



FOSTERING CONNECTIONS, EMBRACING EMPATHY:  
OUR COMMITMENT TO CARING RELATIONSHIPS

ANNUAL REPORT 2023



"Khayal Rakhna" is more than just Urdu for "take care." It's a philosophy woven into the fabric of UBL, a guiding principle that transcends transactions and defines our relationships with stakeholders. It's the promise whispered when we empower customers, the hand extended to employees, and the seed of hope planted for a greener future.

Imagine walking alongside a customer, guiding them towards financial security with personalized solutions. Picture the warmth of a supportive work environment where employees thrive and contribute their best. Envision a future where responsible practices leave a lasting legacy for generations to come. These are the threads of "Khayal Rakhna" brought to life.

This report is an invitation to join us on a journey of care. A journey filled with inspired action, impactful projects, and a glimpse into a future where care is not a promise, but a shared action.

# خیال رکھنا

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## VISION

To be a world class bank dedicated to excellence, and to surpass the highest expectations of our customers and all other stakeholders.

## MISSION

- Be the undisputed leader in financial services for our customers
- Most innovative and fastest growing bank in targeted businesses
- Continue to diversify across chosen geographies
- Achieve operational excellence with the highest level of compliance
- Consistently create leaders through inspired human capital
- Contribute positively to the communities we operate in

## VALUES

- Customer first
- Honesty of purpose
- Teamwork
- Excellence
- Meritocracy



# KHAYAL RAKHNA CUSTOMERS KA

## **We Care For Our Customers**

For UBL, "Khayal Rakhna" isn't just a promise, it's personalised action. In 2023, we continued to tailor solutions to fuel your dreams, built trust with unwavering transparency, and empowered you with cutting-edge financial tools. Our promise extends to all customers, with specialised accommodations for People with Disabilities (PWD) through over 50 accessible branches with dedicated services and inclusive services.

# COMPANY INFORMATION

## Board of Directors

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

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

The Honourable Haider Zameer Choudrey  
Non-Executive Director

Mr. Rizwan Pervez  
Non-Executive Director

Mr. Muhammad Irfan A. Sheikh  
Non-Executive Director

Mr. Daniel Michael Howlett  
Independent Director

Mr. Tariq Rashid  
Independent Director

Ms. Shazia Syed  
Independent Director

Mr. Muhammad Jawaid Iqbal  
President & CEO

## Committees of the Board

### Board Audit Committee (BAC)

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

### Board Human Resource & Compensation Committee (HRCC)

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

### Board Risk & Compliance Committee (BRCC)

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

### Board IT Committee (BITC)

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

## Board Nomination Committee (BNC)

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

## BOARD INTERNATIONAL COMMITTEE (BIC):

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

## Chief Financial Officer

Mr. Arif Akmal Saifie

## Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

## Registered Office

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

## UBL Head Office

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

## Share Registrar

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

## Auditors

M/s. EY Ford Rhodes  
Chartered Accountants

## Legal Advisors

M/s. Mehmood Abdul Ghani & Co,  
Advocates

## Contacts

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



## CHAIRMAN'S PROFILE

### Sir Mohammed Anwar Pervez, OBE H Pk

Sir Mohammed Anwar Pervez, OBE H Pk is the Chairman of the Board of Directors of United Bank Limited since December 2013. He is also Member of Human Resources & Compensation Committee (HRCC) and Board International Committee (BIC) as well as Chairman of the Board Nomination Committee (BNC). Moreover, he is the Chairman of Bestway Group & its subsidiaries, which include Batleys Limited, Well Pharmacy and Bestway Cement Limited.

Sir Anwar began his career in food business in 1963 when he opened a convenience store in London. He ventured into the wholesale business in 1976 and has been responsible for growing Bestway Group into the 9th largest family business in the UK.

Today, it is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the 2nd largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 33,600 globally.

Sir Anwar was awarded the *Order of the British Empire (OBE)* in 1992 and was conferred the title of *Knight's Bachelor* in 1999 by Her Majesty the Queen for his services to the food industry and various charitable causes in the UK. In 2000 he was awarded '*Hilal-e-Pakistan*'.

In 2005, Sir Anwar Pervez was voted winner of the prestigious '*Grocer Cup for Outstanding Business Achievement*' by the Institute of Grocery Distribution, UK.

In 2006 he received '*Sitara-e-Essar*' by the President of Pakistan. The same year he was chosen as the '*Master Entrepreneur – UK*' at the Ernst & Young Entrepreneur of the Year 2006 Awards.

In 2011, Sir Anwar was awarded with an honorary Doctor of Laws degree by FC College Lahore.

In 2012, in recognition of his philanthropic services to the Community, the University of Bradford conferred on Sir Anwar Pervez an honorary Doctor of Laws degree.

He is also the Chairman of Bestway Foundation UK and Patron-in-Chief of Bestway Foundation Pakistan.

# BOARD OF DIRECTORS

## Lord Zameer Mohammed Choudrey, CBE, SI Pk, FCA Director



Lord Zameer Mohammed Choudrey CBE, SI Pk has been a Member of the Board of Directors of United Bank Limited since October 2002. He is also Member of the Board Risk & Compliance Committee (BRCC), the Human Resources & Compensation Committee (HRCC), the Board Nomination Committee (BNC) and the Board International Committee (BIC).

He is the Chief Executive of Bestway Group, which is the 9th largest family owned business in UK with annual turnover of £4.5 billion. The Group is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the 2nd largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 28,000 globally.

Lord Choudrey is a Chartered Accountant by profession. He joined Bestway Group as a Financial Controller in 1984. In 1990, he was promoted as the Group Finance Director. In 1995, he was given additional responsibilities of business diversification both in UK and Pakistan and was promoted as Chief Executive of Bestway Cement Limited. He was appointed as the Group CEO in 2004.

He is a fellow of the Institute of Chartered Accounts of England & Wales. He is the Chairman of Conservative Friends of Pakistan.

Lord Choudrey is a trustee of Bestway Foundation UK and Chairman of Bestway Foundation Pakistan. He is also a trustee of Crimestoppers.

In 2011 he was part of the International Leadership Team of HRH Prince of Wales Pakistan Recovery Fund.

In April 2013; he was invited to join The British Asian Trust's UK Advisory Council and in January 2018 he was appointed its Chair.

In November 2014, he was awarded an honorary degree by University of Kent in recognition of his philanthropic services to the community.

In December 2015, he was appointed *Commander of the Order of the British Empire (CBE)* by Her Majesty the Queen for his services to the UK wholesale industry and various charitable causes in the UK and abroad.

In March 2018, the President of Pakistan awarded the *Sitara-e-Imtiaz (Star of Excellence)* to him in recognition of his contributions to advancing Pakistan through his services and the wide array of philanthropic work.

In June 2019, he joined the Commonwealth Enterprise & Investment Council's Advisory Council.

In September 2019, he was appointed to the House of Lords, UK. This appointment is in recognition of his considerable contributions to Britain's domestic and foreign trade as a leading businessman and entrepreneur, his wide array of philanthropic work both in the UK and abroad, and his role as Chairman of the Conservative Friends of Pakistan.

## Haider Zameer Choudrey, ACA Director



Mr. Haider Zameer Choudrey has been a Director of United Bank Limited since March 2014. He is also Member of the Board Audit Committee (BAC), Board Nomination Committee (BNC) and Board International Committee (BIC). He is the Chairman of the Board IT Committee (BITC).

He is the Group Chief Financial Officer of Bestway Group with financial and strategic responsibility for all business units.

He joined the Bestway Group in 2012 and was elevated to the Board in 2018. Prior to his elevation to the Board, Haider held a number of roles within Bestway including Financial Controller and Head of Group Finance.

Haider is a member of the Board of Directors of Well Pharmacy and Bestway Wholesale in UK and of Bestway Cement Limited in Pakistan. He was appointed a Trustee of the Bestway Foundation in June 2021.

After having distinguished himself at the world-renowned Eton College, Haider read Economics at Gonville & Caius College, University of Cambridge. He also received his Masters in Economics from University of Cambridge. He is a member of the Vice Chancellor's Circle at the University of Cambridge.

Haider is also a member of the Institute of Chartered Accountants in England and Wales and previously trained with KPMG UK LLP.

Haider is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).



## Rizwan Pervez

Director



Mr. Rizwan Pervez has been a Director of United Bank Limited since March 2014. He is a Member of the Board Audit Committee (BAC), the Board IT Committee (BITC) and the Board International Committee (BIC). He is also Director of UBL Insurers Limited.

Rizwan graduated from the University of Pittsburgh, USA in 1990 with a BSc in Business Management.

He was trained with a leading UK firm of Chartered Accountants and qualified in August 1995. Rizwan is a member of the Institute of Chartered Accountants in England & Wales.

He joined Bestway as a Financial Accountant in 1995 and was elected to the Board of Directors in January 2000 as Group Business Development Director. He was responsible for developing the Group's fascia and delivered business. Rizwan was instrumental in creating the "Best-One" symbol group and Bestway Direct, the Group's delivered wholesale operation.

In 2006, Rizwan was appointed Operations Director where he led and managed the integration of Bestway and Batleys wholesale operations which created the UK's largest independent wholesale group.

In 2012, Rizwan was appointed the Group Marketing & Director.

In 2019, Rizwan was appointed as Managing Director of MAP Trading Limited.

Rizwan has served as Governor of John Kelly Schools in North West London playing a leading role in the school's attainment of 'academy' status and establishing the school as a centre of excellence under its new name of The Crest Academy.

Rizwan is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

## Shazia Syed

Director



Ms. Shazia Syed has been a Member of the Board of Directors of United Bank Limited since November 10, 2020. She is the Chairperson of Board Audit Committee (BAC). She is also Member of Board Human Resource Compensation Committee (HRCC) and Board International Committee (BIC).

Ms. Shazia Syed is responsible for Unilever's North Africa cluster, based out of Cairo, which includes 12 emerging countries including Egypt and Morocco.

Prior to becoming General Manager North Africa, she was the global head of tea business and was on the board of Pukka Tea and Pepsi Lipton. She had been on the Board of Unilever Pakistan Limited as Chairperson & CEO as well as on the Board of Unilever Pakistan Foods Limited as CEO. She has a career spanning across 30 years in the FMCG sector and has worked in leadership roles in South East Asia, South Asia and Europe.

She was the erstwhile President of the Overseas Investor's Chamber of Commerce & Industry and has also served as a Director for the Pakistan Business Council. In addition, Shazia also contributed her time on the Advisory Council at the British Asian Trust, Advisory Board of Change-Pakistan and as a Trustee at the Duke of Edinburgh's Award Foundation.

Shazia is an active advocate for Diversity & Inclusion at workplace, with a vision to enable and facilitate working women from all backgrounds across all sectors.

She is Certified Director from the Pakistan Institute of Corporate Governance (PICG).

## Tariq Rashid

Director



Mr. Tariq Rashid has been a Member of the Board of Directors of United Bank Limited since 25 May 2017. He is the Chairman of Board Human Resource Compensation Committee (HRCC). He is also Member of Board Audit Committee (BAC) and Board International Committee (BIC). He is also a Director of Bestway Cement Limited.

Mr. Tariq Rashid has more than 30 years' experience in Management & Information Technology at senior levels. He spearheaded the setup of the IT infrastructure of mobile operator Mobilink (now Jazz) since inception. He led the IT organisation of Mobilink through different phases of Telecom industry's life cycle i.e. infancy, growth and consolidation and served as VP & Chief Strategy Officer for more than 5 years. He also served as a Director of Information Technology at HQ of Telecommunication company in Egypt. He successfully led few large business/technology transformation initiatives during his career.

He served as a Director on the Board of Mobilink Microfinance Bank and headed the Risk Committee. He served as Director on the Board of Mobile Number Portability Database (Guarantee) Limited. He also served as President on the Board of International School of Islamabad (ISOI) for more than 4 years.

He holds an engineering degree from the University of Engineering & Technology, Lahore and post graduate certificate in Computers from National Academy of Higher Education. He attended different management programs abroad and locally from institutes like IMD, INSEAD, MIT and LUMS.

He is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

## Muhammad Irfan A. Sheikh

Director



Mr. Muhammad Irfan A. Sheikh is a Member of the Board of Directors of United Bank Limited since July 2023. He is also a Member of the Board IT Committee (BITC), the Board Risk & Compliance Committee (BRCC) and the Board International Committee (BIC).

Mr. Sheikh is the Managing Director for Bestway Cement Limited, a company listed on PSX and Pakistan's largest cement producer, and a number of other Bestway Group companies in Pakistan. Prior to assuming the role of the Managing Director, he headed the Finance, Information Technology, Legal, Marketing and Communication functions at Bestway Cement Limited.

After graduating from the prestigious Hailey College of Commerce, University of the Punjab, Lahore; he proceeded to the U.K. where he studied accountancy from Thames Valley University and the Chartered Association of Certified Accountants.

Mr. Sheikh trained with a Top-10 Accountancy and Business Advisory firm in the U.K. before he joined the Bestway Group in 1996. He has been instrumental in Bestway Cement Limited's rise to the top and continues to play a vital role in Bestway Group's various Pakistani companies' growth and in maintaining the highest standards of discipline in all aspects of their business.

Mr. Sheikh is an ardent supporter of many social causes relating to education, health, women empowerment and arts & culture in Pakistan. He is a Trustee of Bestway Foundation, Pakistan and is also on the Board of Governors of the Foundations various projects.

He is a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

## Daniel M. Howlett

Director



Mr. Daniel M. Howlett has been a Member of the Board of Director of United Bank Limited since April 2023. He is a Member of the Board IT Committee (BITC) and Board International Committee (BIC). He is also Chairman Board Risk & Compliance Committee (BRCC).

Mr. Daniel M. Howlett is a highly experienced and dynamic senior front-line international banker. He has extensive experience of dealing with Board level responsibilities across international commercial and corporate banking, including transaction banking, structured and capital financing, private equity, and real estate. He has extensive c-suite access, both in the UK and internationally.

He has a proven track record of growth in both financial and market share terms and as an innovator and change agent in sectoral, coverage and product capabilities.

He is an Independent Governor of the University of Plymouth, a Non-Executive Director of Falcon Group and a consultant advisor to the Business Growth Fund in the UK.

Prior to this, he had a 32 years' executive career with HSBC, culminating in his role as Head of Commercial Banking for the Middle East North Africa and Turkey and, prior to that, the Head of HSBC's Corporate Bank in the UK.

Daniel is a graduate from the University of Exeter.

## Muhammad Jawaid Iqbal, CFA

President & CEO



Mr. Muhammad Jawaid Iqbal is the President & CEO of United Bank Limited since May 02, 2023.

Mr. Iqbal has over two decades of banking & capital market experience and has worked with Emirates Bank International PJSC Pakistan, National Bank of Pakistan and Allied Bank Limited at senior managerial positions.

Mr. Iqbal did his Master in Business Administration from Bahauddin Zakariya University, Pakistan; Chartered Financial Analyst (CFA) from CFA Institute, USA; and Advanced Management Program from Harvard Business School, USA.



# KHAYAL RAKHNA APNAY LOGON KA

## **We Care For Our Employees**

At UBL, "Khayal Rakhna" extends beyond customers, nurturing the very foundation of our success: our employees. We believe in attracting and retaining the best, providing them with opportunities to thrive and grow. Furthermore, we believe in the potential of our youth and offer opportunities to young talented individuals who possess a passion to acquire new skills and excellence in their careers. From best-in-class training and development programs, to initiatives fostering wellbeing and work-life balance, we invest in the future of our people, knowing it's intertwined with our own.

# CHAIRMAN'S REVIEW REPORT TO THE MEMBERS

It gives me immense pleasure to announce the financial results and shareholder returns that UBL has delivered in 2023. I am proud that we remain well diversified across each geographical and business segment with a customer centric strategy while upholding our technological and innovative position in the banking sector. I would like to express my appreciation to the commitment of our employees for their focus on providing the highest level of customer service to our growing customer base while continuing to strengthen and build the bank.

Our domestic franchise was the primary driver of earnings in 2023. The Branch Banking Group maintained the momentum established in recent years by growing the average current deposit base. This was further supported with healthy contributions from the bank's fee and commission income mainly from trade income, commission on home remittances, bancassurance, branch banking and consumer finance related fees. UBL continues to be the market leader in home remittances demonstrating the Pakistani diaspora's faith in the UBL brand.

UBL has remained one step ahead of competition with continued investment in our technological capabilities. With the rapidly evolving landscape, the role of the banking industry in delivering financial services has drastically changed. UBL continues to focus on its digital transformation journey with the implementation of the digital front end platform in the branches and the introduction of several unique features on the UBL digital app. Our digitization and technology initiatives will be pivotal in improving our service offerings to our customers and in spearheading the shift toward broader financial inclusion.

Our well-diversified business strategy, extensive network penetration, and capital position put UBL in a strong position to take advantage of new opportunities. We are dedicated to contributing to Pakistan's development as it overcomes economic challenges and regains its footing by providing financial services to the vast unbanked population and investing in growing industries.

Finally, I would like to express my gratitude to our customers for their unwavering trust in the UBL brand and to the management team for their dedication. I would like to thank my fellow board members for their valuable contribution and to the regulators for providing their ongoing support and direction.



Sir Mohammed Anwar Pervez, OBE, HPK  
February 21, 2024

# DIRECTORS' REPORT TO THE MEMBERS 2023

On behalf of the Board of Directors, we are pleased to present the financial statements of United Bank Limited (UBL) for the year ended December 31, 2023.

## Performance Overview

UBL reported a Standalone Profit Before Tax (PBT) of Rs. 108.1 billion for the year ended December 31, 2023, representing a 58% year on year increase. Profit After Tax (PAT) stood at Rs. 53.2 billion in 2023 as compared to Rs. 32.1 billion for 2022 with Earnings per share (EPS) of Rs. 43.44 compared to Rs. 26.19 for last year. UBL reported consolidated PAT of Rs. 56.5 billion (2022: Rs. 32.1 billion) with consolidated EPS of Rs. 45.05 (2022: Rs. 25.76).

The Board of Directors of UBL declared a final cash dividend of Rs. 11 per share in their meeting in Islamabad held on February 21, 2024, along with the results for the year ended December 31, 2023 bringing the total cash dividend to Rs. 44 per share for the full year 2023.

## Revenue

The Bank posted a growth of 20% in gross revenues for the year 2023 at Rs. 165.8 billion. Net mark-up income was recorded at Rs. 142.9 billion, with a 38% increase over the previous year. Benchmark interest rates averaged over 21% in 2023 as compared to 14% last year, which along with repricing within the asset base resulted in improvement in interest margins and growth in earnings.

Non-mark-up income stood at Rs. 22.9 billion in full year 2023 (2022: Rs. 34.4 billion). Fee-based revenues maintained the overall business momentum throughout the year with a 10% increase over the same period last year. Fees and commission income of Rs. 17.5 billion was earned in 2023 with healthy contributions from trade business, home remittances, bancassurance, consumer and branch banking fees.

Domestic Current Accounts averaged Rs. 846 billion in 2023, with a portfolio increase of Rs. 127 billion i.e. 18% growth versus last year. The average CA to total deposits ratio continued to strengthen and was measured at 47% in 2023 (2022: 44%).

## Expenses

Due to the impact of higher inflation, the Bank's operating expenses recorded a 23% increase over 2022 and stood at Rs. 64.3 billion. Staff costs stood at Rs. 24.0 billion, increasing by 22%, in line with the growth across the network and hiring mainly within front office functions. Property related expenses remained well controlled and were recorded at Rs. 9.8 billion, up 10%. IT expenses stood at Rs. 7.3 billion with an increase of 36%, as the Bank continues to invest in its core infrastructure and digital products. Other operating expenses increased by 27% reported at Rs. 23.3 billion, in line with growth in business volumes and customer acquisition levels.

## Provisions and loan losses

UBL recorded a net provision reversal of Rs. 9.0 billion for 2023 against a net provision charge of Rs. 15.7 billion in the corresponding period last year. The current year includes a provision reversal of Rs. 3.8 billion on investments as against a charge of Rs. 19.1 billion in 2022. The Bank also recorded a net provision reversal of Rs. 4.9 billion on loans and advances in 2023 (Rs. 2.9 billion provision reversal in 2022) owing to

enhanced focus on recoveries across both Domestic and International. Bank level Non-Performing Loans (NPLs) stood at Rs. 105.5 billion at Dec'23, (Dec'22: Rs. 93.3 billion). The increase is due to Rs. 16 billion on currency devaluation on the International NPL portfolio.

## Capital Ratios - Consolidated

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 consolidated CAR stood at 14.6% at Dec'23 (Dec'22: 17.4%), with a buffer of 2.6% over the minimum regulatory requirement of 12.0%. The Common Equity Tier 1 (CET-1) ratio stood at 10.5% at Dec'23 (Dec'22: 12.3%). The Total Tier 1 Capital ratio was measured at 11.1% at Dec'23 (Dec'22: 13.1%).

## Subsidiaries Performance Overview

Highlights of the financial performance of our subsidiaries in 2023 is as follows: -

**United National Bank Limited (UBL UK)** United National Bank Limited (UBL UK) is a 55% owned subsidiary of UBL. In 2023, UBL UK posted a PBT of £ 6.9 million (2022: £ 6.0 million). The bank's net investment portfolio increased by 12.5%, while net advances also grew by 12.9%. On the funding side, the overall deposits base expanded by 10.5% over Dec'22.

**UBL Fund Managers Limited, Pakistan (UBLFM)** is a 98.9% owned subsidiary of UBL. UBLFM recorded a PBT of Rs. 1,337 million in 2023, a strong growth of 108% year on year. The funds under management of UBLFM stood at Rs. 193 billion at the close of 2023 (2022: Rs. 165 billion).

## 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'.

## Future Outlook

Looking ahead, UBL is committed to further expanding its branch network with an increased focus on improving its footprint in all captive markets. UBL will continue to support the economic turnaround of the country by playing its role in the areas of financial intermediation, branch banking, digital services with financial inclusion. For the Bank delivering on the 'customer first' value is a renewed priority as we aim to improve our service standards across all customer touch points. UBL remains at the forefront in the digital space as we build on our technological capabilities to deliver innovative products and redefine customer experiences. We continue to invest in our transformation agenda with re-alignment of structures and processes to better synergize the organization. We shall continue grow our teams and invest in the development of human capital as we build the institution in its journey to a larger aspiration.

## Corporate Governance

### Directors' statement

The Board of Directors is committed to ensuring that the requirements of corporate governance set by the Securities and

Exchange Commission of Pakistan are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements, prepared by the management of the Bank, present fairly the state of affairs of the Bank, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements without any departure therefrom.
- The system of internal control in the Bank is sound in design and is effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Performance highlights for the last six years are attached to these unconsolidated financial statements.
- Profit amounting to Rs. 5.3 billion has been transferred to Statutory Reserve for the year 2023.
- The Board of Directors consists of eight\* (8) male, including President & CEO and one (1) female member. The detailed composition of the Board is given in paragraphs 1 and 2 of the Statement of Compliance with the Code of Corporate Governance.
- An evaluation of the performance of the board and its sub-committees was conducted through the external renowned institute, Pakistan Institute of Corporate Governance, duly approved and authorized by Securities and Exchange Commission of Pakistan for this purpose, in line with the applicable regulatory framework and best practices.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Non-Executive Directors, including Independent Directors, are eligible for fees and travelling related expenses for attending meetings of the Board and its Committees, as approved by the Shareholders

The Board has constituted the following six Committees with defined Terms of Reference (ToRs):

### 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
Ms. Hafsa Abbasy	Secretary

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

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

### BOARD IT COMMITTEE (BITC):

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

### BOARD NOMINATION COMMITTEE (BNC):

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

### BOARD INTERNATIONAL COMMITTEE (BIC):

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

A brief description of the core functions under the ToRs of each sub-committee are as follows:

**Board Audit Committee (BAC):** The primary activity of the board audit committee is to provide oversight of the financial reporting process, the audit process as well as the system of internal controls and compliance with laws and regulations. The committee reviews the results of audits with the Bank's management as well as the external auditors. The committee also reviews the scope and extent of internal audit, audit plan, reporting framework and procedures and ensures that the internal audit function has adequate resources and is appropriately placed within the Bank. The committee also provides oversight and review of the internal control over financial reporting (ICFR) system for effective implementation and its upgrade.

