705,111</u>	<u>70,816,984</u>
11.1 Capital work-in-progress			
Civil works		977,514	844,654
Equipment		814,742	197,680
		<u>1,792,256</u>	<u>1,042,334</u>
		(Un-audited)	
11.2 Additions to fixed assets		January - June 2023	January - June 2022
		----- (Rupees in '000) -----	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		749,922	891,915
Property and equipment			
Leasehold improvements		787,367	204,497
Furniture and fixtures		132,424	128,661
Electrical, office and computer equipment		1,147,475	982,791
Vehicles		168,910	222,397
		2,236,176	1,538,346
Right-of-use assets		1,531,635	1,278,694
Total		<u>4,517,733</u>	<u>3,708,955</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(Un-audited)

January - January -
June 2023 June 2022
----- (Rupees in '000) -----

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Building on leasehold land	54,824	32,500
Leasehold land	1,444,780	70,500
Leasehold Improvement	1,455	-
Furniture and fixtures	719	436
Electrical, office and computer equipment	1,664	2,637
Vehicles	15,365	1,127
	1,518,807	107,200
Derecognition of right-of-use assets	175,253	141,332
Total	1,694,060	248,532

12. INTANGIBLE ASSETS

Capital work-in-progress - Computer software
Intangible assets - Computer software

(Un-audited) June 30, 2023	(Audited) December 31, 2022
454,174	384,706
1,999,737	2,021,509
2,453,911	2,406,215

12.1 Additions to intangible assets

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

Capital work-in-progress - net additions	69,468	435,118
Directly purchased - Intangible assets	410,052	91,184
	479,520	526,302

13. DEFERRED TAX ASSETS

Deductible temporary differences on

Provision against advances and off balance sheet obligations
Deficit on revaluation of investments
Post retirement employee benefits
Workers' Welfare Fund
Others

(Un-audited) June 30, 2023	(Audited) December 31, 2022
2,995,457	2,628,666
28,101,989	15,600,599
164,127	58,193
3,967,255	3,036,553
(199,518)	(68,995)
35,029,310	21,255,016

Taxable temporary differences on

Surplus on revaluation of fixed assets / non-banking assets
Accelerated tax depreciation

(1,650,419)	(1,715,201)
(530,931)	(665,047)
(2,181,350)	(2,380,248)
32,847,960	18,874,768

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		69,553,238	48,134,777
Income / mark-up accrued in foreign currencies	14.1	4,321,808	3,463,398
Advance taxation - net of provision for taxation		-	2,514,314
Receivable from staff retirement fund		2,499,350	2,517,968
Receivable from other banks against telegraphic transfers and demand drafts		50,647	2,960,752
Unrealised gain on forward foreign exchange contracts		818,763	2,831,134
Rebate receivable - net		3,259,067	2,030,996
Unrealised gain on derivative financial instruments		11,174	22,900
Suspense accounts		652,595	254,279
Stationery and stamps on hand		427,751	418,454
Non-banking assets acquired in satisfaction of claims		39,294	40,800
Advances, deposits, advance rent and other prepayments		2,673,379	2,144,988
Dividend Receivable		142,233	-
Commission receivable - Branchless Banking		613,147	561,390
Commission receivable - Bancassurance		85,667	208,047
Receivable against fraud & forgery and looted notes		539,783	632,418
Acceptances	20	20,227,151	16,502,130
Others		1,394,896	1,637,304
		<u>107,309,943</u>	<u>86,876,049</u>
Provision held against other assets	14.2	<u>(1,215,281)</u>	<u>(1,244,972)</u>
Other assets - net of provisions		<u>106,094,662</u>	<u>85,631,077</u>
Surplus / (Deficit) on revaluation of non-banking assets acquired in satisfaction of claims	21	<u>-</u>	<u>-</u>
		<u><u>106,094,662</u></u>	<u><u>85,631,077</u></u>

14.1 Unrealised mark-up held in suspense amounting to Rs. 37,171.165 million (December 31, 2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
14.2 Provision held against other assets		
Advances and other receivables	54,108	54,834
Receivable against fraud & forgery and looted notes	539,783	632,418
Others	621,390	557,720
	<u>1,215,281</u>	<u>1,244,972</u>

14.2.1 Movement of provision held against other assets

Opening balance	1,244,972	1,163,055
Exchange adjustments	89,812	74,408
Charge / (reversals)		
Charge for the period / year	36,973	165,347
Reversals for the period / year	(53,037)	(154,074)
	(16,064)	11,273
Transfers out - net	-	(348)
Amounts written off	(103,439)	(3,416)
Closing balance	<u>1,215,281</u>	<u>1,244,972</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

15. CONTINGENT ASSETS

There were no contingent assets as at June 30, 2023 (December 31, 2022: Nil).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
16. BILLS PAYABLE		
In Pakistan	23,387,029	30,473,754
Outside Pakistan	1,553,440	6,000,263
	<u>24,940,469</u>	<u>36,474,017</u>

17. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	39,370,142	41,707,841
Refinance facility for modernization of SME	615,418	543,586
Long term financing facility	15,769,910	17,390,998
Refinance scheme for payment of wages and salaries	-	427,410
Renewable energy scheme	908,594	767,091
Temporary economic refinance facility	17,538,949	17,072,471
Refinance facility for combating COVID-19	416,998	431,902
Repurchase agreement borrowings	493,967,122	419,211,752
Financing facility for storage of agriculture products	41,250	48,125
Refinance for women entrepreneurs	57,007	26,624
Mudarbaha base open market operations (OMO)	-	19,436,837
	568,685,390	517,064,637
Repurchase agreement borrowings	6,184,501	6,792,865
	<u>574,869,891</u>	<u>523,857,502</u>

Unsecured

Call borrowings	50,170,000	39,830,000
Overdrawn nostro accounts	212,650	831,086
Other borrowings	-	-
	50,382,650	40,661,086
	<u>625,252,541</u>	<u>564,518,588</u>

18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current accounts - remunerative	5,035,173	16,761,090	21,796,263	4,104,403	12,136,002	16,240,405
Current accounts - non-remunerative	786,575,213	215,522,583	1,002,097,796	664,860,887	168,211,589	833,072,476
Savings deposits	639,846,785	60,827,997	700,674,782	580,708,939	54,787,271	635,496,210
Term deposits	138,937,306	121,809,529	260,746,835	162,072,945	130,362,096	292,435,041
Sundry deposits	10,361,059	1,322,464	11,683,523	4,437,495	2,150,060	6,587,555
Margin deposits	8,153,434	5,954,211	14,107,645	7,191,728	3,977,673	11,169,401
	1,588,908,970	422,197,874	2,011,106,844	1,423,376,397	371,624,691	1,795,001,088
Financial Institutions						
Current deposits	18,812,919	5,243,673	24,056,592	18,727,195	3,289,623	22,016,818
Saving deposits	117,459,397	101,108	117,560,505	16,002,797	86,058	16,088,855
Term deposits	4,953,900	6,250,004	11,203,904	2,232,603	3,027,450	5,260,053
	141,226,216	11,594,785	152,821,001	36,962,595	6,403,131	43,365,726
	<u>1,730,135,186</u>	<u>433,792,659</u>	<u>2,163,927,845</u>	<u>1,460,338,992</u>	<u>378,027,822</u>	<u>1,838,366,814</u>

18.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,298,476.354 million (December 31, 2022: Rs 1,174,510.768 million).

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

19. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 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:

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

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		29,994,267	39,684,708
Mark-up / return / interest payable in foreign currencies		1,127,111	1,094,717
Accrued expenses		5,053,569	5,364,561
Branch adjustment account		27,246	556,451
Deferred income		1,171,941	1,046,001
Current taxation (provisions less payments)		990,207	-
Unearned commission and income on bills discounted	20.1	144,382	183,945
Provision against off-balance sheet obligations	20.2	1,139,075	882,445
Unrealised loss on forward foreign exchange contracts		1,200,979	608,811
Unrealised loss on derivative financial instruments		129,692	1,357
Provision for post-retirement medical benefits		2,659,249	2,628,679
Payable to staff retirement fund		39,397	37,824
Provision for compensated absences		792,726	860,544
Deferred liabilities		1,069,206	967,918
Workers' Welfare Fund payable		7,896,439	6,861,753
Liabilities against card settlement		1,610,868	414,697
Insurance payable against consumer assets		270,699	380,743
Dividends payable		293,908	8,226,111
Unclaimed dividends		325,799	321,619
Acceptances		20,227,151	16,502,130
Charity fund balance	14	13,861	6,922
Lease liability against right-of-use assets		9,738,267	9,418,000
Levies and taxes payable		7,713,018	2,622,779
Others		1,801,678	1,700,719
		<u>95,430,735</u>	<u>100,373,434</u>

20.1 The Income Tax returns of the Bank have been filed up to the tax year 2022 (accounting year ended December 31, 2021) 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 2022, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.15,358 million (2022: Rs.14,695 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 2022 (accounting year ended December 31, 2021) 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 (2022: 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 Qatar and UAE branches have been filed upto the year ended December 31, 2022 and for Yemen branches 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.

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
20.2 Provision against off-balance sheet obligations			
Opening balance		882,445	730,630
Exchange adjustments		220,229	187,328
Charge / (reversal)			
Charge for the period / year		36,401	5,405
Reversals for the period / year		-	(40,918)
		36,401	(35,513)
Closing balance		1,139,075	882,445
21. SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus arising on revaluation of:			
- Available for sale securities	9.1	(57,350,997)	(36,280,464)
- Fixed assets		39,904,345	41,481,000
- Non-banking assets acquired in satisfaction of claims	14	-	-
		(17,446,652)	5,200,536
Deferred tax on (deficit) / surplus on revaluation of:			
- Available for sale securities		(28,101,989)	(15,600,599)
- Fixed assets		1,650,419	1,715,201
- Non-banking assets acquired in satisfaction of claims		-	-
		(26,451,570)	(13,885,398)
		9,004,918	19,085,934
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	280,120,490	220,370,427
Commitments	22.2	1,181,808,310	1,111,169,863
Other contingent liabilities	22.3	14,198,067	14,822,814
		1,476,126,867	1,346,363,104
22.1 Guarantees:			
Financial guarantees		114,330,364	84,241,944
Performance guarantees		157,935,080	129,275,378
Other guarantees		7,855,046	6,853,105
		280,120,490	220,370,427
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		241,009,162	212,235,272
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	743,713,344	703,834,168
- forward Government securities transactions	22.2.3	27,853,700	42,757,100
- derivatives	22.2.4	908,488	572,342
- forward lending	22.2.5	165,271,524	149,185,701
- operating leases	22.2.6	62,732	103,099
		937,809,788	896,452,410
Commitments for acquisition of:			
- fixed assets		2,652,774	1,544,753
- intangible assets		336,586	937,428
		2,989,360	2,482,181
		1,181,808,310	1,111,169,863
22.2.1 Commitments to extend credit			

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
22.2.2	Commitments in respect of forward foreign exchange contracts		
	Purchase	386,512,154	379,231,558
	Sale	<u>357,201,190</u>	<u>324,602,610</u>
		<u>743,713,344</u>	<u>703,834,168</u>
22.2.3	Commitments in respect of forward Government securities transactions		
	Purchase	27,353,700	41,457,100
	Sale	<u>500,000</u>	<u>1,300,000</u>
		<u>27,853,700</u>	<u>42,757,100</u>
22.2.4	Commitments in respect of derivatives		
	Cross Currency Swaps	-	-
	FX options		
	Purchase	454,244	286,171
	Sale	<u>454,244</u>	<u>286,171</u>
		<u>908,488</u>	<u>572,342</u>
22.2.5	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	86,749,155	92,346,042
	Others	<u>78,522,369</u>	<u>56,839,659</u>
		<u>165,271,524</u>	<u>149,185,701</u>
22.2.5.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
22.2.6	Commitments in respect of operating leases		
	Not later than one year	62,732	103,099
	Later than one year and not later than five years	-	-
	Later than five years	-	-
		<u>62,732</u>	<u>103,099</u>
22.3	Other contingent liabilities		
22.3.1	Claims against the Bank not acknowledged as debts	<u>10,108,764</u>	<u>10,733,511</u>

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

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

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

22.3.3 For contingencies relating to taxation, refer note 20.1.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

23. Derivative Instruments

Product analysis

June 30, 2023 (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 Loss	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Loss
	(Rupees in '000)									
Hedging	454,244	-	-	-	-	-	-	-	454,244	-
Market making	454,244	-	-	-	27,353,700	(129,692)	500,000	11,174	28,307,944	(118,518)
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,353,700</u>	<u>(129,692)</u>	<u>500,000</u>	<u>11,174</u>	<u>28,762,188</u>	<u>(118,518)</u>
December 31, 2022 (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 Gain
	(Rupees in '000)									
Hedging	286,171	-	-	-	-	-	-	-	286,171	-
Market making	286,171	-	-	-	41,457,100	21,927	1,300,000	(384)	43,043,271	21,543
	<u>572,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,457,100</u>	<u>21,927</u>	<u>1,300,000</u>	<u>(384)</u>	<u>43,329,442</u>	<u>21,543</u>

		(Un-audited)	
		January - June 2023	January - June 2022
24. MARK-UP / RETURN / INTEREST EARNED	Note	----- (Rupees in '000) -----	
On:			
Loans and advances		58,227,349	28,993,586
Investments		123,232,469	70,427,423
Lendings to financial institutions		5,926,147	2,971,180
Balances with banks		2,477,037	455,266
		<u>189,863,002</u>	<u>102,847,455</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		70,682,682	40,119,561
Borrowings		47,511,971	14,787,945
Subordinated debt		1,019,227	649,156
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,206,039	1,678,566
Lease liability against right-of-use assets		582,003	506,676
		<u>121,001,922</u>	<u>57,741,904</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fee		1,242,647	1,183,273
Consumer finance related fee		621,559	559,858
Card related fee (debit and credit cards)		1,551,963	1,508,129
Investment banking fee		200,726	193,651
Financial Institution rebate / commission		293,507	269,535
Corporate service charges / facility fee		574,145	426,991
Commission on trade		1,062,340	443,324
Commission on guarantees		376,923	336,245
Commission on cash management		618,697	515,258
Commission on remittances including home remittances - net		1,481,437	1,212,591
Commission on bancassurance		520,310	822,360
Rent on lockers		113,026	98,940
Others		114,325	184,429
		<u>8,771,605</u>	<u>7,754,584</u>
27. (LOSS) / GAIN ON SECURITIES - NET			
Realised	27.1	(4,919,850)	535,585
Unrealised - held for trading		(7,008)	39,132
		<u>(4,926,858)</u>	<u>574,717</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Un-audited)	
		January - June 2023	January - June 2022
27.1	Realised (loss) / gain on:	----- (Rupees in '000) -----	
Note			
	Federal Government securities	(300,170)	473,001
	Shares	447,364	12,990
	Foreign securities	27.2 (5,013,986)	49,594
	Other securities	(53,058)	-
		<u>(4,919,850)</u>	<u>535,585</u>

27.2 This includes realised loss on foreign currency sovereign bonds, against which ECL provision under IFRS 9 amounting to Rs. 3,423.807 million was held and reversed on disposal (refer note 9.2.1) resulting in a net loss of Rs. 1,594.946 million in the profit and loss account.

		(Un-audited)	
		January - June 2023	January - June 2022
28.	OTHER INCOME	----- (Rupees in '000) -----	
	Charges recovered	244,094	199,603
	Rent on properties	40,561	30,382
	Gain on sale of fixed assets - net	307,223	42,616
	Loss on sale of Ijarah assets - net	(671)	(1,718)
	Gain on trading liabilities - net	2,712	203,887
		<u>593,919</u>	<u>474,770</u>

29. OPERATING EXPENSES

Total compensation expense

11,821,134 9,399,406

Property expense

Rent and taxes	615,799	498,487
Insurance	133,257	127,399
Utilities cost	1,093,330	936,720
Security (including guards)	735,060	599,233
Repair and maintenance (including janitorial charges)	203,951	156,482
Depreciation on owned fixed assets	599,946	604,626
Depreciation on right-of-use assets	1,109,997	1,008,142
Depreciation on non-banking assets acquired in satisfaction of claims	1,506	33,425
Others	43,552	29,888
	<u>4,536,398</u>	<u>3,994,402</u>

Information technology expenses

Software maintenance	1,386,361	928,724
Hardware maintenance	295,731	209,052
Depreciation	629,463	436,485
Amortisation	467,339	373,165
Network charges	520,346	351,697
Consultancy charges	112,924	124,551
	<u>3,412,164</u>	<u>2,423,674</u>

Other operating expenses

Legal and professional charges	804,601	672,106
Outsourced service costs	851,761	700,875
Commission paid to branchless banking agents	181,513	180,866
Commission paid to sales force	847,508	747,210
Travelling and conveyance	120,628	85,326
Clearing charges	142,651	104,476
Depreciation - others	767,061	674,435
Depreciation on Islamic financing against leased assets	70,047	77,662
Training and development	49,198	36,181
Postage and courier charges	161,357	223,767
Communication	126,823	172,709
Stationery and printing	641,315	440,860
Marketing, advertisement and publicity	392,829	481,626
Donations	42,505	10,000
Auditors' remuneration	66,146	56,396
Insurance	64,965	48,867
Deposit protection premium expense	939,609	862,924
Cash transportation and sorting charges	524,554	413,700
Entertainment	117,648	96,564
Banking service charges	2,003,095	1,384,427
Repairs and maintenance	612,285	423,374
Miscellaneous expenses	607,633	377,514
	<u>10,135,732</u>	<u>8,271,865</u>
	<u>29,905,428</u>	<u>24,089,347</u>

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FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Un-audited)	
		January - June 2023	January - June 2022
30. OTHER CHARGES	Note	----- (Rupees in '000) -----	
Penalties imposed by the SBP		3,855	14,592
Penalties imposed by other regulatory bodies of overseas branches		<u>210</u>	<u>1,370</u>
		<u>4,065</u>	<u>15,962</u>
31. PROVISIONS AND WRITE-OFFS - NET			
Provision for diminution in value of investments - net	9.2.1	1,741,566	2,931,690
Reversal of provision against loans and advances - net	10.3	(2,114,018)	(1,836,277)
Bad debts written off directly		21,279	18,242
(Reversal) / Provision against other assets - net	14.2.1	(16,064)	40,427
Provision / (reversal) against off-balance sheet obligations - net	20.2	36,401	(29,123)
Recovery of written-off / charged off bad debts		(188,526)	(341,023)
Other provisions / (reversal) and write-offs		<u>56,193</u>	<u>(18,176)</u>
		<u>(463,169)</u>	<u>765,760</u>
32. TAXATION			
Current		25,835,973	19,612,815
Prior years		-	3,681,026
Deferred		<u>(1,576,954)</u>	<u>(919,856)</u>
		<u>24,259,019</u>	<u>22,373,985</u>

32.1 During the period, rate of Super Tax was enhanced to 10% for tax years 2024 and onwards. Accordingly, the impact of this change has been incorporated in these unconsolidated condensed interim financial statements.

