



LEADING THE WAY IN DIGITAL REVOLUTION

NINE MONTHS REPORT
SEPTEMBER 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. Aslam Sadruddin	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 nine months ended September 30, 2023.

Performance Overview

UBL reported a Standalone Profit Before Tax (PBT) of Rs. 79.1 billion for the nine months ended September 30, 2023, representing a 56% year on year increase. Profit After Tax (PAT) stood at Rs. 40.9 billion in 9M'23, compared to Rs. 18.8 billion in 9M'22 with Earnings per share (EPS) of Rs. 33.38 compared to Rs. 15.33 for the same period last year. UBL reported Consolidated PAT of Rs. 41.7 billion (9M'22: Rs. 18.5 billion) with consolidated EPS of Rs. 34.05 (9M'22: Rs. 15.09).

The Board of Directors of UBL declared an interim cash dividend of Rs. 11 per share in their meeting in Islamabad held on October 25, 2023, along with the results for the nine months ended September 30, 2023.

Revenue

The Bank posted a growth of 26% in gross revenues for 9M'23 at Rs. 119.8 billion. Net mark-up income stood at Rs. 106.6 billion, with a 47% increase over the previous year. Non-mark-up income stood at Rs. 13.1 billion in 9M'23 (9M'22: Rs. 22.1 billion). Fee-based revenues maintained the overall business momentum throughout the year with a 12% increase over the same period last year. Benchmark interest rates averaged over 21% in 9M'23 as compared to 13.5% in the same period last year, which along with repricing within the asset base resulted in improvement in interest margins and growth in earnings. Domestic CASA deposits averaged Rs. 1.6 trillion for 9M'23, with a portfolio increase of Rs. 195 billion (14% growth year on year). The average CASA to total deposits ratio continued to strengthen and was measured at 90.5% in 9M'23 (9M'22: 85.8%). Bank level performing advances averaged Rs. 707 billion for 9M'23, growing by 9% year on year. Domestic performing advances averaged Rs. 570 billion for 9M'23, with an increase of 13%.

Cost management

Due to high inflationary pressures, the Bank's operating expenses recorded a 24% increase over 9M'22 to Rs. 47.0 billion. Staff costs stood at Rs. 18.2 billion, increasing by 26%, in line with the growth across the network and hiring mainly within front office functions. Property related expenses were recorded at Rs. 7.2 billion, up 11%. IT stood at Rs 5.3 billion with an increase of 41%, impacted by the steep devaluation in the PKR. Other operating expenses increased by 24% reported at Rs. 16.2 billion, in line with increased business volumes as compared to last year.

Provisions and loan losses

UBL recorded a net provision reversal of Rs. 7.8 billion for 9M'23 against a net provision charge of Rs. 5.4 billion in the corresponding period last year. The current period includes a provision reversal of Rs 9.5 billion arising on the sale of foreign currency sovereign bonds. Bank level non-performing loans (NPLs) stood at Rs. 109.3 billion at Sep'23, (Dec'22: Rs. 93.3 billion). The increase is mainly due to the impact of currency devaluation on the International NPL portfolio.

Capital Ratios

The bank seeks to maintain an efficient capital base that provides a foundation for future growth as well as maintaining adequate buffers over regulatory requirements. The overall CAR stood at 18.6% at Sep'23 (Dec'22: 19.2%), with a buffer of 6.6% over the minimum regulatory requirement of 12.0%. The Common Equity Tier 1 (CET-1) ratio stood at 13.0% at Sep'23 (Dec'22: 13.4%). Total Tier 1 Capital ratio was measured at 14.0% at Sep'23 (Dec'22: 14.4%).

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’.

Economy Review

Pakistan and the International Monetary Fund (IMF) reached a staff-level agreement in Jun’23. This would support Pakistan in meeting its external financing needs and provide the much needed impetus for economic stability. In 2023, Pakistan has faced a number of challenges as a result of steep inflation, a high interest rate environment, and a declining currency. However with stabilization measures under way, there are signs of a recovery with the recent appreciation in the PKR, reduction in the current account deficit, moderation in domestic demand and a more favorable trend in non-oil commodity prices. The PSX 100 index has also depicted a positive trend more recently and increased to over 46,000 points (14% over Dec’22 levels) in September as a result of an improving business outlook. At the end of Sep’23, the banking sector’s deposits stood at Rs. 26.3 trillion, an increase of 17% from Dec’22, while advances stood at Rs. 11.9 trillion, largely in line with Dec’22 level. Non-performing loans for the banking sector stood at Rs. 959 billion as of June 23, with a 3.8% growth over Dec’22 with asset quality at 7.4% in Jun’23 in line with Dec’22 levels of 7.3%.

Future Outlook

Being a leading financial institution UBL is committed to reinvesting in core businesses and supporting the Pakistan economy as it transitions to stability. We remain focused on expanding our footprint while improving our service levels across all channels. UBL continues to evolve its digital platform, as we build on our technological capabilities to deliver innovative products and redefine customer experiences. UBL’s most valuable asset remains its people, and the bank continues to invest in their growth and development. UBL is committed to delivering a strong and consistent return on equity, as we expand our presence in core segments, while creating new opportunities for the future.

Acknowledgements

On behalf of the Board of Directors, we would like to express our appreciation to UBL’s shareholders and customers for their continued trust in the UBL brand and to the UBL staff for their commitment and dedication. We would also like to extend our gratitude to the Government of Pakistan, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continuous guidance and support.



Muhammad Jawaid Iqbal
President & CEO
Islamabad,
October 25, 2023



Daniel Michael Howlett
Director



where *you* come *first*

UNITED BANK LIMITED

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

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

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	286,747,079	143,004,094
Balances with other banks	7	25,660,061	15,692,567
Lendings to financial institutions	8	225,948,265	85,296,480
Investments	9	2,560,482,509	1,415,193,829
Advances	10	603,224,654	921,837,095
Fixed assets	11	71,687,753	70,816,984
Intangible assets	12	2,331,109	2,406,215
Deferred tax assets	13	30,143,962	18,874,768
Other assets	14	176,671,403	85,631,077
		3,982,896,795	2,758,753,109
LIABILITIES			
Bills payable	16	22,331,716	36,474,017
Borrowings	17	1,357,057,439	564,518,588
Deposits and other accounts	18	2,227,394,873	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	143,915,636	100,373,434
		3,760,699,664	2,549,732,853
NET ASSETS		<u>222,197,131</u>	<u>209,020,256</u>
REPRESENTED BY:			
Share capital		12,241,797	12,241,797
Reserves		108,407,733	86,254,373
Surplus on revaluation of assets	21	9,734,599	19,085,934
Unappropriated profit		91,813,002	91,438,152
		<u>222,197,131</u>	<u>209,020,256</u>
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The annexed notes 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.



Arif Akmal Saiffe
Chief Financial Officer



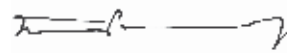
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		July - September 2023	July - September 2022	January - September 2023	January - September 2022
	Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	24	147,350,437	73,458,895	337,213,439	176,306,350
Mark-up / return / interest expensed	25	109,574,476	45,790,734	230,576,398	103,532,638
Net mark-up / interest income		<u>37,775,961</u>	<u>27,668,161</u>	<u>106,637,041</u>	<u>72,773,712</u>
Non mark-up / interest income					
Fee and commission income	26	4,290,282	3,937,453	13,061,887	11,692,037
Dividend income		219,638	214,056	1,211,050	1,473,559
Foreign exchange income		2,228,965	3,016,173	9,136,511	7,631,091
Income / (loss) from derivatives		168,164	(25,836)	28,648	(3,349)
(Loss) / gain on securities - net	27	(6,221,102)	92,241	(11,147,960)	666,958
Other income	28	241,348	184,052	835,267	658,822
Total non mark-up / interest income		<u>927,295</u>	<u>7,418,139</u>	<u>13,125,403</u>	<u>22,119,118</u>
Total income		<u>38,703,256</u>	<u>35,086,300</u>	<u>119,762,444</u>	<u>94,892,830</u>
Non mark-up / interest expenses					
Operating expenses	29	17,057,279	13,683,016	46,962,707	37,772,363
Workers' Welfare Fund		515,376	333,706	1,550,062	1,033,309
Other charges	30	28,138	1,827	32,203	17,789
Total non mark-up / interest expenses		<u>17,600,793</u>	<u>14,018,549</u>	<u>48,544,972</u>	<u>38,823,461</u>
Profit before provisions		<u>21,102,463</u>	<u>21,067,751</u>	<u>71,217,472</u>	<u>56,069,369</u>
(Reversals) / provisions and write-offs - net	31	(7,370,015)	4,650,557	(7,833,184)	5,416,317
Profit before taxation		<u>28,472,478</u>	<u>16,417,194</u>	<u>79,050,656</u>	<u>50,653,052</u>
Taxation	32	13,926,053	9,517,237	38,185,072	31,891,222
Profit after taxation		<u>14,546,425</u>	<u>6,899,957</u>	<u>40,865,584</u>	<u>18,761,830</u>
----- (Rupees) -----					
Earnings per share - basic and diluted	33	<u>11.88</u>	<u>5.64</u>	<u>33.38</u>	<u>15.33</u>

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



Arif Akmal Saifie
Chief Financial Officer



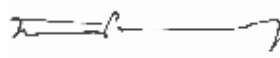
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	July - September 2023	July - September 2022	January - September 2023	January - September 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period	14,546,425	6,899,957	40,865,584	18,761,830
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	525,347	6,592,038	18,066,802	14,329,899
Movement in deficit on revaluation of investments - net of tax	756,013	(6,170,137)	(7,813,130)	(17,343,461)
	1,281,360	421,901	10,253,672	(3,013,562)
<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	140	(4,740)	7,190	(105,336)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(25,403)	-	(10,189)
	140	(30,143)	7,190	(115,525)
Total comprehensive income for the period	<u>15,827,925</u>	<u>7,291,715</u>	<u>51,126,446</u>	<u>15,632,743</u>

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



Arif Akmal Saif
Chief Financial Officer



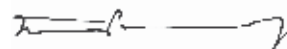
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director




Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2022								
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	18,761,830	18,761,830
Other comprehensive income - net of tax	-	14,329,899	-	(17,343,461)	(105,336)	(10,189)	-	(3,129,087)
Total comprehensive income for the nine months ended September 30, 2022	-	14,329,899	-	(17,343,461)	(105,336)	(10,189)	18,761,830	15,632,743
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	-	-	-	-	(95,829)	-	95,829	-
Transfer to statutory reserve	-	-	1,876,183	-	-	-	(1,876,183)	-
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)
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Balance as at September 30, 2022 (Un-audited)	12,241,797	45,694,550	40,229,999	(19,384,461)	39,782,987	-	83,347,722	201,912,594
Total comprehensive income for the three months ended December 31, 2022								
Profit after taxation for the three months ended December 31, 2022	-	-	-	-	-	-	13,300,825	13,300,825
Other comprehensive income - net of tax	-	(1,000,258)	-	(1,295,404)	7,155	25,403	966,660	(1,296,444)
Total comprehensive income for the three months ended December 31, 2022	-	(1,000,258)	-	(1,295,404)	7,155	25,403	14,267,485	12,004,381
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	-	-	-	-	8,815	-	(8,815)	-
Transfer to statutory reserve	-	-	1,330,082	-	-	-	(1,330,082)	-
Transactions with owners, recorded directly in equity								
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
	-	-	-	-	-	-	(4,896,719)	(4,896,719)
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 nine months ended September 30, 2023								
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	40,865,584	40,865,584
Other comprehensive income - net of tax	-	18,066,802	-	(7,813,130)	7,190	-	-	10,260,862
Total comprehensive income for the nine months ended September 30, 2023	-	18,066,802	-	(7,813,130)	7,190	-	40,865,584	51,126,446
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(1,474,232)	-	1,474,232	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(71,163)	-	71,163	-
Transfer to statutory reserve	-	-	4,086,558	-	-	-	(4,086,558)	-
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)
Interim cash dividend - June 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Balance as at September 30, 2023 (Un-audited)	12,241,797	62,761,094	45,646,639	(28,492,995)	38,227,594	-	91,813,002	222,197,131

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	January - September 2023	January - September 2022
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	79,050,656	50,653,052
Less: Dividend income	1,211,050	1,473,559
	<u>77,839,606</u>	<u>49,179,493</u>
Adjustments:		
Depreciation on fixed assets	3,098,439	2,615,416
Depreciation on Islamic financing against leased assets (Ijarah)	105,607	113,018
Depreciation on right-of-use assets	1,695,646	1,546,089
Depreciation on non-banking assets acquired in satisfaction of claims	2,259	34,561
Amortisation	748,237	574,493
Workers' Welfare Fund - charge	1,550,062	1,033,309
Provision for retirement benefits	536,469	764,125
Provision for compensated absences	64,941	73,587
Reversal of provision against loans and advances - net	(3,040,735)	(2,669,166)
Provision / (reversal) against off - balance sheet obligations - net	69,047	(42,542)
Provision for diminution in value of investments - net	(4,692,973)	8,465,687
Interest expense on lease liability against right-of-use assets	893,342	779,140
Loss on sale of Ijarah assets - net	626	1,556
Gain on sale of fixed assets - net	(396,875)	(84,674)
Gain on sale of non-banking assets - net	-	(24,250)
Bad debts written-off directly	36,501	26,257
Unrealised gain / (loss) on revaluation of investments classified as held for trading	(13,750)	(15,045)
(Reversal) / Provision against other assets	(31,905)	42,037
Other provisions / (reversal) and write-offs	106,355	97,352
	<u>731,293</u>	<u>13,330,950</u>
	78,570,899	62,510,443
Decrease / (Increase) in operating assets		
Lendings to financial institutions	(140,651,785)	(2,563,407)
Held for trading securities	10,267,977	(2,449,580)
Advances	321,510,442	(22,400,277)
Other assets (excluding advance taxation)	(93,632,842)	(37,915,569)
	<u>97,493,792</u>	<u>(65,328,833)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(14,142,301)	5,721,571
Borrowings	792,538,851	(368,606,488)
Deposits and other accounts	389,028,059	420,424,722
Other liabilities	45,682,877	23,825,549
	<u>1,213,107,486</u>	<u>81,365,354</u>
	1,389,172,177	78,546,964
(Payments) / receipts on account of staff retirement benefits	(514,710)	1,214,265
Income taxes paid	(31,957,499)	(19,728,942)
Net cash flow generated from operating activities	<u>1,356,699,968</u>	<u>60,032,287</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(1,221,244,267)	(22,680,998)
Net investments in held to maturity securities	50,664,538	(45,951,861)
Net investments in subsidiaries and associates	141,640	(225,000)
Dividend income received	1,069,792	1,473,559
Investment in fixed assets and intangible assets	(5,371,395)	(5,223,713)
Sale proceeds from disposal of fixed assets	1,918,660	881,859
Sale proceeds from disposal of Ijarah assets	5,302	-
Sale proceeds from disposal of non banking assets	-	180,000
Sale proceeds from disposal of UBTL	-	258,995
Effect of translation of net investment in overseas branches	18,066,802	14,329,899
Net cash flow used in investing activities	<u>(1,154,748,928)</u>	<u>(56,957,260)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,422,031)	(2,084,982)
Dividend paid	(45,818,530)	(15,354,715)
Net cash flow used in financing activities	<u>(48,240,561)</u>	<u>(17,439,697)</u>
Increase / (decrease) in cash and cash equivalents	<u>153,710,479</u>	<u>(14,364,670)</u>
Cash and cash equivalents at the beginning of the period	138,219,642	269,308,573
Effect of exchange rate changes on cash and cash equivalents	20,477,019	21,991,766
	<u>158,696,661</u>	<u>291,300,339</u>
Cash and cash equivalents at the end of the period	<u>312,407,140</u>	<u>276,935,669</u>

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



Arif Akmal Saiffe
Chief Financial Officer



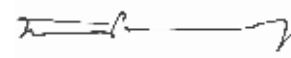
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