**Board Human Resource & Compensation Committee (HRCC):** The committee is responsible for recommending to the Board the overall remuneration mechanism and policy across the Bank and ensuring that the policies are aligned with regulatory requirements. The purview of the committee includes the review of the overall compensation and benefit structure, including material risk takers (MRTs) and material risk

controllers (MRCs), headcount levels, as well as recommending human resource management policies to the Board. The committee is also responsible for recommending to the Board a policy framework for determining remuneration of directors, executive and non-executive directors, and members of senior management in accordance with relevant prevailing regulatory guidelines.

**Board Risk and Compliance Committee (BRCC):** - The committee is responsible for setting the overall risk management framework and ensuring the evolution and effectiveness of all risk management policies in line with the changing economic climate for risk mitigation. The committee oversees the overall risk management function across the Bank and ensures compliance with various risk management policies through operational risk and Basel, treasury and market risk, credit risk and credit policy functions. Furthermore, the committee also monitors the effectiveness of the risk management function to ensure compliance with regulatory risk requirements including effective safeguards against financial crimes.

**Board IT Committee (BITC):** - The Committee is responsible for providing an effective governance framework to ensure that the Bank's technology function enables the achievement of corporate strategies and objectives. The Committee communicates to the Board the progress of the technology activities and digital initiative being undertaken across the Bank. Furthermore, the Committee is also responsible for ensuring that risk management strategies are designed and implemented to effectively respond to wide-scale disruptions, as well as managing Information Technology (IT) and Cyber Security Risks.

**Board Nomination Committee (BNC):** - The primary responsibility of the Committee is to review the nomination of directors, including their profile, academic background, skills, knowledge and experience. The Committee is responsible for reviewing the overall structure, size and composition of the Board and its committees and to make recommendations to the Board in this regard. The Committee also makes recommendations for filling casual vacancies on the board and board sub-committees and monitor the annual board evaluation process as per regulatory requirements.

**Board International Committee (BIC):** - The Committee has been constituted primarily to review the overall strategy of the Bank with special reference to its International Operations and global positioning.

### Directors appointment and nomination

The directors of the Bank are elected by the shareholders while casual vacancies are filled by the directors in accordance with the articles of association and the applicable laws and regulations. Furthermore, every new director has to pass through the assessment criteria of 'Fit and Proper Test' as set and advised by the State Bank of Pakistan.

While appointing a director, it is ensured that the Board is well structured comprising of members who have diversified experience, suitable knowledge, appropriate skill set, expertise and competency related to the Bank's operations, creating an effective decision making body. It is also ensured that the Board contains appropriate mix of non-executive, independent and female members that meet all the requirements of the applicable laws and regulations regarding diversity, size of the board and have no material conflicts of interest.

Active role of Independent Directors is ensured to enhance the overall effectiveness of the Board. While selecting and appointing independent directors, the applicable provisions of the laws, rules and regulations are meticulously complied with.

Independent Directors are selected to demonstrate the transparency and fairness in their role and also to provide an objective and independent judgment in the best interest of the Bank.

The profiles of each director, including their qualification, expertise, past work experience along with their status as well as their membership on board(s) / Shariah Board(s) of other companies is included in the directors' profile in the Annual Report.

### Board Performance Evaluation

To comply with the requirement of BPRD Circular No. 05 of 2021 dated November 22, 2021 - The Corporate Governance Regulatory Framework, a formal process of evaluation of performance of the Board as a whole and its committees has been framed and implemented according to the prevailing regulatory instructions.

### Compensation of Directors

Considering the requirements of Corporate Governance Regulatory Framework guidelines issued by State Bank of Pakistan through the circular # BPRD Circular No. 05 dated Nov 22, 2021, the Board approved the revisions in the Directors' Remuneration Policy in its meeting held on February 23, 2022 and recommended the same to the General Meeting for its final approval. The latest revision of the policy was approved by the Directors in their meeting held on March 29, 2023 and has been recommended to the General Meeting for its post facto approval, as per the requirements of the applicable regulatory instructions. Under this policy, non-executive directors, including the Chairman will be eligible to receive an amount of Rs.800,000/- for attending each meeting of the Board and/or its committees. In addition to the meeting fees, the Chairman of the Board / Committees will be entitled to an amount equal to 20% of the Board / committee meeting fee for holding the office of the Chairman. The policy also covers traveling, logistics and accommodation expenses as well as daily allowance entitlements.

The details of compensation of directors in 2023 are disclosed in Note 39 to the unconsolidated financial statements.

### Meetings of the Board

During the year under review, the Board of Directors met seven (7) times. The number of meetings attended by each Director during the year is shown below:

Name of the Director	Designation	Meetings Attended
Sir Mohammed Anwar Pervez, OBE, HPk	Chairman	7
Lord Zameer M. Choudrey, CBE, SI Pk	Director	7
The Honourable Haider Zameer Choudrey	Director	7
Mr. Rizwan Pervez	Director	7
Mr. Amar Zafar Khan	Director	2*
Mr. Daniel Michael Howlett	Director	5**
Mr. Tariq Rashid	Director	7
Ms. Shazia Syed	Director	7
Mr. Muhammad Irfan A. Sheikh	Director	4***
Mr. Shazad G. Dada	President & CEO	3****
Mr. Muhammad Jawaid Iqbal	President & CEO	7****

\* The term of 3 years of the existing Board was completed and fresh election of Directors was conducted in Annual General Meeting of UBL on March 29, 2023. Mr. Amar Zafar Khan did not opt to contest this election.

\*\* Mr. Daniel Michael Howlett has contested the election of Directors of UBL held on March 29, 2023 and was elected as non-executive independent Director.



The Bank, at all times, has maintained its Capital Adequacy Ratio (CAR) well above the regulatory thresholds under the prescribed Basel-III regulations, inclusive of all applicable buffers. The Bank is classified as a Domestic Systemically Important Bank (D-SIB) and remains compliant to the additional supervisory requirements as laid down in the framework. The Internal Capital Adequacy Assessment Process (ICAAP) Framework is well defined and is reviewed on an annual basis.

The **Operational Risk** Management Framework is designed to ensure that an adequate control environment exists across its businesses and functions to maintain an acceptable level of residual risk. The framework is governed by comprehensive policies and procedures in line with the applicable regulatory guidelines. The Bank has implemented a robust operational risk management system to further strengthen the framework.

UBL has a dedicated **Information Security** Division, functioning within Risk and Credit Policy Group who manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

The following sub departments are working within IS function: -

- Governance Risk & Compliance (GRC)
- Infrastructure Security
- Red Teaming & Penetration Testing
- Project Management Office
- Cyber Security Monitoring & Incident Reporting Application Security

The Bank manages the overall security compliance efforts, risk management as well as development and implementation of information security policies, procedures, guidelines and standards under this domain.

## Sustainability at UBL in 2023

As part of its commitment to the principles of ESG, UBL's sustainability agenda supports causes that influence and empower communities in a positive manner. In 2023, UBL donated to numerous projects under education, healthcare and community welfare. Against the backdrop of the economic conditions prevailing in the country and rising unemployment, UBL undertook a pioneering initiative to induct non-graduates who have completed Matric & Intermediate. Most of these candidates are those who are unable to complete their graduation due to financial pressures. Under this initiative, they are offered a market competitive salary and job stability and are also facilitated to continue with their education. Moreover, they have access to subsidized staff finance (motor bike loans). The

candidates undergo a robust one-month training program comprising of both classroom and on the job training covering technical as well as soft skills. To date, more than 600 bright minds have been inducted pan Pakistan. This initiative not only enables a steady pipeline for entry level roles in the bank, but also contributes positively towards community uplift in line with UBL's sustainability agenda.

In line with the strategy of supporting education, the Bank sponsored deserving students through scholarships and provided infrastructural support for the construction of educational institutions. Healthcare projects included providing free of cost healthcare to patients, provision of much needed medical equipment to hospitals and infrastructure. The Bank encouraged employee engagement in its community welfare projects and the UBL team actively volunteered and played their part as symbols of hope for the society across Pakistan.

## Statement of Internal Controls

The Board is pleased to endorse the statement made by the management relating to Internal Controls over Financial Reporting (ICFR) and also the overall internal control environment. The Statement on Internal Controls is also included in the Annual Report.

## Auditors

The present auditor, M/S. EY Ford Rhodes retire, and being eligible, offer themselves for reappointment at the Annual General Meeting after the expiration of their term. The Board of Directors and the Board Audit Committee recommend the appointment of M/S EY Ford Rhodes as the external auditors for the financial year 2024 at a fee of Rs. 18 million, while out of pocket expenses and taxes would be paid on actuals.

## Conclusion

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.

For and on behalf of the Board,



Muhammad Jawaid Iqbal  
President & CEO



Daniel Michael Howlett  
Director

Islamabad,  
February 21, 2024

نے ملازمین کی شمولیت کی حوصلہ افزائی کی اور یو بی ایل ٹیم نے فعال انداز میں رضا کارانہ طور پر کام کیا اور پاکستان بھر میں اپنی کمیونٹی کے لیے امید کی علامت کے طور پر اپنا کردار ادا کیا۔

## اسٹیٹمنٹ برائے اندرونی انضباط

بورڈ کو اندرونی انضباط برائے فنانشل رپورٹنگ (ICFR) اور مجموعی اندرونی انضباط سے متعلق انتظامیہ کے بیان کی توثیق کرتے ہوئے خوشی ہو رہی ہے۔ اسٹیٹمنٹ برائے اندرونی انضباط سالانہ رپورٹ میں شامل کی گئی ہے۔

## آڈیٹرز

بینک کے موجودہ آڈیٹرز M/S. EY Ford Rhodes نے ریٹائر ہونے کے بعد اہلیت کی بنیاد پر سالانہ اجلاس میں اپنی خدمات دوبارہ بینک کو پیش کیں

بورڈ آف ڈائریکٹرز اور بورڈ آف ڈائریکٹرز نے M/S. EY Ford Rhodes کو 18 ملین روپے کی فیس پر سال 2024 کے لیے بینک کا بیرونی آڈیٹر مقرر کرنے کی منظوری دی، جبکہ مصارف کار اور ٹیکس برطابق اصل ادا کیے جائیں گے۔

## اختتامیہ

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

برائے واز طرف بورڈ



ڈینیئل مائیکل ہاؤلیٹ  
ڈائریکٹر



محمد جاوید اقبال  
صدر اور سی ای او

اسلام آباد،

21 فروری 2024

بینک نے ہمہ وقت اپنے کیپیٹل ایڈیکسٹیٹیو (CAR) کو تمام قابل اطلاق بفرز سمیت مقررہ Basel-III ضابطوں کے تحت ریگولیٹری حد سے بہتر سطح پر برقرار رکھا ہے۔ بینک کو ڈیجیٹل سٹیبلٹی ایپروٹسٹ بینک (D-SIB) قرار دیا گیا ہے اور فریم ورک میں بیان کردہ اضافی سپروائزری تقاضوں کے مطابق ہے۔ انٹرنل کیپیٹل ایڈیکسٹیٹیو پروسس (ICAAP) فریم ورک کی اچھی طرح وضاحت کی گئی ہے اور اس کا سالانہ بنیادوں پر جائزہ لیا جاتا ہے۔

آپریٹنگ رسک مینجمنٹ فریم ورک اس بات کو یقینی بنانے کے لیے ڈیزائن کیا گیا ہے کہ اس کے کاروباروں اور افعال میں ایک مناسب کنٹرول ماحول موجود ہے تاکہ ذیلی خطرات کی قابل قبول سطح کو برقرار رکھا جاسکے۔ فریم ورک قابل اطلاق ریگولیٹری رہنما خطوط کے مطابق جامع پالیسیوں اور طریقہ کار کے زیر انتظام ہے۔ بینک نے فریم ورک کو مزید مضبوط بنانے کے لیے ایک مضبوط آپریٹنگ رسک مینجمنٹ سسٹم نافذ کیا ہے۔

یو بی ایل کے پاس ایک وقف انفارمیشن سکیورٹی ڈویژن ہے، جو رسک اور کریڈٹ پالیسی گروپ کے اندر کام کرتا ہے، اندرونی اور بیرونی خطرات کو روکنے، ان کا پتہ لگانے اور ان کا جواب دے کر ٹیکنالوجی اور معلوماتی اثاثوں کی حفاظت انفارمیشن سکیورٹی کے خطرات کا انتظام کرتا ہے۔

## مندرجہ ذیل سب ڈیپارٹمنٹس IS فنکشن میں کام کر رہے ہیں۔

- گورننس رسک اینڈ کمپلائنس (GRC)
- انفراسٹرکچر سکیورٹی
- ریڈ ٹیمنگ اینڈ پینٹریٹیشن ٹیسٹنگ
- پروڈیکٹ مینجمنٹ آفس
- سائبر سکیورٹی مانیٹرنگ اینڈ انسائیڈ رپورٹنگ ایپلیکیشن سکیورٹی

بینک اس ڈومین کے تحت سکیورٹی کی تعمیل کی مجموعی کوششوں، رسک مینجمنٹ کے ساتھ ساتھ انفارمیشن سکیورٹی پالیسیوں، طریقہ کار، ہدایات اور معیارات کی ترقی اور نفاذ کا انتظام کرتا ہے۔

## 2023 میں یو بی ایل کی پائیداری

ESG کے اصولوں کے مطابق اس کا حصہ بننے کے عزم کے ساتھ، یو بی ایل کا پائیداری کا ایجنڈا ایسے فلاحی مقاصد کی حمایت کرنے پر مبنی ہے جو کمیونٹی کو مثبت انداز میں متاثر اور فعال کرتے ہیں۔ سال 2023 میں یو بی ایل نے تعلیم، صحت اور کمیونٹی کی فلاح و بہبود کے لیے بے شمار وسائل متعارف کروائے۔ ملک میں بڑھتے ہوئے معاشی حالات کے خطرات اور بیروزگاری کو مد نظر رکھتے ہوئے یو بی ایل نے نان گریجویٹس کو جنہوں نے میٹرک اور انٹرمیڈیٹ کی تعلیم حاصل کی ہے، اپنے ساتھ شامل کرنے کے لیے ایک اہم قدم اٹھایا ہے۔ ان میں زیادہ تر تعداد ایسے امیدواروں کی ہے جو مالی دباؤ کے باعث اپنی گریجویٹیشن مکمل نہیں کر سکتے۔ اس اقدام کے تحت، انھیں مارکیٹ کے مطابق تنخواہ اور مستحکم ملازمت کی پیشکش کے ساتھ ساتھ انہیں اپنی تعلیم جاری رکھنے کی سہولت بھی فراہم کی جاتی ہے۔ مزید برآں، انہیں اسٹاف فنانس (موٹر بائیک لون) سبسڈی تک رسائی بھی حاصل ہے۔ امیدواروں کو ایک ماہ کے بہترین تربیتی پروگرام سے تربیت حاصل کرنی ہوتی ہے جو کلاس روم ملازمت کی تربیت دونوں پر مشتمل ہوتی ہے، جن میں ٹیکنیکل اور سافٹ اسکولز بھی کی تربیت بھی شامل ہے۔ اب تک پورے پاکستان سے 600 سے زائد نروٹن اڈوان کو شامل کیا جا چکا ہے۔ یہ اقدام نہ صرف ابتدائی سطح پر بینک میں فرائض کی انجام دہی کو یقینی بناتا ہے بلکہ یو بی ایل کے پائیداری کے ایجنڈے پر عمل درآمد کرتے ہوئے معاشرے کی بہتری کے لیے بھی اپنا مثبت کردار ادا کرتا ہے۔

تعلیم کے شعبے میں معاونت کی فراہمی کو مد نظر رکھتے ہوئے بینک نے اسکالرشپس کے ذریعے مستحق طلباء کو وظائف فراہم کرنے کے ساتھ ساتھ تعلیمی اداروں کی بہتر تعمیر کے لیے انفراسٹرکچر سے متعلق معاونت بھی فراہم کی۔ صحت کے منصوبوں میں معیاری صحت کی رعایتی یا مفت، دیکھ بھال حاصل کرنے میں مرہم بننے کی مدد کے لیے فنڈز کی فراہمی کے ساتھ ساتھ اسپتالوں کی تعمیر کے لیے انفراسٹرکچر سے متعلق معاونت شامل تھی۔ بینک



**شیر ہولڈنگ پبلیزن**

31 دسمبر 2023 کے مطابق شیر ہولڈنگ پبلیزن درج ذیل میں دیا گیا ہے:

شیر ہولڈرز	شیرز کی تعداد	آرڈیزی شیرز کا فیصد
بیٹ وے گروپ (BG)	760,620,078	62.13%
عوام الناس دیگر	379,808,202	31.03%
بنک۔DFI اور NBF1	27,365,808	2.24%
انشورنس کمپنیاں	40,169,995	3.28%
مضارب اور میوچل فنڈز	15,244,779	1.25%
انسٹیٹوشنل GDR(ٹران دوئجک شیرز)	969,111	0.08%
ٹانس ڈویزن، منسز آف ٹانس بکومت پاکستان	1,714	0.00%
ڈول آؤٹ اینڈنگ ٹک شیرز	1,224,179,687	100.00%

درج ذیل کی تحویل میں موجود مجموعی شیرز:

	شیرز کی تعداد	
<b>(a)</b>	<b>منسلک کمپنیاں، معاہدہ جات اور متعلقہ پارٹیاں</b>	<b>شیرز کی تعداد</b>
	بیٹ وے انسٹیٹوشنل ہولڈنگز لمیٹڈ	631,728,895
	بیٹ وے سیسٹ لمیٹڈ	97,885,442
<b>(b)</b>	<b>مضارب اور میوچل فنڈز**</b>	<b>15,244,779</b>
<b>(c)</b>	<b>ڈائریکٹرز اور سی ای او***</b>	
	سر محمد انور پرویز، OBE، ہلال امتیاز پاکستان	12,965,368
	لارڈ ضمیر محمد چوہدری، CBE، ستارہ امتیاز پاکستان	6,001,434
	محترم حیدر ضمیر چوہدری	3,062,500
	محترم رضوان پرویز	546,545
	محترم ڈینیل مائیکل ہاؤلیٹ	2,500
	محترم محمد عرفان اسے شیخ	500,000
	محترم طارق راشد	2,500
	محترم شازیہ سید	2,500
<b>(d)</b>	<b>انگریز بٹلیور</b>	<b>656,585</b>
<b>(e)</b>	<b>پبلک سیکورٹیز کمپنیاں اور کارپوریٹشنز</b>	<b>388,044,836</b>
<b>(f)</b>	<b>بنک۔DFI،NBFI، انشورنس کمپنیاں</b>	<b>67,535,803</b>

\* بینک بیٹ وے انسٹیٹوشنل ہولڈنگز لمیٹڈ کا ذیلی ادارہ ہے جو Guernsey میں قائم شدہ ہے۔

\*\* مضارب اور میوچل فنڈز بلحاظ نام تصیلات شیر ہولڈرز کی کٹیگری کے ساتھ منسلک ہیں۔

5 فیصد یا زیادہ ووٹنگ کے حقوق رکھنے والے شیر ہولڈرز	شیرز کی تعداد	فیصد
بیٹ وے انسٹیٹوشنل ہولڈنگز لمیٹڈ	631,728,895	51.60
بیٹ وے سیسٹ لمیٹڈ	97,885,442	8.00

ڈائریکٹرز، انگریز بٹلیور اور ان کے / ان کی شریک حیات اور نو عمر بچوں کی طرف سے کیا گیا یو بی ایل کے شیرز کا لین دین پبلیزن آف شیر ہولڈنگ کے ہمراہ منسلک ہے۔

### شریہ بورڈ

شریہ بورڈ اور اس کے ممبران سے متعلق تفصیلات جیسا کہ ڈائریکٹری رپورٹ میں ظاہر کرنا ضروری ہے، سالانہ رپورٹ کے حصے کے طور پر شریہ بورڈ کی رپورٹ میں شامل ہیں:

### معاوضے کا فریم ورک

ریگولیشنری ہدایات کی تعمیل میں یو بی ایل نے معاوضے کی ایک جامع پالیسی ترتیب دی ہے تاکہ یہ یقینی بنایا جاسکے کہ بینک کا معاوضے کا طریقہ کار بہترین ٹیلنٹ کو راغب کرنے، برقرار رکھنے اور انعام دینے کے لیے، ریگولیشنری ہدایات کے مطابق ہے اور بینک کے مجموعی اسٹریٹجک مقاصد کے ساتھ منسلک ہے۔

بورڈ چیومن ریسورس اینڈ کمنپنیشن کمیٹی (HRCC) کی سفارشات کی بنیاد پر معاوضے کے فریم ورک کے نفاذ کا جائزہ لینے، منظوری دینے اور اس کی نگرانی یو بی ایل کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے۔

بینک مقررہ اور قابل تبدیل دونوں عناصر پر مشتمل معاوضے کا فریم ورک پیش کرتا ہے۔ معاوضے کے فریم ورک کی کچھ اہم خصوصیات درج ذیل ہیں:

مقررہ معاوضہ: یہ بنیادی تنخواہ پر مشتمل ہے، بشمول کوئی سالانہ اضافہ، اور بنیادی مقررہ الاؤنسز، اگر قابل اطلاق ہوں۔ مقررہ معاوضے میں کارکردگی کے ساتھ فرق نہیں آتا اور یہ نقد رقم میں قابل ادائیگی ہے۔

کارکردگی پر قابل تبدیل معاوضہ: ان کا تعین بینک کی مجموعی کارکردگی، متعلقہ کاروباری یونٹ کے منافع اور ملازم کی انفرادی کارکردگی کی بنیاد پر کیا جاتا ہے۔ اس طرح کا معاوضہ سالانہ یا معاہدوی پلنس اور سٹیزمرعات کی شکل اختیار کرتا ہے۔

دیگر فوائد: یہ ملازمت کے انفرادی مبادلوں اور مقامی مارکیٹ کے طریقوں کی بنیاد پر دیے جاتے ہیں۔ ان میں دیگر کے علاوہ عملے کے قرضے، اخراجات کے الاؤنسز /ری ایمپٹمنس، لائف انشورنس، طبی دیکھ بھال اور نقل مکانی کے الاؤنسز شامل ہیں۔

سائن ان ایجوٹمنٹ پلن: اسے قابل تبدیل تنخواہ کا حصہ سمجھا جاتا ہے اور ہیومن ریسورس کی پالیسیوں کے مطابق صرف غیر معمولی معاملات میں دیا جاتا ہے۔