		(Un-audited)	
		January - June 2023	January - June 2022
33. EARNINGS PER SHARE		----- (Rupees in '000) -----	
Profit after taxation for the period		<u>26,319,159</u>	<u>11,861,873</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>21.50</u>	<u>9.69</u>

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2023 and June 30, 2022.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP.
Foreign debt securities	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
Mutual Fund units	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.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Derivatives	The fair valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim financial statements.

34.2 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	June 30, 2023 (Un-audited)				
	Fair value			Total	
	Level 1	Level 2	Level 3		
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Federal Government securities	1,278,246,308	-	1,278,246,308	-	1,278,246,308
- Foreign Bonds - Market Treasury Bills	36,068,809	-	36,068,809	-	36,068,809
- Foreign bonds - sovereign	44,438,003	-	44,438,003	-	44,438,003
- Foreign bonds - others	1,275,136	-	1,275,136	-	1,275,136
- Ordinary shares of listed companies	8,897,935	8,897,935	-	-	8,897,935
- Mutual Fund units	-	-	-	-	-
- Non-Government debt securities	4,433,572	-	4,433,572	-	4,433,572
- Real Estate Investment Trust units	644,492	644,492	-	-	644,492
	1,374,004,255	9,542,427	1,364,461,828	-	1,374,004,255
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	368,594,314	-	330,054,808	-	330,054,808
- Foreign Bonds - Market Treasury Bills	8,855,563	-	8,759,406	-	8,759,406
- Foreign Bonds - sovereign	39,217,775	-	37,536,014	-	37,536,014
- Foreign Bonds - others	1,521,197	-	1,389,538	-	1,389,538
- Non-Government debt securities	19,339,169	-	18,618,637	-	18,618,637
	437,528,018	-	396,358,403	-	396,358,403
	1,811,532,273	9,542,427	1,760,820,231	-	1,770,362,658
Off-balance sheet financial instruments measured at fair value					
Foreign exchange contracts - purchased and sold	743,713,344	-	(382,216)	-	(382,216)
Cross currency swaps	-	-	-	-	-
FX options - purchased and sold	908,488	-	-	-	-
Forward Government Securities - purchased and sold	27,853,700	-	(118,518)	-	(118,518)

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Carrying value	December 31, 2022 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government securities	918,142,448	-	918,142,448	-
- Foreign Bonds - Market Treasury Bills	5,973,644	-	5,973,644	-
- Foreign bonds - sovereign	43,353,708	-	43,353,708	-
- Foreign bonds - others	996,910	-	996,910	-
- Ordinary shares of listed companies	9,550,112	9,550,112	-	-
- Mutual Fund units	202,530	-	202,530	-
- Non-Government debt securities	4,276,430	-	4,276,430	-
- Real Estate Investment Trust units	642,608	642,608	-	-
	983,138,390	10,192,720	972,945,670	-
				983,138,390
Financial assets - disclosed but not measured at fair value				
Investments				
- Federal Government Securities	362,552,249	-	333,494,230	-
- Foreign Bonds - Market Treasury Bills	6,469,775	-	6,469,775	-
- Foreign Bonds - sovereign	38,539,412	-	36,402,565	-
- Foreign Bonds - others	1,207,251	-	1,086,799	-
- Non-Government debt securities	18,167,923	-	17,357,546	-
	426,936,610	-	394,810,915	-
	1,410,075,000	10,192,720	1,367,756,585	-
				1,377,949,305
Off-balance sheet financial instruments - measured at fair value				
Foreign exchange contracts - purchased and sold	703,834,168	-	2,222,323	-
FX options - purchased and sold	572,342	-	-	-
Forward Government Securities - purchased and sold	42,757,100	-	21,543	-
				2,222,323

34.3 Fair Value of non-financial assets

Carrying value	June 30, 2023 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Fixed Assets	50,685,231	-	50,685,231	50,685,231
Non-banking assets acquired in satisfaction of claims	39,294	-	39,294	39,294
	50,724,525	-	50,724,525	50,724,525
December 31, 2022 (Audited)				
Carrying value	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fixed Assets	52,066,713	-	52,066,713	52,066,713
Non-banking assets acquired in satisfaction of claims	40,800	-	40,800	40,800
	52,107,513	-	52,107,513	52,107,513

34.4 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 SIX MONTHS ENDED JUNE 30, 2023

35. SEGMENT INFORMATION

35.1 Segment details with respect to business activities

	For the six months ended June 30, 2023 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	34,263,536	69,914,971	(51,824,094)	8,260,309	9,130,643	(884,285)	68,861,080
Inter segment (expense) / revenue - net	(32,261,163)	(97,133,518)	121,462,277	-	-	7,932,404	-
Non mark-up / return / interest income	3,540,219	5,205,305	5,232,412	307,828	(3,268,558)	1,180,902	12,198,108
Total Income	5,542,592	(22,013,242)	74,870,595	8,568,137	5,862,085	8,229,021	81,059,188
Segment direct expenses	983,092	282,825	19,347,715	1,587,636	4,044,604	4,698,307	30,944,179
Inter segment expense allocation	188,387	51,231	4,311,186	-	296,385	(4,847,189)	-
Total expenses	1,171,479	334,056	23,658,901	1,587,636	4,340,989	(148,882)	30,944,179
Provision reversal / (charge) - net	948,311	(814,548)	278,163	(10,014)	24,053	37,204	463,169
Profit / (loss) before taxation	5,319,424	(23,161,846)	51,489,857	6,970,487	1,545,149	8,415,107	50,578,178

	For the six months ended June 30, 2022 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	17,893,091	49,211,879	(30,249,462)	4,322,153	4,498,647	(570,757)	45,105,551
Inter segment (expense) / revenue - net	(16,698,159)	(56,318,241)	68,178,889	-	-	4,837,511	-
Non mark-up / return / interest income	2,461,604	4,408,339	5,475,575	201,002	1,343,415	811,044	14,700,979
Total Income	3,656,536	(2,698,023)	43,405,002	4,523,155	5,842,062	5,077,798	59,806,530
Segment direct expenses	662,487	130,684	15,653,023	1,284,281	2,793,455	4,280,982	24,804,912
Inter segment expense allocation	185,524	42,765	3,565,021	-	205,428	(3,998,738)	-
Total expenses	848,011	173,449	19,218,044	1,284,281	2,998,883	282,244	24,804,912
Provision reversal / (charge) - net	774,830	(792,929)	408,378	(22,692)	(1,150,825)	17,478	(765,760)
Profit / (loss) before taxation	3,583,355	(3,664,401)	24,595,336	3,216,182	1,692,354	4,813,032	34,235,858

	As at June 30, 2023 (Un-audited)						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Balance Sheet							
Cash & Bank balances	8,020	100,016,500	94,436,488	28,685,693	99,195,761	-	322,342,462
Investments	12,154,566	1,404,319,539	-	228,668,675	159,268,101	12,235,427	1,816,646,308
Net inter segment lending	-	-	1,425,529,943	-	-	157,853,315	1,583,383,258
Lendings to financial institutions	-	113,437,780	-	-	-	-	113,437,780
Advances - performing	413,869,522	11,365	48,369,877	76,481,521	118,982,540	3,218,445	660,933,270
Advances - non-performing net	2,274,243	5,693	595,261	74,465	10,968,025	7,622	13,925,309
Others	20,514,733	69,450,242	38,967,138	6,477,732	17,157,780	59,534,019	212,101,644
Total Assets	448,821,084	1,687,241,119	1,607,898,707	340,388,086	405,572,207	232,848,828	4,722,770,031

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

As at June 30, 2023 (Un-audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Borrowings	61,172,161	500,364,273	3,998,516	59,717,591	-	-	625,252,541
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	108,874,188	1,019,252	1,477,768,314	248,426,879	326,856,801	982,411	2,163,927,845
<i>Net inter segment borrowing</i>	267,205,707	1,216,394,068	-	-	99,783,483	-	1,583,383,258
Others	5,193,759	7,698,492	72,189,429	10,779,762	6,986,679	17,523,083	120,371,204
Total Liabilities	442,445,815	1,725,476,085	1,553,956,259	318,924,232	433,626,963	28,505,494	4,502,934,848
Equity	6,375,269	(38,234,966)	53,942,448	21,463,854	(28,054,756)	204,343,334	219,835,183
Total Equity & liabilities	448,821,084	1,687,241,119	1,607,898,707	340,388,086	405,572,207	232,848,828	4,722,770,031
Contingencies and Commitments	621,516,884	239,456,715	33,244,295	3,962,587	577,618,677	327,709	1,476,126,867

As at December 31, 2022 (Audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Balance Sheet							
Cash & Bank balances	9,822	67,380,161	18,506,973	7,841,130	64,958,575	-	158,696,661
Investments	11,095,886	1,152,628,315	-	124,800,008	113,900,328	12,769,292	1,415,193,829
<i>Net inter segment lending</i>	-	-	1,377,293,672	-	-	139,390,783	1,516,684,455
Lendings to financial institutions	-	85,296,480	-	-	-	-	85,296,480
Advances - performing	600,765,401	14,337	51,511,037	102,195,674	152,526,997	3,268,329	910,281,775
Advances - non-performing net	2,615,887	10,927	496,965	37,613	8,366,249	27,679	11,555,320
Others	35,253,173	40,061,081	19,796,931	5,526,837	15,498,233	61,592,789	177,729,044
Total Assets	649,740,169	1,345,391,301	1,467,605,578	240,401,262	355,250,382	217,048,872	4,275,437,564
Borrowings	63,395,001	420,042,838	5,195,348	69,092,536	6,792,865	-	564,518,588
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	59,231,055	3,359,197	1,331,562,123	151,693,394	291,357,894	1,163,151	1,838,366,814
<i>Net inter segment borrowing</i>	492,593,529	944,787,486	-	-	79,303,440	-	1,516,684,455
Others	23,313,085	2,485,234	70,453,015	7,203,929	9,887,892	23,504,296	136,847,451
Total Liabilities	638,532,670	1,370,674,755	1,407,210,486	227,989,859	387,342,091	34,667,447	4,066,417,308
Equity	11,207,499	(25,283,454)	60,395,092	12,411,403	(32,091,709)	182,381,425	209,020,256
Total Equity & liabilities	649,740,169	1,345,391,301	1,467,605,578	240,401,262	355,250,382	217,048,872	4,275,437,564
Contingencies and Commitments	509,367,455	221,290,949	30,493,205	7,626,255	576,647,813	937,427	1,346,363,104

36. 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 SIX MONTHS ENDED JUNE 30, 2023

	As at June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Statement of financial position	(Rupees in '000)					
Balances with other banks						
In current accounts	-	-	-	442,903	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	442,903	-	-
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	-
Repaid during the period	-	-	-	-	-	-
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	2,955,223	2,024,126	5,300,368
Investment made during the period	-	-	-	-	-	-
Investment disposed during the period	-	-	-	-	-	(58,518)
Transfers in / (out) - net	-	-	-	-	-	314,721
Closing balance	-	-	-	2,955,223	2,024,126	5,556,571
Provision for diminution in value of investments	-	-	-	-	-	1,264,758
Provision written off	-	-	-	-	-	-
Advances						
Opening balance	-	480	318,625	-	-	17,808,043
Addition during the period	-	536	351,738	-	-	11,765,944
Repaid during the period	-	(1,016)	(307,575)	-	-	(9,617,070)
Transfers in / (out) - net	-	-	1,828	-	-	1,799,877
Closing balance	-	-	364,616	-	-	21,756,794
Provision held against advances	-	-	-	-	-	1,274,449
Other Assets						
Income / mark-up accrued	-	-	9,767	-	-	1,256,343
Receivable from staff retirement fund	-	-	-	-	-	2,499,350
Prepaid insurance	-	-	-	-	391,249	-
Dividend Receivable	-	-	-	85,571	5,002	49,500
Other receivable	-	-	-	7,715	-	-
Provision written off	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	206,500
Settled during the period	-	-	-	-	-	(157,100)
Closing balance	-	-	-	-	-	49,400
Deposits and other accounts						
Opening balance	14,327	13,924,363	68,837	70,757	1,665,575	16,000,091
Received during the period	16,504	26,773,901	384,578	10,273,900	133,101,845	153,466,149
Withdrawn during the period	(16,142)	(36,628,305)	(372,561)	(10,129,816)	(128,733,609)	(164,823,950)
Transfers in - net	-	(4,872)	184	-	-	(189,075)
Closing balance	14,689	4,065,087	81,038	214,841	6,033,811	4,453,215

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	As at June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	-	16,127	-	-	-	10,316
Dividend payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	39,397
Unearned income	-	-	-	444	-	8,521
Other payable	-	33,330	-	58,597	-	-
Contingencies and Commitments						
Letters of credit	-	-	-	-	-	114,614
	As at December 31, 2022 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	-	762,976	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	762,976	-	-
lendings to financial institutions						
Opening balance	-	-	-	-	-	2,355,115
Addition during the year	-	-	-	-	-	3,996,304
Repaid during the year	-	-	-	-	-	(6,351,419)
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	5,376,066	1,799,125	4,654,612
Investment made during the year	-	-	-	-	6,225,001	645,756
Investment disposed / written off during the year	-	-	-	(2,420,843)	(6,000,000)	-
Transfers in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	2,955,223	2,024,126	5,300,368
Provision for diminution in value of investments						
	-	-	-	-	-	952,719
Provision written off						
	-	-	-	1,580,970	-	-
Advances						
Opening balance	-	645	277,816	-	-	1,768
Addition during the year	-	488	161,738	-	-	24,653,259
Repaid during the year	-	(653)	(121,333)	-	-	(6,846,111)
Transfers in / (out) - net	-	-	404	-	-	(873)
Closing balance	-	480	318,625	-	-	17,808,043
Provision held against advances						
	-	-	-	-	-	1,274,449

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

As at December 31, 2022 (Audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)						
Other Assets						
Interest mark-up accrued	-	-	-	-	42,198	711,313
Receivable from staff retirement fund	-	-	-	-	-	2,517,968
Prepaid insurance	-	-	-	-	58,739	-
Other receivable	-	-	-	6,630	-	-
Provision written off	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	1,769,000
Settled during the year	-	-	-	-	-	(1,769,000)
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	18,601	7,769,284	66,177	227,997	2,209,154	16,151,170
Received during the year	19,125	42,580,952	920,072	13,467,062	145,487,253	264,099,764
Withdrawn during the year	(23,399)	(36,425,873)	(932,677)	(13,624,302)	(146,030,832)	(264,257,733)
Transfer in	-	-	15,265	-	-	6,890
Closing balance	14,327	13,924,363	68,837	70,757	1,665,575	16,000,091
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	1,106	26,310	407	1,805	14,382	37,353
Dividend payable	8,212,476	222,289	-	-	-	57,128
Payable to staff retirement fund	-	-	-	-	-	37,824
Unearned income	-	-	-	444	-	29,608
Other payable	-	5,100	-	-	5,982	-
Contingencies and Commitments						
Letter of guarantee	-	-	-	-	-	-
Forward Government securities - sale	-	-	-	-	-	-

For the six months ended June 30, 2023 (Un-audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	8,423	-	61,178	1,672,722
Commission / charges recovered	-	36	576	541	9,343	9,522
Dividend income	-	-	-	85,571	5,002	388,827
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	1,996	-	27,478
Gain on sale of fixed assets	-	-	5,759	-	354	-
Reversal of provision	-	-	-	-	-	24,421
Switch revenue	-	-	-	-	-	165,707
Management fee	-	-	-	39,309	-	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

For the six months ended June 30, 2023 (Un-audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)						
Expense						
Mark-up / return / interest paid	2,287	232,130	4,626	6,645	128,531	254,275
Remuneration paid	-	-	669,812	-	-	-
Post employment benefits	-	-	-	-	-	-
Directors' fees and allowances	-	43,670	-	-	-	-
Charge for defined contribution plans	-	-	14,890	-	-	109,831
Charge for defined benefit plans	-	-	-	-	-	238,642
Provision	-	-	-	-	-	215,453
Other expenses	-	-	14,581	-	-	45,743
Clearing charges	-	-	-	-	-	87,317
Seminar and Membership fees	-	-	-	-	-	-
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	23,896
Other Information						
Dividend paid	27,796,071	767,964	8,914	-	50,575	1,312,245
Insurance premium paid	-	-	-	-	638,959	-
Insurance claims settled	-	-	-	-	300,643	-

For the six months ended June 30, 2022 (Un-audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	7,654	-	50,590	106,440
Commission / charges recovered	-	34	743	235	14,105	10,467
Dividend income	-	-	-	505,351	49,878	176,000
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	1,217	-	11,705
Gain on sale of fixed assets	-	-	715	-	836	-
Reversal of provision	-	-	-	-	-	-
Switch revenue	-	-	-	-	-	125,644
Management fee	-	-	-	22,891	-	-
Expense						
Mark-up / return / interest paid	825	265,929	1,537	4,342	150,031	418,774
Remuneration paid	-	-	553,566	-	-	-
Post employment benefits	-	-	5,054	-	-	-
Directors' fees and allowances	-	47,100	-	-	-	-
Charge for defined contribution plans	-	-	11,505	-	-	219,364
Charge for defined benefit plans	-	-	-	-	-	292,699
Other expenses	-	-	-	-	-	135,222
Clearing charges	-	-	-	-	-	73,622
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	3,589
Custody charges	-	-	-	-	-	-
Other Information						
Dividend paid	6,127,770	158,268	3,838	-	64,277	1,128,183
Insurance premium paid	-	-	-	-	525,781	-
Insurance claims settled	-	-	-	-	219,192	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	125,669,171	134,274,529
Eligible Additional Tier 1 (ADT 1) Capital	9,539,365	9,803,806
Total Eligible Tier 1 Capital	135,208,536	144,078,335
Eligible Tier 2 Capital	43,555,748	47,616,511
Total Eligible Capital (Tier 1 + Tier 2)	178,764,284	191,694,846
Risk Weighted Assets (RWAs):		
Credit Risk	766,888,800	717,763,967
Market Risk	88,953,816	81,055,011
Operational Risk	200,926,121	200,926,121
Total	1,056,768,737	999,745,099
Common Equity Tier 1 Capital Adequacy Ratio	11.89%	13.43%
Tier 1 Capital Adequacy Ratio	12.79%	14.41%
Total Capital Adequacy Ratio	16.92%	19.17%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended June 30, 2023 stood at Rs.12,241.797 million (December 31, 2022: 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 June 30, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 16.92% whereas CET 1 and Tier 1 ratios stood at 11.89% and 12.79% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL has been designated as a D-SIB under letter BSD-3/Bank/UBL/394468/2022 dated December 20, 2022. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 0.5%, 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.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	135,208,536	144,078,335
Total Exposures	3,736,406,397	3,283,578,765
Leverage Ratio	3.62%	4.39%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	984,752,833	1,014,739,744
Total Net Cash Outflow	381,734,519	316,508,188
Liquidity Coverage Ratio	257.97%	320.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,521,178,334	2,194,772,092
Total Required Stable Funding	1,341,726,407	1,355,300,059
Net Stable Funding Ratio	187.91%	161.94%