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 NINE MONTHS ENDED SEPTEMBER 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 1,341 (December 31, 2022: 1,335) branches inside Pakistan including 203 (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 NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	25,240,249	27,392,567
Foreign currencies	12,071,160	8,051,809
	37,311,409	35,444,376
With State Bank of Pakistan in		
Local currency current accounts	95,272,450	55,264,401
Foreign currency current accounts	5,340,607	912,557
Foreign currency deposit accounts	9,948,127	204,472
	110,561,184	56,381,430
With other central banks in		
Foreign currency current accounts	71,404,949	44,342,604
Foreign currency deposit accounts	4,225,094	6,298,682
	75,630,043	50,641,286
With National Bank of Pakistan in local currency current accounts	62,888,908	377,456
National prize bonds	355,535	159,546
	<u>286,747,079</u>	<u>143,004,094</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In deposit accounts	7	7
Outside Pakistan		
In current accounts	18,028,186	10,035,719
In deposit accounts	7,631,868	5,656,841
	25,660,054	15,692,560
	<u>25,660,061</u>	<u>15,692,567</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lending	-	-
Repurchase agreement lendings (Reverse Repo)	225,948,265	85,296,480
Placements with State Bank of Pakistan	-	-
	<u>225,948,265</u>	<u>85,296,480</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

9. INVESTMENTS

9.1 Investments by type

	September 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
----- (Rupees in '000) -----								
Held for trading securities								
Federal Government Securities	17,278,352	-	13,750	17,292,102	27,546,990	-	(661)	27,546,329
Available for sale securities								
Federal Government securities	2,118,850,089	(12,604,670)	(52,154,277)	2,054,091,142	931,516,657	(9,070,841)	(31,849,697)	890,596,119
Shares and units	15,510,296	(6,636,223)	1,081,474	9,955,547	16,917,333	(6,085,089)	286,995	11,119,239
Non-Government debt securities	3,079,478	(162,334)	-	2,917,144	4,438,764	(162,334)	-	4,276,430
Foreign securities	100,522,217	(25,099)	(4,795,816)	95,701,302	58,758,752	(3,716,728)	(4,717,762)	50,324,262
	2,237,962,080	(19,428,326)	(55,868,619)	2,162,665,135	1,011,631,506	(19,034,992)	(36,280,464)	956,316,050
Held to maturity securities								
Federal Government securities	327,234,331	(4,637,488)	-	322,596,843	366,081,117	(3,528,868)	-	362,552,249
Non-Government debt securities	23,152,222	(942,498)	-	22,209,724	18,878,916	(710,993)	-	18,167,923
Foreign securities	31,733,388	(267,391)	-	31,465,997	49,765,148	(3,548,218)	-	46,216,930
	382,119,941	(5,847,377)	-	376,272,564	434,725,181	(7,788,079)	-	426,937,102
Associates	1,297,485	-	-	1,297,485	1,439,125	-	-	1,439,125
Subsidiaries	2,955,223	-	-	2,955,223	2,955,223	-	-	2,955,223
Total Investments	<u>2,641,613,081</u>	<u>(25,275,703)</u>	<u>(55,854,869)</u>	<u>2,560,482,509</u>	<u>1,478,298,025</u>	<u>(26,823,071)</u>	<u>(36,281,125)</u>	<u>1,415,193,829</u>

9.1.1 Investments given as collateral

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
Federal Government securities		1,233,563,964	445,026,286
Foreign securities		-	9,199,941
		<u>1,233,563,964</u>	<u>454,226,227</u>

The market value of securities given as collateral is Rs. 1,193,791 million (December 31, 2022: Rs. 442,733 million).

9.2 Provision for diminution in value of investments

9.2.1 Opening balance		26,823,071	8,146,230
Exchange adjustments		3,145,605	1,195,906
Charge / (reversals)			
Charge for the period / year		6,080,386	19,357,588
Reversals for the period / year		(985,702)	(207,747)
Reversal on disposals		(9,787,657)	(87,936)
		(4,692,973)	19,061,905
Amounts written off		-	(1,580,970)
Closing balance	9.4	<u>25,275,703</u>	<u>26,823,071</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 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	-	-	9,117,129	6,145,880
Total	<u>281,383</u>	<u>281,383</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 September 30, 2023 amounted to Rs. 334,195.910 million (December 31, 2022: Rs. 394,810.915 million).

9.4 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs.18,358.097 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

10. ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Note	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	533,818,566	771,367,966	106,155,830	90,270,610	639,974,396	861,638,576
Islamic financing and related assets	50,053,417	102,281,886	178,147	159,579	50,231,564	102,441,465
Bills discounted and purchased	17,372,006	46,778,723	2,999,567	2,908,653	20,371,573	49,687,376
Advances - gross	601,243,989	920,428,575	109,333,544	93,338,842	710,577,533	1,013,767,417
Provision against advances						
- Specific	-	-	(95,390,696)	(81,783,522)	(95,390,696)	(81,783,522)
- General	(11,962,183)	(10,146,800)	-	-	(11,962,183)	(10,146,800)
	(11,962,183)	(10,146,800)	(95,390,696)	(81,783,522)	(107,352,879)	(91,930,322)
Advances - net of provision	589,281,806	910,281,775	13,942,848	11,555,320	603,224,654	921,837,095

10.1 Particulars of advances - gross

	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
In local currency	473,724,595	765,445,158
In foreign currencies	236,852,938	248,322,259
	710,577,533	1,013,767,417

10.2 Advances include Rs.109,333.544 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)	
	September 30, 2023		December 31, 2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	204,716	9,113	135,948	1,948
Substandard	2,357,830	577,349	2,307,269	569,848
Doubtful	173,149	78,158	732,137	365,716
Loss	21,655,851	20,710,935	23,018,816	22,067,588
	24,391,546	21,375,555	26,194,170	23,005,100
Overseas				
Not past due but impaired**	1,993,089	575,620	5,192,817	1,806,054
Overdue by:				
Upto 90 days	295,537	105,704	1,194,694	403,030
91 to 180 days	286,663	6,191	82,114	31,978
181 to 365 days	5,387,317	2,178,790	1,511,494	1,511,494
> 365 days	76,979,392	71,148,836	59,163,553	55,025,866
	84,941,998	74,015,141	67,144,672	58,778,422
Total	109,333,544	95,390,696	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

Note	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (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	16,142,631	2,550,969	18,693,600	14,624,765	1,386,654	16,011,419
Charge / (reversals)						
Charge for the period / year	575,943	123,070	699,013	2,460,068	366,812	2,826,880
Reversals for the period / year	(2,881,092)	(858,656)	(3,739,748)	(3,677,644)	(2,089,277)	(5,766,921)
	(2,305,149)	(735,586)	(3,040,735)	(1,217,576)	(1,722,465)	(2,940,041)
Amounts charged off						
- agriculture financing	(20,717)	-	(20,717)	(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	95,390,696	11,962,183	107,352,879	81,783,522	10,146,800	91,930,322

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

10.3.1 General provision represents provision amounting to Rs. 458.380 million (December 31, 2022: Rs. 469.159 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 11,203.802 million (December 31, 2022: Rs. 9,377.641 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. 16.791 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. 6,653.169 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) September 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,680,751	1,042,334
Property and equipment		61,848,055	61,967,099
Right-of-use assets		8,158,947	7,807,551
		<u>71,687,753</u>	<u>70,816,984</u>
11.1 Capital work-in-progress			
Civil works		1,150,337	844,654
Equipment		530,414	197,680
		<u>1,680,751</u>	<u>1,042,334</u>
11.2 Additions to fixed assets		(Un-audited) January - September 2023	January - September 2022
		----- (Rupees in '000) -----	
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		638,417	80,333
Property and equipment			
Leasehold improvements		980,760	340,503
Furniture and fixtures		221,563	197,408
Electrical, office and computer equipment		2,958,187	3,034,406
Vehicles		189,701	230,737
		4,350,211	3,803,054
Right-of-use assets		2,287,473	2,121,836
Total		<u>7,276,101</u>	<u>6,005,223</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited)	
	January - September 2023	January - September 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	42,500
Leasehold land	1,444,780	134,500
Leasehold Improvement	1,454	96,438
Furniture and fixtures	720	69,302
Electrical, office and computer equipment	2,991	438,203
Vehicles	17,016	16,241
	1,521,785	797,184
Derecognition of right-of-use assets	-	157,972
Total	1,521,785	955,156
	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress - Computer software	224,624	384,706
Intangible assets - Computer software	2,106,485	2,021,509
	2,331,109	2,406,215
	(Un-audited)	
	January - September 2023	January - September 2022
	----- (Rupees in '000) -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	117,671	97,298
Directly purchased - Intangible assets	791,311	511,984
	908,982	609,282
	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
13. DEFERRED TAX ASSETS		
Deductible temporary differences on		
Provision against advances and off balance sheet obligations	864,405	2,628,666
Deficit on revaluation of investments	27,375,624	15,600,599
Post retirement employee benefits	164,127	58,193
Workers' Welfare Fund	4,219,789	3,036,553
Others	(213,564)	(68,995)
	32,410,381	21,255,016
Taxable temporary differences on		
Surplus on revaluation of fixed assets / non-banking assets	(1,632,094)	(1,715,201)
Accelerated tax depreciation	(634,325)	(665,047)
	(2,266,419)	(2,380,248)
	30,143,962	18,874,768

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

14. OTHER ASSETS	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
Income / mark-up accrued in local currency		136,999,454	48,134,777
Income / mark-up accrued in foreign currencies	14.1	3,838,821	3,463,398
Advance taxation - net of provision for taxation		-	2,514,314
Receivable from staff retirement fund		2,464,316	2,517,968
Receivable from other banks against telegraphic transfers and demand drafts		485,451	2,960,752
Unrealised gain on forward foreign exchange contracts		3,936,727	2,831,134
Rebate receivable - net		3,874,101	2,030,996
Unrealised gain on derivative financial instruments		77,032	22,900
Suspense accounts		151,898	254,279
Stationery and stamps on hand		509,617	418,454
Non-banking assets acquired in satisfaction of claims		38,541	40,800
Advances, deposits, advance rent and other prepayments		2,191,341	2,144,988
Dividend Receivable		141,258	-
Commission receivable - Branchless Banking		613,686	561,390
Commission receivable - Bancassurance		69,162	208,047
Receivable against fraud & forgery and looted notes		497,369	632,418
Acceptances	20	20,399,102	16,502,130
Others		1,547,402	1,637,304
		<u>177,835,278</u>	<u>86,876,049</u>
Provision held against other assets	14.2	<u>(1,163,875)</u>	<u>(1,244,972)</u>
Other assets - net of provisions		<u>176,671,403</u>	<u>85,631,077</u>
Surplus / (Deficit) on revaluation of non-banking assets acquired in satisfaction of claims	21	-	-
		<u>176,671,403</u>	<u>85,631,077</u>

14.1 Unrealised mark-up held in suspense amounting to Rs. 39,064.390 million (December 31, 2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

14.2 Provision held against other assets	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
----- (Rupees in '000) -----		
Advances and other receivables	54,108	54,834
Receivable against fraud & forgery and looted notes	497,369	632,418
Others	612,398	557,720
	<u>1,163,875</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	91,358	74,408
Charge / (reversals)		
Charge for the period / year	49,927	165,347
Reversals for the period / year	(81,832)	(154,074)
	(31,905)	11,273
Transfers out - net	(2,100)	(348)
Amounts written off	(138,450)	(3,416)
Closing balance	<u>1,163,875</u>	<u>1,244,972</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

15. CONTINGENT ASSETS

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

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
16. BILLS PAYABLE		
In Pakistan	20,640,177	30,473,754
Outside Pakistan	1,691,539	6,000,263
	<u>22,331,716</u>	<u>36,474,017</u>

17. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	36,930,611	41,707,841
Refinance facility for modernization of SME	623,765	543,586
Long term financing facility	14,894,840	17,390,998
Refinance scheme for payment of wages and salaries	-	427,410
Renewable energy scheme	891,032	767,091
Temporary economic refinance facility	17,242,073	17,072,471
Refinance facility for combating COVID-19	348,169	431,902
Repurchase agreement borrowings	1,205,392,866	419,211,752
Financing facility for storage of agriculture products	37,813	48,125
Refinance for women entrepreneurs	63,328	26,624
Mudarbaha base open market operations (OMO)	-	19,436,837
	<u>1,276,424,497</u>	<u>517,064,637</u>
Repurchase agreement borrowings	27,189,894	6,792,865
	<u>1,303,614,391</u>	<u>523,857,502</u>

Unsecured

Call borrowings	53,273,011	39,830,000
Overdrawn nostro accounts	170,037	831,086
Other borrowings	-	-
	<u>53,443,048</u>	<u>40,661,086</u>
	<u>1,357,057,439</u>	<u>564,518,588</u>

18. DEPOSITS AND OTHER ACCOUNTS

	September 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 deposits	809,661,779	234,847,270	1,044,509,049	668,965,290	180,347,591	849,312,881
Savings deposits	655,827,924	56,451,025	712,278,949	580,708,939	54,787,271	635,496,210
Term deposits	142,953,875	114,220,028	257,173,903	162,072,945	130,362,096	292,435,041
Others	31,243,394	6,875,838	38,119,232	11,629,223	6,127,733	17,756,956
	<u>1,639,686,972</u>	<u>412,394,161</u>	<u>2,052,081,133</u>	<u>1,423,376,397</u>	<u>371,624,691</u>	<u>1,795,001,088</u>
Financial Institutions						
Current deposits	13,472,172	4,269,054	17,741,226	18,727,195	3,289,623	22,016,818
Saving deposits	150,789,956	96,064	150,886,020	16,002,797	86,058	16,088,855
Term deposits	2,303,950	4,382,544	6,686,494	2,232,603	3,027,450	5,260,053
	<u>166,566,078</u>	<u>8,747,662</u>	<u>175,313,740</u>	<u>36,962,595</u>	<u>6,403,131</u>	<u>43,365,726</u>
	<u>1,806,253,050</u>	<u>421,141,823</u>	<u>2,227,394,873</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. 1,331,846.994 million (December 31, 2022: Rs 1,174,510.768 million).

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 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.

	Note	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		73,544,615	39,684,708
Mark-up / return / interest payable in foreign currencies		1,392,773	1,094,717
Accrued expenses		6,424,938	5,364,561
Branch adjustment account		1,476,772	556,451
Deferred income		1,349,898	1,046,001
Current taxation (provisions less payments)	20.1	3,378,225	-
Unearned commission and income on bills discounted		152,745	183,945
Provision against off-balance sheet obligations	20.2	1,178,443	882,445
Unrealised loss on forward foreign exchange contracts		4,366,154	608,811
Unrealised loss on derivative financial instruments		28,480	1,357
Provision for post-retirement medical benefits		2,723,544	2,628,679
Payable to staff retirement fund		38,598	37,824
Provision for compensated absences		724,144	860,544
Deferred liabilities		1,041,727	967,918
Workers' Welfare Fund payable		8,411,815	6,861,753
Liabilities against card settlement		1,041,239	414,697
Insurance payable against consumer assets		268,638	380,743
Dividends payable		353,951	8,226,111
Unclaimed dividends		324,820	321,619
Acceptances	14	20,399,102	16,502,130
Charity fund balance		18,871	6,922
Lease liability against right-of-use assets		9,888,951	9,418,000
Levies and taxes payable		3,345,392	2,622,779
Others		2,041,801	1,700,719
		<u>143,915,636</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 2023 (accounting year ended December 31, 2022) 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
20.2	Provision against off-balance sheet obligations		
		882,445	730,630
		226,951	187,328
		72,792	5,405
		(3,745)	(40,918)
		69,047	(35,513)
		<u>1,178,443</u>	<u>882,445</u>
21.	SURPLUS ON REVALUATION OF ASSETS		
	(Deficit) / surplus arising on revaluation of:		
	- Available for sale securities	9.1 (55,868,619)	(36,280,464)
	- Fixed assets	39,859,688	41,481,000
	- Non-banking assets acquired in satisfaction of claims	14 -	-
		(16,008,931)	5,200,536
	Deferred tax on (deficit) / surplus on revaluation of:		
	- Available for sale securities	(27,375,624)	(15,600,599)
	- Fixed assets	1,632,094	1,715,201
	- Non-banking assets acquired in satisfaction of claims	-	-
		(25,743,530)	(13,885,398)
		<u>9,734,599</u>	<u>19,085,934</u>
22.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	22.1 290,506,459	220,370,427
	Commitments	22.2 1,396,138,126	1,111,169,863
	Other contingent liabilities	22.3 15,024,573	14,822,814
		<u>1,701,669,158</u>	<u>1,346,363,104</u>
22.1	Guarantees:		
	Financial guarantees	130,426,668	84,241,944
	Performance guarantees	158,308,049	129,275,378
	Other guarantees	1,771,742	6,853,105
		<u>290,506,459</u>	<u>220,370,427</u>
22.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	280,750,535	212,235,272
	Commitments in respect of:		
	- forward foreign exchange contracts	22.2.2 897,003,559	703,834,168
	- forward Government securities transactions	22.2.3 53,657,960	42,757,100
	- derivatives	22.2.4 1,916,134	572,342
	- forward lending	22.2.5 160,004,331	149,185,701
	- operating leases	22.2.6 71,228	103,099
		1,112,653,212	896,452,410
	Commitments for acquisition of:		
	- fixed assets	2,329,482	1,544,753
	- intangible assets	404,896	937,428
		2,734,378	2,482,181
		<u>1,396,138,126</u>	<u>1,111,169,863</u>
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 NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
22.2.2	Commitments in respect of forward foreign exchange contracts		
	Purchase	472,763,020	379,231,558
	Sale	424,240,539	324,602,610
		<u>897,003,559</u>	<u>703,834,168</u>
22.2.3	Commitments in respect of forward Government securities transactions		
	Purchase	53,157,960	41,457,100
	Sale	500,000	1,300,000
		<u>53,657,960</u>	<u>42,757,100</u>
22.2.4	Commitments in respect of derivatives		
	Cross Currency Swaps	-	-
	FX options		
	Purchase	958,067	286,171
	Sale	958,067	286,171
		<u>1,916,134</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	86,902,804	92,346,042
	Others	73,101,527	56,839,659
		<u>160,004,331</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	71,228	103,099
	Later than one year and not later than five years	-	-
	Later than five years	-	-
		<u>71,228</u>	<u>103,099</u>
22.3	Other contingent liabilities		
22.3.1	Claims against the Bank not acknowledged as debts	10,935,270	10,733,511