علیحدگی کی ادائیگی: یہ ملازم کی قابل تبدیل تنخواہ کا حصہ ہیں اور اس میں ملازم کو ان کی عام ریٹائرمنٹ، علیحدگی برطرفی کے فوائد ریٹائرمنٹ، علیحدگی یا معاہدہ ختم کرنے کے وقت عام ریٹائرمنٹ، علیحدگی یا برطرفی کی مرعات کی مدد میں کی گئی کوئی بھی ادائیگی شامل ہے۔

#### میٹریل رسک ٹیلڈز (MRTs) اور میٹریل رسک کنٹرولز (MRCs)

ضابطے کے رجما اصولوں اور بہترین اعمال کے مطابق ملازمین کو تفویض شدہ MRC/MRT کے معیار کو ترتیب دیا گیا ہے۔ MRT اور MRC کو بطور عمل اور عمدہ ایک پیمانے کے ساتھ موزوں سطح اختیار اور انضباط ہوتی ہے اور MRC کو ادارے کی تنظیمی ساخت کے اندر ہی اختیار کیا جاتا ہے اور ان کی طے شدہ موزوں آزادی اور پورٹنگ لائنز ہوتی ہیں۔

MRC اور MRT میں ملازمین اور ان کے عہدے بھی شامل ہیں جیسے صدر اور سی ای او، مینجمنٹ ٹیم جو براہ راست صدر اور سی ای او کو رپورٹ کرتے ہیں، اہم کمیٹیوں کے ممبران، کاروباری انتظام، رسک اینڈ کنٹرولز کرنے والے اہم امور کے سربراہ، بیرون ملک شاخوں کے کنٹری ہیڈز، MRT اور MRC میں وہ ملازمین بھی شامل ہیں جو اہم فیصلے میں شامل ہوتے ہیں جو بینک کی جانب سے کریڈٹ رسک، مارکیٹ رسک، آپریشنل رسک اور لیکولیٹیڈ پٹی رسک کے معاملات کی انجام دہی کرتے ہیں اور بینک پر اثر انداز ہوتے ہیں۔

MRT اور MRC میں risk-adjusted ٹیلنس اسکور کارڈ، باہمی تعلق کو یقینی بناتے ہوئے اور رسک اور ایوارڈز میں توازن کو استعمال کرتے ہوئے کارکردگی کی پیمائش کی جاتی ہے۔ اس کے علاوہ مختلف مالیاتی اور غیر مالیاتی ہتقداری کے ساتھ ساتھ خطراتی رد و بدل کے عوام کو بھی مد نظر رکھا جاتا ہے۔ ہر درجہ بندی کے اندر اسکور کارڈ بشمول کثیر جہتی عوامل اور KPI ہوتے ہیں، جن کاموزوں شیخ مارکس اور اہداف کی بنیاد پر جائزہ لیا جاتا ہے۔ خطرات کے رد و بدل کی بنیاد پر کارکردگی کا جائزہ لے لے کرتے ہیں اور KPIs میں ریٹنگ دی جاتی ہے۔ ان اسکور کارڈز کا ہر سال جائزہ لیا جاتا ہے اور اگر زیر نظر حالات میں کوئی اہم تبدیلی رونما ہو تو اس صورت میں عبوری جائزہ بھی لیا جاتا ہے۔

#### MRT اور MRC کا معاوضہ

MRT اور MRC کے معاوضے کے ڈھانچے کا تعین اور تجویز ہیومن ریسورس ڈپارٹمنٹ کرتا ہے جو ملازم کی پوزیشن، کردار اور ذمہ داریوں کے ساتھ ساتھ مالیاتی اور غیر مالیاتی مقاصد اور KPIs کے مقابل کارکردگی کو مد نظر رکھتے ہوئے مقررہ اور قابل تبدیل تنخواہ کے درمیان ایک مناسب توازن کو یقینی بناتا ہے۔ MRT اور MRC کے معاوضے کی پالیسی کے ڈھانچے سے ملنے جلتے مقررہ اور قابل تبدیل متناصر شامل ہیں۔ مقررہ معاوضہ بنیادی تنخواہ، انکم ٹینٹس اور کردار پر مبنی مقررری الاؤنسز پر مشتمل ہوتا ہے، اگر قابل اطلاق ہوں۔ ہیومن ریسورس ڈپارٹمنٹ ملازمین کو راغب کرنے اور برقرار رکھنے کے لیے بیرونی مارکیٹ ڈیٹا کا استعمال کرتے ہوئے ایک مناسب شیخ مارک استعمال کرتا ہے تاکہ مقررہ معاوضے کا مناسب ہونا یقینی بنایا جاسکے۔

قابل تبدیل معاوضہ کارکردگی کی بنیاد پر ہوتا ہے جیسا کہ بینک کے دیگر ملازمین کو ملتا ہے۔

مالیاتی کارکردگی میں ناکافی کامیابی، بلاوجہ خطرے کی زد میں آنا، کسٹمر سے متعلق مسائل، غیر موثر آڈٹ /انٹرنل کنٹرولز اور کمپلائنس کے عناصر کے لیے ملازم کے اسکور میں کمی کی جاسکتی ہے۔

### التوا کا خطر

MRT اور MRC کے قابل تبدیل معاوضے کا ایک مخصوص حصہ ایک متعین مدت کے لیے روک دیا جائے گا جبکہ دیگر معاوضے کا ہیچ حصہ پیٹنگی ادا کیا جائے گا۔ اس کا مقصد ملازمین اور اسٹیٹک ہولڈرز کے مفادات کو ہم آہنگ کرنا اور اس پر زور دینا ہے کہ معاوضہ مناسب طریقے سے طویل مدتی مانیدار کارکردگی سے منسلک ہے۔

التوا کا تناسب 25 فیصد سے 40 فیصد کے درمیان ہے، جب کہ تمام MRT اور MRC کے لیے التوا کی مدت تین سال ہوگی، اور التوا کی مدت کے دوران، استحقاق کے مطابق سالانہ قسطوں کے ذریعے، تناسب سے ادا کی جائے گی۔

### رسک منجمنٹ فریم ورک

یو بی ایل رسک اینڈ کریڈٹ پالیسی گروپ درج ذیل شعبوں کا حامل ہے:

- کریڈٹ رسک ڈپارٹمنٹ
- کارپوریٹ رسک
- SME رسک
- فنانشل انسٹیٹیوشن رسک
- انسٹیٹوشنل رسک
- کریڈٹ پالیسی اینڈ ریسرچ ڈپارٹمنٹ
- مارکیٹ اینڈ ٹریڈری رسک اینڈ ٹیمیل ڈپارٹمنٹ
- آپریشنل رسک ڈپارٹمنٹ
- کنزرویمر رسک ڈپارٹمنٹ
- کریڈٹ ایڈمنسٹریشن ڈپارٹمنٹ
- انفارمیشن سیکورٹی ڈپارٹمنٹ

بینک کی رسک گورننس درج ذیل کمیٹیوں کے ذریعے بروئے کار لائی جاتی ہیں:

۱۔ منجمنٹ رسک کمیٹی

۲۔ انفارمیشن ٹیکنالوجی اسٹریٹگ کمیٹی

منجمنٹ رسک کمیٹی (**MRC**) کی صدارت صدر اور سی ای او کرتے ہیں اور یہ رسک، بزنس، ٹرانس، ٹریڈری اور آپریشنز کے سربراہوں پر مشتمل ہوتی ہے۔ اگر ضروری سمجھا جائے تو دیگر اسٹیٹک ہولڈرز کو شرکت کی دعوت دی جاتی ہے۔ MRC کریڈٹ رسک، CAR، اور آپریشنل رسک کے مجموعی جائزے کے ساتھ ہم کاروباری فیصلوں کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

انفارمیشن ٹیکنالوجی اسٹریٹگ کمیٹی کی سربراہی ڈی جی سی ای او اور تمام گروپس کے سربراہ کرتے ہیں۔ یہ کمیٹی اہم اسٹریٹجک معلومات اور سائبر سیکورٹی کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

کنزرویمر کریڈٹ پورٹ فولیو نے تجویزی سنبھالے گئے خطرے کے ماحول میں اپنی مسلسل نمو برقرار رکھی ہے۔ پورٹ فولیو میں نابدہندگان کی کنٹرول شدہ سطح، بشمول دیگر اسٹریٹجمنٹس کی آئین پی ایل کے لیے مضبوط پورٹ فولیو منجمنٹ کی مرہون منت ہے۔ رسک منجمنٹ کے طریقہ کار میں آئوٹیشن کے ساتھ ساتھ پالیسیوں کا وقتاً فوقتاً جائزہ لینے سے پورٹ فولیو کے خطرے اور انعام کے پروفائل سے اچھی طرح ہم آہنگی کو یقینی بنایا گیا۔

اوپر ریز آپریشنز کے لیے اسٹیٹ بینک آف پاکستان کے رسک گورننس فریم ورک کے مطابق، انسٹیٹشل ڈویژن کے لیے رسک منجمنٹ فنکشن کا انتظام ہیڈ آفس سے کیا جا رہا ہے۔ سال کے دوران، ایڈوائسز میں اعلیٰ معیار کے اثاثہ جات کی آن بورڈنگ، لاگتوں میں بہتری پر توجہ، فعال پورٹ فولیو منجمنٹ، ڈومیسٹک ڈھانچے کے ساتھ پالیسیوں کی میپنگ اور لوکل ریگولیٹری گائڈ لائنز کے ساتھ ضلّاء جیسے اقدامات جاری رہے۔

مارکیٹ اینڈ ٹریڈری رسک کے کردار میں مارکیٹ سے متعلق خطرات کی منظم طریقے سے شناخت، تشخیص، نگرانی اور رپورٹ کرنے کے لیے مارکیٹ رسک منجمنٹ فریم ورک کی وضاحت اور نفاذ شامل ہے۔ کلیدی مقاصد ایک کنٹرول شدہ اور شفاف مجموعی رسک منجمنٹ فریم ورک کے اندر کاروبار کو ترقی میں سہولت فراہم کرتا ہے۔

بینک کی لیکولیٹیڈ پٹی رسک منجمنٹ فریم ورک کا مقصد اس بات کو یقینی بنانا ہے کہ بینک ہر وقت اپنی ادائیگی کی ذمہ داریوں کو پورا کرنے کے قابل ہو اور مقررہ حد کے اندر اپنے لیکولیٹیڈ پٹی رسک کا انتظام کر سکے۔ فریم ورک میں ایک جامع لیکولیٹیڈ پٹی رسک پالیسی اور ایک موثر پیگامی فنڈنگ پلان کے ساتھ اچھی طرح سے طے شدہ طریقہ کار شامل ہے۔ مارکیٹ اور لیکولیٹیڈ پٹی رسک پریسنٹز انتظامیہ کی نگرانی GALCO کمیٹی کے ذریعے کی جاتی ہے۔

**بورڈ انٹرنیشنل کمیٹی (BIC) :**

چئیرمین	لارڈ ضمیر محمد چوہدری ، CBE، ستارہ امتیاز پاکستان
سرگھرانو رپویز، OBE، ہلال امتیاز پاکستان	سر محمد انور پرویز،
محترم ضیر محمد چوہدری	محترم ہرمن ریکھیا
محترم رضوان پرویز	محترم رکن
محترم ڈینیل مائیکل ہاؤلیٹ	محترم رکن
محترم محمد عرفان اے شیخ	محترم رکن
محترم طارق راشد	محترم رکن
محترم شاز یہ سید	محترم رکن
محترم محمد جاوید اقبال	محترم رکن
محترم محبوب اویس سعید	محترم سیکریٹری

ہر سب کمیٹی کی Tors کے تحت اہم ذمہ دار یوں کی مختصر تفصیل حسب ذیل ہے:

بورڈ آڈٹ کمیٹی **(BAC)**:
بورڈ آڈٹ کمیٹی کی بنیادی سرگرمی میں مالیاتی رپورٹنگ کے عمل، آڈٹ کے عمل کے ساتھ ساتھ اندرونی کنٹرول کے نظام اور قوانین و ضوابط کی تعمیل کی نگرانی فراہم کرنا ہے۔ کمیٹی بینک کی انتظامیہ کے ساتھ ساتھ بیرونی آڈیٹرز کے ساتھ آڈٹ کے نتائج کا جائزہ لیتی ہے۔ کمیٹی اندرونی آڈٹ، آڈٹ پلان، رپورٹنگ کے فریم ورک اور طریقہ کار دائرہ کار اور وسعت کا بھی جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اندرونی آڈٹ کے فنکشن کے پاس مناسب وسائل ہیں اور اسے مناسب طریقے سے بینک کے اندر رکھا گیا ہے۔ کمیٹی مؤثر نفاذ اور اس کی آپ گریٹنگ کے لیے مالیاتی رپورٹنگ (ICFR) نظام پر اندرونی کنٹرول کی نگرانی اور جائزہ بھی فراہم کرتی ہے۔

بورڈ ہیومن ریسورسز اینڈ کمپینیشن کمیٹی **(HRCC)**:
کمیٹی پورے بینک میں معاوضے کے مجموعی طریقہ کار اور پالیسی کی بورڈ کو سفارش کرنے اور اس بات کو یقینی بنانے کی ذمہ داری ہے کہ پالیسیاں ریگولیٹری تقاضوں سے ہم آہنگ ہوں۔ کمیٹی کے دائرہ کار میں مجموعی طور پر معاوضے اور فوائد کے ڈھانچے کا جائزہ ، بشمول مادی رسک ٹیکرز (MRT) اور مادی رسک کنٹرولز (MRC) ، ہیڈ کوارٹس کیونز کے ساتھ ساتھ بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کی سفارش کرنا شامل ہے۔ کمیٹی بورڈ متعلقہ مڈریگولیٹری رجسٹرا خطوط کے مطابق ڈائریکٹر، ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر اور سٹینڈنگ کمیٹی کے معاوضے کا تعین کرنے کے لیے ایک پالیسی فریم ورک کے لیے بورڈ کو سفارش کرنے کی بھی ذمہ دار ہے۔

بورڈ رسک اینڈ کمپلائنس کمیٹی **(BRCC)**:
کمیٹی خطرے میں کمی کے لیے بدلتے ہوئے معاشی ماحول کے مطابق رسک منجمنت کے مجموعی فریم ورک کو ترتیب دینے اور مقام رسک منجمنٹ پالیسیوں، آپریشنل رسک کی نگرانی ،تیسل ، ٹریڈری اور مارکیٹ رسک، کریڈٹ رسک اور کریڈٹ پالیسی کے افعال کی تعمیر کو یقینی بناتی ہے۔ مزید برآں، کمیٹی ریگولیٹری رسک کے تقاضوں بشمول مالی جرائم کے خلاف موثر تحفظات کی تعمیل کو یقینی بنانے کے لیے رسک منجمنٹ فنکشن کی تاثیر پر بھی نظر رکھتی ہے۔

**بورڈ آئی ٹی کمیٹی (BITC) :**
کمیٹی ایک موثر گورنس فریم ورک فراہم کرنے کی ذمہ دار ہے تاکہ یہ یقینی بنایا جاسکے کہ بینک ٹیکنالوجی فنکشن اسے کارپوریٹ حکمت عملی اور مقاصد کے حصول کے قابل بناتا ہے۔ کمیٹی بورڈ کو ٹیکنالوجی کی سرگرمیوں اور بینک بھر میں شروع کیے جانے والے ڈیجیٹل اقدامات کی پیشرفت سے آگاہ کرتی

ہے۔ مزید برآں، کمیٹی اس بات کو یقینی بنانے کے لیے ذمہ دار ہے کہ وسیع پیمانے پر کا ڈوں کا موثر طریقے سے جواب دینے، نیز انفارمیشن ٹیکنالوجی (IT) اور سائبر سیکیورٹی کے خطرات سے عہدہ برآ ہونے کے لیے رسک منجمنٹ کی حکمت عملیوں کو ڈیزائن اور لاگو کیا گیا ہے۔

**بورڈ نوٹیفیکیشن کمیٹی (BNC) :**
کمیٹی کی بنیادی ذمہ داری ڈائریکٹرز کی نامزدگی ،بشمول ان کی پروفائل ،تعمیلی پس منظر، مہارت، علم اور تجربے کا جائزہ لینا ہے۔ کمیٹی بورڈ اور اس کی کمیٹیوں کے مجموعی ڈھانچے، ساز و ساخت کا جائزہ لینے اور اس سلسلے میں بورڈ کی سفارش بھی پیش کرتی ہے۔ کمیٹی بورڈ اور اس کی ذیلی کمیٹیوں میں خالی ہونے والی اقامتی اسامیاں پُر کرنے کے لیے سفارش دیتی ہے اور ریگولیٹری تقاضوں کے مطابق بورڈ کی سالانہ تشخیص کے عمل کی نگرانی بھی کرتی ہے۔

**بورڈ انٹرنیشنل کمیٹی (BIC) :**
کمیٹی بنیادی طور پر بین الاقوامی آپریشنز اینڈ گلوبل پوزیشننگ کے حوالے سے بینک کی مجموعی حکمت عملی کا جائزہ لینے کے لیے تشکیل دی گئی ہے۔

#### ڈائریکٹرز کی تقرری اور نامزدگی:

بینک کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کے ذریعے کیا جاتا ہے جبکہ اقامتی آسامیاں دائریکٹرز ایسیوی ایشن کے آرگیکلر اور قابل اطلاق قوانین اور ضوابط کے مطابق کرتے ہیں۔ مزید برآں، ہر نئے ڈائریکٹر کو اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ فنڈ اینڈ پراپرٹیٹ کے تشخیصی معیار سے گزرنا ہوگا۔

ڈائریکٹرز کی تقرری کرتے وقت اس بات کو یقینی بنایا جاتا ہے کہ بورڈ ایسے ممبران پر مشتمل ہو جو بینک کے آپریشنز ایک موثر فیصلہ ساز مجلس بنانے کے لیے متنوع تجربہ، مناسب علم، مناسب مہارتیں، تجربہ اور قابلیت رکھتے ہوں۔ اس بات کو بھی یقینی بنایا جاتا ہے کہ بورڈ میں نان ایگزیکٹو، آزاد اور خواتین ممبران کا ایک ایسا مناسب امتزاج موجود ہے جو بورڈ کے تنوع سازنے سے متعلق قابل اطلاق قوانین اور ضوابط کے تمام تقاضوں کو پورا کرتا ہے اور ان میں مادی مفادات کا کوئی تضاد نہیں ہے۔

بورڈ کی مجموعی اہمیت کو بڑھانے کے لیے آزاد ڈائریکٹرز کے فعال کردار کو یقینی بنایا جاتا ہے۔ آزاد دائریکٹرز کا انتخاب اور تقرری کرتے وقت قوانین، قواعد و ضوابط کے قابل اطلاق حقوں کی احتیاط سے تعمیل کی جاتی ہے۔ آزاد ڈائریکٹرز کا انتخاب اپنے کردار میں شفافیت اور انصاف کے مظاہرے اور بینک کے بہترین مفاد میں ایک با مقصد اور آزاد فیصلہ فراہم کرنے کے لیے کیا جاتا ہے۔

سالانہ رپورٹ میں ہر ڈائریکٹر کے پروفائل میں اُن کی اہلیت، مہارت، ماضی کے کام کا تجربہ اور ان کی حیثیت کے ساتھ ساتھ دیگر کمپنیوں کے بورڈ/شرعیہ بورڈ (بورڈز) میں ان کی رکنیت شامل کی جاتی ہے۔

#### بورڈ کی کارکردگی کا جائزہ

اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 05 مورخہ 22 نومبر 2021 اور کارپوریٹ گورننس ریگولیٹری فریم ورک کے تقاضے کی تعمیل کرنے کے لیے مجموعی طور پر بورڈ اور اس کی کمیٹیاں مروجہ ریگولیٹری ہدایات کے مطابق بنائی گئی ہیں اور ان پر عمل درآمد کیا گیا ہے۔

##### ڈائریکٹرز کا معاوضہ

BPRD سرکلر نمبر 05 مورخہ 22 نومبر 2021 میں اسٹیٹ بینک کی طرف سے جاری کردہ ہدایات کی روشنی میں بورڈ نے 23 فروری 2022 کو ہونے والے اپنے اجلاس میں ڈائریکٹرز کے معاوضے کی پالیسی

میں تبدیلی کی سفارش اور اسے حتمی منظوری کے لیے اجلاس عام میں پیش کرنے کی منظوری دی۔ ڈائریکٹرز نے حالیہ نظر ثانی شدہ پالیسی کی منظوری 29 مارچ 2023 کو منعقد ہونے والے اپنے اجلاس میں دی تھی اور قابل اطلاق ریگولیٹری ضوابط کے تقاضوں کے مطابق اس کے پوسٹ فیکو منظوری کے لیے عام اجلاس میں سفارش کی گئی تھی ۔ اس پالیسی کے تحت نان ایگزیکٹو ڈائریکٹرز بشمول چئیرمین - 800,000/ روپے فی مینگل اور بورڈ اور ای اس کی کمیٹیوں میں شرکت کرنے کے لیے وصول کرنے کے اہل ہوں گے۔ مینگل فیس کے علاوہ، چئیرمین کا عہدہ رکھنے کے باعث چئیرمین بورڈ مینگل فیس کے 20 فیصد تک کے معاوضے کے حقدار ہوں گے۔ اس پالیسی کے مطابق سٹز، لاجسٹکس اور رہائش کے اخراجات کے ساتھ ساتھ یومیہ الاؤنس بھی ادا کیے جائیں گے۔

سال 2023 میں ڈائریکٹرز کے معاوضے کی تفصیلات غیر مجتمع مالیاتی گوشواروں کے نوٹ 39 میں ظاہر کی گئی ہیں۔

#### بورڈ کے اجلاس

سال کے جائزے کے دوران بورڈ کے ڈائریکٹرز کی سات (7) بار ملاقات ہوئی۔ سال کے دوران ہر ڈائریکٹر کی اجلاسوں میں شرکت کی تعداد درج ذیل میں بیان کی گئی ہے:

ڈائریکٹر کا نام	عہدہ	شرکت کردہ اجلاس کی تعداد
سر محمد انور پرویز، OBE، ہلال امتیاز پاکستان	چئیرمین	7
لارڈ ضمیر محمد چوہدری، CBE، ستارہ امتیاز پاکستان	ڈائریکٹر	7
محترم حیدر ضمیر چوہدری	ڈائریکٹر	7
محترم رضوان پرویز	ڈائریکٹر	7
محترم عمار ظفر خان	ڈائریکٹر	2*
محترم ڈینیل مائیکل ہاؤلیٹ	ڈائریکٹر	5**
محترم طارق راشد	ڈائریکٹر	7
محترم شاز یہ سید	ڈائریکٹر	7
محترم محمد عرفان اے شیخ	ڈائریکٹر	4***
محترم شہزاد جی دادا	صدر ادرسی ای او	3****
محترم محمد جاوید اقبال	صدر ادرسی ای او	7****

- \* موجودہ بورڈ کی 3 سالہ مدت مکمل ہو چکی تھی اور 29 مارچ 2023 کو یو بی ایل کے سالانہ اجلاس عام میں ڈائریکٹرز کے نئے الیکشن کا انعقاد کیا گیا۔ محترم عمار ظفر خان نے اس الیکشن میں حصہ نہیں لیا۔