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

38. ISLAMIC BANKING BUSINESS

The Bank operates 151 (December 31, 2022: 150) Islamic Banking branches and 501 (December 31, 2022: 219) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		22,783,464	7,103,365
Balances with other banks		5,902,229	737,765
Due from financial institutions		-	-
Investments	38.1	228,668,675	124,800,008
Islamic financing and related assets - net	38.2	76,555,986	102,233,287
Fixed assets		1,587,415	1,431,431
Intangible assets		-	-
Due from Head Office		-	3,873,536
Other assets		4,890,317	4,095,406
		<u>340,388,086</u>	<u>244,274,798</u>
LIABILITIES			
Bills payable		2,138,855	2,874,226
Due to financial institutions		59,717,591	69,092,536
Deposits and other accounts	38.3	248,426,879	151,693,394
Other liabilities		8,640,907	4,329,703
		<u>318,924,232</u>	<u>227,989,859</u>
NET ASSETS			
		<u>21,463,854</u>	<u>16,284,939</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(2,712,404)	(920,832)
Unappropriated profit	38.4	21,995,258	15,024,771
		<u>21,463,854</u>	<u>16,284,939</u>
CONTINGENCIES AND COMMITMENTS			
	38.5		
PROFIT AND LOSS ACCOUNT			
		(Un-audited)	
		January -	January -
		June 2023	June 2022
----- (Rupees in '000) -----			
Profit / return earned	38.6	16,993,630	8,057,396
Profit / return expensed	38.7	8,733,321	3,735,243
Net profit / return		<u>8,260,309</u>	<u>4,322,153</u>
Other income			
Fee and commission income		155,601	172,024
Foreign exchange income		117,162	12,253
Loss on securities - net		-	-
Other income		35,065	16,725
Total other income		<u>307,828</u>	<u>201,002</u>
Total Income		<u>8,568,137</u>	<u>4,523,155</u>
Other expenses			
Other operating expenses		1,587,636	1,284,281
Profit before provisions		<u>6,980,501</u>	<u>3,238,874</u>
Provisions and write-offs - net		10,014	22,692
Profit before taxation		<u>6,970,487</u>	<u>3,216,182</u>
Taxation		3,415,539	1,447,282
Profit after taxation		<u>3,554,948</u>	<u>1,768,900</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

38.1 Investments by segments

	As at June 30, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision	Deficit	Carrying Value	Cost / Amortised cost	Provision	Deficit	Carrying Value
(Rupees in '000)								
Federal Government Securities								
- Ijarah Sukuks	214,660,762	-	(2,712,404)	211,948,358	112,516,387	-	(920,832)	111,595,555
- Islamic Naya Pakistan Certificates	7,611,951	-	-	7,611,951	4,806,162	-	-	4,806,162
	222,272,713	-	(2,712,404)	219,560,309	117,322,549	-	(920,832)	116,401,717
Non Government Debt Securities								
- Listed	450,446	-	-	450,446	524,554	-	-	524,554
- Unlisted	8,657,920	-	-	8,657,920	7,873,737	-	-	7,873,737
	9,108,366	-	-	9,108,366	8,398,291	-	-	8,398,291
	231,381,079	-	(2,712,404)	228,668,675	125,720,840	-	(920,832)	124,800,008

(Un-audited) (Audited)
June 30, December 31,
2023 2022

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

38.2 Islamic financing and related assets

Ijarah	282,664	283,654
Murabaha	303,133	507,528
Musharakah	27,588,027	55,706,384
Diminishing Musharakah	27,796,120	25,940,267
Mera Pakistan Mera Ghar (MPMG)	5,254,572	5,189,100
Istisna	195,938	54,086
Islamic Export Refinance scheme - Musharakah	5,099,743	5,499,743
Islamic Export Refinance scheme - Istisna	525,443	553,570
Advances against Islamic assets		
Advances against Ijarah	3,616	40,268
Advances for Diminishing Musharakah	1,066,378	1,304,675
Advances for Murabaha	254,714	64,498
Advances against Mera Pakistan Mera Ghar	75,771	279,014
Advances for Istisna	384,428	429,444
Advances against Ameen ITERF	4,005,624	3,953,348
Inventory related to Islamic financing		
Istisna	210,505	193,698
Profit and other receivables against financings	3,700,602	2,442,188
Gross Islamic financing and related assets	76,747,278	102,441,465
Less: Provision against Islamic financings		
- Specific	(95,635)	(99,851)
- General	(95,657)	(108,327)
	(191,292)	(208,178)
Islamic financing and related assets - net of provision	76,555,986	102,233,287

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

38.3 Deposits and other accounts

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
Customers		
Current deposits	108,180,274	84,267,286
Saving deposits	47,214,517	36,040,108
Term deposits	4,511,855	30,318,011
	159,906,646	150,625,405
Financial Institutions		
Current deposits	631,506	160,110
Saving deposits	86,608,727	897,879
Term deposits	1,280,000	10,000
	88,520,233	1,067,989
	<u>248,426,879</u>	<u>151,693,394</u>

38.3.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 128,528.574 million (December 31, 2022: Rs. 76,771.045 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
38.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	15,024,771	8,094,948
Profit for the period / year	6,970,487	6,929,823
	21,995,258	15,024,771
Taxation	(3,415,539)	(3,665,876)
Closing Balance	<u>18,579,719</u>	<u>11,358,895</u>

38.5 Contingencies and commitments

- Guarantees	22,074	22,074
- Commitments	3,940,513	7,604,181
	<u>3,962,587</u>	<u>7,626,255</u>

38.6 Profit / Return earned

	(Un-audited)	
	January - June 2023	January - June 2022
----- (Rupees in '000) -----		
On:		
Financing	6,407,993	3,098,330
Investments	10,289,249	4,659,080
Placements	185,396	181,334
Rental Income from Ijarah	110,992	118,652
	<u>16,993,630</u>	<u>8,057,396</u>

38.7 Profit / Return expensed

On:		
Deposits and other accounts	6,601,511	3,587,650
Due to Financial Institutions	2,069,478	90,264
Others	62,332	57,329
	<u>8,733,321</u>	<u>3,735,243</u>

38.8 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 SIX MONTHS ENDED JUNE 30, 2023

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 Jun 30, 2023 is Rs.3,955.449 million (45.45% of distributable profit of Mudarabah Pool) of this, an amount of Rs.1,873.507 million (47.37% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 18.10% per annum and the rate of profit paid on average deposits was 13.75% 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 SIX MONTHS ENDED JUNE 30, 2023

The Bank managed following pools during the period.

For the six months ended June 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	6	Mudarbaha	Monthly	12.25%	35.00%	222,187	8.68%	16.79%	37,305
Special Pools	71	Mudarbaha	Monthly	18.59%	25.07%	289,029	15.39%	40.08%	115,849
IERS Pools	12	Musharkah	Monthly	17.15%	74.69%	1,010,052	12.36%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	5,095	1.06%	0.00%	-
General Pools	6	Mudarbaha	Monthly	18.78%	49.99%	3,444,233	14.08%	49.92%	1,719,282
Treasury Pools	4	Mudarbaha	Monthly	14.68%	6.29%	21,135	16.25%	5.07%	1,071
Treasury Pools	100	Musharkah	Monthly	18.04%	14.56%	222,805	17.67%	0.00%	-

For the six months ended June 30, 2022 (Un-audited)									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	6	Mudarbaha	Monthly	10.30%	46.48%	90,809	7.25%	36.33%	32,987
Special Pools	80	Mudarbaha	Monthly	12.43%	12.30%	339,707	11.25%	35.99%	122,253
IERS Pools	12	Musharkah	Monthly	9.65%	89.24%	460,235	2.32%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	1,917	1.06%	0.00%	-
General Pools	6	Mudarbaha	Monthly	10.10%	49.99%	931,002	5.67%	12.23%	113,856
Treasury Pools	6	Musharkah	Monthly	10.61%	5.42%	355,968	10.08%	0.00%	0.0001

(Un-audited) (Audited)
June 30, December 31,
2023 2022

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

38.9 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	6,260,487	6,337,407
Agriculture	25,293,241	52,739,670
Textile	7,478,046	9,188,530
Financial	6,517,222	1,352,765
Food industries	88,542	106,665
Plastic	294,933	253,444
Individuals	16,351,852	16,789,978
Production and transmission of energy	20,379,785	18,177,556
Government of Pakistan Securities	219,560,308	115,615,288
Others	9,093,766	7,417,935
	<u>311,318,182</u>	<u>227,979,238</u>

39. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past nine years. 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 SIX MONTHS ENDED JUNE 30, 2023

40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on July 19, 2023 has declared an interim cash dividend in respect of quarter ended June 30, 2023 of Rs. 11.0 per share (June 30, 2022: Rs. 4.0 per share). This is in addition to Rs. 11.0 already paid during the year bringing the total dividend for the six months to Rs. 22.0 per share (June 30, 2022: Rs. 9.0). These unconsolidated condensed interim financial statements for the six months ended June 30, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

41. GENERAL

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

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

42. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on July 19, 2023, by the Board of Directors of the Bank.



Arif Akmal Saifie
Chief Financial Officer



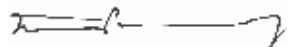
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman



UNITED BANK LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2023
(Un-audited)**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	270,863,274	143,034,544
Balances with other banks	7	57,877,073	16,686,747
Lendings to financial institutions	8	116,351,238	85,842,721
Investments	9	1,857,077,829	1,450,939,753
Advances	10	915,712,076	1,096,220,888
Fixed assets	11	82,005,554	79,402,671
Intangible assets	12	2,585,145	2,518,133
Deferred tax assets	13	30,457,868	16,751,121
Other assets	15	108,007,819	87,009,226
		<u>3,440,937,876</u>	<u>2,978,405,804</u>
LIABILITIES			
Bills payable	17	24,982,144	36,482,712
Borrowings	18	633,956,596	566,234,220
Deposits and other accounts	19	2,425,191,043	2,034,557,434
Liabilities against assets subject to finance lease	20	9,535	11,341
Subordinated debt	21	10,000,000	10,000,000
Deferred tax liabilities	13	-	-
Other liabilities	22	97,409,892	101,927,823
		<u>3,191,549,210</u>	<u>2,749,213,530</u>
NET ASSETS		<u><u>249,388,666</u></u>	<u><u>229,192,274</u></u>
REPRESENTED BY:			
Share capital		12,241,797	12,241,797
Reserves		115,606,739	91,888,710
Surplus on revaluation of assets	23	10,367,064	19,654,297
Unappropriated profit		<u>97,770,827</u>	<u>96,282,169</u>
Total equity attributable to the equity holders of the Bank		<u>235,986,427</u>	<u>220,066,973</u>
Non-controlling interest		<u>13,402,239</u>	<u>9,125,301</u>
		<u><u>249,388,666</u></u>	<u><u>229,192,274</u></u>
CONTINGENCIES AND COMMITMENTS			
	24		

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



Arif Akmal Saifia
Chief Financial Officer



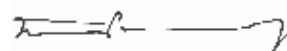
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 SIX MONTHS ENDED JUNE 30, 2023

	April - June 2023	April - June 2022	January - June 2023	January - June 2022	
	(Rupees in '000)				
Mark-up / return / interest earned	26	103,252,140	56,515,764	195,820,296	105,847,586
Mark-up / return / interest expensed	27	65,864,810	31,888,669	123,485,537	58,857,098
Net mark-up / interest income		<u>37,387,330</u>	<u>24,627,095</u>	<u>72,334,759</u>	<u>46,990,488</u>
Non mark-up / interest income					
Fee and commission income	28	4,938,526	4,154,930	9,720,097	8,372,389
Dividend income		428,851	174,469	904,300	704,274
Foreign exchange income		2,617,020	3,386,444	7,055,660	4,729,777
(Loss) / income from derivatives		(171,577)	738,940	(209,183)	701,163
(Loss) / gain on securities - net	29	(4,281,584)	201,542	(4,918,716)	647,948
Other income	30	353,175	202,409	587,371	478,911
Total non mark-up / interest income		<u>3,884,411</u>	<u>8,858,734</u>	<u>13,139,529</u>	<u>15,634,462</u>
Total income		<u>41,271,741</u>	<u>33,485,829</u>	<u>85,474,288</u>	<u>62,624,950</u>
Non mark-up / interest expenses					
Operating expenses	31	16,722,117	13,303,855	32,442,092	25,990,861
Workers' Welfare Fund		543,462	376,571	1,043,620	704,603
Other charges	32	2,544	10,334	4,065	15,962
Total non mark-up / interest expenses		<u>17,268,123</u>	<u>13,690,760</u>	<u>33,489,777</u>	<u>26,711,426</u>
Share of (loss) / profit from associates		(216,156)	98,781	(374,401)	51,615
Profit before provisions		<u>23,787,462</u>	<u>19,893,850</u>	<u>51,610,110</u>	<u>35,965,139</u>
(Reversals) / provisions and write-offs - net	33	(3,125,434)	1,033,661	(410,829)	1,367,770
Profit before taxation from continuing operations		<u>26,912,896</u>	<u>18,860,189</u>	<u>52,020,939</u>	<u>34,597,369</u>
Taxation	34	13,861,523	16,079,594	24,498,838	22,444,112
Profit after taxation from continuing operations		<u>13,051,373</u>	<u>2,780,595</u>	<u>27,522,101</u>	<u>12,153,257</u>
Discontinued operations					
Profit from discontinued operations - net of tax	14	-	23,616	-	45,788
Profit after taxation		<u>13,051,373</u>	<u>2,804,211</u>	<u>27,522,101</u>	<u>12,199,045</u>
Attributable to:					
Equity holders of the Bank					
from continuing operations		12,716,401	2,630,746	26,943,297	11,912,672
from discontinued operations		-	23,616	-	45,788
		<u>12,716,401</u>	<u>2,654,362</u>	<u>26,943,297</u>	<u>11,958,460</u>
Non-controlling interest		334,972	149,849	578,804	240,585
		<u>13,051,373</u>	<u>2,804,211</u>	<u>27,522,101</u>	<u>12,199,045</u>
		(Rupees)			
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank					
Basic and diluted		<u>10.39</u>	<u>2.15</u>	<u>22.01</u>	<u>9.73</u>
Earnings per share for profit attributable to the equity holders of the Bank					
Basic and diluted	35	<u>10.39</u>	<u>2.17</u>	<u>22.01</u>	<u>9.77</u>

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



Arif Akmal Saif
Chief Financial Officer



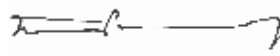
Muhammad Jawaid Iqbal
President &
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Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	April - June 2023	April - June 2022	January - June 2023	January - June 2022
----- (Rupees in '000) -----				
Profit after taxation for the period attributable to:				
Equity holders of the Bank				
from continuing operations	12,716,401	2,630,746	26,943,297	11,912,672
from discontinued operations	-	23,616	-	45,788
	<u>12,716,401</u>	<u>2,654,362</u>	<u>26,943,297</u>	<u>11,958,460</u>
Non-controlling interest	334,972	149,849	578,804	240,585
	<u>13,051,373</u>	<u>2,804,211</u>	<u>27,522,101</u>	<u>12,199,045</u>
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods</i>				
<i>Effect of translation of net investment in overseas branches and subsidiaries - net of tax</i>				
Equity holders of the Bank	1,213,421	5,840,408	21,086,113	7,835,404
Non-controlling interest	424,892	104,264	2,931,497	187,193
	<u>1,638,313</u>	<u>5,944,672</u>	<u>24,017,610</u>	<u>8,022,597</u>
<i>Movement in deficit on revaluation of investments - net of tax</i>				
Equity holders of the Bank	5,975,982	(6,735,435)	(8,667,067)	(12,162,385)
Non-controlling interest	448,544	(260,948)	(78,295)	(810,479)
	<u>6,424,526</u>	<u>(6,996,383)</u>	<u>(8,745,362)</u>	<u>(12,972,864)</u>
	8,062,839	(1,051,711)	15,272,248	(4,950,267)
<i>Items that will not be reclassified to profit and loss account in subsequent periods</i>				
<i>Movement in surplus / (deficit) on revaluation of fixed assets - net of tax</i>				
Equity holders of the Bank	116,566	(23,424)	899,718	15,828
Non-controlling interest	99,662	63,442	729,579	94,717
	<u>216,228</u>	<u>40,018</u>	<u>1,629,297</u>	<u>110,545</u>
<i>Remeasurement loss on defined benefit obligations - net of tax</i>				
Equity holders of the Bank	165,317	-	140,987	-
Non-controlling interest	135,259	-	115,353	-
	<u>300,576</u>	<u>-</u>	<u>256,340</u>	<u>-</u>
<i>Movement in surplus on revaluation of non-banking assets - net of tax</i>				
	-	(668)	-	15,214
	<u>516,804</u>	<u>39,350</u>	<u>1,885,637</u>	<u>125,759</u>
Total comprehensive income for the period	<u><u>21,631,016</u></u>	<u><u>1,791,850</u></u>	<u><u>44,679,986</u></u>	<u><u>7,374,537</u></u>
Attributable to:				
Equity holders of the Bank				
from continuing operations	20,022,370	1,711,627	40,403,048	7,616,733
from discontinued operation	-	23,616	-	45,788
	<u>20,022,370</u>	<u>1,735,243</u>	<u>40,403,048</u>	<u>7,662,521</u>
Non-controlling interest	1,308,070	56,607	4,276,938	(287,984)
	<u>21,330,440</u>	<u>1,791,850</u>	<u>44,679,986</u>	<u>7,374,537</u>