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

23. Derivative Instruments

Product analysis

September 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 Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
(Rupees in '000)										
Hedging	958,067	-	-	-	-	-	-	-	958,067	-
Market making	958,067	-	-	-	53,157,960	47,298	500,000	1,254	54,616,027	48,552
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,157,960</u>	<u>47,298</u>	<u>500,000</u>	<u>1,254</u>	<u>55,574,094</u>	<u>48,552</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>

24. MARK-UP / RETURN / INTEREST EARNED

Note

(Un-audited)
January - September 2023
January - September 2022
----- (Rupees in '000) -----

On:

Loans and advances	85,627,076	47,418,608
Investments	237,339,948	122,872,526
Lendings to financial institutions	10,331,280	5,141,179
Balances with banks	3,915,135	874,037
	<u>337,213,439</u>	<u>176,306,350</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On:

Deposits	118,944,266	72,881,696
Borrowings	106,944,135	26,544,421
Subordinated debt	1,635,830	1,075,721
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,158,825	2,251,660
Lease liability against right-of-use assets	893,342	779,140
	<u>230,576,398</u>	<u>103,532,638</u>

26. FEE AND COMMISSION INCOME

Branch banking customer fee	1,968,446	1,771,407
Consumer finance related fee	962,898	861,309
Card related fee (debit and credit cards)	2,365,790	2,267,001
Investment banking fee	263,360	231,524
Financial Institution rebate / commission	448,837	427,421
Corporate service charges / facility fee	731,605	564,493
Commission on trade	1,574,891	801,318
Commission on guarantees	593,215	516,658
Commission on cash management	909,655	828,035
Commission on remittances including home remittances - net	2,084,869	1,892,884
Commission on bancassurance	823,675	1,157,366
Rent on lockers	167,335	150,349
Others	167,311	222,272
	<u>13,061,887</u>	<u>11,692,037</u>

27. (LOSS) / GAIN ON SECURITIES - NET

Realised	27.1	(11,161,710)	651,913
Unrealised - held for trading		13,750	15,045
		<u>(11,147,960)</u>	<u>666,958</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Un-audited)	
		January - September 2023	January - September 2022
		----- (Rupees in '000) -----	
27.1	Realised (loss) / gain on:		
	Federal Government securities	(207,714)	560,541
	Shares	577,582	25,859
	Foreign securities	(11,477,128)	65,513
	Other securities	(54,450)	-
		<u>(11,161,710)</u>	<u>651,913</u>

27.2 This includes realised loss on foreign currency sovereign bonds, against which ECL provision under IFRS 9 amounting to Rs. 9,489.795 million was held and reversed on disposal (refer note 9.2.1) resulting in a net loss of Rs. 1,987.333 million in the profit and loss account.

		(Un-audited)	
		January - September 2023	January - September 2022
		----- (Rupees in '000) -----	
28.	OTHER INCOME		
	Charges recovered	374,810	296,323
	Rent on properties	61,496	50,547
	Gain on sale of fixed assets - net	396,875	84,674
	Gain on sale of non-banking assets - net	-	24,250
	Loss on sale of Jjarah assets - net	(626)	(1,556)
	Gain on trading liabilities - net	2,712	204,584
		<u>835,267</u>	<u>658,822</u>

		(Un-audited)	
		January - September 2023	January - September 2022
		----- (Rupees in '000) -----	
29.	OPERATING EXPENSES		
	Total compensation expense	18,230,022	14,443,354
	Property expense		
	Rent and taxes	925,028	762,588
	Insurance	197,941	201,304
	Utilities cost	2,048,798	1,891,868
	Security (including guards)	1,086,752	897,513
	Repair and maintenance (including janitorial charges)	318,291	247,786
	Depreciation on owned fixed assets	903,742	876,332
	Depreciation on right-of-use assets	1,695,646	1,546,089
	Depreciation on non-banking assets acquired in satisfaction of claims	2,259	34,561
	Others	46,024	30,907
		7,224,481	6,488,948
	Information technology expenses		
	Software maintenance	2,149,563	1,402,504
	Hardware maintenance	443,871	357,283
	Depreciation	991,241	706,749
	Amortisation	748,237	574,493
	Network charges	786,086	539,801
	Consultancy charges	191,311	192,430
		5,310,309	3,773,260
	Other operating expenses		
	Legal and professional charges	1,230,789	987,266
	Outsourced service costs	1,330,312	1,173,832
	Commission paid to branchless banking agents	265,090	277,743
	Commission paid to sales force	1,448,467	1,199,681
	Travelling and conveyance	186,779	124,796
	Clearing charges	211,131	181,334
	Depreciation - others	1,203,456	1,032,335
	Depreciation on Islamic financing against leased assets	105,607	113,018
	Training and development	77,598	54,142
	Postage and courier charges	253,462	314,156
	Communication	186,913	275,167
	Stationery and printing	1,039,559	698,993
	Marketing, advertisement and publicity	588,811	700,109
	Donations	50,078	137,600
	Auditors' remuneration	98,763	79,655
	Insurance	94,833	75,528
	Deposit protection premium expense	1,409,413	1,294,385
	Cash transportation and sorting charges	813,759	659,756
	Entertainment	191,817	151,675
	Banking service charges	3,471,840	2,187,381
	Repairs and maintenance	1,029,914	675,548
	Miscellaneous expenses	909,504	672,701
		<u>16,197,895</u>	<u>13,066,801</u>
		<u>46,962,707</u>	<u>37,772,363</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Un-audited)	
		January - September 2023	January - September 2022
		----- (Rupees in '000) -----	
30.	OTHER CHARGES	Note	
	Penalties imposed by the SBP		15,526
	Penalties imposed by other regulatory bodies of overseas branches		2,263
		<u>32,203</u>	<u>17,789</u>
31.	(REVERSALS) / PROVISIONS AND WRITE-OFFS - NET		
	Provision for diminution in value of investments - net	9.2.1	8,465,687
	Reversal of provision against loans and advances - net	10.3	(2,669,166)
	Bad debts written off directly		26,257
	(Reversal) / Provision against other assets - net	14.2.1	42,037
	Provision / (reversal) against off-balance sheet obligations - net	20.2	(42,542)
	Recovery of written-off / charged off bad debts		(503,308)
	Other provisions and write-offs		97,352
		<u>(7,833,184)</u>	<u>5,416,317</u>
32.	TAXATION		
	Current		29,161,172
	Prior years		3,681,026
	Deferred		(950,976)
		<u>38,185,072</u>	<u>31,891,222</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 - September 2023	January - September 2022
		----- (Rupees in '000) -----	
33.	EARNINGS PER SHARE		
	Profit after taxation for the period	<u>40,865,584</u>	<u>18,761,830</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>33.38</u>	<u>15.33</u>

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

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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	September 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	2,071,383,245	-	2,071,383,245	-	2,071,383,245
- Shares and units	9,236,444	9,236,444	-	-	9,236,444
- Foreign securities	95,701,302	-	95,701,302	-	95,701,302
- Non-Government debt securities	2,917,143	-	2,917,143	-	2,917,143
	2,179,238,134	9,236,444	2,170,001,690	-	2,179,238,134
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	322,596,843	-	283,852,512	-	283,852,512
- Foreign securities	31,465,372	-	28,884,905	-	28,884,905
- Non-Government debt securities	22,209,724	-	21,458,493	-	21,458,493
	376,271,939	-	334,195,910	-	334,195,910
	2,555,510,073	9,236,444	2,504,197,600	-	2,513,434,044
Off-balance sheet financial instruments measured at fair value					
Foreign exchange contracts - purchased and sold	897,003,559	-	(429,427)	-	(429,427)
Cross currency swaps	-	-	-	-	-
FX options - purchased and sold	1,916,134	-	-	-	-
Forward Government Securities - purchased and sold	53,657,960	-	48,552	-	48,552

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	December 31, 2022 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Federal Government securities	918,142,448	-	918,142,448	-	
- Shares and units	10,395,250	10,192,720	202,530	-	
- Foreign securities	50,324,262	-	50,324,262	-	
- Non-Government debt securities	4,276,430	-	4,276,430	-	
	<u>983,138,390</u>	<u>10,192,720</u>	<u>972,945,670</u>	<u>-</u>	
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	362,552,249	-	333,494,230	-	
- Foreign securities	46,216,438	-	43,959,139	-	
- Non-Government debt securities	18,167,923	-	17,357,546	-	
	<u>426,936,610</u>	<u>-</u>	<u>394,810,915</u>	<u>-</u>	
	<u>1,410,075,000</u>	<u>10,192,720</u>	<u>1,367,756,585</u>	<u>-</u>	
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	-	

34.3 Fair Value of non-financial assets

	September 30, 2023 (Un-audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Fixed Assets	50,577,858	-	-	50,577,858	
Non-banking assets acquired in satisfaction of claims	38,541	-	-	38,541	
	<u>50,616,399</u>	<u>-</u>	<u>-</u>	<u>50,616,399</u>	
	December 31, 2022 (Audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Fixed Assets	52,066,713	-	-	52,066,713	
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800	
	<u>52,107,513</u>	<u>-</u>	<u>-</u>	<u>52,107,513</u>	

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

35. SEGMENT INFORMATION

35.1 Segment details with respect to business activities

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

For the nine months ended September 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	28,735,586	85,747,056	(54,349,429)	6,039,634	7,565,316	(964,451)	72,773,712
Inter segment (expense) / revenue - net	(26,604,828)	(98,604,672)	118,025,032	-	-	7,184,468	-
Non mark-up / return / interest income	3,587,999	6,892,865	8,147,798	360,731	2,106,762	1,022,963	22,119,118
Total Income	5,718,757	(5,964,751)	71,823,401	6,400,365	9,672,078	7,242,980	94,892,830
Segment direct expenses	1,007,928	172,408	24,715,327	1,951,637	4,452,344	6,523,817	38,823,461
Inter segment expense allocation	188,160	66,174	5,607,088	-	332,129	(6,193,551)	-
Total expenses	1,196,088	238,582	30,322,415	1,951,637	4,784,473	330,266	38,823,461
Provision reversal / (charge) - net	614,809	(1,038,994)	665,569	(12,664)	(3,725,715)	(1,919,322)	(5,416,317)
Profit / (loss) before taxation	5,137,478	(7,242,327)	42,166,555	4,436,064	1,161,890	4,993,392	50,653,052

As at September 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	20,666	95,038,711	88,402,867	28,900,753	100,044,143	-	312,407,140
Investments	13,190,784	2,110,139,955	-	267,846,200	167,617,142	1,688,428	2,560,482,509
Net inter segment lending	-	-	1,498,899,806	-	-	159,345,986	1,658,245,792
Lendings to financial institutions	-	225,948,265	-	-	-	-	225,948,265
Advances - performing	372,807,936	11,501	48,895,542	49,962,042	114,439,365	3,165,420	589,281,806
Advances - non-performing net	2,352,625	11,153	563,458	74,465	10,926,859	14,288	13,942,848
Others	17,186,520	126,250,270	24,786,562	41,848,306	17,462,861	53,299,708	280,834,227
Total Assets	405,558,531	2,557,399,855	1,661,548,235	388,631,766	410,490,370	217,513,830	5,641,142,587

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As at September 30, 2023 (Un-audited)

	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
(Rupees in '000)							
Borrowings	57,839,304	1,238,102,796	3,945,501	54,407,827	2,762,011	-	1,357,057,439
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	101,466,554	159,670	1,512,287,655	299,967,921	312,526,550	986,523	2,227,394,873
<i>Net inter segment borrowing</i>	232,639,804	1,324,952,578	-	-	100,653,410	-	1,658,245,792
Others	5,668,927	40,775,882	87,136,786	8,131,610	6,378,776	18,155,371	166,247,352
Total Liabilities	397,614,589	2,603,990,926	1,603,369,942	362,507,358	422,320,747	29,141,894	5,418,945,456
Equity	7,943,942	(46,591,071)	58,178,293	26,124,408	(11,830,377)	188,371,936	222,197,131
Total Equity & liabilities	405,558,531	2,557,399,855	1,661,548,235	388,631,766	410,490,370	217,513,830	5,641,142,587
Contingencies and Commitments	610,917,693	421,483,676	85,635,416	4,167,999	579,067,522	396,852	1,701,669,158

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:

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	As at September 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	-	-	-	900,632	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	900,632	-	-
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	-	-	-	-	(366,640)	(58,517)
Transfers in / (out) - net	-	-	-	-	-	45,546
Closing balance	-	-	-	2,955,223	1,657,486	5,287,397
Provision for diminution in value of investments	-	-	-	-	-	1,161,291
Provision written off	-	-	-	-	-	-
Advances						
Opening balance	-	480	318,625	-	-	17,808,043
Addition during the period	-	2,967	410,694	-	-	14,943,062
Repaid during the period	-	(3,422)	(419,451)	-	-	(32,131,124)
Transfers in / (out) - net	-	576	116,764	-	-	1,599,447
Closing balance	-	601	426,632	-	-	2,219,428
Provision held against advances	-	-	-	-	-	1,274,449
Other Assets						
Income / mark-up accrued	-	-	-	-	-	21,412
Receivable from staff retirement fund	-	-	-	-	-	2,464,316
Prepaid insurance	-	-	-	-	246,952	-
Dividend Receivable	-	-	-	85,571	-	-
Other receivable	-	-	-	13,527	-	-
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	206,500
Settled during the period	-	-	-	-	-	(206,500)
Closing balance	-	-	-	-	-	-
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	80,946,123	46,921,093	751,901	11,164,488	145,221,460	209,809,778
Withdrawn during the period	(80,947,767)	(56,925,728)	(765,520)	(11,141,396)	(136,174,644)	(221,765,261)
Transfers in - net	-	9,672	7,088	-	-	(404,713)
Closing balance	12,683	3,929,400	62,306	93,849	10,712,391	3,639,895

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As at September 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	728	23,060	278	3,100	92,959	17,817
Dividend payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	38,598
Unearned income	-	-	-	-	-	15,769
Other payable	-	4,160	-	67,325	-	-
Contingencies and Commitments						
Letters of credit	-	-	-	-	-	-
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	5,308,368
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

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FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	-
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 nine months ended September 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	-	-	15,620	-	-	2,178,926
Commission / charges recovered	-	64	977	904	14,145	14,663
Dividend income	-	-	-	85,571	5,002	440,217
Net gain on sale of securities	-	-	-	-	32,413	-
Other income	-	-	-	2,043	-	32,024
Gain on sale of fixed assets	-	-	7,072	-	1,090	-
Reversal of provision	-	-	-	-	-	7,034
Switch revenue	-	-	-	-	-	249,996
Management fee	-	-	-	59,020	-	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