- \*\* محترم ڈینیل مائیکل ہاؤلیٹ نے 29 مارچ 2023 کو یو بی ایل کے ڈائریکٹرز کے الیکشن میں حصہ لیا اور نان ایگزیکٹو آزاد ڈائریکٹر کی حیثیت سے منتخب ہوئے۔

- \*\*\* بقیہ بورڈ کی طرف سے محترم محمد عرفان اے شیخ کا انتخاب نان ایگزیکٹو کے طور پر کیا گیا تاکہ محترم محمد جاوید اقبال کے بطور صدر ادرسی ای او کے استعفیٰ کے بعد بورڈ میں اس خالی آسامی کو پُر کیا جاسکے۔

- \*\*\*\* محترم محمد جاوید اقبال کا تقرر محترم شہزاد جی داد کی جگہ پر 2 مئی 2023 کو صدر ادرسی ای او کی حیثیت سے کیا گیا جو اپنی مدت مکمل ہونے کے بعد رہائز ہو گئے تھے۔

#### بورڈ کمیٹیوں کے اجلاس

سال کے دوران بورڈ کمیٹیوں کے منعقدہ اجلاس اور ڈائریکٹرز کی طرف سے ان میں شرکت کی تعداد درج ذیل ہے:

	BAC	BRCC	HRCC	BITC	BDC*	BNC
منعقدہ اجلاس کی تعداد	4	4	5	4	1	2
اجلاس میں شرکت کی تعداد						
سر محمد انور پرویز، OBE، ہلال امتیاز پاکستان	-	-	5	-	1	2
لارڈ ضمیر محمد چوہدری، CBE، ستارہ امتیاز پاکستان	-	4	2	2	1	2
محترم حیدر ضمیر چوہدری	4	-	-	4	1	2
محترم رضوان پرویز	4	-	3	2	1	-
محترم محمد عرفان اے شیخ	1	-	-	1	1	-
محترم ڈینیل مائیکل ہاؤلیٹ	-	2	-	2	1	-
محترم طارق راشد	1	-	5	3	1	-
محترم شاز یہ سید	4	2	2	-	1	-
محترم محمد جاوید اقبال	-	4	3	2	1	-
محترم شہزاد جی دادا	-	2	-	2	-	-

- \* 11 ستمبر 2023 کو 245 ویں BOD میں BDC کی تشکیل ہوئی اور 25 اکتوبر 2023 کو 246 ویں BOD میں تحلیل ہو گئی۔
- \*\* 25 اکتوبر 2023 کو 246 ویں BOD میں BIC کی تشکیل ہوئی تھی۔
- زیر جائزہ مدت میں یو بی ایل کے بورڈ اور بورڈ کمیٹیوں کی تشکیل نو بالاتر تیب 4 جولائی 2023 اور 24 مئی 2023 کو کی گئی۔ کوئی بھی ڈائریکٹر یا کمیٹی کا ممبر کسی بھی اجلاس میں غیر حاضر نہیں ہو سکتا / ہو سکتی۔
- بینک پانچ فنڈز ریٹائرمنٹ اسکیم میں چلاتا ہے جو پروڈیٹ فنڈ، گرینجوبی فنڈ، ہیئیشن فنڈ، ہیولنٹ فنڈ اور جنرل پروڈیٹ فنڈ ہیں۔
- ان فنڈز میں سرمایہ کاری کی مالیت برطانی 31 دسمبر 2022 کو تازہ ترین آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر درج ذیل ہیں:

فنڈ کا نام	'000 روپے میں
ایکسلانڈ پروڈیٹ فنڈ	6,021,181
ایکسلانڈ گریجویٹ فنڈ	1,334,117
اسٹاف پنشن فنڈ	10,205,621
اسٹاف جنرل پروڈیٹ فنڈ	759,693
آفیسرز/نان آفیسرز کے پنڈ ویلیٹ فنڈ	293,179

# ارکان کوڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے یونائیٹڈ بینک لمیٹڈ کے مالیاتی گوشواروں کو پیش کرنا ہمارے لیے باعث مسرت ہے۔

### کارکردگی کا جائزہ (Performance Overview)

یونٹی ایل نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے غیر مجتمع بنیاد پر 108.1 ارب روپے کا قبل ازنگس منافع (PBT) کا اندراج کیا، جو کہ سال بپسال 58% اضافے کی نمایاں طور پر نمائندگی کرتا ہے۔ سال 2023 میں منافع بعد ازنگس (PAT) 53.2 ارب روپے رہا، جو کہ سال 2022 کے مقابلے میں 32.1 ارب روپے کی آمدنی فی حصص (EPS) کے ساتھ 43.44 ارب روپے رہا جو گذشتہ سال میں 26.19 ارب روپے کے مقابلے میں تھا۔ یونٹی ایل نے 45.05 کی آمدنی فی حصص (2022:25.76 روپے) کے ساتھ 56.5 ارب روپے (2022: 32.1 ارب روپے) مجتمع بنیاد پر منافع بعد ازنگس کا اندراج کیا۔ یونٹی ایل کے ڈائریکٹرز نے 21 فروری 2024 کو اسلام آباد میں منعقد ہونے والے اپنے اجلاس میں 31 دسمبر 2023 کو ختم ہونے والے سال کے نتائج کے ساتھ 11 روپے فی حصص، جس کا کل عبوری نقد منافع مقسمہ 44 فی حصص ہے (سال 2023 کے لیے)، کا اعلان کیا۔

### آمدنی محصول

بینک نے سال 2023 کے لیے مجموعی آمدنی / محصول میں 165.8 ارب روپے کے ساتھ 20% اضافے کا اندراج کیا۔ گذشتہ سال کے مقابلے میں 38% اضافے کے ساتھ نیٹ مارک اپ آمدنی 142.9 ارب روپے رہی۔ سال 2023 میں بیچ مارک شرح سود اوسطاً 21% سے زائد رہی جو کہ گذشتہ سال کی اسی مدت کے مقابلے میں 14% تھی، چنچا اٹا ٹوں کی دوبارہ قیمت گنے کا نتیجہ شرح سود میں بہتری اور آمدنی میں اضافے کی صورت میں نظر آیا۔

سال 2023 میں نان مارک آپ آمدنی 22.9 ارب روپے (2022: 34.4 ارب روپے) رہی۔ گذشتہ سال کی اسی مدت کے مقابلے میں فیس پر مبنی آمدنیوں / محصولات نے پورے سال مجموعی کاروبار رفتار کو 10% کے اضافے کے ساتھ برقرار رکھا۔ سال 2023 میں ٹریڈ برنس، ہوم ریٹیننس، بینکا انشورنس، کمزیوم اور برانچ بینکنگ فیس کے ساتھ فیس اور کمیشن آمدن 17.5 ارب روپے رہی۔ سال 2023 کے لیے ڈیویڈنڈ کرنٹ اکاؤنٹس اپریٹج (CASA) 846 ارب روپے 127 ارب روپے کے پورٹ فولیو کے اضافے کے ساتھ گذشتہ سال کے مقابلے میں 18% اضافہ ہوا۔ کرنٹ اکاؤنٹ کی گل ڈپازٹس نموا کا تناسب (2022: 44%) اضافے کے ساتھ اوسطاً 47% دیکھنے میں آیا۔

#### اخراجات

بڑے پیمانے پر افراط زر کے اثرات کی وجہ سے بینک کے آپرینٹگ اخراجات سال 2022 کے مقابلے میں 23% سے زائد کے اضافے کے ساتھ 64.3 ارب روپے رہے۔ عملے کی لاگت 24.0 ارب روپے رہی جو کہ تمام نیٹ ورک میں مجموعی اضافے اور فرنٹ آفس فنکشنز میں بنیادی تقرریوں کے حساب سے 22% اضافی تھی۔ 10% سے زائد پراپرٹی سے متعلقہ اخراجات کو 9.8 ارب روپے کے ساتھ کنٹرول کیا گیا۔ آئی ٹی کے اخراجات 36% اضافے کے ساتھ 7.3 ارب روپے رہے کیونکہ بینک نے اس کے بنیادی انفراسٹرাকچر اور ڈیجیٹل پروڈکٹس میں انویسٹمنٹ جاری رکھی ہوئی ہے۔ گذشتہ سال کے مقابلے میں اضافی کاروباری والیومنٹ کے ساتھ دیگر آپرینٹگ اخراجات 27% اضافے کے ساتھ 23.3 ارب روپے رہے۔

#### قرض اور گننانہ دہنگی اور خسارے

یونٹی ایل نے گذشتہ سال کی اسی مدت میں 15.7 ارب روپے کے نیٹ پرویزٹن چارجز کے مقابلے میں سال 2023 کے لیے 9.0 ارب روپے کا نیٹ پرویزٹن ریکارڈ کیا۔ سال 2022 میں 19.1 ارب روپے کے مقابلے میں موجودہ سال میں سرمایہ کاری پر 3.8 ارب روپے کے پرویزٹن ریورسل شامل ہیں۔ ملکی اور بیرون الاقوامی دونوں سطح پر ریکوریز پروجیکٹس رکھنے کی وجہ سے بینک نے سال 2023

میں ایڈوانسر اور لونز پر 14.9 ارب روپے کا نیٹ پرویزٹن ریورسل حاصل کیا (جو کہ سال 2022 میں پروویژن ریورسل 2.9 ارب روپے تھا)۔ بینک کی سطح کے نان پرفارمنگ لونز (NPLs) دسمبر 2023 کو 105.5 ارب روپے (دسمبر 2022: 93.3 ارب روپے) تھے۔ یہ اضافہ بنیادی طور پر بین الاقوامی NPL پورٹ فولیو پر کرنسی کی قدر میں 16 ارب روپے کی کمی سے متاثر ہونے کی وجہ سے ہوا۔

### سرمائے کے تناسب - مجتمع

بینک ایک موثر سرمائے کی بنیاد کو برقرار رکھنے کی کوشش کرتا ہے جو مستقبل کی ترقی کے لیے ایک بنیاد فراہم کرنے کے ساتھ ساتھ ریگولیٹری تقاضوں پر مناسب بفرز کو برقرار رکھتا ہے۔ مجتمع CAR دسمبر 2023 میں 14.6% (دسمبر 2022: 17.4%) رہا، اس میں 12.0% کی ریگولیٹری شرط پر 2.6% کا بفر بھی شامل ہے۔ کامن ایڈیٹی ٹیئر 1 (CET-1) کا تناسب دسمبر 2023 میں 10.5% (دسمبر 2022: 12.3%) رہا، دسمبر 2023 کو ٹوٹل ٹیئر 1 کپیٹل کا تناسب 11.1% (دسمبر 2022: 13.1%) ریکارڈ کیا گیا۔

#### ذیلی اداروں کی کارکردگی کا جائزہ

سال 2023 میں ہمارے ذیلی اداروں کی مالیاتی کارکردگی کی تفصیل کا خلاصہ یہ ہے:
یونائیٹڈ بینٹل بینک لمیٹڈ (UBL UK): یونائیٹڈ بینٹل بینک لمیٹڈ (UBL UK) سال 2023 میں 55 فیصد ماریکٹ کے ساتھ یونٹی ایل کا ذیلی ادارہ ہے، یونٹی ایل یو کے نے 6.9 ملین پاؤنڈ کا (2022: 6.0 ملین پاؤنڈ) PBT ریکارڈ کیا۔ بینک کا نیٹ انویسٹمنٹ پورٹ فولیو میں 12.5% اضافہ ہوا جبکہ نیٹ ایڈوانسر میں 12.9% اضافہ بھی دیکھنے میں آیا۔ فنڈنگ کے شعبے میں مجموعی ڈپازٹس کی بنیاد پر دسمبر 2022 کے مقابلے میں 10.5% اضافہ ہوا۔

یونٹی ایل فنڈ منیجریز لمیٹڈ، پاکستان (UBLFM) 98.9 فیصد کے ساتھ یونٹی ایل کی ملکیتی کمپنی ہے۔ UBLFM نے سال 2023 میں 1,337 ملین روپے کا PBT ریکارڈ کیا جو کہ سالانہ 108 فیصد زیادہ ہے۔ UBLFM کے زیر نگرانی فنڈز کا حجم سال 2023 کے اختتام پر 193 ارب روپے (2022: 165 ارب روپے) ہے۔

### کرڈٹ ریٹنگ

VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے 27 جون 2023 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی "+1/AAA" (ٹری ایل اے/ڈن پلس) ریٹینٹی ریٹنگ کو دوبارہ توثیق کی ہے۔ مزید برآں، یونٹی ایل کی ایڈیٹنٹل ایمیزر TFC-1 (ADT-1) کی بھی ایٹور + AA دوبارہ توثیق کی جا چکی ہے۔ تقویض کردہ ریٹنگز پر توقعات مستحکم ہیں۔

#### مستقبل کی توقعات

مستقبل کو مد نظر رکھتے ہوئے یونٹی ایل نہ صرف اپنے برانچ نیٹ ورک کو مزید وسعت دینے کے لیے پرعزم ہے بلکہ تمام مخصوص ماریکٹوں میں اپنی کارکردگی کو بہتر بنانے پر بھی توجہ مرکوز کیے ہوئے ہے۔ یونٹی ایل مالیاتی نااشی، برانچ بینکنگ، ڈیجیٹل سروسز کے ساتھ ساتھ مالی ثوابیت کے شعبوں میں ملک کی معاشی تبدیلی میں معاونت کرتے ہوئے اپنا کردار ذمہ داری کے ساتھ نبھاتا رہے گا۔ بینک کے لیے ’کسٹرفرسٹ‘ کو اہمیت دینا ایک نئی ترجیح ہے کیونکہ کسٹمر سے متعلقہ تمام ذرائع پر اپنی سروس کے معیارات کو بہتر بنانا ہے۔ یونٹی ایل ڈیجیٹل شعبے میں ہمیشہ آگے رہا ہے کیونکہ ہم تکنیکی صلاحیتوں کو استعمال کرتے ہوئے جدید پروڈکٹس کی فراہمی اور کسٹمر کے تجربات میں بہتری لانے کے لیے کوشاں رہتے ہیں۔ ہم ادارے میں استحکام کے ساتھ بہتری لانے کے لیے اس کے طریقہ کار اور بنیادوں کی دوبارہ تعمیری عزم کے ساتھ اپنے ٹرانسفارمیشن ایجنڈا میں سرمایہ کاری کا عمل جاری رکھیں گے۔ ہم اپنی ٹیموں میں اضافہ کرتے رہیں گے اور انسانی سرمائے کی تعمیر میں اپنا کردار ادا کرتے رہیں گے کیونکہ ہم اس ادارے کے ایک وسیع تر مفاد کے عزم کے ساتھ اپنی توجہ مرکوز کیے ہوئے ہیں۔

#### کارپوریٹ گورننس

#### ڈائریکٹری انٹینٹ

بورڈ آف ڈائریکٹرز یہ یقینی بنانے کا عہدہ کرتے ہیں کہ سکیورٹیز ریٹری اینڈ ایکیڈمیجیٹ کمیشن آف پاکستان کی طرف سے طے کردہ کارپوریٹ گورننس کے تقاضوں کی پوری طرح تکمیل کی جاتی ہے، بینک نے کارپوریٹ گورننس پریکٹس کو عمدگی سے اختیار کیا ہے اور ڈائریکٹرز بحوشی یہ اطلاع دیتے ہیں کہ:

- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر بینک کے معاملات، صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایجوٹی میں تبدیلیاں پیش کرتے ہیں۔
- بینک کی طرف سے اکاؤنٹس کے درست کھاتے منبئیں رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مستحقاً مناسب اکاؤنٹنگ پالیسز کا اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کسی بھی پہلوئوٹی کے بغیر پیروی کی گئی ہے۔
- بینک میں اندرونی انضباط کا نظام درست طرز پر ڈیزائن کیا گیا ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- بینک کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- گذشتہ چھ سالوں کی کارکردگی کی جھلکیاں ان غیر مجتمع مالیاتی گوشواروں کے ساتھ منسلک ہیں۔
- سال 2023 کے لیے 5.3 ارب روپے ہایلت کا منافع statutory ریزور میں منتقل کیا جا چکا ہے۔
- بورڈ آف ڈائریکٹرز آٹھ (8) مرد بشمول صدر اور سی ای او، اور ایک (1) خاتون رکن پر مشتمل ہے۔ بورڈ کی تفصیلی ساخت کارپوریٹ گورننس کے ضابطے کے ساتھ انٹینٹ آف کمپلائنس کے پیرا گراف 1 اور 2 میں دی گئی ہے۔

بورڈ اور اس کے ذیلی کمیٹیوں کی کارکردگی کا جائزہ معروف بیرونی ادارے پاکستان انشیٹیوٹ آف کارپوریٹ گورننس کے ذریعے کیا گیا، قابل اطلاق ریگولیٹری فریم ورک اور بہترین طریقہ کار پر عمل کے مقصد کے لیے سکیورٹیز اینڈ ایکسیجیٹ کمیشن آف پاکستان کی جانب سے باضابطہ طور پر منظور ی اور اختیار دیا گیا۔

ڈائریکٹرز کے تربیتی پروگراموں کی تفصیلات کوڈ آف کارپوریٹ گورننس کے ضابطے کے ساتھ کمپلائنس کے بیان میں دی گئی ہیں۔

- نان ایگزیکٹیو ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، فیس بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے نقل و حمل سے متعلق اخراجات کے اہل ہیں جو کہ شیئر ہولڈرز کی طرف سے منظور شدہ ہیں۔

- بورڈ نے متعین شرائط (ToRs) کے ساتھ درج ذیل چھ کمپنیاں ہیں:

#### بورڈ آڈٹ کمیٹی (BAC) :

محترمہ شازیہ سید	محترمہ شازیہ سید
محترم حیدر خمیر چوہدری	محترم رضوان پرویز
محترم طارق راشد	محترم عقیل احمد ناصر

#### بورڈ ہومن ریسورسز اینڈ کمپننیشن کمیٹی (HRCC) :

محترم طارق راشد	سر محمد انور پرویز، OBE، بلاال امتیاز پاکستان
محترمہ شازیہ سید	لارڈ خمیر محمد چوہدری، CBE، ستارہ امتیاز پاکستان
محترمہ حفصہ عباسی	

#### بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC) :

محترم ڈینیل مانگیل ہاؤلیٹ	لارڈ خمیر محمد چوہدری، CBE، ستارہ امتیاز پاکستان
محترم محمد عرفان اے شیخ	محترم محمد جاوید اقبال
محترم عمران سرور	

#### بورڈ آئی ٹی کمیٹی (BITC) :

محترم حیدر خمیر چوہدری	محترم رضوان پرویز
محترم ڈینیل مانگیل ہاؤلیٹ	محترم محمد عرفان اے شیخ
محترم محمد جاوید اقبال	محترم سہیل عزیز

#### بورڈ ٹومینیشن کمیٹی (BNC) :

سر محمد انور پرویز، OBE، بلاال امتیاز پاکستان	محترم حیدر خمیر چوہدری، CBE، ستارہ امتیاز پاکستان
محترم حیدر خمیر چوہدری	محترم عقیل احمد ناصر



## KHAYAL RAKHNA WATAN KA

### **We Care For Our Homeland**

UBL goes beyond banking transactions, leaving a lighter footprint on our planet and especially our homeland. Embracing the UN's Sustainable Development Goals, we champion eco-friendly practices and implement policies keeping our homeland's best interests in mind. Awarded Pakistan's best ESG bank by Asiamoney, our commitment translates into paperless transactions and branchless banking solutions. It's progress with responsibility, building a greener future for everyone in Pakistan.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE 2023

UBL aims to act as a catalyst across its footprint; connecting, enriching and supporting the communities in which we live and work. We, therefore embrace the globally accepted ESG criteria to ensure that our organisation's corporate interests are primarily focused on sustainable and ethical impacts towards long-term value creation for internal and external stakeholders of the Bank including customers, employees, investors, regulators, business partners and community members.

At UBL, the Bank's ESG guidelines inform conscientious investment and resource allocation decisions, that are purpose driven and help the bank in achieving its long-term sustainability targets. ESG is an area of heightened focus and investment for UBL and has positively affected the Bank's outlook towards its business. In line with this, UBL was awarded "Best Bank for ESG" at the Asiamoney Best Bank Awards 2023.

Our ESG policy elucidates the Bank's approach to align its business strategy, processes and disclosures with national and international ESG standards and frameworks. It describes how we interact and collaborate with the communities where we provide our services. Our Green Banking policy represents a documented business approach to ESG issues. Furthermore, the Bank is committed to managing ESG risks by implementing a comprehensive ESG Risk Management and Governance Framework.

## OUR 2023 ESG HIGHLIGHTS

Our commitment to sustainability is embedded in our business strategy and we believe that our ESG performance is a key measure of our success.

### ENVIRONMENTAL



**Water Conservation**  
Invested in water conservation projects



**Branches converted to Solar Energy**  
78 branches converted from conventional to solar energy



**Paper-less Banking**  
46,000+ digital accounts were opened during 2023 under the Digital and Paperless Banking initiatives



**Contribution to Eco-Friendly Businesses**  
PKR 12 billion invested in renewable energy projects



**Energy Conservation**  
Awareness and sensitization activities to ensure conservation of energy wherever possible



**Digital Banking**  
UBL through Digital app increased digitisation to minimize usage of paper and energy.



**Tree Plantation Drive**  
UBL Employees planted mangrove trees in Karachi in collaboration with WWF – essential for the functioning of the eco-system,



**Branchless Banking/Omni Account**  
162,000+ accounts were opened with UBL Omni which offers branchless banking solution and ease of deposits and cash withdrawals



**Discourage Deforestation**  
Rationalising new Financing to clients directly connected with deforestation



**Beach Cleaning Drive**  
For Earth Hour 2023, UBL in association with WWF organized a Beach Cleaning exercise at the WWF Reserve at Sandspit Beach, Karachi

### SOCIAL



**DE&I Policy**  
Implementation of a well-defined DE&I policy. Our workforce constitutes of people with diverse religious background. Special emphasis on providing opportunities to minorities is one of our prime agendas for the coming years



**DE&I Trainings**  
Bank organised sessions on Diversity, Equality & Inclusion to help employees understand the importance of equitable and inclusive work culture. The bank has an ongoing training and development program for the employees where they are encouraged to participate in trainings in areas they want to excel



**People with Disabilities**  
PwDs are employed across the Bank in various roles. A series of sessions pertaining to Disability Sensitivity were conducted bank-wide in collaboration with ConnectHear. Furthermore, PwDs focused bank products were also launched/enhanced



**International Women's Day**  
UBL asked its female workforce to share their success stories and how UBL as an organisation has contributed to their professional success which was circulated within UBL



**Active CSR Agenda**  
CSR activities carried out throughout the year in areas of education, healthcare and community welfare.



**Breast Cancer Awareness**  
Conducted an informative seminar in collaboration with Shaukat Khanum Memorial Hospital for female employees along with a series of informative messages circulated across the Bank



**Female Representation**  
Women represent 21% of our total workforce with targets to increase their representation to 45% by 2024



**Sponsored Sporting Activities**  
UBL partnered with Pakistan Eye Bank Society (PEBS) Hospital to sponsor their Run and Walk. UBL was a proud sponsor of the Women's League of Basketball held in Karachi

### GOVERNANCE



**Governance & Integrity**  
98% of the staff trained annually on risk and compliance



**Board Independence and Diversity**  
The Board of Directors has diversity in terms of expertise, knowledge and age. None of the directors is on the Boards of more than seven listed companies. The Chairman and the CEO of the bank are not the same person.