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



Arif Akmal Saiffe
Chief Financial Officer



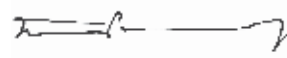
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Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Attributable to equity holders of the Bank						Unappropriated profit	Sub total	Non-controlling interest	Total
	Share capital	Statutory reserve	Capital reserve - exchange translation	Surplus / (Deficit) on revaluation						
				Investments	Fixed assets	Non banking assets				
(Rupees in '000)										
Balance as at January 01, 2022 (Audited)	12,241,797	38,495,676	39,105,114	(2,561,551)	42,570,415	10,189	89,840,102	219,701,742	8,612,234	228,313,976
Total comprehensive income for the six months ended June 30, 2022										
Profit after taxation for the six months ended June 30, 2022	-	-	-	-	-	-	11,958,460	11,958,460	240,585	12,199,045
Other comprehensive income - net of tax	-	-	7,835,404	(12,162,385)	15,828	15,214	-	(4,295,939)	(528,569)	(4,824,508)
Total comprehensive income for the six months ended June 30, 2022	-	-	7,835,404	(12,162,385)	15,828	15,214	11,958,460	7,662,521	(287,984)	7,374,537
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	(4,186)	(4,186)
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(102,988)	-	102,988	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(47,220)	-	47,220	-	-	-
Transfer to statutory reserve	-	1,186,187	-	-	-	-	(1,186,187)	-	-	-
Transactions with owners, recorded directly in equity										
Final cash dividend - December 31, 2021 declared subsequent to the year end at Rs. 6.0 per share	-	-	-	-	-	-	(7,345,078)	(7,345,078)	-	(7,345,078)
Interim cash dividend - March 31, 2022 declared subsequent to the year end at Rs. 5.0 per share	-	-	-	-	-	-	(6,120,899)	(6,120,899)	-	(6,120,899)
	-	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
Balance as at June 30, 2022 (Un-audited)	12,241,797	39,681,863	46,940,518	(14,723,936)	42,436,035	25,403	87,296,606	213,898,286	8,320,064	222,218,350
Total comprehensive income for the six months ended December 31, 2022										
Profit after taxation for the six months ended December 31, 2022	-	-	-	-	-	-	19,577,034	19,577,034	305,619	19,882,653
Other comprehensive income - net of tax	-	-	3,388,111	(8,064,504)	218,661	-	984,683	(3,473,049)	614,719	(2,858,330)
Total comprehensive income for the six months ended December 31, 2022	-	-	3,388,111	(8,064,504)	218,661	-	20,561,717	16,103,985	920,338	17,024,323
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	(115,101)	(115,101)
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(169,543)	(25,403)	194,946	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(42,416)	-	42,416	-	-	-
Transfer to statutory reserve	-	2,020,078	-	-	-	-	(2,020,078)	-	-	-
Transfer from statutory reserve on liquidation of subsidiary	-	(141,860)	-	-	-	-	-	(141,860)	-	(141,860)
Transactions with owners, recorded directly in equity										
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
	-	-	-	-	-	-	(9,793,438)	(9,793,438)	-	(9,793,438)
Balance as at December 31, 2022 (Audited)	12,241,797	41,560,081	50,328,629	(22,788,440)	42,442,737	-	96,282,169	220,066,973	9,125,301	229,192,274
Total comprehensive income for the six months ended June 30, 2023										
Profit after taxation for the six months ended June 30, 2023	-	-	-	-	-	-	26,943,297	26,943,297	578,804	27,522,101
Other comprehensive income - net of tax	-	-	21,086,113	(8,667,067)	899,718	-	140,987	13,459,751	3,698,134	17,157,885
Total comprehensive income for the six months ended June 30, 2023	-	-	21,086,113	(8,667,067)	899,718	-	27,084,284	40,403,048	4,276,938	44,679,986
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation to unappropriated profit - net of tax	-	-	-	-	(1,474,232)	-	1,474,232	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(45,652)	-	45,652	-	-	-
Transfer to statutory reserve	-	2,631,916	-	-	-	-	(2,631,916)	-	-	-
Transactions with owners, recorded directly in equity										
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)
	-	-	-	-	-	-	(24,483,594)	(24,483,594)	-	(24,483,594)
Balance as at June 30, 2023 (Un-audited)	12,241,797	44,191,997	71,414,742	(31,455,507)	41,822,571	-	97,770,827	235,986,427	13,402,239	249,388,666

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



Arif Akmal Saifia
Chief Financial Officer



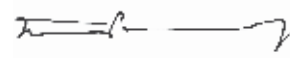
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	January - June 2023	January - June 2022
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operations	52,020,939	34,643,157
Less: Dividend income	904,300	704,274
Less: Share of (loss) / profit from associates	(374,401)	51,615
	51,491,040	33,887,268
Adjustments:		
Depreciation on fixed assets	2,080,447	1,779,150
Depreciation on Islamic financing against leased assets (Ijarah)	70,047	77,662
Depreciation on right-of-use assets	1,109,997	1,008,142
Depreciation on non-banking assets acquired in satisfaction of claims	1,506	33,425
Amortisation	509,307	418,980
Workers' Welfare Fund - charge	1,043,620	704,603
Provision for retirement benefits	709,292	292,699
Provision for compensated absences	118,284	57,765
Reversal of provision against loans and advances - net	(2,134,734)	(1,829,964)
Provision / (reversals) against off balance sheet items - net	36,401	(29,123)
Provision for diminution in value of investments - net	1,741,566	3,453,634
Interest expense on lease liability against right-of-use assets	583,838	507,989
Loss on sale of Ijarah assets - net	671	1,718
Gain on sale of fixed assets - net	(307,228)	(42,616)
Bad debts written off directly	94,335	18,242
Unrealised loss / (gain) on revaluation of investments classified as held for trading	7,008	(39,260)
(Reversals) / provision against other assets	(16,064)	40,427
Other provisions / (reversals) and write-offs	56,193	(18,176)
	5,704,486	6,435,297
	57,195,526	40,322,565
Decrease / (increase) in operating assets		
Lendings to financial institutions	(30,508,517)	(45,544,568)
Held for trading securities	18,949,028	26,356,777
Advances	182,478,493	(40,958,387)
Other assets (excluding advance taxation)	(25,267,070)	(28,381,243)
	145,651,934	(88,527,421)
Increase in operating liabilities		
Bills payable	(11,500,568)	5,206,587
Borrowings	67,722,376	(10,630,492)
Deposits and other accounts	390,633,609	261,981,509
Other liabilities	648,726	12,694,261
	447,504,143	269,251,865
	650,351,603	221,047,009
Receipts on account of staff retirement benefits	749,215	1,455,007
Income taxes paid	(22,778,096)	(10,819,728)
Net cash flows generated from operating activities	628,322,722	211,682,288
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(437,774,943)	(197,266,570)
Net investments in held to maturity securities	(10,591,537)	(35,636,989)
Net investments in associates	(94,468)	(2,195,369)
Dividend income received	904,300	702,481
Investment in fixed assets and intangible assets	(3,560,487)	(3,020,900)
Sale proceeds from disposal of fixed assets	1,826,040	291,458
Sale proceeds from disposal of Ijarah assets	5,302	19,512
Exchange differences on translation of net investment in overseas branches and subsidiaries	24,017,610	8,022,597
Net cash flows used in investing activities	(425,268,183)	(229,083,780)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	1,806	(4,333)
Payment of lease liability against right-of-use assets	(1,625,672)	(1,410,534)
Dividends paid	(32,411,617)	(12,957,099)
Net cash flows used in financing activities	(34,035,483)	(14,371,966)
Decrease in cash and cash equivalents	169,019,056	(31,773,458)
Cash and cash equivalents at the beginning of the period	139,067,061	291,474,722
Effect of exchange rate changes on cash and cash equivalents	20,654,230	12,450,362
	159,721,291	303,925,084
Cash and cash equivalents at the end of the period	328,740,347	272,151,626

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



Arif Akmal Saiffe
Chief Financial Officer



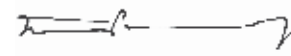
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

- United Bank Limited (the Bank)

Subsidiary Companies

- United National Bank Limited, United Kingdom (UBL UK) - 55% holding
- UBL Fund Managers Limited, Pakistan (UBL FM) - 98.87% holding
- Al Ameen Financial Services (Private) Limited (AFSL) - 98.87% effective holding

The Group is engaged in commercial banking, asset management, investment advisory and investments business. United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,335 (December 31, 2022: 1,335) branches inside Pakistan including 151 (December 31, 2022: 150) Islamic Banking branches and 2 (December 31, 2022: 2) branches in Export Processing Zones. The Bank also operates 8 (December 31, 2022: 8) branches outside Pakistan. The Bank is a wholly owned subsidiary of Bestway International Holdings Limited (BIHL) and BIHL 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.

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

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 Letter No. 5 dated March 22, 2019.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic 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 40 to these consolidated condensed interim financial statements.

2.1 STATEMENT OF COMPLIANCE

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

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

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

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 9, 2023, and IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the preparation of audited annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2022.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. 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

IFRS 9 has been applicable in several overseas jurisdictions from January 01, 2018. Accordingly, the requirements of this standard are incorporated in the Bank's consolidated condensed interim financial statements for the jurisdictions where IFRS 9 has been adopted.

As per SBP's BPRD Circular No. 7 dated April 13, 2023, the effective date of IFRS 9 for banks in Pakistan has been extended from 01 January 2023 to 01 January 2024, and accordingly the Standard will be applied in the Bank's financial statements for accounting periods beginning on or after 1 January 2024. As disclosed in note 2.3.1 to the consolidated annual financial statements of the Bank for the year ended 31 December 2022, the Bank had carried out an impact assessment based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

3. SIGNIFICANT 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 Group for the year ended December 31, 2022.

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 Group for the year ended December 31, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	31,471,137	27,392,567
Foreign currencies	9,649,606	8,082,259
	41,120,743	35,474,826
With State Bank of Pakistan in		
Local currency current accounts	90,303,694	55,264,401
Foreign currency current accounts	5,530,220	912,557
Foreign currency deposit accounts	9,886,090	204,472
	105,720,004	56,381,430
With other central banks in		
Foreign currency current accounts	39,264,309	44,342,604
Foreign currency deposit accounts	20,890,065	6,298,682
	60,154,374	50,641,286
With National Bank of Pakistan in local currency current accounts	63,625,001	377,456
Prize bonds	243,152	159,546
	<u>270,863,274</u>	<u>143,034,544</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	2,519	9,848
In deposit accounts	11,917,564	13,989
	11,920,083	23,837
Outside Pakistan		
In current accounts	38,951,533	11,006,069
In deposit accounts	7,005,457	5,656,841
	45,956,990	16,662,910
	<u>57,877,073</u>	<u>16,686,747</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	-	546,241
Repurchase agreement lendings (reverse repo)	113,437,780	85,296,480
Other lendings	2,913,458	-
	<u>116,351,238</u>	<u>85,842,721</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

9. INVESTMENTS

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
9.1 Investments by type	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Note ----- (Rupees in '000) -----								
Held for trading securities								
Federal Government Securities								
- Market Treasury Bills	8,597,301	-	(7,008)	8,590,293	27,546,990	-	(661)	27,546,329
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	145,769,178	-	(88,700)	145,680,478	111,414,256	-	(349,118)	111,065,138
- Pakistan Investment Bonds - fixed	326,501,920	-	(27,125,897)	299,376,023	228,274,771	-	(14,385,381)	213,889,390
- Pakistan Investment Bonds - floaters	610,524,308	-	(14,068,921)	596,455,387	451,294,888	-	(5,349,435)	445,945,453
- Government of Pakistan Sukuks	203,101,727	(420,283)	(2,910,386)	199,771,058	102,872,728	(302,150)	(1,138,560)	101,432,018
- Islamic Naya Pakistan Certificates	7,611,951	-	-	7,611,951	4,806,162	-	-	4,806,162
- Government of Pakistan Eurobonds	47,479,769	(12,197,004)	(11,252,571)	24,030,194	37,613,094	(8,768,691)	(13,320,385)	15,524,018
Ordinary shares								
- Listed companies	15,333,099	(6,846,643)	411,744	8,898,200	15,334,822	(6,017,934)	233,489	9,550,377
- Unlisted companies	779,112	(60,046)	-	719,066	791,144	(67,155)	-	723,989
Non-Government debt securities								
- Corporate Sukuks	1,888,571	-	-	1,888,571	1,931,429	-	-	1,931,429
- Term Finance Certificates	2,707,335	(162,334)	-	2,545,001	2,507,335	(162,334)	-	2,345,001
- Corporate Bond	1,567,882	-	(813,539)	754,343	1,233,017	-	(839,419)	393,598
Foreign securities								
- Market Treasury Bills	36,128,324	-	(59,515)	36,068,809	5,973,330	-	314	5,973,644
- Foreign bonds - sovereign	79,067,302	(3,959,566)	(5,268,151)	69,839,585	82,960,517	(5,103,211)	(4,833,841)	73,023,465
- Foreign bonds - others	10,543,694	(498)	(265,731)	10,277,465	2,487,738	(1,167)	(157,276)	2,329,295
Mutual Fund units								
- Mutual Fund units	-	-	-	-	258,179	-	(55,649)	202,530
Real Estate Investment Trust units								
- Real Estate Investment Trust units	533,453	-	111,039	644,492	533,453	-	109,155	642,608
	1,489,537,625	(23,646,374)	(61,330,628)	1,404,560,623	1,050,286,863	(20,422,642)	(40,086,106)	989,778,115
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds - fixed	297,933,203	-	-	297,933,203	295,069,033	-	-	295,069,033
- Pakistan Investment Bonds - floaters	45,811,946	-	-	45,811,946	47,788,071	-	-	47,788,071
- Government of Pakistan Sukuks	13,002,026	-	-	13,002,026	10,002,327	-	-	10,002,327
- Government of Pakistan Eurobonds	16,630,379	(4,792,240)	-	11,847,139	13,221,686	(3,528,868)	-	9,692,818
- Bai Muajjal with Government of Pakistan	-	-	-	-	-	-	-	-
Non-Government debt securities								
- Corporate Sukuks	8,561,189	(46,394)	-	8,514,795	8,599,224	(50,934)	-	8,548,290
- Term Finance Certificates	8,935,599	(69,951)	-	8,865,648	8,076,150	(69,951)	-	8,006,199
- Debentures	2,267	(2,267)	-	-	2,267	(2,267)	-	-
- Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
- Corporate Bond	2,779,509	(820,783)	-	1,958,726	2,200,838	(587,404)	-	1,613,434
Foreign securities								
- Market Treasury Bills	8,855,563	-	-	8,855,563	6,469,775	-	-	6,469,775
- Foreign bonds - sovereign	43,422,580	(4,204,805)	-	39,217,775	42,066,214	(3,546,802)	-	38,539,412
- Foreign bonds - others	1,521,735	(538)	-	1,521,197	1,208,667	(1,416)	-	1,207,251
- CDC SAARC Fund	621	-	-	621	492	-	-	492
	447,466,054	(9,937,415)	-	437,528,639	434,725,181	(7,788,079)	-	426,937,102
Associates								
- UBL Liquidity Plus Fund	1,243,961	-	-	1,243,961	3,136,843	-	-	3,136,843
- UBL Cash Fund	1,253,413	-	-	1,253,413	-	-	-	-
- UBL Financial Sector Fund	309,072	-	-	309,072	302,178	-	-	302,178
- UBL Special Savings Plan VIII	99,953	-	-	99,953	103,212	-	-	103,212
- UBL Special Savings Plan X	6,011	-	-	6,011	-	-	-	-
- UBL Pakistan Enterprise Exchange Traded Fund	22,121	-	-	22,121	20,310	-	-	20,310
- UBL Dedicated Equity Fund	102,971	-	-	102,971	94,262	-	-	94,262
- UBL Money Market Fund	9,174	-	-	9,174	-	-	-	-
- UBL Government Securities Fund	548	-	-	548	514	-	-	514
- UBL Fixed Return Plan I B	-	-	-	-	1,040	-	-	1,040
- UBL Fixed Return Plan I D	-	-	-	-	10,047	-	-	10,047
- UBL Fixed Return Plan - II A	45,712	-	-	45,712	-	-	-	-
- UBL Fixed Return Plan - II B	50,172	-	-	50,172	-	-	-	-
- UBL Fixed Return Plan - II D	51,258	-	-	51,258	-	-	-	-
- UBL Fixed Return Plan - III D	42,628	-	-	42,628	-	-	-	-
- UBL Fixed Return Plan - III F	9,238	-	-	9,238	-	-	-	-
- Al Ameen Islamic Energy Fund	256,227	-	-	256,227	157,746	-	-	157,746
- Al Ameen Islamic Dedicated Equity Fund	53,591	-	-	53,591	52,163	-	-	52,163
- Al-Ameen Islamic Cash Plan I	76,688	-	-	76,688	35,167	-	-	35,167
- Al-Ameen Islamic Fixed Return Plan - I A	35,197	-	-	35,197	-	-	-	-
- Al-Ameen Islamic Fixed Return Plan - I F	500,839	-	-	500,839	-	-	-	-
- Al-Ameen Islamic Income Fund	35,154	-	-	35,154	-	-	-	-
- UBL Insurers Limited	607,235	-	-	607,235	585,248	-	-	585,248
- Khushali Bank Limited	1,980,912	(393,801)	-	1,587,111	2,573,278	(393,801)	-	2,179,477
	6,792,075	(393,801)	-	6,398,274	7,072,008	(393,801)	-	6,678,277
Total Investments	1,952,393,055	(33,977,590)	(61,337,636)	1,857,077,829	1,519,631,042	(28,604,522)	(40,086,767)	1,450,939,753

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
9.1.1 Investments given as collateral		
<i>Federal Government securities</i>		
Market Treasury Bills	143,733,744	-
Pakistan Investment Bonds - floaters	344,477,318	368,801,131
Pakistan Investment Bonds - fixed	6,625,980	56,225,155
Government of Pakistan Sukuks	-	20,000,000
<i>Foreign securities</i>		
Foreign bonds - sovereign	-	9,199,941
<i>Associates</i>		
UBL Liquidity Plus Fund units	1,113,717	1,898,804
UBL Cash Fund units	830,928	-
	<u>496,781,687</u>	<u>456,125,031</u>

The market value of securities given as collateral is Rs. 491,369 million (December 31, 2022: Rs. 444,672 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
9.2 Provision for diminution in value of investments		
	Note	
9.2.1 Opening balance	28,604,522	6,457,317
Exchange adjustments	3,631,502	1,303,537
Charge / (reversals)		
Charge for the period / year	5,925,541	21,031,410
Reversals for the period / year	(735,747)	(99,806)
Reversal on disposals	(3,448,228)	(87,936)
	1,741,566	20,843,668
Amount written off	-	-
Closing balance	9.5 <u>33,977,590</u>	<u>28,604,522</u>

9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	281,383	281,383	285,923	285,923
Overseas				
Defaulted exposure	10,968,737	7,134,306	11,613,838	7,533,530
Total	<u>11,250,120</u>	<u>7,415,689</u>	<u>11,899,761</u>	<u>7,819,453</u>

9.3 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 396,358.403 million (December 31, 2022: Rs. 394,810.915 million).

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

9.5 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs. 24,545.331 million (December 31, 2022: Rs. 20,452.132 million) on overseas branches.