For the nine months ended September 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	281,364	7,907	7,233	471,459	349,089
Remuneration paid	-	-	917,177	-	-	-
Post employment benefits	-	-	10,104	-	-	-
Directors' fees and allowances	-	74,956	-	-	-	-
Charge for defined contribution plans	-	-	22,188	-	-	391,028
Charge for defined benefit plans	-	-	-	-	-	555,340
Provision	-	-	-	-	-	215,453
Other expenses	-	-	15,162	-	-	113,720
Clearing charges	-	-	-	-	-	128,241
Membership, subscription, sponsorship and maintenance charges	-	-	2,873	-	-	26,723
Other Information						
Dividend paid	34,745,089	1,004,941	13,194	-	64,941	2,619,101
Insurance premium paid	-	-	-	-	647,440	-
Insurance claims settled	-	-	-	-	453,070	-

For the nine months ended September 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	-	-	11,789	5,336	76,304	160,812
Commission / charges recovered	-	34	875	552	24,286	9,746
Dividend income	-	-	-	505,355	49,878	215,053
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	1,996	-	17,557
Gain on sale of fixed assets	-	-	715	-	1,454	-
Reversal of provision	-	-	-	(107,941)	-	-
Switch revenue	-	-	-	-	-	200,992
Management fee	-	-	-	38,830	-	-
Expense						
Mark-up / return / interest paid	825	459,215	3,994	4,371	272,355	585,958
Remuneration paid	-	-	693,397	-	-	-
Post employment benefits	-	-	8,285	-	-	-
Directors' fees and allowances	-	69,617	-	-	-	-
Charge for defined contribution plans	-	-	17,803	-	-	327,412
Charge for defined benefit plans	-	-	-	-	-	436,713
Other expenses	-	-	-	-	-	178,140
Clearing charges	-	-	-	-	-	115,186
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	6,406
Other Information						
Dividend paid	6,127,770	172,327	5,811	-	88,801	1,527,244
Insurance premium paid	-	-	-	-	532,495	-
Insurance claims settled	-	-	-	-	325,190	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 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	130,903,495	134,274,529
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,803,806
Total Eligible Tier 1 Capital	140,838,265	144,078,335
Eligible Tier 2 Capital	46,160,055	47,616,511
Total Eligible Capital (Tier 1 + Tier 2)	186,998,320	191,694,846
Risk Weighted Assets (RWAs):		
Credit Risk	713,109,493	717,763,967
Market Risk	91,932,554	81,055,011
Operational Risk	200,926,121	200,926,121
Total	1,005,968,168	999,745,099
Common Equity Tier 1 Capital Adequacy Ratio	13.01%	13.43%
Tier 1 Capital Adequacy Ratio	14.00%	14.41%
Total Capital Adequacy Ratio	18.59%	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 Nine Months ended September 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 September 30, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 18.59% whereas CET 1 and Tier 1 ratios stood at 13.01% and 14.00% 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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	140,838,265	144,078,335
Total Exposures	4,625,525,153	3,283,578,765
Leverage Ratio	3.04%	4.39%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,054,696,905	1,014,739,744
Total Net Cash Outflow	392,301,719	316,508,188
Liquidity Coverage Ratio	268.85%	320.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,398,393,202	2,194,772,092
Total Required Stable Funding	1,379,422,811	1,355,300,059
Net Stable Funding Ratio	173.87%	161.94%

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

38. ISLAMIC BANKING BUSINESS

The Bank operates 203 (December 31, 2022: 150) Islamic Banking branches and 483 (December 31, 2022: 219) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	27,920,039	7,103,365
Balances with other banks	980,714	737,765
Due from financial institutions	-	-
Investments	267,846,200	124,800,008
Islamic financing and related assets - net	50,036,507	102,233,287
Fixed assets	2,300,883	1,431,431
Intangible assets	-	-
Due from Head Office	22,948,827	3,873,536
Other assets	16,598,596	4,095,406
	<u>388,631,766</u>	<u>244,274,798</u>
LIABILITIES		
Bills payable	2,301,944	2,874,226
Due to financial institutions	54,407,827	69,092,536
Deposits and other accounts	299,967,921	151,693,394
Other liabilities	5,829,666	4,329,703
	<u>362,507,358</u>	<u>227,989,859</u>
NET ASSETS		
	<u>26,124,408</u>	<u>16,284,939</u>
REPRESENTED BY		
Islamic Banking Fund	2,181,000	2,181,000
Reserves	-	-
Deficit on revaluation of assets	(3,434,081)	(920,832)
Unappropriated profit	27,377,489	15,024,771
	<u>26,124,408</u>	<u>16,284,939</u>
CONTINGENCIES AND COMMITMENTS		

PROFIT AND LOSS ACCOUNT

	(Un-audited) January - September 2023	(Un-audited) January - September 2022
	----- (Rupees in '000) -----	
Profit / return earned	31,903,134	13,948,407
Profit / return expensed	17,359,948	7,908,773
Net profit / return	<u>14,543,186</u>	<u>6,039,634</u>
Other income		
Fee and commission income	257,386	254,480
Foreign exchange income	118,118	77,089
Loss on securities - net	-	-
Other income	62,570	29,162
Total other income	<u>438,074</u>	<u>360,731</u>
Total Income	<u>14,981,260</u>	<u>6,400,365</u>
Other expenses		
Other operating expenses	2,630,508	1,951,637
Profit before provisions	<u>12,350,752</u>	<u>4,448,728</u>
Provisions / (reversal) and write-offs - net	(1,966)	12,664
Profit before taxation	<u>12,352,718</u>	<u>4,436,064</u>
Taxation	6,052,832	2,770,322
Profit after taxation	<u>6,299,886</u>	<u>1,665,742</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

38.1 Investments by segments

	As at September 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	254,363,953	-	(3,434,081)	250,929,872	112,516,387	-	(920,832)	111,595,555
- Islamic Naya Pakistan Certificates	6,976,954	-	-	6,976,954	4,806,162	-	-	4,806,162
	261,340,907	-	(3,434,081)	257,906,826	117,322,549	-	(920,832)	116,401,717
Non Government Debt Securities								
- Listed	413,393	-	-	413,393	524,554	-	-	524,554
- Unlisted	9,525,981	-	-	9,525,981	7,873,737	-	-	7,873,737
	9,939,374	-	-	9,939,374	8,398,291	-	-	8,398,291
	271,280,281	-	(3,434,081)	267,846,200	125,720,840	-	(920,832)	124,800,008

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

38.2 Islamic financing and related assets

Ijarah	254,363	283,654
Murabaha	493,730	507,528
Musharakah	4,417,359	55,706,384
Diminishing Musharakah	26,790,713	25,940,267
Mera Pakistan Mera Ghar (MPMG)	5,218,542	5,189,100
Istisna	259,572	54,086
Islamic Export Refinance scheme - Musharakah	4,649,742	5,499,743
Islamic Export Refinance scheme - Istisna	603,784	553,570
Advances against Islamic assets		
Advances against Ijarah	10,561	40,268
Advances for Diminishing Musharakah	1,278,895	1,304,675
Advances for Murabaha	53,198	64,498
Advances against Mera Pakistan Mera Ghar	7,953	279,014
Advances for Istisna	364,198	429,444
Advances for Istisna IERS	43,600	-
Advances against Ameen ITERF	4,005,624	3,953,348
Inventory related to Islamic financing		
Istisna	115,143	193,698
Profit and other receivables against financings	1,664,587	2,442,188
Gross Islamic financing and related assets	50,231,564	102,441,465
Less: Provision against Islamic financings		
- Specific	(102,875)	(99,851)
- General	(92,182)	(108,327)
	(195,057)	(208,178)
Islamic financing and related assets - net of provision	50,036,507	102,233,287

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

38.3 Deposits and other accounts

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
Customers		
Current deposits	135,044,994	84,267,286
Saving deposits	56,805,221	36,040,108
Term deposits	20,816,094	30,318,011
	212,666,309	150,625,405
Financial Institutions		
Current deposits	151,082	160,110
Saving deposits	87,120,530	897,879
Term deposits	30,000	10,000
	87,301,612	1,067,989
	299,967,921	151,693,394

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. 168,880.764 million (December 31, 2022: Rs. 76,771.045 million).

	(Un-audited) September 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	12,352,718	6,929,823
	27,377,489	15,024,771
Taxation	(6,052,832)	(3,665,876)
Closing Balance	21,324,657	11,358,895

38.5 Contingencies and commitments

- Guarantees	21,274	22,074
- Commitments	4,146,725	7,604,181
	4,167,999	7,626,255

38.6 Profit / Return earned

	(Un-audited) January - September 2023	(Un-audited) January - September 2022
----- (Rupees in '000) -----		
On:		
Financing	8,775,401	4,925,431
Investments	22,672,628	8,432,273
Placements	287,267	423,022
Rental Income from Ijarah	167,838	167,681
	31,903,134	13,948,407

38.7 Profit / Return expensed

On:		
Deposits and other accounts	11,972,125	7,664,317
Due to Financial Institutions	5,280,120	158,088
Others	107,703	86,368
	17,359,948	7,908,773

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 NINE MONTHS ENDED SEPTEMBER 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 Sep 30, 2023 is Rs.7,231.833 million (43.65% of distributable profit of Mudarabah Pool) of this, an amount of Rs.3,766.139 million (52.08% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 19.31% per annum and the rate of profit paid on average deposits was 15.27% per annum.

The risk characteristics of pools

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

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

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

The Bank managed following pools during the period.

For the nine months ended September 30, 2023 (Un-audited)

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

For the nine months ended September 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	9	Mudarbaha	Monthly	10.22%	43.85%	114,422	7.44%	36.44%	41,697
Special Pools	125	Mudarbaha	Monthly	13.15%	14.57%	491,654	11.67%	38.17%	187,642
IERS Pools	18	Musharkah	Monthly	10.42%	89.53%	1,009,658	3.29%	0.00%	-
FCY Pools	18	Mudarbaha	Monthly	2.13%	50.00%	3,309	1.06%	0.00%	-
General Pools	9	Mudarbaha	Monthly	13.38%	50.00%	3,065,095	9.69%	44.91%	1,376,423
Treasury Pools	6	Musharkah	Monthly	10.61%	5.42%	356	10.08%	0.00%	-

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

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

38.9 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	5,873,220	6,337,407
Agriculture	372,066	52,739,670
Textile	7,867,597	9,188,530
Financial	1,595,714	1,352,765
Food industries	78,774	106,665
Plastic	307,628	253,444
Individuals	15,941,606	16,789,978
Production and transmission of energy	20,695,942	18,177,556
Government of Pakistan Securities	257,906,826	116,401,717
Others	8,419,105	6,631,506
	<u>319,058,478</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 NINE MONTHS ENDED SEPTEMBER 30, 2023

40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 25, 2023 has declared an interim cash dividend in respect of quarter ended September 30, 2023 of Rs. 11.0 per share (September 30, 2022: Rs. 4.0 per share). This is in addition to Rs. 22.0 already paid during the year bringing the total dividend for the nine months to Rs. 33.0 per share (September 30, 2022: Rs. 13.0). These unconsolidated condensed interim financial statements for the nine months ended September 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 October 25, 2023, by the Board of Directors of the Bank.



Arif Akmal Saifie
Chief Financial Officer



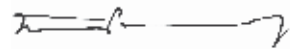
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman



UNITED BANK LIMITED

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

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

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	6 286,786,202	143,034,544
Balances with other banks	7 26,766,861	16,686,747
Lendings to financial institutions	8 228,601,272	85,842,721
Investments	9 2,605,838,015	1,450,939,753
Advances	10 845,935,112	1,096,220,888
Fixed assets	11 82,510,467	79,402,671
Intangible assets	12 2,518,999	2,518,133
Deferred tax assets	13 28,066,927	16,751,121
Other assets	15 177,753,123	87,009,226
	4,284,776,978	2,978,405,804
LIABILITIES		
Bills payable	17 22,344,687	36,482,712
Borrowings	18 1,363,820,281	566,234,220
Deposits and other accounts	19 2,490,969,131	2,034,557,434
Liabilities against assets subject to finance lease	20 8,347	11,341
Subordinated debt	21 10,000,000	10,000,000
Deferred tax liabilities	13 -	-
Other liabilities	22 146,376,635	101,927,823
	4,033,519,081	2,749,213,530
NET ASSETS	<u>251,257,897</u>	<u>229,192,274</u>
REPRESENTED BY:		
Share capital	12,241,797	12,241,797
Reserves	116,999,418	91,888,710
Surplus on revaluation of assets	23 11,151,965	19,654,297
Unappropriated profit	97,619,535	96,282,169
Total equity attributable to the equity holders of the Bank	238,012,715	220,066,973
Non-controlling interest	13,245,182	9,125,301
	<u>251,257,897</u>	<u>229,192,274</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



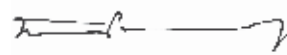
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President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	July - September 2023	July - September 2022	January - September 2023	January - September 2022
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	26	151,129,050	75,402,959	346,949,346
Mark-up / return / interest expensed	27	111,569,381	46,479,598	235,054,918
Net mark-up / interest income		<u>39,559,669</u>	<u>28,923,361</u>	<u>111,894,428</u>
Non mark-up / interest income				
Fee and commission income	28	4,892,214	4,285,794	14,612,311
Dividend income		216,177	214,057	1,120,477
Foreign exchange income		2,313,587	3,034,467	9,369,247
(Loss) / income from derivatives		165,972	258,263	(43,211)
(Loss) / gain on securities - net	29	(7,848,511)	109,483	(12,767,227)
Other income	30	239,313	279,791	826,684
Total non mark-up / interest income		<u>(21,248)</u>	<u>8,181,855</u>	<u>13,118,281</u>
Total income		<u>39,538,421</u>	<u>37,105,216</u>	<u>125,012,709</u>
Non mark-up / interest expenses				
Operating expenses	31	18,579,359	14,436,639	51,021,451
Workers' Welfare Fund		515,389	338,190	1,559,009
Other charges	32	28,138	1,827	32,203
Total non mark-up / interest expenses		<u>19,122,886</u>	<u>14,776,656</u>	<u>52,612,663</u>
Share of loss from associates		<u>(446,558)</u>	<u>(678,902)</u>	<u>(820,959)</u>
Profit before provisions		<u>19,968,977</u>	<u>21,649,658</u>	<u>71,579,087</u>
(Reversals) / provisions and write-offs - net	33	(9,124,579)	5,460,852	(9,535,408)
Profit before taxation from continuing operations		<u>29,093,556</u>	<u>16,188,806</u>	<u>81,114,495</u>
Taxation	34	14,048,130	9,596,211	38,546,968
Profit after taxation from continuing operations		<u>15,045,426</u>	<u>6,592,595</u>	<u>42,567,527</u>
Discontinued operations				
Profit from discontinued operations - net of tax	14	-	1,082	-
Profit after taxation		<u>15,045,426</u>	<u>6,593,677</u>	<u>42,567,527</u>
Attributable to:				
Equity holders of the Bank				
from continuing operations		14,737,205	6,513,164	41,680,502
from discontinued operations		-	1,082	-
		<u>14,737,205</u>	<u>6,514,246</u>	<u>41,680,502</u>
Non-controlling interest		308,221	79,431	887,025
		<u>15,045,426</u>	<u>6,593,677</u>	<u>42,567,527</u>
		----- (Rupees) -----		
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank				
Basic and diluted		<u>12.04</u>	<u>5.32</u>	<u>34.05</u>
Earnings per share for profit attributable to the equity holders of the Bank				
Basic and diluted	35	<u>12.04</u>	<u>5.32</u>	<u>34.05</u>

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



Arif Akmal Saif
Chief Financial Officer



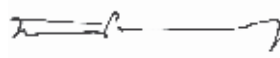
Muhammad Jawaid Iqbal
President &
Chief Executive Officer