**Employees Health & Safety**  
100% medical insurance coverage  
Marriage grants Children Care allowance  
Increase two to five years protection, support and assistance to the families of employees



**Ethics and Code of Conduct**  
A code of conduct is developed for Directors & Employees which is revised every year. SBP & Board approved guidelines for all businesses and departments are in place.



**Regulatory Compliance**  
Ensuring strict compliance with ESG regulatory standards set by local authorities like SBP and SECP, as well as regulatory bodies in key international locations such as the UAE, Bahrain, and Qatar

## Alignment with UN Sustainable Development Goals (UN SDGs)

The United Nations formally adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). The SDGs center around the principle of "leaving no one behind" and emphasise a holistic approach to achieve sustainable development that benefits individuals, organisations and communities.

UBL, as a responsible corporate citizen is committed towards creating a sustainable future vis-à-vis the United Nations Sustainable Development Goals (SDGs). We have aligned our practices with the SDGs and are integrating them into our business strategy as well as execution.

## ENVIRONMENT

UBL is cognisant of its responsibility to the environment and takes concrete measures to address potential risks. Through these initiatives, UBL stands as a steadfast advocate for sustainable and responsible banking practices.

### Promoting Responsible Financing

UBL actively endorses regulatory and government-led efforts to reduce carbon footprint. Our commitment is demonstrated through subsidised financing for Small & Medium Enterprises and Corporate clients, specifically targeting solar, wind, bio-mass, bio-gas, and bio-fuel projects. The bank has strategically assumed lending exposure in these sectors, aligning our financial initiatives with environmental responsibility to nurture a greener and more sustainable future. This dedication forms a pivotal aspect of our Environmental, Social, and Governance (ESG) principles.



### Carbon Footprint Management

We actively prioritise lending and investing in eco-friendly projects, supporting initiatives that champion environmental responsibility and innovation. Additionally, our dedication to fostering a green economy is evident in the introduction of new environmentally conscious products, aligning our offerings with the principles of sustainability.

### Energy Efficiency and Conservation

To further minimise our ecological footprint, we have implemented solarized branches, harnessing renewable energy sources to power our operations. Beyond that, we continuously explore energy efficiency measures, adopting technologies and practices that reduce our overall environmental impact.

### Green Building Initiatives

The Bank is initiating Green Branch Certification Program that will serve as a comprehensive evaluation model for our branches based on key sustainability criteria. This program aims to underscore our commitment to environmental responsibility while fostering operational efficiency and innovation. Green Branch Certification factors include:

- Sustainable Site
- Renewable Energy
- Resource Efficiency
- Waste Management
- Indoor Environmental Quality

Implementing the Green Branch Certification Program does not only showcase our dedication to environmental stewardship but will also provide a benchmark for continuous improvement. It aligns with our corporate values and positions us as a responsible and forward-thinking financial institution.

### Developing Sustainable Lending & Investment Framework

As a socially conscious market leader, our long-term lending and investment strategy prioritises the development of a robust sustainable lending and investment framework. This framework, crucial for identifying environmentally positive ventures, focuses on key dimensions:

- Sustainable Lending and Investment Policies: Establishing clear lending and investment objectives, preferences and streams to guide decision-making.
- Sustainable Lending and Investment Facilitation: Providing a defined policy for business units, guiding day-to-day conduct and facilitating expansion while maintaining sustainability standards.
- Sustainable Development Impact: Evaluating outcomes to foster growth without compromising natural ecosystems while ensuring our business practices align with sustainable goals.
- Sustainable Finance Mobilisation: Making strategic financing decisions to efficiently utilize resources, ensuring finances contribute to positive business outputs in line with sustainability principles.

### UBL GO Green drive

As a responsible corporate leader, safeguarding natural resources is our paramount duty. UBL Go-Green is our dedicated initiative, urging customers to embrace a paper-free environment by conducting transactions digitally through electronic gadgets. This small step contributes to a sustainable future, allowing everyone to breathe easy and reconnect with nature through the preservation of vital elements like trees.

- Go Green Internet Merchant Acquiring: UBL Go-Green internet merchant acquiring is a step towards encouraging digital payments with a sense of security with 3-D secure authentication verified by both Visa and MasterCard Secure Code.
- Go Green E-Statement: We encourage our customers to shift towards electronic statements rather than printed ones. Therefore, by saving paper, we are doing our bit in saving the planet.
- Go Green SMS Alert: The Go-Green SMS Alert feature aims to reduce carbon footprints by encouraging customers to avail instant SMS alert facility for the transactions they make instead of visiting a bank branch to get information regarding their transactions.

### Solarisation of Branches and ATMs

- In pursuit of sustainable energy practices, our bank has made significant strides in adopting renewable technologies across our branch network. Currently, 98 branches are powered by solar energy, in line with our commitment to reduce our carbon footprint. Moreover, a total of 1401 branches are utilizing energy-saving LED lights, contributing to overall energy efficiency.
- Notably, in 2023, we intensified our efforts by installing solar energy systems in 56 branches and 45 ATMs, further amplifying our reliance on clean energy sources. A total of 74 ATMs now operate with solar power, exemplifying our dedication to fostering a greener banking infrastructure and aligning with our Environmental, Social, and Governance (ESG) objectives.

### UBL's Innovative Digital Banking Practices

To manage our environmental footprint effectively, the bank has undertaken targeted initiatives, utilizing technology as a catalyst for positive change. Through these efforts, we strive to set new benchmarks in responsible and eco-friendly banking practices. This includes the Digital Front-End System (DFE) which accelerates digital initiatives, improves customer engagement and enables paperless account opening; the UBL Digital App which offers features like Smart Watch Banking, wealth management and digital check deposit, empowering customers to manage their finances conveniently and Customer Carbon Footprint Calculation on the UBL App which educates customers on how they can minimize their carbon footprint by transacting digitally.

UBL's digital account opening facility through its website has been operational for over a year, the service is well-received by our customers and has helped us to better serve our community Other Sustainable Practices

- Paperless Approval Management System
- Digital Corporate Portal
- Digital Account Opening Facility via Website
- Water Conservation
- Resource Efficiency and Pollution Prevention
- Deforestation, Biodiversity and Natural Capital

## SOCIAL

The social aspect of the ESG framework refers to our ability to maintain favorable relationships with our stakeholders, both internal and external. Being a socially concerned leading player of the industry, UBL prioritises the well-being of people associated with it in any capacity by putting great emphasis on human capital management as well as managing external partners.

### People - Employees

We believe that our thousands of employees spread across the country are the cornerstone of our success. Their engagement and commitment makes us who we are. It is our constant endeavor to create great employee experiences that distinguish us. We have a comprehensive board approved Diversity, Equality and Inclusivity (DE&I) policy that covers all aspects of our decision making and is considered when recruiting, training and developing our people. Throughout the year, the Bank engages in practices which highlight our principles to these commitments.

UBL ensures that its initiatives support and enable people of different ethnicities, languages, religions, education, gender, abilities, family status and age. In line with this, in 2023 we received three accolades at the Global Diversity, Equity and Diversity Awards (GDEIB), awarded by HR Metrics and selected by an international jury.



### Diversity, Equality and Inclusion (DE&I)

UBL is committed towards encouraging Diversity, Equality and Inclusion (DE&I) by eliminating discrimination, harassment and victimization at workplace. UBL's aim is to have a workforce that is truly representative of all segments of the society. In order to further strengthen our Diversity, Equality & Inclusion Framework at UBL, we have launched training and capacity building sessions.

### People and Culture

Cultural diversity is regarded as a concept of equal cultural opportunity and representation. Successful implementation of DE&I policy depends on how quickly and effectively business leaders recognize the importance of creating programs to achieve success at work. The following presents various notable characteristics of People & Culture diversity in the organisation.

### Women Representation in Workforce

UBL prioritises year-on-year growth in women representation. Projections for female representation until 2024 include a 15% raise in 2022, 30% in 2023, and 45% in 2024 over the base year (2021). Beyond recruitment, our initiatives for a gender-inclusive workplace include the Female Alumni Reach-Out Programme started in 2023, aiming to reintegrate former women employees.

We also focus on elevating women to senior roles through internal processes and merit-based promotions, as well as identifying and developing female talent for leadership positions, exemplified by the CA Trainee Program with an increased emphasis on female induction at UBL.

### Financial Inclusion for Women

To enhance our outreach to women customers, we are committed to developing tailored gender-inclusive products. Business teams are actively involved in product design, while outreach targets for women-centric services are prioritised in sectors such as agricultural and housing finance. We are also focusing on digital financial products for specific segments, including startups with a special emphasis on women. Key performance indicators (KPIs) at regional and branch levels now include targets for female-specific products, with weightages on account openings and financing.

Our commitment extends to partnerships with statutory bodies, government programs, universities, and FinTechs to create opportunities for women-centric products. Initiatives include simplifying loan processes and documentation, as well as increasing financial inclusion for persons with disabilities, particularly women.

In 2022, there was 10% increase in active female accounts, with projections of 30% and 45% growth in 2023 and 2024,

respectively thus highlighting our progress as a financially inclusive organisation.

#### International Women's Day

UBL celebrated International Women's Day with a week of activities and events across its offices and branches across the country. Such events reaffirm our commitment to diversity, inclusion and equality and acknowledge the incredible work done by women who play a vital role in the success of the Bank.

#### UBL Urooj Account for Women

Despite ongoing efforts to promote gender diversity in financial institutions and introduce women-centric products, a significant percentage of women in Pakistan remain financially underserved. To address this gap, UBL launched the Urooj Account, a unique current account designed to support women in meeting their daily needs and enhancing their lifestyles. This initiative aims to make banking more gender-inclusive and convenient for women, providing ease of banking with tailored features.

#### Women Champions - Gender Sensitisation & Financial Products for Women

According to the State Bank's "Banking with Equity - BOE" policy, every female customer should feel comfortable in contacting UBL and receiving financial solutions as per individual requirements. The bank has been striving to build an inclusive environment where all customers are always dealt with respect, regardless of their gender.

#### Induction of Persons with Disabilities (PWDs)/ Differently Abled People

We believe that every person having cognitive abilities should have a right to employment regardless of their physical constraints. We also realize that differently-abled people face severe limitations in their professional journeys and are not provided with career opportunities. Therefore, we have made it our agenda to provide opportunities to such people in hiring, career development, progression and fair compensation by providing a conducive work environment.

We have also made this initiative a substantial part of our DE&I policy, as we not only aim to adhere with the Government prescribed PWD job quota i.e. 2% of the entire staff, but also aim to initiate a batch hiring program to make differently-abled people a significant part of our workforce.

UBL announced 35 PWD specialized branches that extend tailored support to physically, visually and hearing impaired customers. The facilities in these branches include ramps and railings, wheelchairs, low-heighted counters, spacious locker rooms for wheelchair users, talking ATM with Morse code for blind individuals, account opening and transactional documents in Braille print, sign language trained staff, PWD employed individuals, dedicated PWD specialized restrooms, dedicated parking for PWDs, preferred automated Q-matic system, etc.



initiative enabling to build an inclusive work culture. In collaboration with ConnectHear, a series of sessions on disability sensitivity are being held promoting the DE&I policy. By encouraging a more respectful and open atmosphere for everyone, this training program aims at increasing understanding of the difficulties and problems that people with disabilities encounter within a range of situations, including the workplace, while interacting with the bank as a customer and in other social settings.

UBL commemorated the International People with Disabilities Day by extending the celebrations to an entire week with customer engagement activities, at the PWD specialized branches across the country.

**Enhancement in Product Feature:** PWD customers can avail discounts and waivers on existing Auto Loan, Home Loan and Personal Loan from any of the UBL branches nationwide. Furthermore, in case of any uncertain event of partial or permanent disability, the UBL current account holders are also covered up to PKR 2.5 Million.

**Facilitation:** UBL donated six wheelchairs to the Sindh Infrastructure Development Company Limited (SIDCL) to be used by differently abled and senior citizens. This worthy initiative, initiated by the Corporate Banking and Investment Group (CIBG), is aimed at providing a better and more comfortable way of transportation for those who need it the most.

#### Employees Health and Safety

Ensuring our employees' health and safety is our topmost priority. We aim to promote and maintain a culture where employees feel safe and are provided with a healthy work environment that ensures work-life balance. Additionally, all our employees and their dependents are entitled to health insurance coverage by the bank.

#### Compliance with UN Universal Declaration & Guiding Principles on Human Rights

The United Nations Universal Declaration on Human Rights (UDHRs) is a set of common standards that is fundamental for all institutions to comply with, as they set a foundation for universally protected human rights. UBL ensures meticulous compliance with this Declaration which predominantly recognizes equality and dignity of all individuals irrespective of their backgrounds, entitlement of freedom, right to security and other fundamental human rights.

#### Employees Development and Training

UBL has always believed in providing the best training and development to its employees to help them manage tasks and have a better understanding of processes making them more effective and productive. The bank has an ongoing training and development program for the employees where they are encouraged to participate in trainings in areas they want to excel.

#### People – Community

UBL's Board-approved Sustainability Policy Statement declares that as a responsible corporate citizen, the Bank works towards assisting the less fortunate by supporting causes and empowering communities. Focusing on the sectors of Education, Healthcare, Literature & Arts, Water Scarcity and Natural Disaster Relief, the Bank works both independently as well as in partnership with specialist organisations, to empower disadvantaged sections of the society through economic regeneration and employment creation.

#### Corporate Social Responsibility (CSR)

UBL Corporate Social Responsibility (CSR) efforts are geared toward fulfilling its long-standing commitment to community development, promoting financial literacy and championing volunteer work. UBL CSR initiatives have always reflected its dedication to active community participation with the aim of uplifting the lives of the people it serves.

Below are highlights of the initiatives undertaken by UBL with regards to Corporate Social Responsibility in 2023.

**Healthcare:** UBL donates compassionately to healthcare facilities across Pakistan in order to ensure that no patient in need of medical treatment is turned away due to lack of funds or facilities. Alongside to supporting patients through quality and free of cost healthcare, in 2023, UBL worked with various healthcare providers by providing them with much needed medical equipment or helping them in infrastructural construction so that they could in turn provide the best possible care to the deserving patients who visit them.

**Quality Education:** UBL believes that education is not a privilege but a right. Students all across Pakistan are entitled to education regardless of gender, religion, ethnicity, social class or economic background. With education as one of the basic foundations of its sustainability agenda, UBL works towards providing needed funds through scholarships to various types and levels of educational institutions so that deserving students can achieve their ambition of getting a quality education.

#### Promoting Economic Inclusion through Vocational Training:

In order to economically mobilize marginalized or untrained workers, UBL works with Sustainability partners in order to provide vocational training to enable such deserving people to secure entry-level employment or move forward in their existing jobs with enhanced knowledge. Through such partnerships those who receive such trainings can better support their families and live with dignity.

#### Giving Back to the Community during the Holy Month of Ramzan

UBL conducts an annual Ramzan Drive, in partnership with Saylani Welfare International Trust (SWIT). As a follow up to 2021 and 2022's activity, in 2023 UBL took the Ramzan Drive to a different level by providing Sehr and Iftar/dinner, ration packets in 9 cities across Pakistan, along with distribution of Eid gifts to children.

#### Breast Cancer Awareness

UBL has been providing its unwavering support towards breast cancer awareness and has made it a mission to educate all internal and external stakeholders about its impact to prevent the disease, and how timely detection and treatment can save lives. The bank has taken numerous measures in its fight against breast cancer which range from educating employees and customers regarding the causes, symptoms and cure for breast cancer to collaborating with health organisations to conduct awareness sessions with medical professionals.



#### UBL Literature & Arts Awards

The UBL Literature & Arts Awards (ULA) is an initiative through which the Bank supports Pakistani writers and literature by awarding the best of them on an annual basis. With each successive ceremony, the ULA has come to be recognized as a benchmark of literary excellence in Pakistan.

#### Celebration of Different Religious Festivals

As part of the Bank's commitment to Diversity, Equality and Inclusion, UBL takes out regular messages across the bank wishing people of all communities and religions on their special celebratory events and occasions. At many occasions in 2023, special celebratory events were also held to wish the various groups of employees.

## GOVERNANCE

#### Board Composition, nomination and selection

The Board of Directors and the management of UBL are committed to leadership in corporate governance. The Bank is committed to proactive, open and responsive communication with stakeholders, other interested parties and the public.

The directors of the Bank are elected by the shareholders while casual vacancies are filled by the directors in accordance with the articles of association and the applicable laws and regulations. Furthermore, every new director has to pass through the assessment criteria of 'Fit and Proper Test' as set and advised by the State Bank of Pakistan.

The nomination committee is fully composed of non-independent members. Only half are independent members in the audit committee. While, a majority independent committee in charge of remuneration is in place.

#### Board Independence and Diversity

The Board of Directors has diversity in terms of expertise, knowledge and age. UBL has obtained professional indemnity insurance cover. None of the directors is on the Boards of more than seven listed companies. Six directors and the President & CEO have the Certification required under the CCG while two are exempted from training requirement. The Chairman and the CEO of the bank are not the same person.

#### Business Ethics and Policies

As a conscientious corporate citizen UBL believes in achieving. We believe doing good, is good for business. A code of conduct is developed for Directors & Employees revised every year. SBP & Board approved guidelines for all businesses/departments is in place. Policies related to risks and controls and other aspects are ingratiated within our working practices.

#### Conflicts of Interest

- Our BOD is mandated to not be on the board of more than 3 listed companies especially in the same industry.
- No prohibition and/or approval is made by a single controlling shareholder.
- Financial powers delegation according to grade with certain costs requiring board approval.

#### ESG (Environmental, Social, and Governance) Division

UBL established a dedicated ESG Division reporting into Chief Risk Officer of the Bank to manage ESG risks. The purpose of dedicated ESG Division is to proactively assess and manage the bank's environmental, social and governance risks. With a vision to integrate sustainable practices into the core of the

bank's operations, the ESG Division strives to enhance stakeholder value by promoting responsible business practices, ensuring ethical conduct and fostering a positive impact on the environment and society.

#### Regulatory Compliance

UBL ensures strict compliance with ESG regulatory standards set by local authorities like SBP and SECP, as well as regulatory bodies in key international locations such as the UAE, Bahrain and Qatar. By adhering to these regulations, UBL demonstrates its commitment to responsible banking practices, nurturing transparency and aligning its operations with global ESG standards.

#### Training and Capacity Building

UBL prioritises the comprehensive training of its staff in ESG and Green Banking to build robust expertise within the workforce. This commitment aims to enhance awareness and equip employees with the skills needed to proficiently handle ESG matters at the portfolio level. The bank conducts both in-person and online training sessions for staff across domestic and international locations, developing global understanding of sustainable practices. This proactive approach ensures that UBL's human resources are adequately capacitated to effectively manage and execute ESG-related activities.

#### Risk Management at UBL

Through our enterprise risk management, we identify and manage risks related to UBL financial ability to achieve our strategic, financial, compliance and operational objectives. Our key risks and mitigation strategies are documented, monitored and reviewed periodically by Risk Committee of the Board of Directors. Our Board of Directors, as a whole and through its committees, maintains responsibilities for oversight of risk management, including monitoring the 'tone from the top' and our risk culture and overseeing emerging and strategic risks.

UBL has robust policies and practices to thwart money laundering, corruption, bribery, frauds and data/consumer privacy. These rigorous practices enable us to grow a successful, respected business that delivers the best possible results for our clients, customers and communities.

#### Anti-Money Laundering Policy and Training

UBL has Anti-Money Laundering(AML)/Counter Financing with Terrorism (CFT)/Proliferation Financing (PF) policy and controls to comply with international and local regulatory requirements. We provide mandatory annual training to all Bank staff on AML/CFT/PF course.

#### Anti-Bribery and Corruption Policy and Training

UBL has a policy and controls to comply with anti-bribery laws. We provide mandatory annual training to all Bank staff on anti-bribery course.

#### Anti-Fraud Policy and Training

UBL has a comprehensive policy, procedures and controls to comply with anti-fraud international and local requirements. We provide mandatory annual training to all Bank staff on anti-fraud course.

#### Financial Crime Compliance (FCC) Transformation Program

The Bank had initiated and successfully completed FCC Transformation Program. The primary objective of the program is to define the FCC controls required to strengthen its control environment across FCC processes, human resource and technologies. The engagement consisted of three phases i.e. a- Design Phase, b- Implementation Phase and c- Independent Quality Assurance Phase

Through FCC Transformation program, UBL uplifted its FCC related controls by designing and implementing policies, standards, risk assessment methodologies, capacity assessment and staff training plan.

#### Data Management

Our tech-forward customer first business depends on the responsible use of data and the complex information technology systems we manage. Keeping data safe from cybersecurity risks, adhering to applicable laws and regulations, and applying sound data management practices are foundational business tenets we live by every day.

#### Cyber Security

UBL has always strived to keep confidentiality of customer's Information & secure banking as its foremost priority. Through our diligent efforts to mitigate the risk of cyber frauds, we aim to spread awareness to our employees and customers which helps in strengthening the human firewall to keep UBL safe from cyber-attacks to provide risk free banking experience to our valued customers.

#### Digital Fraud Prevention Policy and Risk Management Framework

In response to the escalating digital and cyber threats, the bank has developed a comprehensive Digital Fraud Prevention Policy and a robust Risk Management Framework.

#### Data Protection

UBL has been taking various measures to enhance data protection of customers, such as implementation of 3D Secure protocol, two-factor authentication and encryption techniques to protect the data from unauthorized access and cyberattacks.

#### Enterprise Information and Cyber Security Policy

This policy specifies the requirements for establishing, implementing, maintaining and continually improving an information / cyber security management system at UBL Pakistan and UBL International.

#### Compliance with International Finance Corporation (IFC) performance standards

International Finance Corporation (IFC) performance standards define organisations' ability to manage their sustainability risks and impacts and how they can avoid and mitigate them to operate in a more sustainable manner. At UBL, one of our major environmental and social goals is to ensure meticulous compliance to these IFC performance standards.

#### UBL ESG Risk Management and Governance Framework

In order to ensure that the Bank's activities are in compliance with accepted social and environmental risk assessment procedures and standards, the management is proposing Environmental, Social and Governance Risk Management and Governance Framework (ESG RMGF) which makes sure that ESG related risks and controls are integrated into Bank's core business processes. It is a set of actions and procedures that are implemented concurrently with the Bank's existing risk management procedures.