The Bank has estimated ECL / impairment provisions based on the IFRS 9 requirements in respect of overseas jurisdictions. Under the IFRS 9 model, credit impairment provisions, inter alia, takes into account the credit ratings of the relevant bonds provided by the International rating agencies and the observed Probability of Default information relevant for such credit rating with appropriate adjustments applied by the Bank considering the market conditions. In respect of the defaulted bonds, the Bank considers actual market prices to estimate the impairment provision.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

10. ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Note	(Rupees in '000)					
Loans, cash credits, running finances, etc.	815,567,277	939,171,325	108,264,789	92,462,842	923,832,066	1,031,634,167
Islamic financing and related assets	40.2 76,577,178	102,281,886	170,100	159,579	76,747,278	102,441,465
Bills discounted and purchased	20,392,863	51,511,597	2,943,436	2,908,653	23,336,299	54,420,250
Advances - gross	912,537,318	1,092,964,808	111,378,325	95,531,074	1,023,915,643	1,188,495,882
Provision against advances	10.3					
- Specific	-	-	(95,919,389)	(82,038,458)	(95,919,389)	(82,038,458)
- General	(12,284,178)	(10,236,536)	-	-	(12,284,178)	(10,236,536)
	(12,284,178)	(10,236,536)	(95,919,389)	(82,038,458)	(108,203,567)	(92,274,994)
Advances - net of provision	900,253,140	1,082,728,272	15,458,936	13,492,616	915,712,076	1,096,220,888

10.1 Particulars of advances - gross

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	(Rupees in '000)	
10.1.1 In local currency	528,167,862	765,445,157
In foreign currencies	495,747,781	423,050,725
	1,023,915,643	1,188,495,882

10.2 Advances include Rs. 111,378.325 million (December 31, 2022: Rs. 95,531.074 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned*	124,169	3,384	135,948	1,948
Substandard	2,375,737	580,933	2,307,269	569,848
Doubtful	177,072	80,234	732,137	365,716
Loss	22,158,942	21,214,085	23,018,816	22,067,588
	24,835,920	21,878,636	26,194,170	23,005,100
Overseas				
Not past due but impaired**	2,303,587	695,385	5,192,817	1,806,054
Overdue by:				
Upto 90 days	-	-	1,194,694	403,030
91 to 180 days	4,806,911	1,691,359	82,114	31,978
181 to 365 days	4,339,217	2,368,874	3,476,459	1,539,163
> 365 days	75,092,690	69,285,135	59,390,820	55,253,133
	86,542,405	74,040,753	69,336,904	59,033,358
Total	111,378,325	95,919,389	95,531,074	82,038,458

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

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

10.3 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	82,038,458	10,236,536	92,274,994	74,961,336	7,470,576	82,431,912
Exchange adjustments	15,768,733	2,515,182	18,283,915	14,659,246	1,398,030	16,057,276
(Reversals) / charge						
Charge for the period / year	360,104	127,708	487,812	2,460,068	388,833	2,848,901
Reversals for the period / year	(2,027,298)	(595,248)	(2,622,546)	(3,714,668)	(2,110,253)	(5,824,921)
	(1,667,194)	(467,540)	(2,134,734)	(1,254,600)	(1,721,420)	(2,976,020)
Amounts charged off - agriculture financing	(11,017)	-	(11,017)	(66,894)	-	(66,894)
Amounts written off	(209,591)	-	(209,591)	(3,171,280)	-	(3,171,280)
Transfers (out) / in - net	-	-	-	(3,089,350)	3,089,350	-
Closing balance	95,919,389	12,284,178	108,203,567	82,038,458	10,236,536	92,274,994

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

10.3.1 General provision represents provision amounting to Rs. 458.053 million (December 31, 2022: Rs. 469.158 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 11,526.125 million (December 31, 2022: Rs. 9,467.378 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate. In addition, bank has created a general charge on agriculture finance portfolio of Rs. 300.000 million (December 31, 2022: Rs. 300.000 million).

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. 17.355 million (December 31, 2022: Rs. 5.359 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. 4,969.802 million (December 31, 2022: Rs. 5,329.058 million) for the overseas branches.

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

11. FIXED ASSETS	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	1,825,350	1,054,194
Property and equipment		71,941,117	70,370,878
Right-of-use assets		8,239,087	7,977,599
		<u>82,005,554</u>	<u>79,402,671</u>
11.1 Capital work-in-progress			
Civil works		1,010,608	856,514
Equipment		814,742	197,680
		<u>1,825,350</u>	<u>1,054,194</u>
11.2 Additions to fixed assets			
		(Un-audited)	
		January -	January -
		June 2023	June 2022
		----- (Rupees in '000) -----	
Capital work-in-progress - net additions		771,156	239,777
Property and equipments			
Building on leasehold land		15,269	-
Leasehold improvements		787,367	84,055
Furniture and fixtures		133,138	50,476
Electrical, office and computer equipment		1,164,143	385,672
Vehicles		168,910	9,457
		2,268,827	529,660
Right-of-use assets		1,531,635	638,822
Total		<u>4,571,618</u>	<u>1,408,259</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

11.3 Disposals of fixed assets	(Un-audited)	
	January - June 2023	January - June 2022
	----- (Rupees in '000) -----	
The net book value of fixed assets disposed off during the period is as follows:		
Building on leasehold land	54,824	32,500
Leasehold land	1,444,780	-
Leasehold Improvement	1,455	-
Furniture and fixtures	719	220
Electrical, office and computer equipment	1,669	1,353
Vehicles	15,365	-
	1,518,812	34,073
Derecognition of right-of-use assets	175,253	94,872
Total	1,694,065	128,945

12. INTANGIBLE ASSETS	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	----- (Rupees in '000) -----			
Capital work-in-progress - Computer software	495,158	384,706		
Intangible assets - Computer software	2,089,987	2,133,427		
	2,585,145	2,518,133		

12.1 Additions to intangible assets	(Un-audited)	
	January - June 2023	January - June 2022
	----- (Rupees in '000) -----	
The following additions have been made to intangible assets during the period:		
Capital work-in-progress - net additions	110,452	238,489
Directly purchased - intangible assets	410,052	66,219
	520,504	304,708

13. DEFERRED TAX ASSETS	(Un-audited)		(Audited)	
	June 30, 2023		December 31, 2022	
	----- (Rupees in '000) -----			

Deductible temporary differences on		
Provision against advances, off-balance sheet obligations	2,995,457	2,628,666
Deficit on revaluation of investments	28,101,989	15,600,599
Post-retirement employee benefits	164,618	58,867
Workers' Welfare Fund	3,967,255	3,036,553
Others	(164,738)	(40,822)
	35,064,581	21,283,863
Taxable temporary differences on		
Surplus on revaluation of fixed assets / non-banking assets	(3,362,314)	(2,998,994)
Accelerated tax depreciation	(529,932)	(869,279)
Share of profit from associates	(714,467)	(664,231)
Others	-	(238)
	(4,606,713)	(4,532,742)
	30,457,868	16,751,121

14. DISCONTINUED OPERATION

UBL Bank (Tanzania) Limited (UBTL), a wholly owned subsidiary of United Bank Limited has been wound up in August 2022. The Banking operations of the subsidiary ceased on November 01, 2019 as UBTL sold materially all of its assets and liabilities held as at October 31, 2019 to EXIM Bank Tanzania Limited (Exim), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The official liquidator was appointed by Board of Directors of UBTL on December 15, 2021 and after compliance of all local laws and regulations, net proceeds has been realized. The liquidator had filed deregistration with the Registrar of the Companies on August 12, 2022 and the UBTL name has been strike off from the companies register on January 23, 2023.

UBL Switzerland AG, a wholly owned subsidiary of United Bank Limited has been wound up in December 2022. Final shareholder meeting, held on December 22, 2022, unanimously approved liquidator financial statements and accordingly liquidation proceeds has been realized.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

14.1 Discontinued operation

	(Un-audited)	
	January - June 2023	January - June 2022
	----- (Rupees in '000) -----	
Mark-up / return / interest earned	-	-
Mark-up / return / interest expensed	-	-
Net mark-up / interest income	-	-
Non mark-up / interest income		
Fee, commission and brokerage income	-	-
Foreign exchange income	-	160
Income from derivatives	-	-
Other income	-	-
Total non mark-up / interest income	-	160
Total income	-	160
Non mark-up / interest expenses		
Operating expenses	-	(45,628)
Total non mark-up / interest expenses	-	(45,628)
Provisions and write-offs - net	-	-
Profit / (loss) before taxation	-	45,788
Taxation	-	-
Profit / (loss) after taxation	-	45,788

15. OTHER ASSETS

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency	69,552,763	48,134,779
Income / mark-up accrued in foreign currencies	15.1 4,321,833	3,464,280
Advance taxation - net of provision for taxation	22.1 -	2,313,341
Receivable from staff retirement fund	2,776,040	2,517,968
Receivable from other banks against telegraphic transfers and demand drafts	50,647	2,960,752
Unrealised gain on forward foreign exchange contracts	1,705,092	3,437,641
Rebate receivable - net	3,259,067	2,030,996
Unrealised gain on derivative financial instruments	11,174	273,060
Suspense accounts	533,973	84,755
Stationery and stamps on hand	427,751	418,454
Non-banking assets acquired in satisfaction of claims	39,294	40,800
Advances, deposits, advance rent and other prepayments	3,604,944	2,990,369
Dividend receivable	56,660	-
Commission receivable - Branchless Banking	613,147	561,390
Commission receivable - Bancassurance	85,667	208,047
Receivable against fraud & forgery and looted notes	539,783	632,418
Acceptances	20,227,151	16,502,130
Others	1,418,114	1,683,018
Provision held against other assets	109,223,100	88,254,198
Other assets - net of provision	15.2 (1,215,281)	(1,244,972)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	108,007,819	87,009,226
Others	-	-
Other assets - total	108,007,819	87,009,226

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

15.1 Unrealised mark-up held in suspense amounting to Rs. 37,171.165 million (December 31, 2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
15.2 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	54,108	54,834
Fraud & forgery and looted notes	539,783	632,418
Others	621,390	557,720
	<u>1,215,281</u>	<u>1,244,972</u>
15.2.1 Movement of provision held against other assets		
Opening balance	1,244,972	1,163,055
Exchange adjustments	89,812	74,408
Charge / (reversals)		
Charge for the period / year	36,973	165,347
Reversals for the period / year	(53,037)	(154,074)
	(16,064)	11,273
Transfers out - net	-	(348)
Amounts written off	(103,439)	(3,416)
Closing balance	<u>1,215,281</u>	<u>1,244,972</u>

16. CONTINGENT ASSETS

There were no contingent assets as at June 30, 2023 (December 31, 2022: Nil).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
17. BILLS PAYABLE		
In Pakistan	23,387,029	30,473,754
Outside Pakistan	1,595,115	6,008,958
	<u>24,982,144</u>	<u>36,482,712</u>
18. BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	39,370,142	41,707,841
Refinance facility for modernisation of SME	615,418	543,586
Long term financing facility	15,769,910	17,390,998
Refinance scheme for payment of wages and salaries	-	427,410
Renewable energy scheme	908,594	767,091
Temporary economic refinance facility	17,538,949	17,072,471
Refinance facility for combating COVID-19	416,998	431,902
Repurchase agreement borrowings	493,967,122	419,211,752
Financing facility for storage of agriculture products	41,250	48,125
Refinance for women entrepreneurs	57,007	26,624
Mudarbaha base open market operations (OMO)	-	19,436,837
	568,685,390	517,064,637
Repurchase agreement borrowings	13,023,590	6,792,865
Borrowing from commercial banks by subsidiary	1,735,754	1,705,598
	<u>583,444,734</u>	<u>525,563,100</u>
Unsecured		
Call borrowings	50,170,000	39,830,000
Overdrawn nostro accounts	341,862	841,120
	<u>50,511,862</u>	<u>40,671,120</u>
	<u>633,956,596</u>	<u>566,234,220</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

19. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- (Rupees in '000) -----						
Customers						
Current accounts - remunerative	5,035,173	18,533,738	23,568,911	4,104,403	15,066,606	19,171,009
Current accounts - non-remunerative	786,575,213	234,162,957	1,020,738,170	664,860,887	183,804,667	848,665,554
Saving deposits	639,846,785	86,333,390	726,180,175	580,708,939	83,552,037	664,260,976
Term deposits	138,937,306	327,854,546	466,791,852	162,072,945	274,074,375	436,147,320
Sundry deposits	10,361,059	1,816,688	12,177,747	4,437,495	2,291,409	6,728,904
Margin deposits	8,153,434	6,008,584	14,162,018	7,191,728	4,020,699	11,212,427
	1,588,908,970	674,709,903	2,263,618,873	1,423,376,397	562,809,793	1,986,186,190
Financial Institutions						
Current deposits	18,812,919	5,732,660	24,545,579	18,360,396	8,307,423	26,667,819
Saving deposits	117,459,397	8,363,290	125,822,687	16,002,797	86,058	16,088,855
Term deposits	4,953,900	6,250,004	11,203,904	1,765,668	3,848,902	5,614,570
	141,226,216	20,345,954	161,572,170	36,128,861	12,242,383	48,371,244
	1,730,135,186	695,055,857	2,425,191,043	1,459,505,258	575,052,176	2,034,557,434

19.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,298,476.354 million (December 31, 2022: Rs 1,174,510.768 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding	Minimum lease payments	Finance charges for future periods	Principal Outstanding
----- (Rupees in '000) -----						
Not later than one year	7,773	186	7,587	5,900	289	5,611
Later than one year and not later than five years	1,958	10	1,948	5,829	99	5,730
	9,731	196	9,535	11,729	388	11,341

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:

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
22. OTHER LIABILITIES	Note		
Mark-up / return / interest payable in local currency		30,001,388	39,687,924
Mark-up / return / interest payable in foreign currencies		1,127,416	1,095,809
Accrued expenses		5,608,300	5,865,502
Branch adjustment account		27,246	556,451
Deferred income		1,171,941	1,046,001
Current taxation (provisions less payments)	22.1	1,297,240	-
Unearned commission and income on bills discounted		927,618	810,809
Provision against off-balance sheet obligations	22.2	1,157,906	896,567
Unrealised loss on forward foreign exchange contracts		1,212,198	667,154
Unrealised loss on derivative financial instruments		129,692	1,357
Provision for post-retirement medical benefits		2,659,249	2,628,679
Payable to staff retirement fund		57,102	45,473
Provision for compensated absences		836,403	899,797
Deferred liabilities		1,069,206	967,918
Workers' Welfare Fund payable		7,982,719	6,939,099
Liabilities against ATM settlements		1,610,868	414,697
Insurance payable against consumer assets		270,699	380,743
Dividend payable		293,908	8,226,111
Unclaimed dividends		325,799	321,619
Acceptances	15	20,227,151	16,502,130
Charity fund balance		13,861	6,922
Lease liability against right-of-use assets		9,907,593	9,603,581
Levies and taxes payable		7,754,823	2,659,824
Others		1,739,566	1,703,656
		<u>97,409,892</u>	<u>101,927,823</u>

22.1 The Income Tax returns of the Bank have been filed upto the tax year 2022 (accounting year ended December 31, 2021) 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 2022, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.15,358 million (2022: Rs.14,695 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 2022 (accounting year ended December 31, 2021) 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 (2022: 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 Qatar and UAE branches have been filed upto the year ended December 31, 2022 and for Yemen branches 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 UK have been filed upto the accounting year ended December 31, 2021, under the provisions of the laws prevailing in UK and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, tax clearance has been issued for UBL UK till the accounting year 2019.

The tax returns of UBL FM have been filed upto the tax year 2022 (accounting year ended December 31, 2021) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

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

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	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
22.2 Provision against off-balance sheet obligations		
Opening balance	896,567	742,953
Exchange adjustments	224,938	189,127
Charge / (reversals)		
Charge for the period / year	36,401	5,405
Reversals for the period / year	-	(40,918)
	36,401	(35,513)
Closing balance	<u>1,157,906</u>	<u>896,567</u>

23. SURPLUS ON REVALUATION OF ASSETS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Attributable to			Attributable to		
	Equity Holders	Non- Controlling interest	Total	Equity Holders	Non- Controlling interest	Total
Note	----- (Rupees in '000) -----					

Surplus / (deficit) arising on revaluation of:

- Available for sale securities	9.1	(59,539,794)	(1,790,834)	(61,330,628)	(38,373,567)	(1,712,539)	(40,086,106)
- Fixed assets		44,414,532	3,690,153	48,104,685	44,864,024	2,767,928	47,631,952
		(15,125,262)	1,899,319	(13,225,943)	6,490,457	1,055,389	7,545,846

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

- Available for sale securities	(28,101,989)	-	(28,101,989)	(15,600,599)	-	(15,600,599)
- Fixed assets	2,591,961	770,353	3,362,314	2,421,287	577,707	2,998,994
	(25,510,028)	770,353	(24,739,675)	(13,179,312)	577,707	(12,601,605)
- Assets of associates	(17,702)	-	(17,702)	(15,472)	-	(15,472)
	<u>10,367,064</u>	<u>1,128,966</u>	<u>11,496,030</u>	<u>19,654,297</u>	<u>477,682</u>	<u>20,131,979</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	

24. CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	280,448,224	220,622,007
Commitments	24.2	1,228,623,634	1,155,417,950
Other contingent liabilities	24.3	14,198,067	14,822,814
		<u>1,523,269,925</u>	<u>1,390,862,771</u>

24.1 Guarantees

Financial guarantees		114,330,364	84,241,944
Performance guarantees		157,935,080	129,275,378
Other guarantees		8,182,780	7,104,685
		<u>280,448,224</u>	<u>220,622,007</u>

24.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		241,009,162	212,235,272

Commitments in respect of:

- forward foreign exchange contracts	24.2.2	778,203,221	743,037,351
- forward Government securities transactions	24.2.3	27,853,700	42,757,100
- derivatives	24.2.4	908,488	3,514,247
- forward lending	24.2.5	177,584,226	151,277,777
- operating leases	24.2.6	75,477	114,022
		<u>984,625,112</u>	<u>940,700,497</u>

Commitments for acquisition of:

- fixed assets		2,652,774	1,544,753
- intangible assets		336,586	937,428
		<u>2,989,360</u>	<u>2,482,181</u>

Others commitments

	-	-
	<u>1,228,623,634</u>	<u>1,155,417,950</u>

24.2.1 Commitments to extend credit

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

24.2.2 Commitments in respect of forward foreign exchange contracts

Purchase	404,204,095	399,105,905
Sale	373,999,126	343,931,446
	<u>778,203,221</u>	<u>743,037,351</u>

24.2.3 Commitments in respect of forward Government securities transactions

Purchase	27,353,700	41,457,100
Sale	500,000	1,300,000
	<u>27,853,700</u>	<u>42,757,100</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	

24.2.4 Commitments in respect of derivatives

Interest Rate Swaps

Purchase	-	1,466,108
Sale	-	1,475,797
	-	2,941,905

FX options

Purchase	454,244	286,171
Sale	454,244	286,171
	908,488	572,342

24.2.5 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	99,061,857	94,438,118
Others		78,522,369	56,839,659
		177,584,226	151,277,777

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) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

24.2.6 Commitments in respect of operating leases

Not later than one year	64,189	105,966
Later than one year and not later than five years	9,103	6,144
Later than five years	2,185	1,912
	75,477	114,022

24.3 Other contingent liabilities

24.3.1 Claims against the Group not acknowledged as debts	10,108,764	10,733,511
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These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security).