Shazia Syed
Director



Daniel Michael Howlett
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	July - September 2023	July - September 2022	January - September 2023	January - September 2022
----- (Rupees in '000) -----				
Profit after taxation for the period attributable to:				
Equity holders of the Bank				
from continuing operations	14,737,205	6,513,164	41,680,502	18,425,836
from discontinued operations	-	1,082	-	46,870
	<u>14,737,205</u>	<u>6,514,246</u>	<u>41,680,502</u>	<u>18,472,706</u>
Non-controlling interest	308,221	79,431	887,025	320,016
	<u>15,045,426</u>	<u>6,593,677</u>	<u>42,567,527</u>	<u>18,792,722</u>
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods				
<i>Effect of translation of net investment in overseas branches and subsidiaries - net of tax</i>				
Equity holders of the Bank	(61,963)	7,196,835	21,024,150	15,032,239
Non-controlling interest	(500,601)	274,678	2,430,896	461,871
	<u>(562,564)</u>	<u>7,471,513</u>	<u>23,455,046</u>	<u>15,494,110</u>
<i>Movement in deficit on revaluation of investments - net of tax</i>				
Equity holders of the Bank	940,993	(7,144,844)	(7,726,074)	(19,307,229)
Non-controlling interest	137,214	(797,520)	58,919	(1,607,999)
	<u>1,078,207</u>	<u>(7,942,364)</u>	<u>(7,667,155)</u>	<u>(20,915,228)</u>
	515,643	(470,851)	15,787,891	(5,421,118)
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</i>				
Equity holders of the Bank	(129,196)	(10,783)	770,522	5,045
Non-controlling interest	(106,167)	92,852	623,412	187,569
	<u>(235,363)</u>	<u>82,069</u>	<u>1,393,934</u>	<u>192,614</u>
<i>Remeasurement loss on defined benefit obligations - net of tax</i>				
Equity holders of the Bank	5,226	-	146,213	-
Non-controlling interest	4,276	-	119,629	-
	<u>9,502</u>	<u>-</u>	<u>265,842</u>	<u>-</u>
<i>Movement in surplus on revaluation of non-banking assets - net of tax</i>				
	-	(25,403)	-	(10,189)
	<u>(225,861)</u>	<u>56,666</u>	<u>1,659,776</u>	<u>182,425</u>
Total comprehensive income for the period	<u>15,335,208</u>	<u>6,179,492</u>	<u>60,015,194</u>	<u>13,554,029</u>
Attributable to:				
Equity holders of the Bank				
from continuing operations	15,492,265	6,528,969	55,895,313	14,145,702
from discontinued operation	-	1,082	-	46,870
	<u>15,492,265</u>	<u>6,530,051</u>	<u>55,895,313</u>	<u>14,192,572</u>
Non-controlling interest	(157,057)	(350,559)	4,119,881	(638,543)
	<u>15,335,208</u>	<u>6,179,492</u>	<u>60,015,194</u>	<u>13,554,029</u>

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



Arif Akmal Saifia
Chief Financial Officer



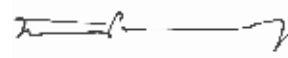
Muhammad Jawaid Iqbal
President &
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Shazia Syed
Director



Daniel Michael Howlett
Director



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Chairman


CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2022										
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	-	-	18,472,706	18,472,706	320,016	18,792,722
Other comprehensive income - net of tax	-	-	15,032,239	(19,307,229)	5,045	(10,189)	-	(4,280,134)	(958,559)	(5,238,693)
Total comprehensive income for the nine months ended September 30, 2022	-	-	15,032,239	(19,307,229)	5,045	(10,189)	18,472,706	14,192,572	(638,543)	13,554,029
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	-	-	-	-	23,040	-	(23,040)	-	-	-
Transfer to statutory reserve	-	1,876,183	-	-	-	-	(1,876,183)	-	-	-
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)
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
	-	-	-	-	-	-	(18,362,696)	(18,362,696)	-	(18,362,696)
Balance as at September 30, 2022 (Un-audited)	12,241,797	40,371,859	54,137,353	(21,868,780)	42,495,512	-	88,153,877	215,531,618	7,969,505	223,501,123
Total comprehensive income for the three months ended December 31, 2022										
Profit after taxation for the three months ended December 31, 2022	-	-	-	-	-	-	13,062,788	13,062,788	226,188	13,288,976
Other comprehensive income - net of tax	-	-	(3,808,724)	(919,660)	229,444	25,403	984,683	(3,488,854)	1,044,709	(2,444,145)
Total comprehensive income for the three months ended December 31, 2022	-	-	(3,808,724)	(919,660)	229,444	25,403	14,047,471	9,573,934	1,270,897	10,844,831
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	-	-	-	-	(112,676)	-	112,676	-	-	-
Transfer to statutory reserve	-	1,330,082	-	-	-	-	(1,330,082)	-	-	-
Transfer from statutory reserve on liquidation of subsidiary	-	(141,860)	-	-	-	-	-	(141,860)	-	(141,860)
Transactions with owners, recorded directly in equity										
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
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 nine months ended September 30, 2023										
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	-	41,680,502	41,680,502	887,025	42,567,527
Other comprehensive income - net of tax	-	-	21,024,150	(7,726,074)	770,522	-	146,213	14,214,811	3,232,856	17,447,667
Total comprehensive income for the nine months ended September 30, 2023	-	-	21,024,150	(7,726,074)	770,522	-	41,826,715	55,895,313	4,119,881	60,015,194
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	-	-	-	-	(72,548)	-	72,548	-	-	-
Transfer to statutory reserve	-	4,086,558	-	-	-	-	(4,086,558)	-	-	-
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)
Interim cash dividend - June 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
	-	-	-	-	-	-	(37,949,571)	(37,949,571)	-	(37,949,571)
Balance as at September 30, 2023 (Un-audited)	12,241,797	45,646,639	71,352,779	(30,514,514)	41,666,479	-	97,619,535	238,012,715	13,245,182	251,257,897

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 &
 Chief Executive Officer


Shazia Syed
 Director


Daniel Michael Howlett
 Director


Sir Mohammed Anwar Pervez, OBE, HPK
 Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January - September 2023	January - September 2022
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operations	81,114,495	50,833,045
Less: Dividend income	1,120,477	918,331
Less: Share of (loss) / profit from associates	(820,959)	(627,287)
	80,814,977	50,542,001
Adjustments:		
Depreciation on fixed assets	3,222,531	2,711,526
Depreciation on Islamic financing against leased assets (Ijarah)	105,607	113,018
Depreciation on right-of-use assets	1,720,996	1,567,036
Depreciation on non-banking assets acquired in satisfaction of claims	2,259	34,561
Amortisation	810,845	643,994
Workers' Welfare Fund - charge	1,559,009	1,042,793
Provision for retirement benefits	548,294	769,323
Provision for compensated absences	153,673	187,080
Reversal of provision against loans and advances - net	(3,062,103)	(3,046,958)
Provision / (reversals) against off balance sheet items - net	69,047	(42,542)
Provision for diminution in value of investments - net	(6,461,201)	9,752,476
Interest expense on lease liability against right-of-use assets	903,411	786,863
Loss on sale of Ijarah assets - net	626	1,556
Gain on sale of fixed assets - net	(396,880)	(174,566)
Gain on sale of non-banking assets - net	-	(24,250)
Bad debts written off directly	123,873	26,257
Unrealised loss on revaluation of investments classified as held for trading (Reversals) / provision against other assets	(13,750)	(15,045)
	(31,905)	42,037
Other provisions and write-offs	106,355	97,352
	(639,313)	14,472,511
	80,175,664	65,014,512
Decrease / (Increase) in operating assets		
Lendings to financial institutions	(142,758,551)	(3,990,831)
Held for trading securities	10,267,977	(2,449,580)
Advances	253,117,773	(63,996,233)
Other assets (excluding advance taxation)	(92,861,859)	(38,397,784)
	27,765,340	(108,834,428)
Increase / (decrease) in operating liabilities		
Bills payable	(14,138,025)	5,691,868
Borrowings	797,586,061	(368,593,071)
Deposits and other accounts	456,411,697	465,621,935
Other liabilities	46,569,608	23,820,677
	1,286,429,341	126,541,409
	1,394,370,345	82,721,493
Payment on account of staff retirement benefits	(603,230)	(1,082,411)
Income taxes paid	(32,639,192)	(16,132,431)
Net cash flows generated from operating activities	1,361,127,923	65,506,651
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(1,231,179,853)	(31,886,381)
Net investments in held to maturity securities	50,664,538	(46,176,861)
Net investments in associates	1,560,255	(268,317)
Dividend income received	1,062,838	918,331
Investment in fixed assets and intangible assets	(6,389,866)	(5,686,284)
Sale proceeds from disposal of fixed assets	1,918,670	1,009,237
Sale proceeds from disposal of Ijarah assets	5,302	-
Sale proceeds from disposal of UBTL	-	258,995
Sale proceeds from disposal of non banking assets	-	180,000
Exchange differences on translation of net investment in overseas branches and subsidiaries	23,455,046	15,494,110
Net cash flows used in investing activities	(1,158,903,070)	(66,157,170)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	2,994	4,920
Payment of lease liability against right-of-use assets	(2,577,545)	(2,035,125)
Dividends paid	(45,818,530)	(15,354,715)
Net cash flows used in financing activities	(48,393,081)	(17,384,920)
Decrease in cash and cash equivalents	153,831,772	(18,035,439)
Cash and cash equivalents at the beginning of the period	138,729,540	280,624,264
Effect of exchange rate changes on cash and cash equivalents	20,991,751	23,300,820
	159,721,291	303,925,084
Cash and cash equivalents at the end of the period	313,553,063	285,889,645

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



Arif Akmal Saiffe
Chief Financial Officer



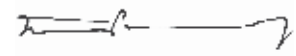
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Director



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Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 1,341 (December 31, 2022: 1,335) branches inside Pakistan including 203 (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 NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	25,240,249	27,392,567
Foreign currencies	12,110,283	8,082,259
	37,350,532	35,474,826
With State Bank of Pakistan in		
Local currency current accounts	95,272,450	55,264,401
Foreign currency current accounts	5,340,607	912,557
Foreign currency deposit accounts	9,948,127	204,472
	110,561,184	56,381,430
With other central banks in		
Foreign currency current accounts	71,404,949	44,342,604
Foreign currency deposit accounts	4,225,094	6,298,682
	75,630,043	50,641,286
With National Bank of Pakistan in local currency current accounts	62,888,908	377,456
Prize bonds	355,535	159,546
	<u>286,786,202</u>	<u>143,034,544</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	18,011	9,848
In deposit accounts	2,037,062	13,989
	2,055,073	23,837
Outside Pakistan		
In current accounts	17,079,920	11,006,069
In deposit accounts	7,631,868	5,656,841
	<u>24,711,788</u>	<u>16,662,910</u>
	<u>26,766,861</u>	<u>16,686,747</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	-	546,241
Repurchase agreement lendings (reverse repo)	225,948,265	85,296,480
Other lendings	2,653,007	-
	<u>228,601,272</u>	<u>85,842,721</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

9. INVESTMENTS

9.1 Investments by type	September 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
----- (Rupees in '000) -----								
Held for trading securities								
Federal Government Securities	17,278,352	-	13,750	17,292,102	27,546,990	-	(661)	27,546,329
Available for sale securities								
Federal Government securities	2,124,962,247	(12,604,670)	(54,588,372)	2,057,769,205	936,275,899	(9,070,841)	(34,542,879)	892,662,179
Shares and units	15,510,561	(6,636,223)	1,081,474	9,955,812	16,917,598	(6,085,089)	286,995	11,119,504
Non-Government debt securities	4,686,480	(162,334)	(818,777)	3,705,369	5,671,781	(162,334)	(839,419)	4,670,028
Foreign securities	141,788,724	(25,099)	(5,217,655)	136,545,970	91,421,585	(5,104,378)	(4,990,803)	81,326,404
	2,286,948,012	(19,428,326)	(59,543,330)	2,207,976,356	1,050,286,863	(20,422,642)	(40,086,106)	989,778,115
Held to maturity securities								
Federal Government securities	327,234,331	(4,637,488)	-	322,596,843	366,081,117	(3,528,868)	-	362,552,249
Non-Government debt securities	23,152,222	(942,498)	-	22,209,724	18,878,916	(710,993)	-	18,167,923
Foreign securities	31,733,388	(267,391)	-	31,465,997	49,765,148	(3,548,218)	-	46,216,930
	382,119,941	(5,847,377)	-	376,272,564	434,725,181	(7,788,079)	-	426,937,102
Associates	4,690,794	(393,801)	-	4,296,993	7,072,008	(393,801)	-	6,678,207
Total Investments	<u>2,691,037,099</u>	<u>(25,669,504)</u>	<u>(59,529,580)</u>	<u>2,605,838,015</u>	<u>1,519,631,042</u>	<u>(28,604,522)</u>	<u>(40,086,767)</u>	<u>1,450,939,753</u>

9.1.1 Investments given as collateral

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
Federal Government securities	1,233,563,964	445,026,286
Foreign securities	7,102,746	9,199,941
Associates	-	1,898,804
	<u>1,240,666,710</u>	<u>456,125,031</u>

The market value of securities given as collateral is Rs. 1,200,842 million (December 31, 2022: Rs. 444,672 million).

9.2 Provision for diminution in value of investments

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----		
9.2.1 Opening balance	28,604,522	6,457,317
Exchange adjustments	3,526,183	1,303,537
Charge / (reversals)		
Charge for the period / year	6,080,386	21,031,410
Reversals for the period / year	(985,702)	(99,806)
Reversal on disposals	(11,555,885)	(87,936)
	(6,461,201)	20,843,668
Amount written off	-	-
Closing balance	<u>25,669,504</u>	<u>28,604,522</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

9.2.2 Particulars of provision against debt securities

Category of classification	September 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	-	-	11,613,838	7,533,530
Total	<u>281,383</u>	<u>281,383</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 September 30, 2023 amounted to Rs. 334,195.910 million (December 31, 2022: Rs. 394,810.915 million).

9.4 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs. 18,358.097 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.

10. ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
	2023	2022	2023	2022	2023	2022
Note	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	765,909,271	939,171,325	111,054,884	92,462,842	876,964,155	1,031,634,167
Islamic financing and related assets	50,053,417	102,281,886	178,147	159,579	50,231,564	102,441,465
Bills discounted and purchased	23,221,639	51,511,597	2,999,567	2,908,653	26,221,206	54,420,250
Advances - gross	<u>839,184,327</u>	<u>1,092,964,808</u>	<u>114,232,598</u>	<u>95,531,074</u>	<u>953,416,925</u>	<u>1,188,495,882</u>
Provision against advances						
- Specific	-	-	(95,390,696)	(82,038,458)	(95,390,696)	(82,038,458)
- General	(12,091,117)	(10,236,536)	-	-	(12,091,117)	(10,236,536)
	<u>(12,091,117)</u>	<u>(10,236,536)</u>	<u>(95,390,696)</u>	<u>(82,038,458)</u>	<u>(107,481,813)</u>	<u>(92,274,994)</u>
Advances - net of provision	<u>827,093,210</u>	<u>1,082,728,272</u>	<u>18,841,902</u>	<u>13,492,616</u>	<u>845,935,112</u>	<u>1,096,220,888</u>

10.1 Particulars of advances - gross

	(Un-audited)	(Audited)
	September 30,	December 31,
	2023	2022
	----- (Rupees in '000) -----	
10.1.1 In local currency	473,724,595	765,445,157
In foreign currencies	479,692,330	423,050,725
	<u>953,416,925</u>	<u>1,188,495,882</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

10.2 Advances include Rs. 114,232.598 million (December 31, 2022: Rs. 95,531.074 million) which have been placed under non-performing status as detailed

Category of Classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	204,716	9,113	135,948	1,948
Substandard	2,357,830	577,349	2,307,269	569,848
Doubtful	173,149	78,158	732,137	365,716
Loss	21,655,851	20,710,935	23,018,816	22,067,588
	24,391,546	21,375,555	26,194,170	23,005,100
Overseas				
Not past due but impaired**	1,993,089	575,620	5,192,817	1,806,054
Overdue by:				
Upto 90 days	295,537	105,704	1,194,694	403,030
91 to 180 days	286,663	6,191	82,114	31,978
181 to 365 days	10,286,371	2,178,790	3,476,459	1,539,163
> 365 days	76,979,392	71,148,836	59,390,820	55,253,133
	89,841,052	74,015,141	69,336,904	59,033,358
Total	114,232,598	95,390,696	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

	September 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 (Reversals) / charge	16,212,550	2,576,277	18,788,827	14,659,246	1,398,030	16,057,276
Charge for the period / year	575,943	136,960	712,903	2,460,068	388,833	2,848,901
Reversals for the period / year	(2,916,350)	(858,656)	(3,775,006)	(3,714,668)	(2,110,253)	(5,824,921)
	(2,340,407)	(721,696)	(3,062,103)	(1,254,600)	(1,721,420)	(2,976,020)
Amounts charged off - agriculture financing	(20,717)	-	(20,717)	(66,894)	-	(66,894)
Amounts written off	(499,188)	-	(499,188)	(3,171,280)	-	(3,171,280)
Transfers (out) / in - net	-	-	-	(3,089,350)	3,089,350	-
Closing balance	95,390,696	12,091,117	107,481,813	82,038,458	10,236,536	92,274,994