For more details of our ESG initiatives, visit our website [www.ubldigital.com](http://www.ubldigital.com)





# MANAGEMENT TEAM

- 1** Abdul Aleem Qureshi  
Group Executive – Branch Banking
- 2** Aqeel Ahmed Nasir  
Chief Legal Counsel &  
Company Secretary
- 3** Zia Ijaz  
Deputy CEO
- 4** Muhammad Jawaid Iqbal  
President & CEO
- 5** Ijaz Farooq  
Deputy CEO
- 6** Hafsa Abbasy  
Group Executive,  
Human Resources
- 7** Sohail Aziz  
Chief Information Officer
- 8** Sharjeel Shahid  
Group Executive, Digital Banking
- 9** Shahid Mahmood Khan  
Group Executive, Special Assets Management

- 10** Alee Khalid Ghaznavi  
Group Executive, Islamic Banking
- 11** Imran Sarwar  
Group Executive, Risk & Credit Policy
- 12** Muhammad Rizwan Malik  
Global Head, Treasury & Capital Markets
- 13** Aslam Sadruddin  
Group Executive, Transformation  
& Operations
- 14** Arif Akmal Saifie  
Chief Financial Officer
- 15** Irfan Farooq Memon  
Group Executive, Compliance
- 16** Syed Manzoor Hussain Zaidi  
Group Executive, CIBG
- 17** Suleman Pervez  
Acting Head, Audit & Risk Review
- 18** Ovais Saeed  
Group Executive, UBL International



# MANAGEMENT TEAM

# OUR LEADERSHIP



## KHAYAL RAKHNA MUT'ALIQEEN KA

### We Care For Our Stakeholders

"Khayal Rakhna" for our stakeholders signifies respect, trust, and a commitment to a shared, successful future. We ensure transparency through consistent communication and timely information, keeping you informed and engaged. Beyond financial reports, we share the stories of impact, showcasing how your trust translates into positive change.

# GROWTH AT A GLANCE

Six Years Financial Summary							Standalone
Rs. in million							
December 31	2023	2022	2021	2020	2019	2018	
<b>Balance Sheet</b>							
<b>Assets</b>							
Cash and balances with treasury and other banks	308,031	158,697	291,300	264,727	256,591	206,813	
Lendings to financial institutions	34,448	85,296	51,701	19,959	20,183	33,942	
Investments - gross	4,411,230	1,442,017	1,504,689	1,138,018	849,441	792,857	
Advances - gross	717,068	1,013,767	728,286	609,307	702,951	776,272	
Operating fixed assets	76,044	73,223	70,769	53,037	54,348	47,556	
Other assets	157,693	104,506	61,665	52,715	85,497	98,976	
<b>Total assets - gross</b>	<b>5,704,513</b>	<b>2,877,507</b>	<b>2,708,409</b>	<b>2,137,763</b>	<b>1,969,011</b>	<b>1,956,417</b>	
Provisions against non-performing advances	(103,502)	(91,930)	(82,097)	(79,028)	(67,117)	(60,336)	
Provisions against diminution in value of investments	(26,014)	(26,823)	(8,146)	(9,344)	(9,118)	(6,482)	
<b>Total assets - net of provisions</b>	<b>5,574,998</b>	<b>2,758,753</b>	<b>2,618,166</b>	<b>2,049,392</b>	<b>1,892,775</b>	<b>1,889,599</b>	
<b>Liabilities &amp; Equity</b>							
Deposits & other accounts	2,350,541	1,838,367	1,750,944	1,640,212	1,467,063	1,366,060	
Borrowings from financial institutions	2,815,471	564,519	563,285	128,987	154,484	268,124	
Subordinated loans	10,000	10,000	10,000	10,000	10,000	9,000	
Bills payable	21,652	36,474	26,793	29,734	22,927	27,249	
Other liabilities	124,834	100,373	62,502	56,386	69,232	67,896	
<b>Total liabilities</b>	<b>5,322,497</b>	<b>2,549,733</b>	<b>2,413,523</b>	<b>1,865,319</b>	<b>1,723,706</b>	<b>1,738,329</b>	
<b>Net assets</b>	<b>252,501</b>	<b>209,020</b>	<b>204,643</b>	<b>184,073</b>	<b>169,069</b>	<b>151,270</b>	
Share capital	12,242	12,242	12,242	12,242	12,242	12,242	
Reserves	107,801	86,254	69,718	62,274	59,320	54,439	
Unappropriated profit	90,492	91,438	84,626	81,916	71,670	68,002	
<b>Equity - Tier I</b>	<b>210,535</b>	<b>189,934</b>	<b>166,586</b>	<b>156,432</b>	<b>143,232</b>	<b>134,683</b>	
Surplus on revaluation of assets - net of deferred tax	41,965	19,086	38,056	27,641	25,837	16,587	
<b>Total equity</b>	<b>252,501</b>	<b>209,020</b>	<b>204,643</b>	<b>184,073</b>	<b>169,069</b>	<b>151,270</b>	
<b>Total liabilities &amp; equity</b>	<b>5,574,998</b>	<b>2,758,753</b>	<b>2,618,166</b>	<b>2,049,392</b>	<b>1,892,775</b>	<b>1,889,599</b>	
<b>Profitability</b>							
Markup / return / interest earned	521,374	250,679	147,974	152,003	153,676	113,198	
Markup / return / interest expensed	(378,490)	(147,469)	(76,216)	(77,044)	(91,902)	(56,964)	
<b>Net markup / return / interest income</b>	<b>142,884</b>	<b>103,209</b>	<b>71,759</b>	<b>74,959</b>	<b>61,774</b>	<b>56,234</b>	
Fee, commission, brokerage and exchange income	30,025	24,286	17,056	14,782	18,219	17,396	
Capital gains & dividend income	(8,260)	2,560	5,791	1,681	1,541	6,648	
Other income	1,103	7,597	532	631	1,916	967	
<b>Total non interest income</b>	<b>22,869</b>	<b>34,443</b>	<b>23,379</b>	<b>17,094</b>	<b>21,676</b>	<b>25,011</b>	
<b>Gross income</b>	<b>165,753</b>	<b>137,652</b>	<b>95,138</b>	<b>92,054</b>	<b>83,451</b>	<b>81,246</b>	
Administrative expenses and other charges	(66,614)	(53,461)	(43,832)	(40,751)	(40,860)	(43,222)	
<b>Profit before donations and provisions</b>	<b>99,139</b>	<b>84,190</b>	<b>51,306</b>	<b>51,303</b>	<b>42,590</b>	<b>38,024</b>	
Donations	(63)	(211)	(134)	(342)	(129)	(203)	
Provisions	9,042	(15,669)	955	(16,768)	(8,220)	(12,854)	
<b>Profit before taxation</b>	<b>108,118</b>	<b>68,310</b>	<b>52,127</b>	<b>34,192</b>	<b>34,242</b>	<b>24,967</b>	
Taxation	(54,938)	(36,247)	(21,245)	(13,294)	(15,108)	(9,741)	
<b>Profit after taxation</b>	<b>53,180</b>	<b>32,063</b>	<b>30,882</b>	<b>20,899</b>	<b>19,134</b>	<b>15,226</b>	
<b>Cash Flow Statement - Summary</b>							
Cash flow from operating activities	3,071,813	(110,598)	353,077	372,652	134,204	(244,642)	
Cash flow from investing activities	(2,876,269)	(14,685)	(304,588)	(355,068)	(74,098)	271,086	
Cash flow from financing activities	(62,438)	(20,650)	(26,272)	(10,312)	(14,629)	(5,800)	
Cash and cash equivalents at the beginning of the year	158,697	291,300	264,727	256,591	206,813	177,099	
Effect of exchange rate changes on cash and cash equivalents	16,229	13,330	4,356	865	4,300	9,070	
<b>Cash and cash equivalents at the end of the year</b>	<b>308,031</b>	<b>158,697</b>	<b>291,300</b>	<b>264,727</b>	<b>256,591</b>	<b>206,813</b>	

December 31	2023	2022	2021	2020	2019	2018
<b>Financial Ratios</b>						
Return on equity (RoE)	26.6%	18.0%	19.1%	13.9%	13.8%	11.6%
Return on assets (RoA)	1.3%	1.2%	1.3%	1.1%	1.0%	0.8%
Profit before tax ratio	65.2%	49.6%	54.8%	37.1%	41.0%	30.7%
Gross spread ratio	27.4%	41.2%	48.5%	49.3%	40.2%	49.7%
Return on capital employed (RoCE)	25.3%	17.0%	18.0%	13.1%	12.9%	11.3%
Advances to deposits ratio (ADR) - gross	30.5%	55.1%	41.6%	37.1%	47.9%	56.8%
Advances to deposits ratio (ADR) - net	26.1%	50.1%	36.9%	32.3%	43.3%	52.4%
Income to expense ratio	2.49	2.57	2.17	2.26	2.04	1.88
Cost to revenue ratio	38.8%	38.0%	44.9%	43.5%	48.2%	47.8%
Growth in gross income	20.4%	44.7%	3.4%	10.3%	2.7%	3.4%
Growth in net profit after tax	65.9%	3.8%	47.8%	9.2%	25.7%	-39.5%
Total assets to shareholders' funds	22.1	13.2	12.8	11.1	11.2	12.5
Intermediation cost ratio	3.2%	3.0%	2.6%	2.6%	2.9%	3.3%
Asset quality (NPL ratio)	14.7%	9.2%	11.8%	13.7%	11.0%	8.8%
Net infection ratio	0.3%	0.2%	0.6%	0.9%	1.6%	1.1%
Weighted average cost of debt	11.4%	7.3%	4.8%	5.3%	6.5%	4.1%
Capital adequacy ratio (CAR)	16.6%	19.2%	21.5%	24.4%	18.9%	17.7%

<b>Share Information</b>						
Cash dividend per share - Rs.	44.00	22.00	18.00	12.00	12.00	11.00
Dividend yield (based on cash dividend)	43.7%	16.1%	14.3%	7.3%	9.8%	5.9%
Dividend payout ratio (total payout)	101.3%	84.0%	71.4%	70.3%	76.8%	88.4%
Earning per share (EPS) - Rs.	43.44	26.19	25.23	17.07	15.63	12.44
Price earnings ratio	4.09	3.88	5.41	7.37	10.52	9.86
Market value per share - at the end of the year - Rs.	177.84	100.75	136.58	125.86	164.50	122.64
Market value per share - highest during the year - Rs.	191.99	150.90	143.89	181.96	173.53	219.70
Market value per share - lowest during the year - Rs.	91.50	96.51	114.28	89.44	119.67	121.85
Breakup value per share - without surplus on revaluation of assets - Rs.	171.98	155.15	136.08	127.79	117.00	110.02
Breakup value per share - with surplus on revaluation of assets - Rs.	206.26	170.74	167.17	150.36	138.11	123.57

<b>Other Information</b>						
Non-performing advances (NPLs) - Rs in million	105,541	93,339	86,013	83,624	76,986	68,562
Import business - Rs in million	1,512,269	1,231,532	1,010,288	544,634	824,858	936,749
Export business - Rs in million	189,947	503,624	208,187	139,010	177,279	202,748
Number of employees	14,973	13,722	13,233	13,012	13,248	13,931
Number of branches - Domestic	1,356	1,335	1,341	1,356	1,362	1,364
Number of branches - International	8	8	8	14	14	15
Number of branches - Total	1,364	1,343	1,349	1,370	1,376	1,379

# GROWTH AT A GLANCE

## Balance Sheet

December 31	2023	2022	2021	2020	2019	2018
<b>Vertical Analysis</b>						
<b>Assets</b>						
Cash and balances with treasury and other banks	5.5%	5.8%	11.1%	12.9%	13.6%	10.9%
Lendings to financial institutions	0.6%	3.1%	2.0%	1.0%	1.1%	1.8%
Investments - net	78.7%	51.3%	57.2%	55.1%	44.4%	41.6%
Advances - net	11.0%	33.4%	24.7%	25.9%	33.6%	37.9%
Operating fixed assets	1.4%	2.7%	2.7%	2.6%	2.9%	2.5%
Other assets	2.8%	3.8%	2.4%	2.6%	4.5%	5.2%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities &amp; Equity</b>						
Deposits & other accounts	42.2%	66.6%	66.9%	80.0%	77.5%	72.3%
Borrowings from financial institutions	50.5%	20.5%	21.5%	6.3%	8.2%	14.2%
Subordinated loans	0.2%	0.4%	0.4%	0.5%	0.5%	0.5%
Bills payable	0.4%	1.3%	1.0%	1.5%	1.2%	1.4%
Other liabilities	2.2%	3.6%	2.4%	2.8%	3.7%	3.6%
<b>Total liabilities</b>	<b>95.5%</b>	<b>92.4%</b>	<b>92.2%</b>	<b>91.0%</b>	<b>91.1%</b>	<b>92.0%</b>
Share capital	0.2%	0.4%	0.5%	0.6%	0.6%	0.6%
Reserves	1.9%	3.1%	2.7%	3.0%	3.1%	2.9%
Unappropriated profit	1.6%	3.3%	3.2%	4.0%	3.8%	3.6%
<b>Equity - Tier I</b>	<b>3.8%</b>	<b>6.9%</b>	<b>6.4%</b>	<b>7.6%</b>	<b>7.6%</b>	<b>7.1%</b>
Surplus on revaluation of assets - net of deferred tax	0.8%	0.7%	1.5%	1.3%	1.4%	0.9%
<b>Total equity</b>	<b>4.5%</b>	<b>7.6%</b>	<b>7.8%</b>	<b>9.0%</b>	<b>8.9%</b>	<b>8.0%</b>
<b>Horizontal Analysis</b>						
<b>Assets</b>						
Cash and balances with treasury and other banks	148.9%	89.6%	164.5%	149.5%	144.9%	116.8%
Lendings to financial institutions	101.5%	784.8%	475.7%	183.7%	185.7%	312.3%
Investments - net	557.6%	129.6%	137.1%	103.4%	77.0%	72.0%
Advances - net	85.7%	146.9%	103.0%	84.5%	101.4%	114.1%
Operating fixed assets	159.9%	158.5%	153.2%	114.8%	117.6%	102.9%
Other assets	159.3%	131.3%	77.5%	66.2%	107.4%	124.3%
<b>Total assets</b>	<b>295.0%</b>	<b>135.7%</b>	<b>128.8%</b>	<b>100.8%</b>	<b>93.1%</b>	<b>92.9%</b>
<b>Liabilities &amp; Equity</b>						
Deposits & other accounts	172.1%	144.4%	137.6%	128.9%	115.3%	107.3%
Borrowings from financial institutions	1050.1%	110.1%	109.9%	25.2%	30.1%	52.3%
Subordinated loans	111.1%	111.1%	111.1%	111.1%	111.1%	100.0%
Bills payable	79.5%	122.2%	89.8%	99.6%	76.8%	91.3%
Other liabilities	183.9%	172.0%	107.1%	96.6%	118.7%	116.4%
<b>Total liabilities</b>	<b>306.2%</b>	<b>136.1%</b>	<b>128.8%</b>	<b>99.6%</b>	<b>92.0%</b>	<b>92.8%</b>
Share capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserves	198.0%	196.7%	159.0%	142.0%	135.3%	124.2%
Unappropriated profit	133.1%	128.9%	119.3%	115.5%	101.1%	95.9%
<b>Equity - Tier I</b>	<b>156.3%</b>	<b>149.6%</b>	<b>131.2%</b>	<b>123.2%</b>	<b>112.8%</b>	<b>106.0%</b>
Surplus on revaluation of assets - net of deferred tax	253.0%	59.1%	117.8%	85.6%	80.0%	51.3%
<b>Total equity</b>	<b>166.9%</b>	<b>131.2%</b>	<b>128.5%</b>	<b>115.5%</b>	<b>106.1%</b>	<b>95.0%</b>

## Profit and Loss Account

December 31	2023	2022	2021	2020	2019	2018
<b>Vertical Analysis</b>						
<b>Interest / Return / Non Interest Income Earned</b>						
Markup / return / interest earned	95.8%	87.9%	86.4%	89.9%	87.6%	81.9%
Fee, commission, brokerage and exchange income	5.5%	8.5%	10.0%	8.7%	10.4%	12.6%
Capital gains & dividend income	-1.5%	0.9%	3.4%	1.0%	0.9%	4.8%
Other income	0.2%	2.7%	0.3%	0.4%	1.1%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Interest / Return / Non Interest Expense</b>						
Markup / return / interest expensed	69.5%	51.7%	44.5%	45.6%	52.4%	41.2%
Operating expenses	12.3%	18.8%	25.7%	24.3%	23.4%	31.4%
Provisions	-1.7%	5.5%	-0.6%	9.9%	4.7%	9.3%
Taxation	10.1%	12.7%	12.4%	7.9%	8.6%	7.0%
<b>Total expense - percentage of total income</b>	<b>90.2%</b>	<b>88.8%</b>	<b>82.0%</b>	<b>87.6%</b>	<b>89.1%</b>	<b>89.0%</b>
Profit after taxation	9.8%	11.2%	18.0%	12.4%	10.9%	11.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Horizontal Analysis</b>						
<b>Interest / Return / Non Interest Income Earned</b>						
Markup / return / interest earned	460.6%	233.8%	138.0%	141.8%	143.3%	105.6%
Fee, commission, brokerage and exchange income	172.6%	167.5%	117.7%	102.0%	125.7%	120.0%
Capital gains & dividend income	-124.2%	37.9%	85.6%	24.9%	22.8%	98.3%
Other income	114.1%	840.4%	58.9%	69.8%	212.0%	106.9%
<b>Total</b>	<b>393.8%</b>	<b>220.4%</b>	<b>132.5%</b>	<b>130.7%</b>	<b>135.5%</b>	<b>106.8%</b>
<b>Interest / Return / Non Interest Expense</b>						
Markup / return / interest expensed	664.4%	290.4%	150.1%	151.7%	181.0%	112.2%
Operating expenses	153.5%	148.2%	121.4%	113.5%	113.2%	119.9%
Provisions	-70.3%	639.6%	-39.0%	684.5%	335.5%	524.7%
Taxation	564.0%	245.9%	144.1%	90.2%	102.5%	66.1%
<b>Total</b>	<b>399.3%</b>	<b>242.9%</b>	<b>134.8%</b>	<b>142.2%</b>	<b>149.9%</b>	<b>118.0%</b>
Profit after taxation	349.3%	127.3%	122.6%	83.0%	76.0%	60.5%

## Statement of Value Added

	2023		2022	
	Rs in million	%	Rs in million	%
Mark-up / return / interest earned - net of provisions	530,417	103.9%	235,009	99.7%
Fee, commission, brokerage and exchange income	30,025	5.9%	24,286	10.3%
Capital gains & dividend income	(8,260)	-1.6%	2,560	1.1%
Other income	1,103	0.2%	7,597	3.2%
	<b>553,285</b>	<b>108.4%</b>	<b>269,452</b>	<b>114.3%</b>
Administrative expenses	42,652	8.4%	33,748	14.3%
<b>Value added</b>	<b>510,633</b>	<b>100.0%</b>	<b>235,704</b>	<b>100.0%</b>
<b>Distributed as follows:</b>				
To employees as remuneration	23,962	4.7%	19,714	8.4%
To government as income tax	54,938	10.8%	36,247	15.4%
To depositors as profit on investments	171,099	33.5%	109,054	46.3%
To institutions & individuals as profit on borrowings	207,391	40.6%	38,415	16.3%
To society as donations	63	0.0%	211	0.1%
To shareholders as dividends / bonus	51,416	10.1%	23,259	9.9%
Retained in business as reserves and retained profits	1,764	0.3%	8,803	3.7%
	<b>510,633</b>	<b>100%</b>	<b>235,704</b>	<b>100%</b>

# UBL INTERNATIONAL NETWORK

## INTERNATIONAL BRANCHES

### UAE

#### Deira Branch

Mohd. & Obaid Al Mullah Building,  
Murshid Bazar, Al Kabeer Street - Dubai,  
P.O. Box: 1000, Dubai - UAE.  
Tel: 00971-4-6085350 & 00971-4-6085351  
Swift Code: UNILAEAD  
Branch Code: 0906

#### Bur Dubai Branch

Manazil Al Rafaa Building 03,  
Unit No. 20712-G02, Ground floor  
Khalid Bin Al Waleed Street,  
P.O. Box: 1367, Dubai - UAE.  
Tel: 00971-4-6085200 & 00971-4-6085201  
Swift Code: UNILAEAD  
Branch Code: 0907

#### Gold & Diamond Park Branch

Gold & Diamond Park,  
Unit No. R-52,  
Sheikh Zayed Road, Al Qouz Industrial Area,  
P.O. Box: 3846, Dubai - UAE.  
Tel: 00971-4-6085300 & 00971-4-6085301  
Swift Code: UNILAEAD  
Branch Code: 0919

#### Sharjah Branch

Al Majaz Building, King Faisal Street,  
P.O. Box: 660, Sharjah - UAE.  
Tel: 00971-6-5979121 & 00971-6-5979122  
Swift Code: UNILAEAD  
Branch Code: 0910

#### Muroor Branch

Aylan Abdullah al Muhairi Building,  
Muroor Road,  
P.O. Box: 3052, Abu Dhabi - UAE.  
Tel: 00971-2-5996525  
Swift Code: UNILAEAD  
Branch Code: 1207

#### Musaffah Branch

Rashid Mohd. Abdullah Al Mazroui Building,  
Block M14, Street 17, Musaffah Industrial Road,  
P.O. Box: 237, Abu Dhabi - UAE.  
Tel: 00971-2-5996400 & 00971-2-5996401  
Swift Code: UNILAEAD  
Branch Code: 0901

### Bahrain

#### Manama Branch

Building 117, Road 385, Block 304,  
Government Avenue, Manama,  
P.O. Box: 546, Kingdom of Bahrain.  
Tel: 00973-17503506 & 00973-17503562  
Swift Code: UNILBHBM  
Branch Code: 0905

### Qatar

#### Corniche Branch

Sh. Jassim Bin Jaber Al-Thani Building,  
Abdullah Bin Jassim Street,  
P.O. Box: 242, Doha - Qatar.  
Tel: 00974-44254466  
Email: Mohammad\_ali@ublinc.com  
Swift Code: UNILQAQxxx  
Branch Code: 0908

### Representative Office

#### China

Servcorp, Suite No.29, Level 26, Fortune Financial Center  
No.5 Dong San Huang Zhong Rd, Chaoyang District  
Beijing - China - PO Box: 100020  
Tel: 0086 - 010 - 57750521  
Fax: 0086 - 010 - 57750350

### OBU-EPZ

#### EPZ Branch Karachi

Export Processing Zone, Landhi Industrial Area,  
Mehran Highway, Landhi, Karachi.  
Tel: 0092-21-35082301-3

#### EPZ Branch, Sambrial (Sialkot)

Plot No.: 261-A, Export Processing Zone,  
Wazirabad Road, Sambrial,  
District Sialkot.  
Tel: 0092-52-6523388

### SUBSIDIARY

### United Kingdom

#### London

2 Brook Street,  
London, W1S 1BQ.

# COMPLAINT MANAGEMENT AT UBL

Complaint Management Unit (Service Quality) is responsible for managing and resolving customer grievances efficiently at UBL. While resolving customer complaints we ensure following:

- UBL treats its customer fairly
- UBL always informs customers regarding its complaint handling mechanism
- Complaints are resolved within the shortest possible time.
- UBL complaint handling mechanism is visible and accessible for all its customers through Website, Helpline and Placards mentioning all touch points details
- UBL's complaint handling is comprehensive and integrated to core business.
- Adequate monitoring and controls are in place to ensure the operational efficiency and effectiveness of complaint handling mechanism.
- Complaints are handled with impartiality and transparency

Year 2023 started on a good note where customer grievances were resolved efficiently and effectively by managing customer expectation and ensuring best in class service for 2024

UBL had enhanced complaint handling system in 2023 to facilitate the customer proficiently, and also complaint lodgment procedures and awareness about complaints is being emphasized bank wide via training and emailer. Further, UBL encourages its customers to approach the external dispute resolution forum i.e. Banking Mohtasib Pakistan, if they are not satisfied with the complaint resolution provided by the bank.