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

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

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

24.4 For contingencies relating to taxation, refer note 22.1.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

		June 30, 2023 (Un-audited)									
		FX options		Interest Rate Swaps		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	Notional principal	Mark to Market Loss
----- (Rupees in 000) -----											
Hedging	454,244	-	-	-	-	-	-	-	-	454,244	-
Market making	454,244	-	-	-	-	27,353,700	(129,692)	500,000	11,174	28,307,944	(118,518)
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,353,700</u>	<u>(129,692)</u>	<u>500,000</u>	<u>11,174</u>	<u>28,762,188</u>	<u>(118,518)</u>
		December 31, 2022 (Audited)									
		FX options		Interest Rate Swaps		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 Loss	Notional principal	Mark to Market Gain
----- (Rupees in 000) -----											
Hedging	286,171	-	2,941,905	250,160	-	-	-	-	-	3,228,076	250,160
Market making	286,171	-	-	-	41,457,100	21,927	1,300,000	(384)	43,043,271	21,543	
	<u>572,342</u>	<u>-</u>	<u>2,941,905</u>	<u>250,160</u>	<u>41,457,100</u>	<u>21,927</u>	<u>1,300,000</u>	<u>(384)</u>	<u>46,271,347</u>	<u>271,703</u>	

26. MARK-UP / RETURN / INTEREST EARNED

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

On:	January - June 2023	January - June 2022
Loans and advances	62,965,975	31,496,294
Investments	124,429,694	70,919,385
Lendings to financial institutions	5,926,147	2,971,180
Balances with banks	2,498,480	460,727
	<u>195,820,296</u>	<u>105,847,586</u>

27. MARK-UP / RETURN / INTEREST EXPENSED

On:	January - June 2023	January - June 2022
Deposits	73,144,202	41,083,106
Borrowings	47,541,104	14,842,097
Subordinated debt	1,019,227	649,156
Cost of foreign currency swaps against foreign currency deposits / borrowings	1,197,166	1,774,750
Lease liability against right-of-use assets	583,838	507,989
	<u>123,485,537</u>	<u>58,857,098</u>

28. FEE AND COMMISSION INCOME

Branch banking customer fee	1,296,415	1,212,674
Consumer finance related fee	769,168	650,330
Card related fees (debit and credit cards)	1,552,928	1,510,972
Investment banking fees	200,726	193,651
Financial Institution rebate / commission	293,507	269,535
Corporate service charges / facility fee	574,145	426,991
Commission on trade	1,066,046	445,028
Commission on guarantees	376,923	336,245
Commission on cash management	618,697	515,258
Commission on remittances including home remittances - net	1,508,092	1,237,303
Commission on bancassurance	520,310	822,360
Management fee	700,044	446,212
Rent on lockers	113,026	98,940
Others	130,070	206,890
	<u>9,720,097</u>	<u>8,372,389</u>

29. (LOSS) / GAIN ON SECURITIES - NET

Realised	29.1	(4,911,708)	608,688
Unrealised - held for trading		(7,008)	39,260
		<u>(4,918,716)</u>	<u>647,948</u>

29.1 Realised (loss) / gain on:

Federal Government securities		(300,100)	454,177
Shares		447,364	12,990
Foreign securities	29.2	(5,005,914)	141,521
Other securities		(53,058)	-
		<u>(4,911,708)</u>	<u>608,688</u>

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

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29.2 This includes realised loss on foreign currency sovereign bonds, against which ECL provision under IFRS 9 amounting to Rs. 3,423.807 million was held and reversed on disposal (refer note 9.2.1) resulting in a net loss of Rs. 1,594.946 million in the profit and loss account.

	(Un-audited)	
	January - June 2023	January - June 2022
	----- (Rupees in '000) -----	
30. OTHER INCOME		
Charges recovered	204,785	203,912
Rent on properties	73,317	30,214
Gain on sale of fixed assets - net	307,228	42,616
Loss on sale of Ijarah assets - net	(671)	(1,718)
Gain on trading liabilities - net	2,712	203,887
	<u>587,371</u>	<u>478,911</u>
31. OPERATING EXPENSES		
Total compensation expense	13,049,634	10,468,565
Property expense		
Rent and taxes	838,559	577,801
Insurance	141,046	134,016
Utilities cost	1,103,437	945,781
Security (including guards)	735,060	599,233
Repair and maintenance (including janitorial charges)	215,538	167,921
Depreciation on owned fixed assets	618,555	627,433
Depreciation on right-of-use assets	1,109,997	1,008,142
Depreciation on non-banking assets acquired in satisfaction of claims	1,506	33,425
Others	43,552	29,888
	4,807,250	4,123,640
Information technology expenses		
Software maintenance	1,402,861	930,501
Hardware maintenance	594,029	386,585
Depreciation	685,799	475,957
Amortisation	509,307	418,980
Network charges	534,135	363,241
Consultancy charges	112,924	124,551
	3,839,055	2,699,815
Other operating expenses		
Legal and professional charges	853,612	714,864
Outsourced service costs	948,588	757,207
Commission paid to branchless banking agents	181,513	180,866
Commission paid to sales force	847,508	747,210
Travelling and conveyance	130,567	99,998
Clearing charges	142,651	104,474
Depreciation others	776,093	675,760
Depreciation on Islamic financing against leased assets	70,047	77,662
Training and development	64,059	43,762
Postage and courier charges	161,357	223,723
Communication	163,531	200,680
Stationery and printing	645,501	444,339
Marketing, advertisement and publicity	453,723	528,730
Donations	42,505	10,000
Auditors' remuneration	119,325	82,734
Insurance	76,511	55,758
Deposit protection premium expense	939,609	862,924
Cash transportation and sorting charges	526,837	414,289
Entertainment	124,894	106,436
Banking service charges	2,040,056	1,416,856
Repairs and maintenance	644,459	446,956
Miscellaneous expenses	793,207	503,613
	10,746,153	8,698,841
	<u>32,442,092</u>	<u>25,990,861</u>

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FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	(Un-audited)	
		January - June 2023	January - June 2022
----- (Rupees in '000) -----			
32. OTHER CHARGES			
Penalties imposed by the SBP		3,855	14,592
Penalties imposed by other regulatory bodies of overseas branches		210	1,370
		<u>4,065</u>	<u>15,962</u>
33. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
Provision for diminution in value of investments - net	9.2	1,741,566	3,453,634
Reversal of provision against loans and advances - net	10.3	(2,134,734)	(1,829,964)
Bad debts written-off directly		94,335	18,242
(Reversals) / provision against other assets - net	15.2.1	(16,064)	40,427
Provision / (reversals) of provision against off-balance sheet obligations - net	22.2	36,401	(29,123)
Recovery of written-off / charged-off bad debts		(188,526)	(267,270)
Other provisions / (reversals) and write-offs		56,193	(18,176)
		<u>(410,829)</u>	<u>1,367,770</u>
34. TAXATION			
Current		26,237,449	19,811,244
Prior years		-	3,681,026
Deferred		(1,738,611)	(1,048,158)
		<u>24,498,838</u>	<u>22,444,112</u>

During the period, rate of Super Tax was enhanced to 10% for tax years 2024 and onwards. Accordingly, the impact of this change has been incorporated in these consolidated condensed interim financial statements.

	(Un-audited)	
	January - June 2023	January - June 2022
----- (Rupees in '000) -----		
35. EARNINGS PER SHARE		
Profit after tax attributable to equity shareholders of the Bank	<u>26,943,297</u>	<u>11,958,460</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>1,224,179,687</u>	<u>1,224,179,687</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>22.01</u>	<u>9.77</u>

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2023 and June 30, 2022.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Bloomberg.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP.
Foreign debt securities	The fair value of foreign corporate and foreign government securities is determined using the rates from Bloomberg.
Mutual Fund units	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.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Derivatives	The fair valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

36.2 Fair value of financial assets

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognised or disclosed at fair value in these consolidated condensed interim financial statements.

	June, 2023 (Un-audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
On-balance sheet financial instruments	(Rupees in '000)				
Financial assets measured at fair value					
Investments					
- Federal Government Securities	1,281,515,384	-	1,281,515,384	-	1,281,515,384
- Foreign Bonds - Market Treasury Bills	36,068,809	-	36,068,809	-	36,068,809
- Foreign Bonds - sovereign	69,839,585	-	69,839,585	-	69,839,585
- Foreign Bonds - others	10,277,465	-	10,277,465	-	10,277,465
- Ordinary shares of listed companies	8,898,200	8,898,200	-	-	8,898,200
- Mutual Fund units	-	-	-	-	-
- Non-Government debt securities	5,187,915	-	5,187,915	-	5,187,915
- Real Estate Investment Trust units	644,492	644,492	-	-	644,492
	<u>1,412,431,850</u>	<u>9,542,692</u>	<u>1,402,889,158</u>	<u>-</u>	<u>1,412,431,850</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	368,594,314	-	330,054,808	-	330,054,808
- Foreign Bonds - Market Treasury Bills	8,855,563	-	8,759,406	-	8,759,406
- Foreign Bonds - sovereign	39,217,775	-	37,536,014	-	37,536,014
- Foreign Bonds - others	1,521,197	-	1,389,538	-	1,389,538
- Non-Government debt securities	19,339,169	-	18,618,637	-	18,618,637
	<u>437,528,018</u>	<u>-</u>	<u>396,358,403</u>	<u>-</u>	<u>396,358,403</u>
	<u>1,849,959,868</u>	<u>9,542,692</u>	<u>1,799,247,561</u>	<u>-</u>	<u>1,808,790,253</u>
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts - purchased and sold	778,203,221	-	492,894	-	492,894
FX options - purchased and sold	908,488	-	-	-	-
Interest rate swaps	-	-	-	-	-
Forward Government Securities - purchased and sold	27,853,700	-	(118,518)	-	(118,518)
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,853,700</u>	<u>-</u>	<u>(118,518)</u>	<u>-</u>	<u>(118,518)</u>
	<u>778,203,221</u>	<u>-</u>	<u>492,894</u>	<u>-</u>	<u>492,894</u>
	<u>908,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Carrying value	December 31, 2022 (Audited)			Total	
	Fair value				
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
Foreign exchange contracts - purchased and sold	743,037,351	-	2,770,487	-	2,770,487
Interest Rate Swap - purchased and sold (net)	2,941,905	-	250,160	-	250,160
FX options - purchased and sold	572,342	-	-	-	-
Forward Government Securities - purchased and sold	42,757,100	-	21,543	-	21,543

Off-balance sheet financial instruments - measured at fair value

Foreign exchange contracts - purchased and sold	743,037,351	-	2,770,487	-	2,770,487
Interest Rate Swap - purchased and sold (net)	2,941,905	-	250,160	-	250,160
FX options - purchased and sold	572,342	-	-	-	-
Forward Government Securities - purchased and sold	42,757,100	-	21,543	-	21,543

36.3 Fair value of non-financial assets

Carrying value	June, 2023 (Un-audited)			Total	
	Fair value				
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
Fixed Assets	61,689,103	-	-	61,689,103	61,689,103
Non-banking assets acquired in satisfaction of claims	39,294	-	-	39,294	39,294
	61,728,397	-	-	61,728,397	61,728,397

Fixed Assets	61,689,103	-	-	61,689,103	61,689,103
Non-banking assets acquired in satisfaction of claims	39,294	-	-	39,294	39,294
	61,728,397	-	-	61,728,397	61,728,397

Carrying value	December 31, 2022 (Audited)			Total	
	Fair value				
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
Fixed Assets	60,303,124	-	-	60,303,124	60,303,124
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800	40,800
	60,343,924	-	-	60,343,924	60,343,924

Fixed Assets	60,303,124	-	-	60,303,124	60,303,124
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800	40,800
	60,343,924	-	-	60,343,924	60,343,924

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.

37. SEGMENT INFORMATION

37.1 Segment details with respect to business activities

	For the six months ended June 30, 2023 (Un-audited)							Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	
----- (Rupees in '000) -----								
Profit and Loss								
Net mark-up / return / profit	34,263,536	69,914,971	(51,824,094)	8,260,309	9,130,643	3,473,679	(884,285)	72,334,759
Inter segment (expense) / revenue - net	(32,261,163)	(97,133,518)	121,462,277	-	-	-	7,932,404	-
Non mark-up / return / interest income	3,540,219	5,212,199	5,192,562	307,828	(3,268,558)	1,256,598	524,280	12,765,128
Total income	5,542,592	(22,006,348)	74,830,745	8,568,137	5,862,085	4,730,277	7,572,399	85,099,887
Segment direct expenses	983,092	282,825	19,347,715	1,587,636	4,044,604	2,545,598	4,698,307	33,489,777
Inter segment expense allocation	188,387	51,231	4,311,186	-	296,385	-	(4,847,189)	-
Total expenses	1,171,479	334,056	23,658,901	1,587,636	4,340,989	2,545,598	(148,882)	33,489,777
Provision (charge) / reversal - net	948,311	(814,548)	278,163	(10,014)	24,053	(52,340)	37,204	410,829
Profit / (loss) before taxation from continuing operations	5,319,424	(23,154,952)	51,450,007	6,970,487	1,545,149	2,132,339	7,758,485	52,020,939

	For the six months ended June 30, 2022 (Un-audited)							Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	
----- (Rupees in '000) -----								
Profit and Loss								
Net mark-up / return / profit	17,893,091	49,211,879	(30,249,462)	4,322,153	4,498,647	1,884,937	(570,757)	46,990,488
Inter segment (expense) / revenue - net	(16,698,159)	(56,318,241)	68,178,889	-	-	-	4,837,511	-
Non mark-up / return / interest income	2,461,604	4,408,339	5,475,575	201,002	1,343,415	985,098	811,044	15,686,077
Total income	3,656,536	(2,698,023)	43,405,002	4,523,155	5,842,062	2,870,035	5,077,798	62,676,565
Segment direct expenses	662,487	130,684	15,653,023	1,284,281	2,793,455	1,906,514	4,280,982	26,711,426
Inter segment expense allocation	185,524	42,765	3,565,021	-	205,428	-	(3,998,738)	-
Total expenses	848,011	173,449	19,218,044	1,284,281	2,998,883	1,906,514	282,244	26,711,426
Provision (charge) / reversal - net	774,830	(792,929)	408,378	(22,692)	(1,150,825)	(602,010)	17,478	(1,367,770)
Profit before taxation from continuing operations	3,583,355	(3,664,401)	24,595,336	3,216,182	1,692,354	361,511	4,813,032	34,597,369

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**
FOR THE SIX MONTHS ENDED JUNE 30, 2023

As at June 30, 2023 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
----- (Rupees in '000) -----								
Balance Sheet								
Cash and bank balances	8,020	99,988,542	94,436,488	28,685,693	98,780,816	6,840,788	-	328,740,347
Investments	12,154,566	1,404,261,973	-	228,668,675	159,268,101	42,322,449	10,402,065	1,857,077,829
Net inter segment lending	-	-	1,425,529,943	-	-	-	157,853,315	1,583,383,258
Lendings to financial institutions	-	113,437,780	-	-	-	2,913,458	-	116,351,238
Advances - performing	413,869,522	11,365	48,369,877	76,481,521	118,982,540	239,319,870	3,218,445	900,253,140
Advances - non-performing net	2,274,243	5,693	595,261	74,465	10,968,025	1,533,627	7,622	15,458,936
Others	20,514,733	69,450,242	38,967,138	6,477,732	17,152,388	11,762,498	58,731,655	223,056,386
Total assets	448,821,084	1,687,155,595	1,607,898,707	340,388,086	405,151,870	304,692,690	230,213,102	5,024,321,134
Borrowings	61,172,161	500,364,273	3,998,516	59,717,591	-	8,704,055	-	633,956,596
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	108,874,188	804,410	1,477,768,314	248,426,879	326,856,801	261,478,040	982,411	2,425,191,043
Net inter segment borrowing	267,205,707	1,216,394,068	-	-	99,783,483	-	-	1,583,383,258
Others	5,193,759	7,698,492	72,188,985	10,779,762	6,986,679	2,089,408	17,464,486	122,401,571
Total liabilities	442,445,815	1,725,261,243	1,553,955,815	318,924,232	433,626,963	272,271,503	28,446,897	4,774,932,468
Equity	6,375,269	(38,105,648)	53,942,892	21,463,854	(28,475,093)	32,421,187	201,766,205	249,388,666
Total equity and liabilities	448,821,084	1,687,155,595	1,607,898,707	340,388,086	405,151,870	304,692,690	230,213,102	5,024,321,134
Contingencies and Commitments	621,516,884	239,456,715	33,244,295	3,962,587	577,618,677	47,143,058	327,709	1,523,269,925

As at December 31, 2022 (Audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
----- (Rupees in '000) -----								
Balance Sheet								
Cash and bank balances	9,822	67,084,130	18,506,973	7,841,130	64,491,640	1,787,596	-	159,721,291
Investments	11,095,886	1,152,692,777	-	124,800,008	113,900,331	37,073,369	11,377,382	1,450,939,753
Net inter segment lending	-	-	1,377,293,672	-	-	-	139,390,783	1,516,684,455
Lendings to financial institutions	-	85,296,480	-	-	-	546,241	-	85,842,721
Advances - performing	600,765,401	14,337	51,511,037	102,195,674	152,526,997	172,446,497	3,268,329	1,082,728,272
Advances - non-performing net	2,615,887	10,927	496,965	37,613	8,366,249	1,937,296	27,679	13,492,616
Others	35,253,171	40,059,276	19,796,931	5,526,837	15,493,963	9,031,238	60,519,735	185,681,151
Total assets	649,740,167	1,345,157,927	1,467,605,578	240,401,262	354,779,180	222,822,237	214,583,908	4,495,090,259
Borrowings	63,395,001	420,042,838	5,195,348	69,092,536	6,792,865	1,715,632	-	566,234,220
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	59,231,055	3,359,197	1,331,491,355	151,693,394	291,357,894	196,261,388	1,163,151	2,034,557,434
Net inter segment borrowing	492,593,529	944,787,486	-	-	79,303,440	-	-	1,516,684,455
Others	23,313,085	2,485,234	70,453,015	7,203,929	9,887,892	1,775,399	23,303,322	138,421,876
Total liabilities	638,532,670	1,370,674,755	1,407,139,718	227,989,859	387,342,091	199,752,419	34,466,473	4,265,897,985
Equity	11,207,497	(25,516,828)	60,465,860	12,411,403	(32,562,911)	23,069,818	180,117,435	229,192,274
Total equity and liabilities	649,740,167	1,345,157,927	1,467,605,578	240,401,262	354,779,180	222,822,237	214,583,908	4,495,090,259
Contingencies and Commitments	509,367,455	221,290,949	30,493,205	7,626,255	576,647,813	44,499,667	937,427	1,390,862,771

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

38. RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Statement of financial position					
Loanings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	-
Repaid during the period	-	-	-	-	-
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	7,657,008	5,300,368
Investment made during the period	-	-	-	8,267,542	-
Investment disposed off during the period	-	-	-	(7,982,403)	(58,518)
Transfers in	-	-	-	-	314,721
Equity method adjustments	-	-	-	(568,519)	-
Closing balance	-	-	-	7,373,628	5,556,571
Provision for diminution in value of investments	-	-	-	393,801	1,264,758
Provision written off	-	-	-	-	-
Advances					
Opening balance	-	480	372,952	-	17,808,043
Addition during the period	-	536	355,144	-	11,765,944
Repaid during the period	-	(1,016)	(281,730)	-	(9,617,070)
Transfers in / (out) - net	-	-	1,828	-	1,799,877
Closing balance	-	-	448,194	-	21,756,794
Provision held against advances	-	-	-	-	1,274,449
Other Assets					
Income / mark-up accrued	-	-	9,767	-	1,256,343
Receivable from staff retirement funds	-	-	-	-	2,776,040
Prepaid insurance	-	-	-	391,249	-
Dividend receivable	-	-	-	5,002	49,500
Remuneration receivable from management of funds	-	-	-	134,377	-
Sales load receivable	-	-	-	22,109	-
Formation cost receivable	-	-	-	9,282	-
Other receivable	-	-	-	214,613	-
Provision written off	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	206,500
Settled during the period	-	-	-	-	(157,100)
Closing balance	-	-	-	-	49,400
Deposits and other accounts					
Opening balance	14,327	13,924,363	142,761	1,665,575	16,000,091
Received during the period	16,504	26,773,901	384,638	133,101,845	153,466,149
Withdrawn during the period	(16,142)	(36,628,305)	(444,590)	(128,733,609)	(164,823,950)
Transfers in / (out) - net	-	(4,872)	184	-	(189,075)
Closing balance	14,689	4,065,087	82,993	6,033,811	4,453,215
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	-	16,127	-	-	10,316
Dividend payable	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	57,102
Unearned income	-	-	-	-	8,521
Other payable	-	33,330	-	-	-
Contingencies and Commitments					
Letters of credit	-	-	-	-	114,614