10.3.1 General provision represents provision amounting to Rs. 458.380 million (December 31, 2022: Rs. 469.158 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 11,332.737 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. 16.791 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. 6,653.169 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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

11. FIXED ASSETS	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	1,715,504	1,054,194
Property and equipment		72,510,327	70,370,878
Right-of-use assets		8,284,636	7,977,599
		<u>82,510,467</u>	<u>79,402,671</u>

11.1 Capital work-in-progress

Civil works	1,185,090	856,514
Equipment	530,414	197,680
	<u>1,715,504</u>	<u>1,054,194</u>

(Un-audited)

11.2 Additions to fixed assets

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

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

Capital work-in-progress - net additions	661,310	109,779
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Property and equipments

Leasehold improvements	996,509	340,503
Furniture and fixtures	222,299	198,084
Electrical, office and computer equipment	2,974,892	3,074,139
Vehicles	189,701	230,737
	4,383,401	3,843,463

Right-of-use assets	2,287,473	2,121,836
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Total	<u>7,332,184</u>	<u>6,075,078</u>
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(Un-audited)

11.3 Disposals of fixed assets

January - September 2023	January - September 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	77,176
Leasehold land	1,444,780	134,500
Leasehold Improvement	1,454	96,438
Furniture and fixtures	720	71,803
Electrical, office and computer equipment	2,996	438,513
Vehicles	17,016	16,241
	1,521,790	834,671

Derecognition of right-of-use assets	-	157,972
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Total	<u>1,521,790</u>	<u>992,643</u>
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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

12. INTANGIBLE ASSETS	(Un-audited)	(Audited)
	September 30, 2023	December 31, 2022
	----- (Rupees in '000) -----	
Capital work-in-progress - Computer software	314,225	384,706
Intangible assets - Computer software	2,204,774	2,133,427
	<u>2,518,999</u>	<u>2,518,133</u>
	(Un-audited)	
	January -	January -
	September 2023	September 2022
	----- (Rupees in '000) -----	

12.1 Additions to intangible assets

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

Capital work-in-progress - net additions	117,671	69,378
Directly purchased - intangible assets	820,888	548,482
	<u>938,559</u>	<u>617,860</u>

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

Deductible temporary differences on

Provision against advances, off-balance sheet obligations	864,405	2,628,666
Deficit on revaluation of investments	27,375,624	15,600,599
Post-retirement employee benefits	164,127	58,867
Workers' Welfare Fund	4,219,789	3,036,553
Others	(213,564)	(40,822)
	<u>32,410,381</u>	<u>21,283,863</u>

Taxable temporary differences on

Surplus on revaluation of fixed assets / non-banking assets	(3,283,305)	(2,998,994)
Accelerated tax depreciation	(634,325)	(869,279)
Share of profit from associates	(425,824)	(664,231)
Others	-	(238)
	<u>(4,343,454)</u>	<u>(4,532,742)</u>
	<u>28,066,927</u>	<u>16,751,121</u>

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

14.1 Discontinued operation

	(Un-audited)	
	January - September 2023	January - September 2022
	----- (Rupees in '000) -----	
Non mark-up / interest income		
Fee, commission and brokerage income	-	-
Foreign exchange income	-	163
Income from derivatives	-	-
Other income	-	-
Total non mark-up / interest income	-	163
Total income	-	163
Non mark-up / interest expenses		
Operating expenses	-	(46,707)
Total non mark-up / interest expenses	-	(46,707)
Provisions and write-offs - net	-	-
Profit / (loss) before taxation	-	46,870
Taxation	-	-
Profit / (loss) after taxation	-	46,870

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
15. OTHER ASSETS	Note		
Income / mark-up accrued in local currency		136,995,879	48,134,779
Income / mark-up accrued in foreign currencies	15.1	3,839,549	3,464,280
Advance taxation - net of provision for taxation		-	2,313,341
Receivable from staff retirement fund		2,730,158	2,517,968
Receivable from other banks against telegraphic transfers and demand drafts		485,451	2,960,752
Unrealised gain on forward foreign exchange contracts		4,040,823	3,437,641
Rebate receivable - net		3,874,101	2,030,996
Unrealised gain on derivative financial instruments		77,032	273,060
Suspense accounts		-	84,755
Stationery and stamps on hand		509,617	418,454
Non-banking assets acquired in satisfaction of claims		38,541	40,800
Advances, deposits, advance rent and other prepayments		3,132,579	2,990,369
Dividend receivable		57,639	-
Commission receivable - Branchless Banking		613,686	561,390
Commission receivable - Bancassurance		69,162	208,047
Receivable against fraud & forgery and looted notes		497,369	632,418
Acceptances	22	20,399,102	16,502,130
Others		1,556,310	1,683,018
		178,916,998	88,254,198
Provision held against other assets	15.2	(1,163,875)	(1,244,972)
Other assets - net of provision		177,753,123	87,009,226
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Other assets - total		177,753,123	87,009,226

15.1 Unrealised mark-up held in suspense amounting to Rs. 39,064.390 million (December 31, 2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 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	497,369	632,418
Others	612,398	557,720
	<u>1,163,875</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	91,358	74,408
Charge / (reversals)		
Charge for the period / year	49,927	165,347
Reversals for the period / year	(81,832)	(154,074)
	(31,905)	11,273
Transfers out - net	(2,100)	(348)
Amounts written off	(138,450)	(3,416)
Closing balance	<u>1,163,875</u>	<u>1,244,972</u>

16. CONTINGENT ASSETS

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

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
17. BILLS PAYABLE		
In Pakistan	20,640,177	30,473,754
Outside Pakistan	1,704,510	6,008,958
	<u>22,344,687</u>	<u>36,482,712</u>

18. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	36,930,611	41,707,841
Refinance facility for modernisation of SME	623,765	543,586
Long term financing facility	14,894,840	17,390,998
Refinance scheme for payment of wages and salaries	-	427,410
Renewable energy scheme	891,032	767,091
Temporary economic refinance facility	17,242,073	17,072,471
Refinance facility for combating COVID-19	348,169	431,902
Repurchase agreement borrowings	1,205,392,866	419,211,752
Financing facility for storage of agriculture products	37,813	48,125
Refinance for women entrepreneurs	63,328	26,624
Mudarbaha base open market operations (OMO)	-	19,436,837
	1,276,424,497	517,064,637

Repurchase agreement borrowings	33,846,275	6,792,865
Borrowing from commercial banks by subsidiary	-	1,705,598
	1,310,270,772	525,563,100

Unsecured

Call borrowings	53,273,011	39,830,000
Overdrawn nostro accounts	276,498	841,120
	53,549,509	40,671,120
	<u>1,363,820,281</u>	<u>566,234,220</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

19. DEPOSITS AND OTHER ACCOUNTS

	September 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 deposits	809,661,779	252,328,883	1,061,990,662	668,965,290	198,871,273	867,836,563
Saving deposits	655,827,924	94,997,350	750,825,274	580,708,939	83,552,037	664,260,976
Term deposits	142,953,875	314,505,946	457,459,821	162,072,945	274,074,375	436,147,320
Others	31,243,394	7,172,188	38,415,582	11,629,223	6,312,108	17,941,331
	<u>1,639,686,972</u>	<u>669,004,367</u>	<u>2,308,691,339</u>	<u>1,423,376,397</u>	<u>562,809,793</u>	<u>1,986,186,190</u>
Financial Institutions						
Current deposits	13,460,840	4,903,581	18,364,421	18,360,396	8,307,423	26,667,819
Saving deposits	150,755,073	6,471,804	157,226,877	16,002,797	86,058	16,088,855
Term deposits	2,303,950	4,382,544	6,686,494	1,765,668	3,848,902	5,614,570
	<u>166,519,863</u>	<u>15,757,929</u>	<u>182,277,792</u>	<u>36,128,861</u>	<u>12,242,383</u>	<u>48,371,244</u>
	<u>1,806,206,835</u>	<u>684,762,296</u>	<u>2,490,969,131</u>	<u>1,459,505,258</u>	<u>575,052,176</u>	<u>2,034,557,434</u>

19.1 Deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,331,846.994 million (December 31, 2022: Rs 1,174,510.768 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 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	7,722	127	7,595	5,900	289	5,611
Later than one year and not later than five years	752	-	752	5,829	99	5,730
	<u>8,474</u>	<u>127</u>	<u>8,347</u>	<u>11,729</u>	<u>388</u>	<u>11,341</u>

21. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 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 NINE MONTHS ENDED SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
22. OTHER LIABILITIES	Note		
Mark-up / return / interest payable in local currency		73,541,741	39,687,924
Mark-up / return / interest payable in foreign currencies		1,393,770	1,095,809
Accrued expenses		7,049,477	5,865,502
Branch adjustment account		1,476,772	556,451
Deferred income		1,349,898	1,046,001
Current taxation (provisions less payments)	22.1	3,647,632	-
Unearned commission and income on bills discounted		897,639	810,809
Provision against off-balance sheet obligations	22.2	1,196,536	896,567
Unrealised loss on forward foreign exchange contracts		4,832,075	667,154
Unrealised loss on derivative financial instruments		28,480	1,357
Provision for post-retirement medical benefits		2,723,544	2,628,679
Payable to staff retirement fund		56,496	45,473
Provision for compensated absences		765,185	899,797
Deferred liabilities		1,041,727	967,918
Suspense accounts		69,637	-
Workers' Welfare Fund payable		8,497,948	6,939,099
Liabilities against ATM settlements		1,041,239	414,697
Insurance payable against consumer assets		268,638	380,743
Dividend payable		353,951	8,226,111
Unclaimed dividends		324,820	321,619
Acceptances	15	20,399,102	16,502,130
Charity fund balance		18,871	6,922
Lease liability against right-of-use assets		10,031,131	9,603,581
Levies and taxes payable		3,406,336	2,659,824
Others		1,963,990	1,703,656
		<u>146,376,635</u>	<u>101,927,823</u>

22.1 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 2023 (accounting year ended December 31, 2022) 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, 2022, 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 2021.

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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 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	230,922	189,127
Charge / (reversals)		
Charge for the period / year	72,792	5,405
Reversals for the period / year	(3,745)	(40,918)
	69,047	(35,513)
Closing balance	<u>1,196,536</u>	<u>896,567</u>

23. SURPLUS ON REVALUATION OF ASSETS

	September 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	(57,889,710)	(1,653,620)	(59,543,330)	(38,373,567)	(1,712,539)	(40,086,106)
- Fixed assets		44,206,739	3,556,678	47,763,417	44,864,024	2,767,928	47,631,952
		(13,682,971)	1,903,058	(11,779,913)	6,490,457	1,055,389	7,545,846

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

- Available for sale securities	(27,375,624)	-	(27,375,624)	(15,600,599)	-	(15,600,599)
- Fixed assets	2,540,260	743,045	3,283,305	2,421,287	577,707	2,998,994
	(24,835,364)	743,045	(24,092,319)	(13,179,312)	577,707	(12,601,605)

Assets of associates

	(428)	-	(428)	(15,472)	-	(15,472)
	<u>11,151,965</u>	<u>1,160,013</u>	<u>12,311,978</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 NINE MONTHS ENDED SEPTEMBER 30, 2023

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

24. CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	290,877,539	220,622,007
Commitments	24.2	1,448,923,192	1,155,417,950
Other contingent liabilities	24.3	15,024,573	14,822,814
		1,754,825,304	1,390,862,771

24.1 Guarantees

Financial guarantees		130,426,668	84,241,944
Performance guarantees		158,308,049	129,275,378
Other guarantees		2,142,822	7,104,685
		290,877,539	220,622,007

24.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		280,750,535	212,235,272

Commitments in respect of:

- forward foreign exchange contracts	24.2.2	947,591,159	743,037,351
- forward Government securities transactions	24.2.3	53,657,960	42,757,100
- derivatives	24.2.4	1,916,134	3,514,247
- forward lending	24.2.5	162,189,903	151,277,777
- operating leases	24.2.6	83,123	114,022
		1,165,438,279	940,700,497

Commitments for acquisition of:

- fixed assets		2,329,482	1,544,753
- intangible assets		404,896	937,428
		2,734,378	2,482,181

	1,448,923,192	1,155,417,950
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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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

24.2.2 Commitments in respect of forward foreign exchange contracts

Purchase		497,888,013	399,105,905
Sale		449,703,146	343,931,446
		947,591,159	743,037,351

24.2.3 Commitments in respect of forward Government securities transactions

Purchase		53,157,960	41,457,100
Sale		500,000	1,300,000
		53,657,960	42,757,100

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 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	958,067	286,171
Sale	958,067	286,171
	1,916,134	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	89,088,376	94,438,118
Others		73,101,527	56,839,659
		162,189,903	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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	

24.2.6 Commitments in respect of operating leases

Not later than one year	72,627	105,966
Later than one year and not later than five years	8,747	6,144
Later than five years	1,749	1,912
	83,123	114,022

24.3 Other contingent liabilities

24.3.1 Claims against the Group not acknowledged as debts	10,935,270	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 NINE MONTHS ENDED SEPTEMBER 30, 2023

25. DERIVATIVE INSTRUMENTS

25.1 Product analysis

		September 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	Notional principal	Mark to Market	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain	Notional principal	Mark to Market Gain
		----- (Rupees in 000) -----									
Hedging		958,067	-	-	-	-	-	-	-	958,067	-
Market making		958,067	-	-	-	53,157,960	47,299	500,000	1,253	54,616,027	48,552
		<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,157,960</u>	<u>47,299</u>	<u>500,000</u>	<u>1,253</u>	<u>55,574,094</u>	<u>48,552</u>
		----- (Rupees in 000) -----									
		FX options		Interest Rate Swaps		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
		Notional principal	Mark to Market	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>
(Un-audited)											
January - January -											
September 2023 September 2022											
----- (Rupees in '000) -----											
26. MARK-UP / RETURN / INTEREST EARNED	Note										
On:											
Loans and advances		93,390,940 51,534,918									
Investments		239,255,397 123,694,312									
Lendings to financial institutions		10,331,280 5,141,179									
Balances with banks		3,971,729 880,136									
		<u>346,949,346</u> <u>181,250,545</u>									
27. MARK-UP / RETURN / INTEREST EXPENSED											
On:											
Deposits		123,290,477 74,514,691									
Borrowings		107,066,375 26,607,123									
Subordinated debt		1,635,830 1,075,721									
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,158,825 2,352,298									
Lease liability against right-of-use assets		903,411 786,863									
		<u>235,054,918</u> <u>105,336,696</u>									
28. FEE AND COMMISSION INCOME											
Branch banking customer fee		2,053,308 1,779,267									
Consumer finance related fee		1,206,005 1,035,907									
Card related fees (debit and credit cards)		2,367,123 2,270,310									
Investment banking fees		263,360 231,524									
Financial Institution rebate / commission		448,837 427,421									
Corporate service charges / facility fee		731,605 564,493									
Commission on trade		1,581,842 804,246									
Commission on guarantees		593,215 516,658									
Commission on cash management		909,655 828,035									
Commission on remittances including home remittances - net		2,123,564 1,927,517									
Commission on bancassurance		823,675 1,157,366									
Management fee		1,143,949 710,684									
Rent on lockers		167,335 150,349									
Others		198,838 254,406									
		<u>14,612,311</u> <u>12,658,183</u>									
29. (LOSS) / GAIN ON SECURITIES - NET											
Realised	29.1	(12,780,977) 742,386									
Unrealised - held for trading		13,750 15,045									
		<u>(12,767,227)</u> <u>757,431</u>									
29.1 Realised (loss) / gain on:											
Federal Government securities		(207,644) 570,287									
Shares		577,582 25,859									
Foreign securities	29.2	(13,064,051) 146,240									
Other securities		(86,864) -									
		<u>(12,780,977)</u> <u>742,386</u>									

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

29.2 This includes realised loss on foreign currency sovereign bonds, against which provision amounting to Rs. 11,258.023 million was held and reversed on disposal (refer note 9.2.1) resulting in a net loss of Rs. 1,806.028 million in the profit and loss account.

	(Un-audited)	
	January - September 2023	January - September 2022
	----- (Rupees in '000) -----	
30. OTHER INCOME		
Charges recovered	315,790	296,323
Rent on properties	111,928	60,535
Gain on sale of fixed assets - net	396,880	174,566
Gain on sale of non-banking assets - net	-	24,250
Loss on sale of ljarah assets - net	(626)	(1,556)
Gain on trading liabilities - net	2,712	204,584
	<u>826,684</u>	<u>758,702</u>
31. OPERATING EXPENSES		
Total compensation expense	20,380,690	16,112,310
Property expense		
Rent and taxes	1,207,805	906,592
Insurance	206,011	211,230
Utilities cost	2,059,084	1,908,821
Security (including guards)	1,086,752	897,513
Repair and maintenance (including janitorial charges)	332,941	262,221
Depreciation on owned fixed assets	932,598	900,228
Depreciation on right-of-use assets	1,720,996	1,567,036
Depreciation on non-banking assets acquired in satisfaction of claims	2,259	34,561
Others	46,024	30,907
	7,594,470	6,719,109
Information technology expenses		
Software maintenance	2,166,063	1,405,378
Hardware maintenance	896,460	632,958
Depreciation	1,075,336	769,027
Amortisation	810,845	643,994
Network charges	799,972	562,858
Consultancy charges	191,311	192,430
	5,939,987	4,206,645
Other operating expenses		
Legal and professional charges	1,292,804	1,042,127
Outsourced service costs	1,410,483	1,254,834
Commission paid to branchless banking agents	265,090	277,743
Commission paid to sales force	1,448,467	1,199,681
Travelling and conveyance	201,882	143,683
Clearing charges	211,131	181,332
Depreciation others	1,214,597	1,042,271
Depreciation on Islamic financing against leased assets	105,607	113,018
Training and development	110,021	62,349
Postage and courier charges	253,462	314,110
Communication	235,437	318,709
Stationery and printing	1,046,517	704,346
Marketing, advertisement and publicity	679,716	769,430
Donations	50,078	137,600
Auditors' remuneration	181,145	122,616
Insurance	112,694	87,175
Deposit protection premium expense	1,409,413	1,294,385
Cash transportation and sorting charges	818,488	666,792
Entertainment	203,102	165,115
Banking service charges	3,526,146	2,194,396
Repairs and maintenance	1,066,088	713,239
Miscellaneous expenses	1,263,936	584,485
	17,106,304	13,389,436
	<u>51,021,451</u>	<u>40,427,500</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	(Un-audited)	
		January - September 2023	January - September 2022
----- (Rupees in '000) -----			
32. OTHER CHARGES			
Penalties imposed by the SBP		31,988	15,526
Penalties imposed by other regulatory bodies of overseas branches		215	2,263
		<u>32,203</u>	<u>17,789</u>
33. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET			
Provision for diminution in value of investments - net	9.2	(6,461,201)	9,752,476
Reversal of provision against loans and advances - net	10.3	(3,062,103)	(2,684,199)
Bad debts written-off directly		123,873	26,257
(Reversals) / provision against other assets - net	15.2.1	(31,905)	42,037
Provision / (reversals) of provision against off-balance sheet obligations - net	22.2	69,047	(42,542)
Recovery of written-off / charged-off bad debts		(279,474)	(362,759)
Other provisions / (reversals) and write-offs		106,355	97,352
		<u>(9,535,408)</u>	<u>6,828,622</u>
34. TAXATION			
Current		38,600,165	29,443,054
Prior years		25,005	3,699,995
Deferred		(78,202)	(1,102,726)
		<u>38,546,968</u>	<u>32,040,323</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 - September 2023	January - September 2022
----- (Rupees in '000) -----		
35. EARNINGS PER SHARE		
Profit after tax attributable to equity shareholders of the Bank	<u>41,680,502</u>	<u>18,472,706</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>34.05</u>	<u>15.09</u>

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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.

	September, 2023 (Un-audited)				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Federal Government securities	2,075,061,307	-	2,075,061,307	-	2,075,061,307
- Shares and units	9,236,709	9,236,709	-	-	9,236,709
- Foreign securities	136,545,970	-	136,545,970	-	136,545,970
- Non-Government debt securities	3,705,369	-	3,705,369	-	3,705,369
	<u>2,224,549,355</u>	<u>9,236,709</u>	<u>2,215,312,646</u>	<u>-</u>	<u>2,224,549,355</u>
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	322,596,843	-	283,852,512	-	283,852,512
- Foreign securities	31,465,372	-	28,884,905	-	28,884,905
- Non-Government debt securities	22,209,724	-	21,458,493	-	21,458,493
	<u>376,271,939</u>	<u>-</u>	<u>334,195,910</u>	<u>-</u>	<u>334,195,910</u>
	<u>2,600,821,294</u>	<u>9,236,709</u>	<u>2,549,508,556</u>	<u>-</u>	<u>2,558,745,265</u>
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts - purchased and sold	947,591,159	-	(791,252)	-	(791,252)
FX options - purchased and sold	1,916,134	-	-	-	-
Interest rate swaps - purchased and sold	-	-	-	-	-
Forward Government Securities - purchased and sold	53,657,960	-	48,552	-	48,552
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>
	<u>947,591,159</u>	<u>-</u>	<u>(791,252)</u>	<u>-</u>	<u>(791,252)</u>
	<u>1,916,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,657,960</u>	<u>-</u>	<u>48,552</u>	<u>-</u>	<u>48,552</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

36.3 Fair value of non-financial assets

	September, 2023 (Un-audited)				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees in '000)				
Fixed Assets	61,129,266	-	-	61,129,266	61,129,266
Non-banking assets acquired in satisfaction of claims	38,541	-	-	38,541	38,541
	61,167,807	-	-	61,167,807	61,167,807

	December 31, 2022 (Audited)				
	Carrying value	Fair value			Total
		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

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 nine months ended September 30, 2023 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit and Loss								
Net mark-up / return / profit	48,425,183	118,834,530	(87,586,223)	14,543,186	13,951,518	5,257,387	(1,531,153)	111,894,428
Inter segment (expense) / revenue - net	(44,585,357)	(167,993,201)	202,189,739	-	-	-	10,388,819	-
Non mark-up / return / interest income	4,902,885	7,088,844	8,592,260	438,074	(8,949,442)	488,339	(263,638)	12,297,322
Total income	8,742,711	(42,069,827)	123,195,776	14,981,260	5,002,076	5,745,726	8,594,028	124,191,750
Segment direct expenses	1,313,121	433,497	30,986,612	2,630,508	6,106,618	4,067,691	7,074,616	52,612,663
Inter segment expense allocation	313,105	77,683	6,830,129	-	436,728	-	(7,657,645)	-
Total expenses	1,626,226	511,180	37,816,741	2,630,508	6,543,346	4,067,691	(583,029)	52,612,663
Provision (charge) / reversal - net	1,565,362	(543,666)	279,684	1,966	8,622,575	1,702,224	(2,092,737)	9,535,408
Profit / (loss) before taxation								
from continuing operations	8,681,847	(43,124,673)	85,658,719	12,352,718	7,081,305	3,380,259	7,084,320	81,114,495

	For the nine months ended September 30, 2022 (Un-audited)							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit and Loss								
Net mark-up / return / profit	28,735,586	85,747,056	(54,349,429)	6,039,634	7,565,316	3,140,137	(964,451)	75,913,849
Inter segment (expense) / revenue - net	(26,604,828)	(98,604,672)	118,025,032	-	-	-	7,184,468	-
Non mark-up / return / interest income	3,587,999	5,955,323	8,147,798	360,731	2,106,762	2,553,631	476,786	23,189,030
Total income	5,718,757	(6,902,293)	71,823,401	6,400,365	9,672,078	5,693,768	6,696,803	99,102,879
Segment direct expenses	1,007,928	172,408	24,715,327	1,951,637	4,452,344	2,664,621	6,523,817	41,488,082
Inter segment expense allocation	188,160	66,174	5,607,088	-	332,129	-	(6,193,551)	-
Total expenses	1,196,088	238,582	30,322,415	1,951,637	4,784,473	2,664,621	330,266	41,488,082
Provision (charge) / reversal - net	614,809	(1,038,994)	665,569	(12,664)	(3,725,715)	(1,412,305)	(1,919,322)	(6,828,622)
Profit before taxation								
from continuing operations	5,137,478	(8,179,869)	42,166,555	4,436,064	1,161,890	1,616,842	4,447,215	50,786,175

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

As at September 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	20,666	94,872,954	88,402,867	28,900,753	99,309,268	2,046,555	-	313,553,063
Investments	13,190,784	2,110,139,955	-	267,846,200	167,617,142	47,834,939	(791,005)	2,605,838,015
Net inter segment lending	-	-	1,498,899,806	-	-	-	159,345,986	1,658,245,792
Lendings to financial institutions	-	225,948,265	-	-	-	2,653,007	-	228,601,272
Advances - performing	372,807,936	11,501	48,895,542	49,962,042	114,439,365	237,811,404	3,165,420	827,093,210
Advances - non-performing net	2,352,625	11,153	563,458	74,465	10,926,859	4,899,054	14,288	18,841,902
Others	17,186,520	126,250,270	24,786,562	41,848,306	17,449,605	10,693,257	52,634,996	290,849,516
Total assets	405,558,531	2,557,234,098	1,661,548,235	388,631,766	409,742,239	305,938,216	214,369,685	5,943,022,770
Borrowings	57,839,304	1,238,102,796	3,945,501	54,407,827	2,762,011	6,762,842	-	1,363,820,281
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	101,466,554	71,660	1,512,287,655	299,967,921	312,520,711	263,668,107	986,523	2,490,969,131
Net inter segment borrowing	232,639,804	1,324,952,578	-	-	100,653,410	-	-	1,658,245,792
Others	5,668,927	40,775,882	87,136,786	8,131,610	6,378,776	2,701,543	17,936,145	168,729,669
Total liabilities	397,614,589	2,603,902,916	1,603,369,942	362,507,358	422,314,908	273,132,492	28,922,668	5,691,764,873
Equity	7,943,942	(46,668,818)	58,178,293	26,124,408	(12,572,669)	32,805,724	185,447,017	251,257,897
Total equity and liabilities	405,558,531	2,557,234,098	1,661,548,235	388,631,766	409,742,239	305,938,216	214,369,685	5,943,022,770
Contingencies and Commitments	610,917,693	421,483,676	85,635,416	4,167,999	579,067,522	53,156,146	396,852	1,754,825,304

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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Statement of financial position					
Landings 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	-	-	-	10,506,028	-
Investment disposed off during the period	-	-	-	(12,037,490)	(58,517)
Transfers in	-	-	-	-	45,546
Equity method adjustments	-	-	-	(801,656)	-
Closing balance	-	-	-	5,323,890	5,287,397
Provision for diminution in value of investments	-	-	-	393,801	1,161,291
Provision written off	-	-	-	-	-
Advances					
Opening balance	-	480	372,952	-	17,808,043
Addition during the period	-	2,967	415,827	-	14,943,062
Repaid during the period	-	(3,422)	(398,609)	-	(32,131,124)
Transfers in / (out) - net	-	576	116,764	-	1,599,447
Closing balance	-	601	506,934	-	2,219,428
Provision held against advances	-	-	-	-	1,274,449
Other Assets					
Income / mark-up accrued	-	-	-	-	21,412
Receivable from staff retirement funds	-	-	-	-	2,730,158
Prepaid insurance	-	-	-	246,952	-
Dividend receivable	-	-	-	-	-
Remuneration receivable from management of funds	-	-	-	166,824	-
Sales load receivable	-	-	-	32,393	-
Formation cost receivable	-	-	-	-	-
Other receivable	-	-	-	136,252	-
Provision written off	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	206,500
Settled during the period	-	-	-	-	(206,500)
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	14,327	13,924,363	142,761	1,665,575	16,000,091
Received during the period	80,946,123	46,921,093	752,079	145,221,460	209,809,778
Withdrawn during the period	(80,947,767)	(56,925,728)	(837,743)	(136,174,644)	(221,765,261)
Transfers in / (out) - net	-	9,672	7,088	-	(404,713)
Closing balance	12,683	3,929,400	64,185	10,712,391	3,639,895
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	728	23,060	278	92,959	17,817
Dividend payable	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	56,496
Unearned income	-	-	-	-	15,769
Other payable	-	4,160	-	-	-

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FOR THE NINE MONTHS ENDED SEPTEMBER 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	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

For the nine months ended September 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	-	-	13,669	76,304	160,812
Commission / charges recovered	-	34	875	24,286	9,746
Dividend received	-	-	-	117,917	203,720
Net gain on sale of securities	-	-	-	69,698	-
Other income	-	-	-	-	17,557
Gain on sale of fixed assets	-	-	715	1,454	-
Remuneration from management of fund	-	-	-	788,876	-
Sales load	-	-	-	27,630	-
Reversal of provision	-	-	-	-	107,941
Switch revenue	-	-	-	-	200,992
Expenses					
Mark-up / return / interest paid	825	459,215	4,002	272,235	585,958
Remuneration paid	-	-	931,186	-	-
Post employment benefits	-	-	8,285	-	-
Directors' fees and allowances	-	69,617	20,513	-	-
Net charge for defined contribution plans	-	-	37,927	-	327,412
Net charge for defined benefit plans	-	-	37,419	-	436,713
Other expenses	-	-	-	-	178,140
Clearing charges	-	-	-	-	115,186
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	6,406
Custody charges	-	-	-	-	-
Seminar and membership fees	-	-	-	-	-
Other information					
Dividend paid	6,127,770	172,327	5,811	88,801	1,527,244
Insurance premium paid	-	-	1,452	532,495	-
Insurance claims settled	-	-	-	325,190	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) September 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	152,818,710	150,929,551
Eligible Additional Tier 1 (ADT 1) Capital	9,896,212	10,095,479
Total Eligible Tier 1 Capital	162,714,922	161,025,030
Eligible Tier 2 Capital	52,775,010	52,663,742
Total Eligible Capital (Tier 1 + Tier 2)	215,489,932	213,688,772
Risk Weighted Assets (RWAs):		
Credit Risk	986,682,619	913,752,463
Market Risk	111,980,641	103,805,093
Operational Risk	209,271,004	209,271,004
Total	1,307,934,264	1,226,828,560
Common Equity Tier 1 Capital Adequacy Ratio	11.68%	12.30%
Tier 1 Capital Adequacy Ratio	12.44%	13.13%
Total Capital Adequacy Ratio	16.48%	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 nine months ended September 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 September 30, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 16.48% whereas CET 1 and Tier 1 ratios stood at 11.68% and 12.44% 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) September 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	162,714,922	161,025,030
Total Exposures	4,945,095,187	3,937,237,802
Leverage Ratio	3.29%	4.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,054,696,905	1,014,739,744
Total Net Cash Outflow	392,301,719	316,508,188
Liquidity Coverage Ratio	268.85%	320.60%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,398,393,202	2,194,772,092
Total Required Stable Funding	1,379,422,811	1,355,300,059
Net Stable Funding Ratio	173.87%	161.94%

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

40. ISLAMIC BANKING BUSINESS

The Bank operates 203 (December 31, 2022: 150) Islamic Banking branches and 483 (December 31, 2022: 219) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		27,920,039	7,103,365
Balances with other banks		980,714	737,765
Due from financial institutions		-	-
Investments	40.1	267,846,200	124,800,008
Islamic financing and related assets - net	40.2	50,036,507	102,233,287
Fixed assets		2,300,883	1,431,431
Intangible assets		-	-
Due from Head Office		22,948,827	3,873,536
Other assets		16,598,596	4,095,406
		<u>388,631,766</u>	<u>244,274,798</u>
LIABILITIES			
Bills payable		2,301,944	2,874,226
Due to financial institutions		54,407,827	69,092,536
Deposits and other accounts	40.3	299,967,921	151,693,394
Other liabilities		5,829,666	4,329,703
		<u>362,507,358</u>	<u>227,989,859</u>
NET ASSETS			
		<u>26,124,408</u>	<u>16,284,939</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(3,434,081)	(920,832)
Unappropriated profit	40.4	27,377,489	15,024,771
		<u>26,124,408</u>	<u>16,284,939</u>
CONTINGENCIES AND COMMITMENTS			
	40.5		
PROFIT AND LOSS ACCOUNT			
		(Un-audited)	(Un-audited)
		January -	January -
		September	September
		2023	2022
----- (Rupees in '000) -----			
Profit / return earned	40.6	31,903,134	13,948,407
Profit / return expensed	40.7	17,359,948	7,908,773
Net profit / return		<u>14,543,186</u>	<u>6,039,634</u>
Other income			
Fee and commission income		257,386	254,480
Foreign exchange income		118,118	77,089
Loss on securities - net		-	-
Other Income		62,570	29,162
Total other income		<u>438,074</u>	<u>360,731</u>
Total income		<u>14,981,260</u>	<u>6,400,365</u>
Other operating expenses		2,630,508	1,951,637
Profit before provisions		<u>12,350,752</u>	<u>4,448,728</u>
Provisions / (reversals) and write-offs - net		(1,966)	12,664
Profit before taxation		<u>12,352,718</u>	<u>4,436,064</u>
Taxation		6,052,832	2,770,322
Profit after taxation		<u>6,299,886</u>	<u>1,665,742</u>