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Lendings to financial institutions					
Opening balance	-	-	-	-	2,355,115
Addition during the year	-	-	-	-	3,996,304
Repaid during the year	-	-	-	-	(6,351,419)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	8,436,634	4,654,612
Investment made during the year	-	-	-	44,929,925	645,756
Investment redeemed / disposed off during the year	-	-	-	(44,906,407)	-
Transfers out	-	-	-	-	-
Equity method adjustments	-	-	-	(803,144)	-
Closing balance	-	-	-	7,657,008	5,300,368
Provision for diminution in value of investments	-	-	-	-	952,719
Provision written off	-	-	-	-	-
Advances					
Opening balance	-	645	332,006	-	1,768
Addition during the year	-	488	163,108	-	24,653,259
Repaid during the year	-	(653)	(122,566)	-	(6,846,111)
Transfer in / (out)	-	-	404	-	(873)
Closing balance	-	480	372,952	-	17,808,043
Provision held against advances	-	-	-	-	1,274,449
Other Assets					
Income / mark-up accrued	-	-	-	42,198	711,313
Receivable from staff retirement funds	-	-	-	-	2,517,968
Prepaid insurance	-	-	-	58,739	-
Remuneration receivable from management of funds	-	-	-	112,912	-
Sales load receivable	-	-	-	13,780	-
Formation cost receivable	-	-	-	9,282	-
Receivable against redemption of units of mutual funds	-	-	-	249,057	-
Provision written off	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	1,769,000
Settled during the year	-	-	-	-	(1,769,000)
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	18,601	7,769,284	72,204	2,209,154	16,151,170
Received during the year	19,125	42,580,952	924,965	145,487,253	264,099,764
Withdrawn during the year	(23,399)	(36,425,873)	(869,673)	(146,030,832)	(264,257,733)
Transfers in - net	-	-	15,265	-	6,890
Closing balance	14,327	13,924,363	142,761	1,665,575	16,000,091
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	1,106	26,310	407	14,382	37,353
Dividend Payable	8,212,476	222,289	-	-	57,128
Payable to staff retirement fund	-	-	-	-	37,824
Unearned income	-	-	-	-	29,608
Other payable	-	5,100	-	5,982	-
Contingencies and Commitments					
Forward Government securities sale	-	-	-	-	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	For the six months ended June 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	10,461	61,178	1,672,722
Commission / charges recovered	-	36	576	9,343	9,522
Dividend income	-	-	-	145,978	388,827
Net gain on sale of securities	-	-	-	3,407	-
Other income	-	-	-	-	27,478
Gain on sale of fixed assets	-	-	5,759	354	-
Remuneration from management of fund	-	-	-	692,442	-
Sales load	-	-	-	15,745	-
Reversal of provision	-	-	-	-	24,421
Switch revenue	-	-	-	-	165,707
Expenses					
Mark-up / return / interest paid	2,287	232,130	4,626	128,531	254,275
Remuneration paid	-	-	1,049,094	-	-
Post employment benefits	-	-	-	-	-
Directors' fees and allowances	-	43,670	-	-	-
Net charge for defined contribution plans	-	-	33,470	-	109,831
Net charge for defined benefit plans	-	-	-	-	238,642
Provision - net	-	-	-	-	215,453
Other expenses	-	-	44,461	-	45,743
Clearing charges	-	-	-	-	87,317
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-
Other information					
Dividend paid	27,796,071	767,964	8,914	50,575	1,312,245
Insurance premium paid	-	-	1,749	638,959	-
Insurance claims settled	-	-	-	300,643	-

	For the six months ended June 30, 2022 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	8,784	12,694	53,273
Commission / charges recovered	-	34	743	14,105	10,467
Dividend received	-	-	-	100,163	176,000
Net gain on sale of securities	-	-	-	45,314	-
Other income	-	-	-	-	11,705
Gain on sale of fixed assets	-	-	715	836	-
Remuneration from management of fund	-	-	-	494,946	-
Sales load	-	-	-	18,147	-
Reversal of provision	-	-	-	-	-
Switch revenue	-	-	-	-	125,644
Expenses					
Mark-up / return / interest paid	825	202,189	1,537	150,039	482,506
Remuneration paid	-	-	873,951	-	-
Post employment benefits	-	-	5,054	-	-
Directors' fees and allowances	-	47,100	-	-	-
Net charge for defined contribution plans	-	-	19,443	-	244,772
Net charge for defined benefit plans	-	-	-	-	301,972
Other expenses	-	-	-	-	135,222
Clearing charges	-	-	-	-	73,622
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	3,589
Custody charges	-	-	-	-	-
Seminar and membership fees	-	-	-	-	-
Other information					
Dividend paid	6,127,770	158,268	3,838	64,277	1,128,183
Insurance premium paid	-	-	-	526,547	-
Insurance claims settled	-	-	-	219,192	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	148,110,840	150,929,551
Eligible Additional Tier 1 (ADT 1) Capital	9,419,293	10,095,479
Total Eligible Tier 1 Capital	157,530,133	161,025,030
Eligible Tier 2 Capital	50,033,287	52,663,742
Total Eligible Capital (Tier 1 + Tier 2)	207,563,420	213,688,772
Risk Weighted Assets (RWAs):		
Credit Risk	1,054,329,920	913,752,463
Market Risk	137,946,671	103,805,093
Operational Risk	209,271,004	209,271,004
Total	1,401,547,595	1,226,828,560
Common Equity Tier 1 Capital Adequacy Ratio	10.57%	12.30%
Tier 1 Capital Adequacy Ratio	11.24%	13.13%
Total Capital Adequacy Ratio	14.81%	17.42%

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 six ended June 30, 2023 stood at Rs.12,241.797 million (December 31, 2022: 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 assets 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 June 30, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 14.81% whereas CET 1 and Tier 1 ratios stood at 10.57% and 11.24% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL has been designated as a D-SIB under letter BSD-3/Bank/UBL/394468/2022 dated December 20, 2022. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 0.5%, 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.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	157,530,133	161,025,030
Total Exposures	4,493,656,312	3,937,237,802
Leverage Ratio	3.51%	4.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	984,752,833	1,014,739,744
Total Net Cash Outflow	381,734,519	316,508,188
Liquidity Coverage Ratio	257.97%	320.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,521,178,334	2,194,772,092
Total Required Stable Funding	1,341,726,407	1,355,300,059
Net Stable Funding Ratio	187.91%	161.94%

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

40. ISLAMIC BANKING BUSINESS

The Bank operates 151 (December 31, 2022: 150) Islamic Banking branches and 501 (December 31, 2022: 219) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		22,783,464	7,103,365
Balances with other banks		5,902,229	737,765
Due from financial institutions		-	-
Investments	40.1	228,668,675	124,800,008
Islamic financing and related assets - net	40.2	76,555,986	102,233,287
Fixed assets		1,587,415	1,431,431
Intangible assets		-	-
Due from Head Office		-	3,873,536
Other assets		4,890,317	4,095,406
		<u>340,388,086</u>	<u>244,274,798</u>
LIABILITIES			
Bills payable		2,138,855	2,874,226
Due to financial institutions		59,717,591	69,092,536
Deposits and other accounts	40.3	248,426,879	151,693,394
Other liabilities		8,640,907	4,329,703
		<u>318,924,232</u>	<u>227,989,859</u>
NET ASSETS			
		<u>21,463,854</u>	<u>16,284,939</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(2,712,404)	(920,832)
Unappropriated profit	40.4	21,995,258	15,024,771
		<u>21,463,854</u>	<u>16,284,939</u>
CONTINGENCIES AND COMMITMENTS			
	40.5		
PROFIT AND LOSS ACCOUNT			
		(Un-audited)	
		January -	January -
		June 2023	June 2022
----- (Rupees in '000) -----			
Profit / return earned	40.6	16,993,630	8,057,396
Profit / return expensed	40.7	8,733,321	3,735,243
Net profit / return		<u>8,260,309</u>	<u>4,322,153</u>
Other income			
Fee and commission income		155,601	172,024
Foreign exchange income		117,162	12,253
Loss on securities - net		-	-
Other Income		35,065	16,725
Total other income		<u>307,828</u>	<u>201,002</u>
Total income		<u>8,568,137</u>	<u>4,523,155</u>
Other operating expenses		1,587,636	1,284,281
Profit before provisions		<u>6,980,501</u>	<u>3,238,874</u>
Provisions and write-offs - net		10,014	22,692
Profit before taxation		<u>6,970,487</u>	<u>3,216,182</u>
Taxation		3,415,539	1,382,958
Profit after taxation		<u>3,554,948</u>	<u>1,833,224</u>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

40.1 Investments by segments

	As at June 30, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
- Ijarah Sukuks	214,660,762	-	(2,712,404)	211,948,358	112,516,387	-	(920,832)	111,595,555
- Islamic Naya Pakistan Certificate	7,611,951	-	-	7,611,951	4,806,162	-	-	4,806,162
	222,272,713	-	(2,712,404)	219,560,309	117,322,549	-	(920,832)	116,401,717
Non Government Debt Securities								
-Listed	450,446	-	-	450,446	524,554	-	-	524,554
-Unlisted	8,657,920	-	-	8,657,920	7,873,737	-	-	7,873,737
	9,108,366	-	-	9,108,366	8,398,291	-	-	8,398,291
Total Investments	231,381,079	-	(2,712,404)	228,668,675	125,720,840	-	(920,832)	124,800,008

(Un-audited)	(Audited)
June 30, 2023	December 31, 2022
----- (Rupees in '000) -----	

40.2 Islamic financing and related assets

Ijarah	282,664	283,654
Murabaha	303,133	507,528
Musharakah	27,588,027	55,706,384
Diminishing Musharakah	27,796,120	25,940,267
Mera Pakistan Mera Ghar (MPMG)	5,254,572	5,189,100
Istisna	195,938	54,086
Islamic Export Refinance scheme - Musharakah	5,099,743	5,499,743
Islamic Export Refinance scheme - Istisna	525,443	553,570
Advances against Islamic assets		
Advances against Ijarah	3,616	40,268
Advances for Diminishing Musharakah	1,066,378	1,304,675
Advances for Murabaha	254,714	64,498
Advances against Mera Pakistan Mera Ghar	75,771	279,014
Advances for Istisna	384,428	429,444
Advances against Ameen ITERF	4,005,624	3,953,348
Inventory related to Islamic financing		
Istisna	210,505	193,698
Profit and other receivables against financings	3,700,602	2,442,188
Gross Islamic financing and related assets	76,747,278	102,441,465
Less: Provision against Islamic financing		
- Specific	(95,635)	(99,851)
- General	(95,657)	(108,327)
	(191,292)	(208,178)
Islamic financing and related assets - net of provision	76,555,986	102,233,287

40.3 Deposits and other accounts

Customers

Current deposits	108,180,274	84,267,286
Saving deposits	47,214,517	36,040,108
Term deposits	4,511,855	30,318,011
	159,906,646	150,625,405

Financial Institutions

Current deposits	631,506	160,110
Saving deposits	86,608,727	897,879
Term deposits	1,280,000	10,000
	88,520,233	1,067,989
	248,426,879	151,693,394

40.3.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 128,528.574 million (December 31, 2022: Rs. 76,771.045 million).

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
40.4 Islamic Banking Business Unappropriated Profit		
Opening balance	15,024,771	8,094,948
Profit for the period / year	6,970,487	6,929,823
	<u>21,995,258</u>	<u>15,024,771</u>
Taxation	(3,415,539)	(3,665,876)
Closing balance	<u>18,579,719</u>	<u>11,358,895</u>
40.5 Contingencies and commitments		
- Guarantees	22,074	22,074
- Commitments	3,940,513	7,604,181
	<u>3,962,587</u>	<u>7,626,255</u>
	(Un-audited)	
	January - June 2023	January - June 2022
	----- (Rupees in '000) -----	
40.6 Profit / Return earned		
On:		
Financing	6,407,993	3,098,330
Investments	10,289,249	4,659,080
Placements	185,396	181,334
Rental Income from Ijarah	110,992	118,652
	<u>16,993,630</u>	<u>8,057,396</u>
40.7 Profit / Return expensed		
On:		
Deposits and other accounts	6,601,511	3,587,650
Due to Financial Institutions	2,069,478	90,264
Others	62,332	57,329
	<u>8,733,321</u>	<u>3,735,243</u>

40.8 Disclosures for profit and loss distribution and pool management

The Bank operates general and special pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Wakalah and Musharakah modes.

Under the General deposits pools, the Bank accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the Corporate Customers, other banks and State Bank of Pakistan for liquidity management and Islamic Export Refinance to the Bank's customers respectively under the Musharakah / Mudarabah / Wakalah modes.

General Pool(s)

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Special Pool(s) - FCY

UBL also manages Foreign Currency (FCY) special pools. The objective of the 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 Rab-ul-Maal 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 period, the Bank has given General Hiba to the depositors in general and specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba are given at the sole discretion of the Bank without any contractual commitment with the depositors.

The Mudarib's share on Deposits for the period ended June 30, 2023 is Rs. 3,955.449 million (45.45% of distributable profit of Mudarabah Pool). of this, an amount of Rs. 1,873.507 million (47.37% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 18.10% per annum and the rate of profit paid on average deposits was 13.75% 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, Amortisation of premium on investment etc.
- No expense of general or administrative nature is charged to the pools.
- No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset.
- The profit of the pool is shared between equity and Rab-ul-Maal of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity.
- The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee.

The Bank managed following pools during the period.

For the six months ended June 30, 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	6	Mudarbaha	Monthly	12.25%	35.00%	222,187	8.68%	16.79%	37,305
Special Pools	71	Mudarbaha	Monthly	18.59%	25.07%	289,029	15.39%	40.08%	115,849
IERS Pools	12	Musharkah	Monthly	17.15%	74.69%	1,010,052	12.36%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	5,095	1.06%	0.00%	-
General Pools	6	Mudarbaha	Monthly	18.78%	49.99%	3,444,233	14.08%	49.92%	1,719,282
Treasury Pools	4	Mudarbaha	Monthly	14.68%	6.29%	21,135	16.25%	5.07%	1,071
Treasury Pools	100	Musharkah	Monthly	18.04%	14.56%	222,805	17.67%	0.00%	-

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

FOR THE SIX MONTHS ENDED JUNE 30, 2023

For the six months ended June 30, 2022 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	6	Mudarbaha	Monthly	10.30%	46.48%	90,809	7.25%	36.33%	32,987
Special Pools	80	Mudarbaha	Monthly	12.43%	12.30%	339,707	11.25%	35.99%	122,253
IERS Pools	12	Musharkah	Monthly	9.65%	89.24%	460,235	2.32%	0.00%	-
FCY Pools	12	Mudarbaha	Monthly	2.13%	50.00%	1,917	1.06%	0.00%	-
General Pools	6	Mudarbaha	Monthly	10.10%	49.99%	931,002	5.67%	12.23%	113,856
Treasury Pools	6	Musharkah	Monthly	10.61%	5.42%	355,968	10.08%	0.00%	0.0001

(Un-audited) (Audited)
June 30, 2023 December 31, 2022
-----Rupees in '000-----

40.9 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	6,260,487	6,337,407
Agriculture	25,293,241	52,739,670
Textile	7,478,046	9,188,530
Financial	6,517,222	1,352,765
Food industries	88,542	106,665
Plastic	294,933	253,444
Individuals	16,351,852	16,789,978
Production and transmission of energy	20,379,785	18,177,556
Government of Pakistan Securities	219,560,308	115,615,288
Others	9,093,766	7,417,935
	<u>311,318,182</u>	<u>227,979,238</u>

41. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past nine years. 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 CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on July 19, 2023 has declared an interim cash dividend in respect of quarter ended June 30, 2023 of Rs. 11.0 per share (June 30, 2022: Rs. 4.0 per share). This is in addition to Rs. 11.0 already paid during the year bringing the total dividend for the six months to Rs. 22.0 per share (June 30, 2022: Rs. 9.0). These consolidated condensed interim financial statements for the six months ended June 30, 2023 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 consolidated condensed interim financial statements for the purposes of better presentation. However, there is no material reclassification to report.

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

44. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on July 19, 2023, by the Board of Directors of the Bank.