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

40.1 Investments by segments

	As at September 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	254,363,953	-	(3,434,081)	250,929,872	112,516,387	-	(920,832)	111,595,555
- Islamic Naya Pakistan Certificate	6,976,954	-	-	6,976,954	4,806,162	-	-	4,806,162
	261,340,907	-	(3,434,081)	257,906,826	117,322,549	-	(920,832)	116,401,717
Non Government Debt Securities								
-Listed	413,393	-	-	413,393	524,554	-	-	524,554
-Unlisted	9,525,981	-	-	9,525,981	7,873,737	-	-	7,873,737
	9,939,374	-	-	9,939,374	8,398,291	-	-	8,398,291
Total Investments	271,280,281	-	(3,434,081)	267,846,200	125,720,840	-	(920,832)	124,800,008

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

40.2 Islamic financing and related assets

Ijarah	254,363	283,654
Murabaha	493,730	507,528
Musharakah	4,417,359	55,706,384
Diminishing Musharakah	26,790,713	25,940,267
Mera Pakistan Mera Ghar (MPMG)	5,218,542	5,189,100
Istisna	259,572	54,086
Islamic Export Refinance scheme - Musharakah	4,649,742	5,499,743
Islamic Export Refinance scheme - Istisna	603,784	553,570
Advances against Islamic assets		
Advances against Ijarah	10,561	40,268
Advances for Diminishing Musharakah	1,278,895	1,304,675
Advances for Murabaha	53,198	64,498
Advances against Mera Pakistan Mera Ghar	7,953	279,014
Advances for Istisna	364,198	429,444
Advances for Istisna IERS	43,600	-
Advances against Ameen ITERF	4,005,624	3,953,348
Inventory related to Islamic financing		
Istisna	115,143	193,698
Profit and other receivables against financings	1,664,587	2,442,188
Gross Islamic financing and related assets	50,231,564	102,441,465
Less: Provision against Islamic financing		
- Specific	(102,875)	(99,851)
- General	(92,182)	(108,327)
	(195,057)	(208,178)
Islamic financing and related assets - net of provision	50,036,507	102,233,287

40.3 Deposits and other accounts

Customers

Current deposits	135,044,994	84,267,286
Saving deposits	56,805,221	36,040,108
Term deposits	20,816,094	30,318,011
	212,666,309	150,625,405

Financial Institutions

Current deposits	151,082	160,110
Saving deposits	87,120,530	897,879
Term deposits	30,000	10,000
	87,301,612	1,067,989
	299,967,921	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. 168,880,764 million (December 31, 2022: Rs. 76,771.045 million).

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
40.4 Islamic Banking Business Unappropriated Profit	----- (Rupees in '000) -----	
Opening balance	15,024,771	8,094,948
Profit for the period / year	12,352,718	6,929,823
	<u>27,377,489</u>	<u>15,024,771</u>
Taxation	(6,052,832)	(3,665,876)
Closing balance	<u>21,324,657</u>	<u>11,358,895</u>
40.5 Contingencies and commitments		
- Guarantees	21,274	22,074
- Commitments	4,146,725	7,604,181
	<u>4,167,999</u>	<u>7,626,255</u>
	(Un-audited)	
	January - September 2023	January - September 2022
40.6 Profit / Return earned	----- (Rupees in '000) -----	
On:		
Financing	8,775,401	4,925,431
Investments	22,672,628	8,432,273
Placements	287,267	423,022
Rental Income from Ijarah	167,838	167,681
	<u>31,903,134</u>	<u>13,948,407</u>
40.7 Profit / Return expensed		
On:		
Deposits and other accounts	11,972,125	7,664,317
Due to Financial Institutions	5,280,120	158,088
Others	107,703	86,368
	<u>17,359,948</u>	<u>7,908,773</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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023 is Rs. 7,231.833 million (43.65% of distributable profit of Mudarabah Pool). of this, an amount of Rs. 3,766.139 million (52.08% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 19.31% per annum and the rate of profit paid on average deposits was 15.27% 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 nine months ended September 30, 2023 (Un-audited)

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

For the nine months ended September 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	9	Mudarbaha	Monthly	10.22%	43.85%	114,422	7.44%	36.44%	41,697
Special Pools	125	Mudarbaha	Monthly	13.15%	14.57%	491,654	11.67%	38.17%	187,642
IERS Pools	18	Musharkah	Monthly	10.42%	89.53%	1,009,658	3.29%	0.00%	-
FCY Pools	18	Mudarbaha	Monthly	2.13%	50.00%	3,309	1.06%	0.00%	-
General Pools	9	Mudarbaha	Monthly	13.38%	50.00%	3,065,095	9.69%	44.91%	1,376,423
Treasury Pools	6	Musharkah	Monthly	10.61%	5.42%	356	10.08%	0.00%	-

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

40.9 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	5,873,220	6,337,407
Agriculture	372,066	52,739,670
Textile	7,867,597	9,188,530
Financial	1,595,714	1,352,765
Food industries	78,774	106,665
Plastic	307,628	253,444
Individuals	15,941,606	16,789,978
Production and transmission of energy	20,695,942	18,177,556
Government of Pakistan Securities	257,906,826	116,401,717
Others	8,419,105	6,631,506
	<u>319,058,478</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 NINE MONTHS ENDED SEPTEMBER 30, 2023

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 25, 2023 has declared an interim cash dividend in respect of quarter ended September 30, 2023 of Rs. 11.0 per share (September 30, 2022: Rs. 4.0 per share). This is in addition to Rs. 22.0 already paid during the year bringing the total dividend for the nine months to Rs. 33.0 per share (September 30, 2022: Rs. 13.0). These consolidated condensed interim financial statements for the nine months ended September 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 October 25, 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

مستقبل کی توقعات (Future Outlook)

ملک کا نمایاں مالیاتی ادارہ ہونے کی حیثیت سے یو بی ایل اپنے بنیادی کاروبار میں ری انوسٹنگ اور معیشت کے استحکام کی طرف پاکستان کے سفر میں ساتھ دیتا رہے گا۔ ہم اپنے تمام چینلز میں اپنی موجودگی کو وسیع دینے اور سروسز کے معیار کو مزید بہتر بنانے کے لیے کوشاں رہیں گے۔ یو بی ایل اپنے ڈیجیٹل پلیٹ فارم کے ارتقا کا سفر بھی جاری رکھے گا جس کے لیے ہم اپنی ٹیکنالوجیکل صلاحیتوں میں اضافہ کر رہے ہیں تاکہ کسٹمرز کو جدید سے جدید تر پراڈکٹس آفر کریں اور ان کے ایکسپیرینس کو مزید بہتر بنائیں۔ یو بی ایل کا سب سے بڑا اثنا اس کے لوگ ہیں اور ہم ان کی ترقی اور فلاح کے لیے کام کرتے رہیں گے۔ یو بی ایل ایک مضبوط اور تسلسل کے ساتھ ریٹرن آن ایکویٹی کے لیے پرعزم ہے جس کے لیے بنیادی سیگمنٹس میں اپنی موجودگی کو وسعت دی جا رہی ہے تاکہ مستقبل کے لیے نئے امکانات اور مواقع پیدا کیے جائیں۔

اظہار تشکر (Acknowledgments)

آخر میں ہم مسلسل اعتماد اور تعاون پر یو بی ایل کے شیئر ہولڈرز اور کسٹمرز سے بورڈ 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 آف پاکستان، سیورٹیز اینڈ ایگزیکیوٹو کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بھی تہہ دل سے شکریہ ادا کرتے ہیں۔

Anwar Anwar



ڈیپٹی مینیجنگ ڈائریکٹر

محمد جاوید اقبال

ڈائریکٹر

پریزیڈنٹ اور سی ای او

اسلام آباد، 25 اکتوبر 2023

قرض، ممکنہ نادرہنگی اور خسارے (Provisions and Loan Losses)

یو بی ایل نے 23'9M میں 7.8 ارب روپے کے نیٹ پروویژن ریورسل ریکارڈ کیے جو کہ پچھلے سال کی اسی مدت میں 5.4 ارب روپے کے نیٹ پروویژن چارج رہے۔ موجودہ مدت میں فارن کرنسی ساورن بانڈز کی فروخت سے حاصل ہونے والے 9.5 ارب کی پروویژن ریورسل بھی شامل ہے۔ بینک کی سطح پر نان پرفارمنگ لوئز (NPLs) ستمبر 23 کو 109.3 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۔

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۔ بینک کا مجموعی CAR ستمبر 23 میں 18.6 فیصد رہا (دسمبر 2022: 19.2 فیصد)، اس میں 12 فیصد کی کم از کم ریگولیٹری شرط کے اوپر 6.6 فیصد کا بفر بھی شامل ہے۔ کامن ایجوٹیٹی ٹیزر 1 (CET-1) کا تناسب ستمبر 2023 تک 13.0 فیصد رہا (دسمبر 2022: 13.4 فیصد)۔ ستمبر 2023 کو ٹیزر 1 کیپٹل کا تناسب 14.0 فیصد ریکارڈ کیا گیا (دسمبر 2022: 14.4 فیصد)۔

کریڈٹ ریٹنگ (Credit Rating)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 27 جون 2023 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی AAA/A-1+ (ٹرپل اے / اے ون پلس) اینٹی سیٹی ریٹنگز کی دوبارہ توثیق کی ہے۔ مزید برآں، یو بی ایل کی ایڈیشنل ٹیزر 1 (ADT-1) TFC 1 کی بھی بطور AA+ دوبارہ توثیق کی جا چکی ہے۔ تفویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

معیشت کا جائزہ (Economy Review)

جون 2023 میں پاکستان اور انٹرنیشنل مانیٹری فنڈ (IMF) کے درمیان سٹاف لیول معاہدے مکمل ہوا۔ اس معاہدے سے پاکستان بیرونی فنڈنگ کے حوالے سے اپنی ضروریات پوری کر سکے گا اور معاشی استحکام کے لیے مطلوبہ تحریک پیدا ہوگی۔ سال 2023 میں پاکستان کو افراط زر کی بلند شرح، زیادہ شرح سود اور کرنسی کی قدر میں کمی کی صورت میں چیلنجز کا سامنا رہا ہے۔ تاہم، اب معیشت استحکام کے مراحل میں ہے جس کا اظہار روپے کی قدر میں حالیہ اضافے، کرنٹ اکاؤنٹ کے خسارے میں کمی، ڈومیسٹک طلب میں استحکام اور آئل کے علاوہ دیگر ایشیا کی قیمتوں میں اعتدال کی شکل میں ہو رہا ہے۔ PSX 100 انڈیکس بھی حالیہ عرصے میں مثبت رہا ہے اور کاروبار میں مجموعی بہتری کے نتیجے میں 46,000 پوائنٹس (دسمبر 22 کے مقابلے میں 14 فیصد زیادہ) سے اوپر چلا گیا۔ ستمبر 23 کے اختتام تک بینکنگ سیکٹر میں ڈیپازٹ 26.3 کھرب روپے رہے جو کہ دسمبر 22 کے مقابلے میں 17 فیصد اضافہ ہے۔ جبکہ ایڈوانس 11.9 کھرب روپے رہے جو کہ دسمبر 22 کی سطح کے مطابق ہے۔ جون 23 تک بینکنگ سیکٹر کے نان پرفارمنگ لوئز 959 ارب روپے رہے جو کہ دسمبر 22 کے مقابلے میں 3.8 فیصد زیادہ ہے جبکہ ایسٹ کوالٹی دسمبر 22 میں 7.3 فیصد کے مطابق جون 23 میں 7.4 فیصد رہی۔

یونائیٹڈ بینک لمیٹڈ ارکان کوڈائریکٹرز کی رپورٹ

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

کارکردگی کا جائزہ (Performance Overview)

غیر مجتمع بنیادوں پر، 30 ستمبر 2023 کو ختم ہونے والے نو ماہ کے لیے 79.1 ارب روپے کا قبل از ٹیکس منافع (PBT) ریکارڈ کیا گیا جو کہ سال بہ سال کے مقابلے میں 56 فیصد کی زبردست نمو ہے۔ 9M'23 کے لیے منافع بعد از ٹیکس (PAT) 40.9 ارب رہا ہے جو کہ 9M'22 میں 18.8 ارب روپے تھا اور آمدنی فی شیئر (EPS) پچھلے سال کی اسی مدت میں 15.33 روپے کے مقابلے میں 33.38 روپے رہی۔ یو بی ایل نے مجتمع بنیادوں پر 41.7 ارب روپے کا PAT (9M'22: 18.5 ارب روپے) حاصل کیا اور مجتمع EPS 34.05 روپے رہا (9M'22: 15.09 روپے)۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 25 اکتوبر 2023 کو اسلام آباد میں ہونے والے اجلاس میں 30 ستمبر 2023 کو ختم ہونے والے نو ماہ کے نتائج کے ساتھ 11.0 روپے فی شیئر عبوری ڈیویڈنڈ کا اعلان کیا۔

ریونیو (Revenue)

9M'23 میں بینک کی مجموعی آمدنی 26 فیصد اضافے کے ساتھ 119.8 ارب روپے رہی۔ بینک کی نیٹ مارک اپ آمدنی پچھلے سال کے مقابلے میں 47 فیصد اضافے کے ساتھ 106.6 ارب روپے رہی۔ جبکہ 9M'23 میں نان مارک اپ آمدنی 13.1 ارب روپے رہی (9M'22: 22.1 ارب روپے)۔ پورے سال کے دوران فیس پر مبنی آمدنی کا تسلسل قائم رہا جس میں پچھلے سال کی اسی مدت کے مقابلے میں 12 فیصد کا اضافہ دیکھا گیا۔ 9M'23 میں بیچ مارک انٹرسٹ ریٹ پچھلے سال کی اسی مدت کی 13.5 فیصد کے مقابلے میں 21 فیصد رہے جس کے نتیجے میں ایسٹ بیس کی ری پرائسنگ کے باعث انٹرسٹ مارجن اور آمدنی میں اضافہ ہوا۔ ڈومیسٹک CASA ڈیپازٹس 9M'23 میں 1.6 کھرب روپے رہے جس کے پورٹ فولیو میں 195 ارب روپے کا اضافہ ہوا (سال بہ سال بنیاد پر 14 فیصد)۔ CASA کے مقابلے میں ڈیپازٹ تناسب میں اضافے کا سلسلہ جاری رہا اور 9M'23 میں اسے 90.5 فیصد پر دیکھا گیا (9M'22: 85.8 فیصد)۔ 9M'23 کے لیے بینک لیول پر فارمنگ ایڈوانسز کی اوسط 707 ارب روپے رہی جو کہ سال بہ سال میں 9 فیصد اضافہ ہے۔ 9M'23 میں ڈومیسٹک پر فارمنگ ایڈوانسز 570 ارب روپے رہی جو کہ 13 فیصد اضافہ ہے۔

اخراجات کا نظم و نسق (Cost Management)

افراط زر کے دباؤ کی وجہ سے بینک کے آپریٹنگ اخراجات 9M'22 کے مقابلے میں 24 فیصد اضافے کے ساتھ 47 ارب روپے رہے۔ عملے کے اخراجات 18.2 ارب روپے رہے جو کہ 26 فیصد زیادہ ہے اور نیٹ ورک میں وسعت اور فرنٹ آفس میں نئی بھرتیوں کے مطابق ہے۔ پرائیٹری سے متعلق اخراجات 11 فیصد اضافے کے ساتھ 7.2 ارب روپے رہے۔ آئی ٹی اخراجات 41 فیصد اضافے کے ساتھ 5.3 ارب روپے رہے جو روپے کی قدر میں کمی کے باعث متاثر ہوئے۔ دیگر آپریٹنگ اخراجات 24 فیصد اضافے کے ساتھ 16.2 ارب روپے رہے اور گزشتہ سال کے مقابلے میں کاروبار کے حجم میں اضافے کے مطابق تھے۔



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

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