Arif Akmal Saifie
Chief Financial Officer



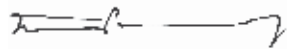
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

کریڈٹ ریٹنگ (Credit Rating)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 27 جون 2023 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی AAA/A-1+ (زیل اے/اے و ن پلس) بینکنگ ریٹنگز کی دوبارہ توثیق کی ہے۔ مزید برآں، یو بی ایل کی ایڈیشنل میٹر-1 TFC (ADT-1) کی بھی بطور AA+ دوبارہ توثیق کی جا چکی ہے۔ تفویض کردہ ریٹنگز پر تو قعات 'مستحکم' ہیں۔

اعزازات و اعترافات (Awards and Recognition)

ایشیائی (Asiamoney)، یورومنی (Euromoney) کی مسلک، نے یو بی ایل کو ایک بار پھر ESG میں پاکستان کا بہترین بینک قرار دیا۔ ایک ذمہ دار کارپوریٹ ادارے کے طور پر یو بی ایل کاروباری اقدامات اور ذمہ دار کارپوریٹ سٹریٹجی کے ذریعے معیشت میں طویل مدتی پائیدار ترقی کو فروغ دینے کے لیے پُر عزم ہے۔ اس کے علاوہ، UBL نے Annual Global Diversity, Equity & Inclusion Benchmarks (GDEIB) 2023 میں تین ایوارڈز حاصل کیے۔ یہ ایوارڈ ان شعبوں میں تھے: ویڈیو، سٹریٹجی اور کاروباری اثر پذیر، قیادت اور احتساب، اور DEI کی ساخت اور نفاذ۔ یہ تنوع، شمولیت اور مساوات کو فروغ دینے اور "لوگوں کے لیے بہترین بینک" بننے کے ہمارے وژن کا نتیجہ ہے۔

مستقبل کی توقعات (Future Outlook)

یو بی ایل تمام شعبوں میں نمایاں موجودگی کے ساتھ پاکستان کے معروف مالیاتی ادارے کے طور پر معیشت کی ترقی میں فعال کردار ادا کرنے کے لیے پُر عزم ہے۔ ہم ملک میں مالی شمولیت کے سفر کو جاری رکھیں گے اور اپنے تمام ٹچ پوائنٹس پر پورے پاکستان میں بینکنگ خدمات فراہم کریں گے۔ براؤنچ بینکنگ ہمارے کاروبار کی بنیاد ہے، اور ہم پورے ملک میں سروس اور عملے کی سطح کو بہتر بناتے ہوئے سرمایہ کاری کر رہے ہیں۔ ہم جدید ٹیکنالوجی کی حامل پراڈکٹس کی لانچ کے ساتھ اپنی ڈیجیٹل سروسز میں آکسٹر ایکسپریس کو نئے معنی دے رہے ہیں۔

کریڈٹ ماحول میں چیلنجوں کے پیش نظر، نئے ہتافوں کی بلنگ سرمایہ کاری کی کارکردگی کے ساتھ مطابقت میں رہے گی۔ بین الاقوامی کاروبار مستحکم منافع فراہم کر رہا ہے، کیونکہ ہم جہاں ضروری ہو وہاں خطرے کو کم کرتے رہتے ہیں اور غیر ملکی منڈیوں میں ترقی کے لیے اپنی جگہ بناتے ہیں۔ بین الاقوامی بہترین طریقوں کے مطابق بینک کے کپلائنس کلچر کو مزید فروغ دینا ہمارا عزم ہے۔ یو بی ایل کا سب سے قیمتی اثاثہ ہمارے لوگ ہیں، اور بینک ان کی خوشحالی اور ترقی میں سرمایہ کاری کے لیے پُر عزم ہے۔ ہم اپنی کسٹمر سروس کی سطحوں، ڈیجیٹل بینکنگ میں ترقی پر توجہ مرکوز رکھے ہوئے ہیں، کیونکہ ہم آنے والے سالوں میں اپنی فریچارجز بنا رہے ہیں۔ ہم ایک موثر سرمائے کی بنیاد کے ساتھ ایکویٹی پر مضبوط منافع فراہم کرنے کے لیے پوری طرح پُر عزم ہیں کیونکہ ایک ادارے کی حیثیت سے مستقبل کے لیے بلند عزائم ہمارے سامنے ہیں۔

اظہار تشکر (Acknowledgment)

آخر میں ہم مسلسل اعتماد اور تعاون پر یو بی ایل کے شیئرز ہولڈرز اور کسٹمرز سے پورڈ آف ڈائریکٹرز کی جانب سے پُر خلوص اظہار تشکر کرنا چاہیں گے۔ ہم اپنے فرض شناس ملازمین کی کوششوں کو قدر کی نگاہ سے دیکھتے ہیں جو پورے ملک میں بلا تعطل بہتر خدمات کو یقینی بناتے ہیں۔ ہم مسلسل رہنمائی اور معاونت پر حکومت پاکستان، اسٹیٹ بینک پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن اور دیگر ریگولیٹری اداروں کا بھی تہ دل سے شکر یہ ادا کرتے ہیں۔

Amel Anwar

ڈیپٹی مینیجنگ ہاؤلت

محمد جاوید اقبال

ڈائریکٹر

پریزیڈنٹ اور سی ای او

اسلام آباد، 19 جولائی 2023

پچھلے سال کی اسی مدت کے مقابلے میں 13 فیصد زیادہ ہے۔ ڈویسنگ ہوم ریٹس میں بھی بینک نے اپنی لیکر شپ پوزیشن برقرار رکھی جس میں بینک کا مارکیٹ شیئر 22 فیصد سے زیادہ رہا۔ اس سے بینک کو 22 فیصد کی نمو کے ساتھ HI'23 میں 1.2 ارب روپے کا کمیشن حاصل ہوا۔ ڈیٹ اور کریڈٹ کارڈ فیس سے 23 HI'23 میں 1.6 ارب روپے کمائے گئے۔ کمیشن مینجمنٹ سے کمیشن کی آمدنی HI'23 میں 619 ملین روپے ریکارڈ کی گئی جو کہ سال بہ سال میں 20 فیصد اضافہ ہے۔ بینک نے HI'23 میں 16.9 ارب روپے کی فارن ایکسچینج آمدن حاصل کی جو پچھلے سال 4.6 ارب روپے تھی اور اس کی بڑی وجہ کسٹمز اور ایئر بینک فلو ز کے ساتھ بہتر بیلنس شیٹ پوزیشن تھی۔

قرض، ممکنہ نابدیگی اور خسارے (Provisioned Loan Losses)

یو بی ایل نے HI'23 میں 0.5 ارب روپے کے نیٹ پروویژن ریورسل ریکارڈ کیے جو کہ پچھلے سال کی اسی مدت میں 0.8 ارب روپے کے نیٹ پروویژن چارج رہے۔ یو بی ایل انٹرنیشنل کے NPL جون 23 میں 296.2 ملین امریکی ڈالر رہے (دسمبر 22: 296.5 ملین امریکی ڈالر)۔ مخصوص کوریج جون 23 میں 87.1 فیصد رہی (دسمبر 22 میں 87.5 فیصد)۔ ڈویسنگ NPL میں دسمبر 22 سے 1.4 ارب روپے کی کمی آئی اور اب یہ 26.2 ارب روپے سے کم ہو کر جون 23 میں 24.8 ارب روپے پر کھڑی ہیں۔ ڈویسنگ بینک کی ایسٹ کوالٹی جون 23 کو 4.4 فیصد رہی (دسمبر 22: 3.3 فیصد)۔ بینک کی سطح کے نان پرفارمنگ لوز (NPLs) جون 23 کو 109.5 ارب روپے رہے (دسمبر 2022: 93.3 ارب روپے)۔ اس اضافے کی بنیادی وجہ یو بی ایل انٹرنیشنل NPL پورٹ فولیو میں کرنسی کی قدر میں کمی تھی۔ بینک لیول ایسٹ کوالٹی دسمبر 2022 میں 9.2 فیصد سے بڑھ کر جون 23 میں 14.0 فیصد رہی، جبکہ مخصوص کوریج جون 23 میں 87.3 فیصد تھی (دسمبر 2022: 87.6 فیصد)۔

اخراجات کا نظم و نسق (Cost Management)

یو بی ایل آپریشنل افادیت کو بہتر بنانے پر توجہ مرکوز رکھتا ہے۔ بینک اپنی لاگت کی بنیاد کو بہتر بنانے کے لیے مسلسل کوشش کر رہا ہے، جبکہ انسانی سرمائے میں زیادہ سرمایہ کاری کے ساتھ ساتھ اپنے آئی ٹی انفراسٹرکچر کے ذریعے خدمات کی فراہمی کو بہتر بنا رہا ہے تاکہ بڑے پیمانے پر نیٹ ورک کی ضروریات کو پورا کیا جاسکے۔ HI'23 میں بینک کے آپریٹنگ اخراجات 24 فیصد اضافے کے ساتھ 29.9 ارب روپے رہے جس کی بڑی وجہ افراط زر رہی اور ہر شعبہ اس سے متاثر ہوا۔ HI'23 کے دوران ملازمت کی تنخواہوں کی لاگت اور معمول کے اخراجات کے باعث 26 فیصد اضافے کے ساتھ 11.8 ارب روپے رہی۔ املاک کے اخراجات 14 فیصد اضافے کے ساتھ 4.5 ارب روپے ریکارڈ کیے گئے۔ آئی ٹی لاگوں میں بھی امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تیزی سے کمی کے باعث 41 فیصد اضافہ ہوا۔ پچھلے سال کے مقابلے میں کاروبار کا حجم بڑھنے کے باعث متغیر اخراجات بھی HI'23 میں 23 فیصد اضافے کے بعد 10.1 ارب روپے ریکارڈ کیے گئے۔

سرمائے کا تناسب (Capital Ratios)

بینک ایک مضبوط سرمائے کی بنیاد کو برقرار رکھنے کی کوشش کر رہا ہے جو مستقبل کی ترقی کے لیے ایک ٹھوس بنیاد فراہم کرنے کے ساتھ ساتھ ریگولیٹری تقاضوں پر مناسب بفرز کو برقرار رکھتا ہے۔ دسمبر 2022 میں اسٹیٹ بینک آف پاکستان کی جانب سے منصفیہ کیے گئے جائزے میں یو بی ایل کو (D-SIB) Designated Domestic Systemically Important Bank قرار دیا گیا ہے۔ بینک کو بائیر لاس لیسرورسٹنس (Higher Loss Absorbency - HLA) کے معیار پر پورا اترنا ہو گا اور اس کے لیے مجتمع اور غیر مجتمع بنیادوں پر 0.5 فیصد کا سامن ایکیٹیویز (1 - CET) سرمایہ مختص کرنا ہو گا۔ تازہ ترین جائزے کے نتیجے میں یو بی ایل کے لیے کم از کم سرمائے کی شرط 12.0 فیصد تک بڑھ چکی ہے۔

بینک کا مجموعی CAR جون 23 میں 16.9 فیصد رہا (دسمبر 2022: 19.2 فیصد)۔ اس میں 12 فیصد کی کم از کم ریگولیٹری شرط کے اوپر 4.9 فیصد کا بفر بھی شامل ہے۔ کا من ایکیٹیویز (1 - CET) کا تناسب جون 2023 تک 11.9 فیصد رہا (دسمبر 2022: 13.4 فیصد)۔ جون 2023 کو 1.2 کپیٹل کا تناسب 12.8 فیصد ریکارڈ کیا گیا (دسمبر 2022: 14.4 فیصد)۔ بورڈ آف ڈائریکٹرز نے 19 جولائی 2023 کو اسلام آباد میں ہونے والی میٹنگ میں 30 جون 2023 کو ختم ہونے والے نصف سال کے نتائج کے ساتھ 11 روپے فی شیئر ڈیویڈنڈ کا اعلان بھی کیا۔

معیشت کا جائزہ (Economy Review)

پاکستان کو 2023 کی پہلی ششماہی میں غیر معمولی چیلنجوں کا سامنا کرنا پڑا جس کی بنیادی وجہ افراط زر کی بلند سطح، کرنسی کی قدر میں کمی، تجارتی عدم توازن اور زرمبادلہ کے کم ذخائر ہیں۔ HI'23 کے لیے کرنٹ اکاؤنٹ خسارہ گزشتہ سال 15,160 ملین امریکی ڈالر کے خسارے کے مقابلے میں 2,943 ملین امریکی ڈالر تک بہتر ہوا جس کی بنیادی وجہ درآمدات میں 26 فیصد کمی ہے۔ آئی ایم ایف کے ساتھ پاکستان کا حالیہ بندوبست میکرو اکنامک استحکام میں معاون ثابت ہو گا۔ تاہم، قوم کو آنے والے سالوں میں اپنی دستخطی مالیاتی ضروریات کو پورا کرنے کے لیے ایک طویل المدتی پائیدار منصوبے کی ضرورت ہے۔

روپے کی قدر دسمبر 2022 سے 26 فیصد کم ہو کر 30 جون 2023 کو 286 روپے فی امریکی ڈالر پر پہنچ چکی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے دسمبر 2022 سے بیچ مارک کی شرح 22.0 فیصد تک بڑھاتے ہوئے شرح سود میں مجموعی طور پر 600bps کا اضافہ کیا ہے، جس میں 27 جون 2023 کو ہونے والی میٹنگ میں 100bps کا اضافہ بھی شامل ہے۔ KSE-100 انڈیکس بھی موجودہ معاشی ماحول سے متاثر رہا لیکن نسبتاً مجموعی طور پر مستحکم رہا اور سال کے بقیہ حصے کی بہتر متوقع صورت حال کے باعث جولائی کے اوائل میں 45,000 پوائنٹس (دسمبر 2022 کی سطح سے 12 فیصد اوپر) کی حد تک اس کر گیا۔

بینکنگ سیکٹر کے لیے ڈپازٹ جون 2023 تک 25.5 کھرب روپے رہے جو دسمبر 2022 کے مقابلے میں 13 فیصد زیادہ ہے جبکہ بینکنگ سیکٹر میں ڈیپازٹس جون 2023 کو 12.2 کھرب روپے پر بند ہوئے جو کہ دسمبر 2022 کے مقابلے میں 2.4 فیصد زیادہ ہے۔ بینکنگ انڈسٹری کے لیے نان پرفارمنگ لون مارچ 2023 تک 985 ارب روپے رہے جو کہ دسمبر 2022 کے مقابلے میں 6.6 فیصد زیادہ ہے جبکہ ایسٹ کوالٹی دسمبر 2022 میں 7.3 فیصد سے مارچ 2023 میں 7.8 فیصد رہی۔

یونائیٹڈ بینک لمیٹڈ ارکان کوڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2023 کو ختم ہونے والے نصف سال کے لیے یونائیٹڈ بینک لمیٹڈ کی رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Review)

غیر مجتمع بنیادوں پر، 30 جون 2023 کو ختم ہونے والے نصف سال کے لیے 50.6 ارب روپے کا قبل از ٹیکس منافع (PBT) ریکارڈ کیا جو کہ سال بہ سال کے مقابلے میں 48 فیصد کی زبردست نمو ہے۔ H1'23 کے لیے 81.1 ارب روپے کی مجموعی آمدنی ریکارڈ کی گئی جس میں سال بہ سال کی بنیاد پر 36 فیصد اضافہ ہوا۔ بینک نے H1'23 کے لیے 68.9 ارب روپے کی نیٹ مارک اپ آمدنی ریکارڈ کی جس میں پچھلے سال کے مقابلے میں 53 فیصد اضافہ ہوا۔ H1'23 میں غیر مارک اپ آمدنی 12.2 ارب روپے رہی (H1'22: 14.7 ارب روپے) جس کی بنیاد وچہ فیس پر مبنی آمدنی کا تسلسل قائم رہنا تھا۔

H1'23 کے لیے بینک کے آپریشنل اخراجات 29.9 ارب روپے ریکارڈ کیے گئے جو H1'22 کے مقابلے میں 24 فیصد اضافی ہیں، اس کی بنیاد وچہ اخراجات زراور بزنسز میں رہی انوسٹمنٹ رہی۔ لاگت کے مقابلے میں آمدنی کے تناسب میں بہتری آئی جو کہ پچھلے سال کی اسی مدت میں 40.3 فیصد اور H1'23 میں 36.9 فیصد رہا۔ H1'23 میں بینک نے ڈویسٹنک اور انٹرنیشنل سطح پر مضبوط ریکوریز کے باعث 0.5 ارب روپے کے نیٹ پروڈیون رپورسل ریکارڈ کیے اور لوئز اور انوسٹمنٹ پورٹ فولیو کی کوریج برقرار رکھی۔

مالیاتی نتائج (Financial Results)

یو بی ایل نے غیر مجتمع بنیاد پر H1'23 میں 26.3 ارب روپے کا بعد از ٹیکس منافع (PAT) ریکارڈ کیا جو کہ H1'22 میں 11.9 ارب روپے کا بعد از ٹیکس منافع تھا۔ H1'23 میں فی شیئر آمدنی (EPS) 21.50 روپے رہی (H1'22: 9.69 روپے)۔ مجتمع بنیاد پر یو بی ایل نے 27.5 ارب روپے کا بعد از ٹیکس منافع (PAT) ریکارڈ کیا (H1'22: 12.2 ارب روپے)۔ مجتمع بنیاد پر فی شیئر آمدنی (EPS) H1'23 میں 22.01 روپے رہی (H1'22: 9.77 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

بینک نے H1'23 میں ریویونیو میں سال بہ سال کے 53 فیصد اضافے کے ساتھ 68.9 ارب روپے کی نیٹ مارک اپ آمدن ریکارڈ کی۔ بینک کی مجموعی ایسٹ ٹیس H1'23 میں سال بہ سال کی بنیاد پر 22 فیصد اضافے کے ساتھ 3.0 کھرب روپے رہی۔ بینک کی سطح پر نیٹ ازسٹ مارجن (NIMs) H1'23 کے لیے 5.5 فیصد رہا (H1'22: 4.5 فیصد)۔

ایسٹ بینک آف پاکستان نے پچھلے ایک سال میں پالیسی ریٹ میں بتدریج اضافہ کیا، جون 23 میں اس کی شرح 22.0 فیصد رہی جو کہ جون 22 میں 13.75 تھی۔ اس کا مقصد بڑھتی ہوئی افراط زر کنٹرول کرنا، عالمی سطح پر قیمتوں اور مقامی کرنسی کی قدر میں گراؤ سے نپٹنا تھا۔ H1'23 میں بیچ مارک اپ ٹرسٹ ریٹ کی اوسط شرح 20 فیصد رہی جو کہ H1'22 میں 12.4 فیصد تھی، اس کی وجہ ایسٹ ٹیس کی بروقت ری پوزیشننگ اور پچھلے سال کے مقابلے میں مارجنز میں بہتری تھی۔

H1'23 کے لیے ڈویسٹنک CASA ڈیپازٹ 1.5 کھرب روپے رہے جن میں سال بہ سال کے مقابلے میں 13 فیصد نمو دیکھی گئی اور بینک کے پورٹ فولیو میں 167 ارب روپے کا اضافہ ہوا۔ اوسط CASA کا مجموعی ڈیپازٹ سے تناسب مضبوط رہا اور H1'23 کے مطابق 90.3 فیصد ریکارڈ کیا گیا (H1'22: 87.2)۔ بینک نے H1'23 کے دوران 474,000 نئے اکاؤنٹ کھولے جو کہ پچھلے سال کی اسی مدت میں 303,000 تھے۔ اس کے نتیجے میں بینک کے کرنٹ ڈیپازٹ میں سال بہ سال بنیاد پر 16 فیصد اضافہ ہوا اور یہ H1'23 میں 802 ارب روپے رہے۔ لہذا کرنٹ اور مجموعی ڈیپازٹ میں تناسب کی شرح H1'22 میں 45.2 فیصد سے بڑھ کر H1'23 میں 48.3 فیصد رہی۔

H1'23 میں ڈویسٹنک سیونگ پورٹ فولیو کی اوسط 698 ارب روپے رہی اور اس میں سال بہ سال بنیاد پر 9 فیصد اضافہ ریکارڈ کیا گیا۔ ڈیپازٹس کی ڈویسٹنک لاگت 8.2 فیصد رہی جو گزشتہ سال کی اسی مدت میں 5.1 فیصد تھی اور پچھلے 12 ماہ کے دوران شرح سود میں زبردست اضافے کے باوجود اچھی طرح قابو میں رہی۔

بینک لیول کے فارمنگ ایڈوانسز کی اوسط سال بہ سال کی 18 فیصد نمو کے ساتھ H1'23 میں 754 ارب روپے رہی۔ کارپوریٹ اور اسلامک بینکنگ میں اضافے کے باعث ڈویسٹنک فارمنگ ایڈوانسز H1'23 میں 21 فیصد نمو کے ساتھ 610 ارب روپے رہے۔ اسلامک لون بک میں پچھلے سال کی اسی مدت کے مقابلے میں 28 فیصد اضافے کے ساتھ H1'23 میں 80 ارب روپے رہا۔ بینک کی مارک اپ آمدنی کی سرمایہ کاری کی اوسط 23 فیصد اضافے کے ساتھ H1'23 میں 1.7 کھرب روپے رہی۔ ڈویسٹنک گورنمنٹ سکیورٹیز پورٹ فولیو نے جون 23 تک 22 فیصد کا صحت مند منافع کمایا۔

نان مارک اپ آمدنی (Non Markup Income)

بینک نے H1'23 میں 15 فیصد اضافے کے ساتھ 12.2 ارب روپے کی نان مارک اپ آمدنی حاصل کی (H1'22: 25)۔ H1'23 میں بینک نے فیس اور کمیشن کی مدد میں 8.8 ارب روپے کی آمدنی حاصل کی جو کہ



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