Complaint Management Unit is also synchronized with their core departments for reduction of customer grievances and observed decrease in complaint volume in 2023 by facilitating customers. Complaints trend and closure analysis reports are also shared with the Board Members, Senior Management & Business owners.

Key highlights of year 2023 were as under.

- Complaint volume of 125,159 managed successfully.
- 98% complaints were resolved within the timelines provided to our customers.
- 99.9% resolutions were provided in 15 days' time.
- Average complaint resolution time stood at 4.9 days.

# SHARIAH BOARD'S REPORT FOR THE FINANCIAL YEAR 2023

In the name of Allah, The Most Beneficent, The Most Merciful

Alhamdulillah, by the grace of Almighty Allah, UBL Ameen Pakistan has successfully completed another successful year of Islamic Banking operations. During the year, UBL Ameen witnessed a remarkable growth in terms of business profitability and market penetration.

## Scope:

The Board of Directors and Executive Management are solely responsible to ensure that the operations of the bank are conducted in accordance with the Shariah principles at all times. The scope of this report is to cover affairs of the Islamic Banking operations in Pakistan from Shariah perspective, as described under Shariah Governance Framework issued by State Bank of Pakistan.

Shariah Board hereby submits its report on the overall Shariah compliance environment of UBL Ameen and major developments that took place during the year 2023.

## Shariah Board Meetings and Reviews:

In line with Shariah Governance Framework of State Bank of Pakistan, Shariah Board shall meet at least on quarterly basis. In this regard thirty-five (35) Shariah Board meetings were held till year 2023, out of which four (4) meetings were conducted in 2023. Minutes of the meetings were subsequently submitted to Islamic Banking Department of State Bank of Pakistan. In addition, various Shariah Board meetings were held to discuss the matters related to Product Development, Shariah Compliance and Shariah Audit activities.

## Shariah Compliance Department:

UBL Ameen Shariah Compliance Department (SCD) has a team of qualified professionals that worked under the supervision of Shariah Board and acts as a conduit between management and Shariah Board. The SCD team consists of the Head Shariah Compliance along with three supporting staff members, including two qualified Shariah Scholars.

During the year 2023, SCD conducted an internal Shariah control review of full-fledged Islamic Banking Branches (IBBs) and Islamic Banking Windows (IBWs) on a sample basis. Shariah compliance reports were shared with the concerned field management and Head Islamic Banking for rectifications and further improvement in Shariah Compliance of branches and Islamic Banking Windows, in accordance with Shariah Board approved guidelines.

Furthermore, Shariah Compliance Department conducted Shariah Compliance review of Head Office and its related functions in view to ensure overall Shariah Compliance environment of UBL Ameen. Shariah Compliance Department submitted its consolidated quarterly reports to Shariah Board for ratification. Reports consisted details of all Shariah reviews and clarification given by Resident Shariah Board Member and opinions / approvals given by Shariah Board through circulation. Later on, Resident Shariah Board Member and Shariah Board rulings were ratified by Shariah Board in the subsequent Shariah Board meetings, SCD also submitted their activity reports to Shariah Board for ratification.

Head of Shariah Compliance Department submitted reports to the Shariah Board on quarterly basis, on the overall Shariah Compliance environment of UBL Ameen and on the ownership and commitment of BoD and Executive Management in building

the necessary infrastructure for Shariah Compliance together with identifying key areas of improvement.

## UBL Ameen Branch Network:

In terms of branch network, the year 2023 was very productive year in UBL Ameen's journey, where 50 Conventional banking branches were successfully converted into Islamic banking branches. Conversion process was effectively executed after required review and approval of Shariah Board and subsequent approval from State Bank of Pakistan. Total number of Islamic Banking branches has now reached to 209. Also, with the addition of 282 new Islamic Banking Windows (IBWs) in 2023, IBWs are now being operated through 501 UBL branches countrywide.

## Products & Services:

### On Liability Side:

Following Liability products were launched during the year;

**"UBL Ameen Esaar Account"**, is the first of its kind and best innovative deposit product aimed to cater not only Islamic banking needs of the customers but also assisting society by donating charity to needy people through charitable organizations. In addition, by opening an account, UBL Ameen will assist account holders with Free Quran Learning, Takaful, and Hospitalization coverage on their current and / or saving accounts.

**"UBL Ameen Freelancer Account"**, a complete product having current & saving variants to cater banking needs of persons working as freelancer on minimum documentary requirements.

**"Jubilee Better Life Takaful Parbat Plan"**, UBL Ameen in collaboration with Takaful partner Jubilee Life Window Takaful Operations has introduced this Shariah Compliant variant of Banka Takaful aimed to provide life coverage for their valued clients.

**"EFU Better Life Takaful Shaheen Plan"**, UBL Ameen in partnership with EFU Life Window Takaful has launched this Shariah compliant variant of the product in order to provide life coverage for their valued clients.

### On Consumer Side:

Following Consumer products were launched / renewed during the year;

**"UBL Ameen Address / Low Cost Housing Finance"**, existing product program manual for UBL Ameen Address (Housing Finance product) including Low Cost Housing Finance was renewed and approved by Shariah Board. These products are Shariah Compliant solution for housing finance based on the concept of Diminishing Musharakah, which facilitates the customers for purchase of a house/apartment, renovation, construction & balance transfer facility.

**"UBL Ameen Drive"**, existing product program manual of UBL Ameen Drive (Auto Finance product) was renewed and approved by Shariah Board.

### On Staff Financing Side:

Following Staff Financing product was launched during the year;

**"Staff Murabaha Financing"** based on Islamic mode of transaction known as Murabaha, designed to cater the urgent financial needs of the staff.

### On Asset Side:

Product program manual for Light Commercial Vehicles (LCV) along with transaction document was approved by Shariah Board.

### Corporate Banking:

During the year, approximately 300 corporate banking transactions were executed. For review of Corporate & SME transactions, Shariah compliance process is categorized in two major stages:

- 1. Pre Disbursement Stage** in which process flows and structures of the transactions are finalized in accordance with Shariah guidelines already provided by the Shariah Board. These process flows are duly reviewed and approved by Resident Shariah Board Member (RSBM) / Shariah Board and are ratified in the subsequent Shariah Board meetings. In addition, first transaction (New to Bank) is reviewed by Shariah Compliance Department and approved by RSBM/Shariah Board prior to disbursement
- 2. Post Disbursement Stage** in which financing transactions are reviewed on sample basis by Shariah Compliance Department, in accordance with Shariah guidelines already provided by the Shariah Board.

### UBL Ameen Treasury:

UBL Ameen maintains its own Treasury Department. During the year, over 300 transactions were completed using UBL Ameen treasury instruments such as Musharakah, Mudarabah, Wakalah, and GOP Ijarah Sukuk. Furthermore, few transactions were completed with the Government of Pakistan under GOP Ijarah Sukuk, and Open Market Operations (OMO).

### Profit & Loss Distribution and Pool Management:

Shariah Compliance Department verified distribution of profit and loss to the depositors prior to its disbursement. Internal Shariah Audit Unit (ISAU) conducted post disbursement Pool Audit on quarterly basis, in line with the Shariah Governance Framework (SGF) 2018 along with announced Profit Sharing Ratio (PSR) & weightages, and presented its reports to Shariah Board for review and opinion where required.

### Training and Development:

During the year, UBL Ameen with the collaborations of National Institute of Banking & Finance (NIBAF), a subsidiary of State Bank of Pakistan, provided Islamic Banking training to senior management of the bank (Conventional & Islamic). These trainings were conducted countrywide through renowned Shariah Scholars of Islamic Banking industry.

UBL Ameen also arranged training session for UBL and UBL Ameen staff. These training session were conducted through various Class Room and Online channels. By virtue of these sessions staff were apprised on basic concepts of Islamic Banking and Products & Services. These Islamic banking training sessions include Islamic Banking Products & Services, Branch Conversion, Orientation of Islamic Banking, Branch Services Officer Training Program, Operations Officer Training Program and Islamic Banking Concept & Practices. Trainings were conducted by Shariah Compliance Department, Shariah Board Members and Senior Management of UBL Ameen.

### Operations & Control Department:

UBL Ameen Operations & Control Department worked for all the Islamic products and services and reasonably ensured compliance to the relevant Shariah guidelines when and where required during the year.

### Internal Shariah Audit Unit (ISAU):

Internal Shariah Audit Unit (ISAU) performed effectively in compliance with the Shariah Governance Framework issued by State Bank of Pakistan and Shariah guidelines prescribed by Shariah Board. ISAU constitutes of Head Internal Shariah Audit and two Shariah scholars. ISAU performed Shariah audit of Islamic Banking Branches, Islamic Banking Windows, Treasury unit, Corporate & SME financing, profit & loss distribution and Head Office functions. ISAU discussed all findings with Shariah Board and management for determining appropriate corrective actions and their enforcement.

### Charity Collections & Disbursements:

The opening balance of Charity fund as of 1st January 2023 was PKR 6.92 Million. During the year, charity of PKR 21.68 Million was received (including profit on charity account amounting PKR 2.59 Million) and charity of PKR 7.20 Million was disbursed to the charitable organizations after required screening and due diligence. The amount credited in charity account was due to late payments.

### Shariah Opinion:

To form our opinion as expressed in this report, as we have reviewed reports from Internal Shariah Audit, Shariah Compliance Department, and management representation. Based on above, and to the best of our knowledge, we are of the view that:

- UBL Ameen has overall complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
- UBL Ameen has overall complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Advisory Committee.
- UBL Ameen has a mechanism in place to ensure Shariah compliance in their overall operations.
- UBL Ameen has a system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- UBL Ameen has overall complied with the SBP instructions on profit and loss distribution and pool management.
- The level of awareness, capacity & sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is acceptable.
- Shariah Board has been reasonably provided resources enabling it to discharge its duties.

### Recommendations:

Shariah Board appreciate Management decision to increase Islamic Banking footprint through opening of Islamic Banking branches and through conversion of Conventional branches into Islamic Banking branches which is a very good step for the growth and success of Islamic Banking in Pakistan. For further enhancement, Shariah Board recommends the following:

- Shariah Board appreciates management direction to provide Islamic Banking training to senior executives through National Institute of Banking & Finance that may help UBL Ameen to grow faster and in line with the Shariah principles and recommend to further strengthen training programs for all tiers of management, staff and masses.

- ii. The overall good efforts of the management towards the Shariah compliant business are acknowledged, however, it is encouraged to enhance the overall Shariah compliance environment in Islamic Banking Branches and support functions through hiring of qualified business officials, capacity building and Shariah assessment/controls with zero tolerance in accordance with the Shariah Governance framework issued by the State Bank of Pakistan and SBP IBD Circular No. 2 of 2018 and its amendment through IBD Circular Letter No. 1 of 2020.
- iii. While appreciating other staff financing facilities which have been made available according to Shariah principles, we recommend that Provident Fund of Islamic banking staff should also be invested in Shariah compliant avenues, as already recommended by the Shariah Board.
- iv. It is also recommended that the bank would have competitive products / services considering the overall transformation of the industry with modern tools and technologies in both areas of financing and deposit.

### Conclusion:

Shariah Board of UBL Ameen is satisfied with the overall performance and operations of UBL Ameen Pakistan, Islamic Banking Division of United Bank Limited. And, hope that the management will keep this momentum of profitability, Shariah Compliance and market penetration, and thus play pivotal role in sound and manifold growth of Islamic Banking countrywide.

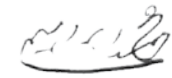
Almighty Knows Best:



Mufti Muhammad Awais Naeem  
Resident Shariah Board Member



Mufti Imtiaz Alam  
Shariah Board Member



Mufti Muhammad Ibrahim Essa  
Chairman Shariah Board

Date of Report: 17th January 2024.

iii۔ شرعی اصولوں کے مطابق دستیاب دیگر اسٹاف فنانسنگ کی سہولیات کو سراہتے ہوئے تجویز دی جاتی ہے کہ اسلامک بینکنگ اسٹاف کے پراویڈنٹ فنڈ کی سرمایہ کاری بھی شریعت کے اصولوں کی پاسداری والی جگہوں میں کی جائے جیسا کہ شریعہ بورڈ کی جانب سے یہ پہلے بھی تجویز دی جا چکی ہے۔

iv۔ یہ بھی تجویز کیا جاتا ہے کہ بینک کے پاس فنانسنگ اور ڈپازٹس کے دونوں شعبوں میں انڈسٹری کے مجموعی تبدیلی کے ماحول کو مد نظر رکھتے ہوئے جدید طریقہ کار اور ٹیکنالوجی سے مزین موزوں پراڈکٹس/سروسز ہونی چاہئیں۔

### اختتامیہ:

یو بی ایل امین کا شریعہ بورڈ یونائیٹڈ بینک لمیٹڈ کے اسلامک بینکنگ ڈویژن اور یو بی ایل امین پاکستان کی مجموعی کارکردگی اور آپریشنز سے مطمئن ہے۔ اور امید کرتا ہے کہ انتظامیہ اسی طرح شریعہ کمپلائنس، مارکیٹ میں رسائی اور منافع کی رفتار کو برقرار رکھے گی اور ملک بھر میں اسلامک بینکنگ کے استحکام اور مزید فروغ میں مرکزی کردار ادا کرے گی۔

واللہ تعالیٰ اعلم بالصواب۔



مفتی محمد اویس نعیم  
ریزیڈنٹ شریعہ بورڈ ممبر



مفتی امتیاز عالم  
شریعت بورڈ ممبر



مفتی محمد ابراہیم عیسیٰ  
چیئرمین شریعت بورڈ

رپورٹ کی تاریخ: 17 جنوری 2024

# شریعہ بورڈ رپورٹ

### برائے مالی سال 2023ء

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله ! اللہ تعالیٰ کے فضل وکرم سے یو پی ایل این پاکستان نے اسلامک بینکنگ میں ایک اور سال کا مایابی کے ساتھ مکمل کر لیا ہے۔ اس سال یو پی ایل این کے کاروباری منافع اور مارکیٹ کی وسعت میں غیر معمولی اضافہ ہوا ہے۔

#### دائرہ کار:

بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ مکمل طور پر اس بات کو یقینی بنانے کے ذمہ دار ہیں کہ ہمہ وقت بینک کے تمام امور شرعی اصولوں کے مطابق انجام یائیں۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعہ گورنس فریم ورک میں بیان کردہ تفصیلات کے مطابق پاکستان میں اسلامک بینکنگ کے معاملات کا شرعی جائزہ پیش کرنا ہے۔ شریعہ بورڈ اس رپورٹ میں یو پی ایل این پاکستان کے مجموعی شریعہ کمپلائنس کے ماحول اور سال 2023 کے دوران ہونے والی اہم سرگرمیوں کے بارے میں اپنی رپورٹ پیش کرتا ہے۔

#### شریعہ بورڈ کے اجلاس:

اسٹیٹ بینک آف پاکستان کے شریعہ گورنس فریم ورک کے مطابق شریعہ بورڈ کا سہ ماہی بنیادوں پر کم از کم ایک اجلاس منعقد ہونا لازمی ہے۔ چنانچہ شریعہ بورڈ کے ایک کھل چینیٹس (35) اجلاس منعقد ہو چکے ہیں، جن میں سے چار (4) اجلاس 2023ء میں منعقد ہوئے۔ بعد ازاں ہر اجلاس کی روئیداد اسٹیٹ بینک آف پاکستان کے اسلامک ڈیپارٹمنٹ میں جمع کروادی گئی۔ اس کے علاوہ، پراڈکٹ ڈویلپمنٹ، شریعہ کمپلائنس اور شریعہ آڈٹ کے مختلف امور پر تبادلہ خیال کے لیے شریعہ بورڈ کے متعدد اجلاس منعقد ہوئے۔

#### شریعہ کمپلائنس ڈیپارٹمنٹ:

یو پی ایل این شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) کے پاس قابل پیشہ ورانہ افراد پر مشتمل ٹیم ہے جو شریعہ بورڈ کی نگرانی میں کام کرتے ہوئے انتظامیہ اور شریعہ بورڈ کے درمیان رابطے کا کردار ادا کرتا رہا۔ شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) ٹیم ایک سربراہ اور عملے کے تین معاون ارکان پر مشتمل ہے جن میں دو شریعہ اسکالر بھی شامل ہیں۔

سال 2023 میں، شریعہ کمپلائنس ڈیپارٹمنٹ (SCD) نے منتخب اسلامک بینکنگ برانچوں (IBBs) اور اسلامک بینکنگ ونڈوز (IBWs) میں شرعی اصولوں کی پاسداری کا جائزہ لیا۔ شریعہ بورڈ کی منظور کردہ ہدایات کے مطابق اصلاح، تیسل اور برانچوں میں شرعی اصولوں کی پاسداری مزید بہتر بنانے کی غرض سے یہ رپورٹیں متعلقہ انتظامیہ اور اسلامک بینکنگ کے سربراہ کو جمع کروائی گئیں۔

مزید برآں، شریعہ کمپلائنس ڈیپارٹمنٹ نے ہیڈ آفس اور اس سے متعلقہ کاموں کا جائزہ لیا تاکہ یو پی ایل این میں شرعی کمپلائنس کے ماحول کو یقینی بنایا جاسکے۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنی جامع سہ ماہی رپورٹیں توثیق کے لیے شریعہ بورڈ کو پیش کیں۔

یہ رپورٹیں تمام شرعی جائزوں کی تفصیلات ریزیلٹنٹ شریعہ بورڈ ممبر کی طرف سے دی گئی توضیحات (Clarifications) اور شریعہ بورڈ کی طرف سے سرکولیشن کے ذریعے دی گئی ہدایات پر مشتمل تھیں، جنہیں آئندہ ہونے والے شریعہ بورڈ کے اجلاسوں میں شریعہ بورڈ کی توثیق کے لئے پیش کیا گیا اور شریعہ بورڈ نے سماعت کے بعد ان کی توثیق کردی۔

ہیڈ آف شریعہ کمپلائنس ڈیپارٹمنٹ نے شرعی اصولوں کے پاسداری کے مجموعی ماحول اور اس کے لئے ضروری اقدامات کے سلسلے میں بورڈ آف ڈائریکٹرز، اعلیٰ انتظامیہ کی ذمہ داری اور مزید بہتری کے لئے ان کی کوششوں پر مشتمل رپورٹ پیش کی، جن میں ان شعبوں کی نشاندہی بھی کی گئی جن کو مزید بہتر بنانے کی ضرورت ہے۔

#### یو پی ایل این براچ منیٹ ورک:

براچ منیٹ ورک کے لحاظ سے سال 2023، یو پی ایل این کے سفر میں بہت فائدہ مند سال رہا جس میں پچاس کنونشنل برانچوں کو مایابی کے ساتھ اسلامک بینکنگ براچوں میں تبدیل کیا گیا۔ شریعہ بورڈ نے برانچوں کی تبدیلی کے عمل کا شروع سے اختتام تک مکمل جائزہ لیا اور بعد ازاں اسٹیٹ بینک آف پاکستان نے بھی اس کی منظوری دی۔

اب یو پی ایل این اسلامک بکنگ برانچوں (IBBs) کی تعداد 209 ہو گئی ہے۔ اس کے ساتھ، 2023ء میں 282 نئی اسلامک بینکنگ ونڈوز (IBWs) کے اضافے کے ساتھ، اب ملک بھر میں اسلامک بینکنگ ونڈوز کی خدمات یو پی ایل کی 501 برانچوں کے ذریعے فراہم کی جارہی ہیں۔

#### پراڈکٹس اور خدمات:

#### ڈپازٹ کے حوالے سے:

اس سال کے دوران مندرجہ ذیل ڈپازٹ پراڈکٹس کا اجراء کیا گیا:

**"یو پی ایل این ایٹار اکاؤنٹ"**، (UBL Ameen Esaar Account)

اپنی نوعیت کی پہلی اور بہترین ڈپازٹ پراڈکٹ ہے جس کا مقصد نصف سٹمر کی اسلامک بینکنگ کی ضروریات کو پورا کرنا ہے بلکہ فلاحی تنظیموں کے ذریعے ضرورت مند افراد کو صدقہ / خیرات دے کر معاشرے کو معاونت فراہم کرنا ہے۔ مزید یہ کہ اس پراڈکٹ کا کرنٹ یا سیونگ اکاؤنٹ کھولنے پر اکاؤنٹ ہولڈرز کو قرآن کریم کی مابعاوضہ تعلیم کا انتظام، ہاسٹیل/سٹڈنٹس اور کھل کورج فراہم کیا جاتا ہے۔

#### "یو پی ایل این فری لانس راکاؤنٹ"

(UBL Ameen Freelancer Account)، ایک ایسی مکمل پراڈکٹ ہے جس میں بہت کم دستاویزات درکار ہوتی ہیں اور اس میں فری لانس کے طور پر کام کرنے والے افراد کی مختلف بینکنگ ضروریات کو پورا کرنے کی صلاحیت موجود ہے جو کہ اس پراڈکٹ کی دونوں قسموں کرنٹ اور سیونگ پر دستیاب ہیں۔

#### "جوہلی میٹر لائف کافل پر بت پلان"

(Jubilee Better Life Takaful Parbat Plan)، یو پی ایل این نے کافل پارٹنر جوہلی لائف ونڈو کافل آپریشنز کے اشتراک سے بینکا کافل کا یہ شریعہ کمپلائنٹ پلان متعارف کروایا ہے جس کا مقصد اپنے اہم اور قابل قدر کلائنٹس کو لائف کورج فراہم کرنا ہے۔

#### "ای ایف یو میٹر لائف کافل شاہین پلان"

(EFU Better Life Takaful Shaheen Plan)، یو پی ایل این نے ای ایف یو لائف ونڈو کافل آپریشنز کے اشتراک سے اپنے اہم اور قابل قدر کلائنٹس کو لائف کورج فراہم کرنے کے لئے یہ شریعہ کمپلائنٹ پلان متعارف کروایا ہے۔

#### کنزومیمرز کے حوالے سے:

اس سال کے دوران مندرجہ ذیل کنزیومر پراڈکٹس کی تبدیلی اجراء کیا گیا:

#### "یو پی ایل این ایڈریس/لوکاسٹ ہاؤسنگ فننس"

(UBL Ameen Address/Low cost Housing Finance)، یو پی ایل این ایڈریس (ہاؤسنگ فناننگ پراڈکٹ) بشمول لوکاسٹ ہاؤسنگ فنانس کے موجودہ پروڈکٹ پروگرام مینبول کی تبدیدی گئی اور شریعہ بورڈ نے اس کی منظوری بھی دی۔ یہ پراڈکٹ ہاؤسنگ فنانس کا شرعی حل ہے جس میں شریک متناقصہ کی بنیاد پر سٹرز/گھر/ اپارٹمنٹ کی خریداری، تزئین و آرائش، تعمیر اور رینٹس ٹرانسفر کی سہولت دی جاتی ہے۔

#### "یو پی ایل این ڈرائیو (UBL Ameen Drive)"

یو پی ایل این ڈرائیو (آٹو فناننگ پراڈکٹ) کے موجودہ پراڈکٹ مینبول کی تبدیدی گئی جس کی شریعہ بورڈ نے منظوری بھی دی۔

#### اسٹاف فناننگ کے حوالے سے:

اس سال کے دوران مندرجہ ذیل اسٹاف فناننگ پراڈکٹس کا اجراء کیا گیا:

#### "اسٹاف مراہجہ فناننگ" (Staff Murabaha Financing)

یو پی ایل این کے اسٹاف کی فوری مالی ضروریات کو پورا کرنے کے لیے اسلامی قانون خرید و فروخت کی قسم عقد مر اسحہ کی بنیاد پر پروڈکٹ ڈیزائن کی گئی۔

#### Asset کے حوالے سے:

لائٹ کمرشل وہیکلو (LCV) کی فناننگ کے لیے پروڈکٹ پروگرام مینبول کا اجراء کیا گیا اور شریعہ بورڈ کی طرف سے اس کی منظوری بھی دی گئی۔

#### کارپوریٹ بینکنگ:

دوران سال کارپوریٹ بینکنگ میں 300 سے زائد ٹرانزیکشنز عمل میں لائی گئیں۔ کارپوریٹ اور SME بینکنگ کی شریعہ کمپلائنس کا جائزہ دو بنیادی مراحل پر مشتمل ہوتا ہے:
1) تحویل سے پہلے کا مرحلہ، یہ ٹرانزیکشن کے آغاز کا مرحلہ ہے، اس مرحلے میں شریعہ بورڈ کی فراہم کردہ شریعہ گائیڈ لائنز کے مطابق ٹرانزیکشنز کا ڈھانچہ اور پروسیس فلو (process flow) حتمی شکل اختیار کرتا ہے۔ اس مرحلے میں تمام متعلقہ عوامل کاقاعدگی سے جائزہ لیا گیا اور ریزیلٹنٹ شریعہ بورڈ ممبر سے منظوری لی گئی اور اس کے بعد اس کی شریعہ بورڈ کے اجلاس میں توثیق بھی کروائی گئی۔ اس کے علاوہ پہلی مرتبہ عمل میں آنے والی ٹرانزکشن کا شریعہ کمپلائنس ڈیپارٹمنٹ کی طرف سے تحویل سے پہلے جائزہ لیا جاتا رہا اور ریزیلٹنٹ شریعہ بورڈ ممبر/شریعی بورڈ سے اس کی منظوری بھی لی جاتی رہی ہے۔
2) تحویل کے بعد کا مرحلہ: اس مرحلے میں شریعہ کمپلائنس ڈیپارٹمنٹ کی طرف سے فناننگ ٹرانزیکشن کا نمونہ کی بنیاد پر، شریعہ بورڈ کی پہلے سے منظور شدہ شرعی گائیڈ لائنز کے مطابق جائزہ لیا جاتا رہا ہے۔

#### یو پی ایل این ٹریڈری:

یو پی ایل این کا اپنا ایک مستقل ٹریڈری ڈیپارٹمنٹ ہے۔ دوران سال، یو پی ایل این ٹریڈری پروڈکٹس کے تحت 300 سے زائد ٹرانزیکشنز ہوئیں جن میں مشارکہ مضاربہ، وکالہ اور حکومت پاکستان کے اجارہ صلک شامل ہیں۔ اس کے علاوہ حکومت پاکستان کے ساتھ اجارہ صلک اور اوپن مارکیٹ آپریشنز (OMO) کے تحت بھی ٹرانزیکشنز کی گئیں۔

#### نفع و نقصان کی تقسیم اور پول مینجمنٹ:

شریعی کمپلائنس ڈیپارٹمنٹ کی طرف سے نفع و نقصان کے حساب کتاب اور ادائیگی کا جائزہ لیا جاتا رہا۔ انٹرنل شریعی آڈٹ یونٹ (ISAU) نے شریعی گورنس فریم ورک 2018 (SGF) کے اعلان کردہ نفع کی شرح اور ونٹیز (Weightages) کی بنیاد پر نفع و نقصان کی تقسیم کا آڈٹ کیا اور جہاں ضرورت پیش آئی، شریعی بورڈ کو اپنی رپورٹس پیش کر کے رائے بھی حاصل کی۔

#### ٹریڈنگ اور ڈویلپمنٹ:

دوران سال، یو پی ایل این نے اسٹیٹ بینک کے ذیلی ادارے "نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فنانس" (NIBAF) کے اشتراک سے بینک کی سینئر انتظامیہ (کنونشنل اور اسلامک) کو اسلامک بینکنگ کی ٹریڈنگ فراہم کی۔ ملک بھر میں ان ٹریڈنگز کا انعقاد اسلامک بینکنگ انڈسٹری کے معروف شریعی اسکارلز کے ذریعے کیا گیا۔

یو پی ایل این نے یو پی ایل اور یو پی ایل این اسٹاف کے لیے بھی ٹریڈنگ سیشنز کا انعقاد کیا، یہ ٹریڈنگ متعدد کلاس روم اور آن لائن سیشنز کے ذریعے منعقد کی گئیں، ان سیشنز کی بدولت اسٹاف کو اسلامک بینکنگ کے بنیادی خدوخال اور پراڈکٹس وسرومز کے بارے میں معلومات فراہم کی گئیں۔ ان اسلامی بینکنگ ٹریڈنگ سیشنز میں اسلامک بینکنگ پراڈکٹس اینڈ سرومز، براچ کنورژن، اسلامی بینکنگ کا تعارف، براچ سرومز آفسر ٹریڈنگ پروگرام، آپریشنز آفسر ٹریڈنگ پروگرام، اسلامک بینکنگ کا تصور اور طرز عمل شامل ہیں۔ ان ٹریڈنگز میں شریعی کمپلائنس ڈیپارٹمنٹ، شریعی بورڈ ممبران اور یو پی ایل این کی سینئر انتظامیہ نے معلم کا کردار ادا کیا۔

#### آپریشنز اینڈ کنٹرول ڈیپارٹمنٹ:

دوران سال یو پی ایل این آپریشنز اینڈ کنٹرول ڈیپارٹمنٹ نے تمام اسلامی پراڈکٹس اور سرومز کے لیے کام کیا اور جہاں ضرورت پیش آئی وہاں متعلقہ شریعی گائیڈ لائنیز کی مناسبت انداز میں تیسل کو یقینی بنایا۔

#### انٹرنل شریعی آڈٹ یونٹ (ISAU):

انٹرنل شریعی آڈٹ یونٹ (ISAU) نے اسٹیٹ بینک آف پاکستان کے طرف سے جاری کردہ شریعی گورنس فریم ورک اور شریعی بورڈ کے رہنما شرعی اصولوں کی تعمیل میں موثر کردار ادا کیا۔ انٹرنل شریعی آڈٹ یونٹ (ISAU) ایک سربراہ اور دو شریعی اسکارلز پر مشتمل ہے۔ ISAU نے اسلامک بینکنگ برانچوں، اسلامک بینکنگ ونڈوز، ٹریڈری یونٹ، کارپوریٹ اور ایلس ایم ای فناننگ، نفع اور نقصان کی تقسیم اور ہیڈ آفس فنکشنز کا شرعی آڈٹ کیا۔

ISAU نے تمام معاملات پر انتظامیہ کے ساتھ تبادلہ خیال کرنے کے بعد مناسب اور درست اقدامات کے تعین اور ان کے نفاذ کے لیے شریعی بورڈ کی رائے حاصل کی۔

#### چیریٹی کی وصولی اور تقسیم:

یکہ جنوری 2023 کو وصول شدہ چیریٹی کی کل مقدار 6.92 ملین روپے تھی۔ دوران سال، 21.68 ملین روپے کی چیریٹی وصول ہوئی (جس میں 2.59 ملین روپے کا چیریٹی فنڈ سے حاصل ہونے والا پرافٹ بھی شامل ہے) اور کڑی چھان بین اور مکمل احتیاط کے بعد فلاحی اداروں میں 7.20 ملین روپے کی چیریٹی تقسیم کی گئی۔ چیریٹی اکاؤنٹ میں جمع ہونے والی تمام رقم ادا نیگیوں میں تاخیر کی وجہ سے جمع ہوئی۔

#### شرعیعہ بورڈ کی رائے:

اپنی رائے قائم کرنے کے لیے جیسا کہ اس رپورٹ میں بیان کیا گیا کہ ہم نے انٹرنل شریعی آڈٹ، شریعی کمپلائنس ڈیپارٹمنٹ اور انتظامیہ کی رپورٹس کا جائزہ لیا ہے۔ درج بالا حقائق اور ہماری بہترین معلومات کی بنیاد پر ہماری رائے یہ ہے کہ:

i۔ یو پی ایل این نے مجموعی طور پر شریعی بورڈ کی طرف سے جاری کردہ فتاویٰ، قوانین اور گائیڈ لائنز کی روشنی میں شریعت کے اصولوں اور قواعد کی پاسداری کی ہے۔

ii۔ یو پی ایل این نے مجموعی طور پر اسٹیٹ بینک آف پاکستان کی طرف سے شریعی کمپلائنس کے سلسلے میں جاری کردہ اصولی ہدایات اور قواعد کی پاسداری کی ہے۔

iii۔ یو پی ایل این کے پاس مجموعی طور پر اپنی کاروباری سرگرمیوں میں شریعی کمپلائنس کو یقینی بنانے کے لیے نظام موجود ہے۔

iv۔ یو پی ایل این میں ایک ایسا مناسب نظام موجود ہے جو اس بات کو یقینی بناتا ہے کہ شریعت کی رو سے ممنوعہ ذرائع یا ممنوعہ طریقوں سے حاصل شدہ آمدنی چیریٹی اکاؤنٹ میں ٹرانسفر ہو جائے اور اسے مناسب انداز میں استعمال کیا جائے۔

v۔ یو پی ایل این نے نفع و نقصان کی تقسیم اور پول کے انتظام و انصرام (pool management) میں مجموعی طور پر اسٹیٹ بینک آف پاکستان کی ہدایات کی پاسداری کی ہے۔

vi۔ پراڈکٹس اور بینک کی کاروباری سرگرمیوں میں شریعی کمپلائنس کی اہمیت کے حوالے سے عملے ، بورڈ آف ڈائریکٹرز (BoD) اور انتظامیہ کی آگاہی، الہمیت اور حساسیت کی سطح قابل قبول ہے۔

vii۔ شریعی بورڈ کو معتول وسائل فراہم کیے گئے جس کی بدولت وہ اپنی ذمہ داریاں انجام دے پایا۔

#### سفارشات:

شرعیعہ بورڈ نئی اسلامک بینکنگ برانچیں کھولنے اور کنونشنل برانچوں کو اسلامک بینکنگ کی برانچوں میں تبدیل کرنے کے ذریعے اسلامک بینکنگ کو بڑھانے کے انتظامیہ کے فیصلے کو سراہتا ہے، جو کہ پاکستان میں اسلامک بینکنگ کی ترقی اور کامیابی کے لیے بہترین اقدام ہے، مزید بہتری کے لیے شریعی بورڈ مندرجہ ذیل سفارشات پیش کرتا ہے:

i۔ نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فنانس کے ذریعے سینئر ایگزیکٹیوز کو اسلامک بینکنگ کی ٹریڈنگ دینے کے انتظامیہ کے فیصلے کو شریعی بورڈ بے حد سراہتا ہے، جو یو پی ایل این کو شرعی اصولوں کے ساتھ تیزی سے ترقی کرنے میں مدد دے سکتا ہے، البتہ شریعی بورڈ انتظامیہ، عملے اور عوام کے لیے ہر طرح کی ٹریڈنگ پروگرامز کو مزید مستحکم کرنے کی سفارش کرتا ہے۔

ii۔ انتظامیہ کی طرف سے شریعی کمپلائنٹ برنس کے لیے کی جانے والی تمام اچھی کاوشوں کو سراہا جاتا ہے، تاہم اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ شریعی گورنس فریم ورک 2018 اور اسٹیٹ بینک آف پاکستان کے 2020 کے آئی بی ڈی (IBD) سرکلر نمبر 2020-2 کے آئی بی ڈی (IBD) سرکلر لیٹر نمبر 1 کی ترسیم کے مطابق اسلامک بینکنگ کی برانچوں اور دیگر معاون ڈیپارٹمنٹس میں مجموعی طور پر شریعی کمپلائنٹ اواز امنٹ کو اصلاحیت کاروباری عہدیداروں کی تعیناتی، استعداد میں اضافہ کرنے کے اقدامات اور مضبوط شرعی نگرانی/اعظم و ضبط کے ذریعے مزید بہتر بنانے کی تجویز دیتا ہے۔





# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED BANK LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of United Bank Limited (the Bank) for the year ended 31 December 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank.

Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2023.

**Chartered Accountants**  
Place: Karachi  
Date: 26 February 2024

UDIN: CR202310191bLkYrDO2N

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Bank has complied with the requirements of the Regulations in the following manner:-

- The total number of directors are 9 as per the following:
  - Male: 8
  - Female: 1

- The composition of the Board is as follows:

Category	Names
Independent Directors	Ms. Shazia Syed Mr. Tariq Rashid Mr. Daniel M. Howlett
Non-Executive Directors	Sir Mohammed Anwar Pervez, OBE, HPk Lord Zameer M. Choudrey, CBE, SI Pk Mr. Rizwan Pervez Mr. Haider Zameer Choudrey Mr. Muhammad Irfan A. Sheikh
Executive Director	Mr. Muhammad Jawaid Iqbal, President & CEO
Female Director	Ms Shazia Syed

- During the year, the term of the Board of Directors (BoD) was completed and the BoD of the Bank was reconstituted in the Annual General Meeting held on March 29, 2023. All the outgoing directors except Mr. Amar Zafar Khan, were re-elected. Mr. Daniel M. Howlett was elected, as non-executive independent director in place of Mr. Amar Zafar, who didn't opt to participate in the elections.

Moreover, the term of the President and CEO, Mr. Shazad G. Dada, was completed on June 30, 2023. Mr. Muhammad Jawaid Iqbal was appointed as President & CEO of the Bank.

Mr. Muhammad Jawaid Iqbal was recently elected as Director on the Board and he has to resign from the post of Non-Executive Director to accept the position of President & CEO of the Bank resulting in the creation of the casual vacancy on the BoD. Mr. Muhammad Irfan A. Sheikh was appointed by the Board to fill the casual vacancy. The newly appointed directors and President & CEO assumed their roles after their respective clearance of Fit and Proper test from the State Bank of Pakistan;

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
- The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;

- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The Board has arranged Directors' Training program for the following:

(Name of Director) – Nil.  
(Name of Executive & Designation):

Name of Executive	Designation
Ms. Afsheen Mehmood Butt	Head Corporate and Investment Banking Risk

- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below, -

#### a. BOARD AUDIT COMMITTEE (BAC):

Ms. Shazia Syed	Chairperson
The Honorable Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member
Mr. Tariq Rashid	Member

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

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

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

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

**d. BOARD IT COMMITTEE (BITC):**

The Honorable Haider Zameer Choudrey	Chairman
Mr. Rizwan Pervez	Member
Mr. Daniel M. Howlett	Member
Mr. Muhammad Irfan A. Sheikh	Member
Mr. Muhammad Jawaid Iqbal	Member

**e. BOARD NOMINATION COMMITTEE (BNC):**

Sir Mohammed Anwar Pervez, OBE, HPk	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Haider Zameer Choudrey	Member

14. The Terms of Reference (TORs) of the aforesaid committees have been formed, documented and advised to the committee for compliance;

15. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a. Board Audit Committee (BAC)	Four quarterly meetings.
b. Board Human Resource & Compensation Committee	Five quarterly meetings.
c. Board Risk & Compliance Committee	Four quarterly meetings.
d. Board IT Committee	Four quarterly meetings.
e. Board Nomination Committee	Two meeting.
f. Board Digital Banking Committee	One meeting*

\* Committee was dissolved after its first meet.

16. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

17. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank;

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

19. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

  
Signature  
Sir Mohammad Anwar Pervez, OBE, HPk  
Chairman

# ANNUAL STATEMENT ON INTERNAL CONTROLS 2023

Internal controls system is effected by the Board of Directors (BOD) and the Bank's management. Management is responsible to establish and maintain an adequate and effective system of internal controls and procedures, under the policies approved by BOD. Management plans, organizes, and directs the performance of internal control systems to manage risk and increase the likelihood that business objectives & goals are achieved. Management ensures an efficient and effective internal controls system by carrying out risk assessment, designing and implementing adequate controls, reviewing policies & procedures, implementing rules & regulations, and monitoring effectiveness of controls and systems.

Internal controls, policies and procedures are designed to provide assurance regarding the effectiveness and efficiency of Bank's operations, safeguarding of assets, reliability of financial information, and compliance with applicable laws & regulations. While, internal control systems are designed to manage, rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss under changing environment.

Internal control comprises of interrelated components including control environment, risk assessment process, information and communication, control activities, and monitoring of internal controls. Evaluation of internal controls system comprises of different levels of monitoring activities i.e. Bank's Management, Branch Banking Group, Internal Control Division of Operations Group, Compliance Group, Internal Control over Financial Reporting (ICFR) Unit, and Audit & Risk Review Group.

Concerted efforts are made by every level of monitoring to improve the control environment by regularly reviewing and strengthening procedures to prevent and rectify control lapses and impart training for continuous improvement at all levels. Line management's role has been enhanced to include onsite reviews of processes in branches to identify gaps in execution with special emphasis on the implementation of regulatory instructions, in addition to day to day monitoring of control breaches for prompt corrective actions. Bank has also implemented unified command structure at branches to enhance controls, expedite decision-making processes, facilitate faster turnaround time, and improve collaboration. Keeping in view the Bank's continued focus on controls and compliance matters, an Internal Control Division is operating within Operations Group for monitoring branch related operations. Further, in order to improve the oversight on regulatory requirements, KYC/CDD/EDD quality, and financial crime compliance (FCC), Regional Business Compliance Managers have been placed in each branch banking unit under Governance & Business Compliance Unit of Branch Banking Group.

Compliance Group manages compliance risk, provides advisory, helps strengthen overall compliance environment. It enables the bank to comply with laws, regulations, guidelines and internal policies & procedures. Further, it provides oversight over regulatory and financial crime compliance (FCC) across the bank on an ongoing basis.

Besides, BOD has established a Shariah Board (SB) which oversees compliance with the Shariah rules and regulations for Islamic banking business. Shariah compliance department (SCD) perform

reviews and determine appropriate actions for strengthening of internal Shariah controls under guidance of SB and regulations.

Audit & Risk Review Group works in accordance with the Internal Audit Standards and maintains the highest level of independence and objectivity within the Bank. It provides accountability by performing audit and other assurance activities related to governance, enterprise level risk management, and internal controls to evaluate implementation of controls and ensure the existence of a healthy control environment throughout the Bank. It identifies issues, improvement opportunities, making recommendations, and keeping the BOD and management up-to-date on matters requiring resolution. All significant / material findings are reported to the Board's Audit Committee which actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank. During the year, Audit has performed various offsite reviews; particularly, keeping in view of rapidly changing economic environment and consulting engagements considering the emerging threats and assessing the management responsiveness to provide insights on governance, evolving risks, business disruption and embedded controls for enhancing the overall control environment.

All significant and material findings of the internal and external auditors as well as observations of the regulators are addressed on priority by the management and their status is reported periodically to the Board's Audit Committee and the Board's Risk & Compliance Committee through management committees of Audit and Compliance, respectively. These committees are headed by the President & CEO. Committees deliberate and monitor remediation plans, resolution & compliance undertaken by the line management, for the control gaps identified by different levels of monitoring, and track their implementation.

The Bank endeavors to follow the State Bank of Pakistan's guidelines on internal controls. The Bank is continuously making efforts to ensure that effective and efficient internal control systems remain active and implemented through consistent and continuous monitoring that would help in further improving the overall control environment. As part of this exercise, the Bank has documented a comprehensive Internal Control over Financial Reporting (ICFR) Governance Framework which has been approved by the BOD. The Bank's external auditors are engaged annually to provide a Long Form Report on ICFR as per the requirement of SBP. During the year, the Bank conducted testing of financial reporting controls for ensuring the effectiveness of ICFR throughout the year. None of the deficiencies identified are expected to have a material impact on financial reporting.

Based upon the results derived through ongoing testing of financial reporting & internal controls, reviews and audits carried out during the year by Management, Branch Banking Group, Internal Control Division of Operations Group, Compliance Group, Internal Control over Financial Reporting (ICFR) Unit, and Audit & Risk Review Group, management considers that the existing internal control system is adequate and has been effectively implemented and monitored. The Bank will continue to enhance and further strengthen its internal control systems, on an ongoing basis.

  
Suleman Pervez Acting Head - Audit & Risk Review  
Aslam Sadruddin Group Executive - Operations & Transformation  
Irfan Memon Group Executive - Compliance  
Abdul Aleem Qureshi Group Executive - Branch Banking  
Arif Akmal Saifie Chief Financial Officer  
Zia Ijaz Deputy CEO  
Muhammad Jawaid Iqbal President & CEO



# KHAYAL RAKHNA HAR TABQAY KA

## **We Care For Communities**

UBL's heart extends beyond banking, embracing "Khayal Rakhna" for all communities. From financial inclusion programs empowering individuals, to sustainable initiatives nurturing the environment, we leave a lasting impact. Dedicated volunteers join hands, building brighter futures through education, healthcare, and social support. With special focus on the youth of Pakistan, we have spearheaded and introduced unique propositions which promise financial inclusion and independence. Our sustainability agenda is comprehensive and reaches out to communities where we operate, enabling them towards a brighter tomorrow.

# FINANCIAL STATEMENTS 2023



## INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **United Bank Limited**, which comprise the unconsolidated statement of financial position as at **31 December 2023**, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except for thirty-eight branches which have been audited by us and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and gives the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2023 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p><b>1. Provision against Non-Performing advances</b></p> <p>The Bank's advances portfolio represents 11% of its total assets as of 31 December 2023. A substantial portion of the advances portfolio includes loans and advances to businesses operating in diverse sectors of the economy.</p> <p>As per the Bank's accounting policy (refer note 4.4 to the unconsolidated financial statements), the Bank determines provisions against non-performing advances exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision therefore involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviour and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the unconsolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against advances as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non-performing advances are included in note 4.4 and 9 respectively to the unconsolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> <li>- We reviewed the Bank's process for identification and classification of non-performing advances. As part of such review, we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be.</li> <li>- We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations;</li> </ul> <p>In addition, we selected a representative sample of borrowers from the advances portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower;</p> <ul style="list-style-type: none"> <li>- We also assessed adequacy of disclosures as included in note 9 to the unconsolidated financial statements regarding the non-performing advances and provisions made there-against in the unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Unconsolidated Statement of Financial Position

As at December 31, 2023

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
  - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
  - b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
  - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
  - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and loans and advances of the Bank.

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



**Chartered Accountants**

**Place:** Karachi

**Date:** 26 February 2024

**UDIN:** AR202310191xj1MdQfIN

Note      2023      2022  
----- (Rupees in '000) -----

## ASSETS

Cash and balances with treasury banks	5	277,330,217	143,004,094
Balances with other banks	6	30,700,751	15,692,567
Lendings to financial institutions	7	34,447,852	85,296,480
Investments	8	4,385,216,671	1,415,193,829
Advances	9	613,565,526	921,837,095
Fixed assets	10	73,584,672	70,816,984
Intangible assets	11	2,458,834	2,406,215
Deferred tax assets	12	-	18,874,768
Other assets	13	157,692,979	85,631,077
		5,574,997,502	2,758,753,109

## LIABILITIES

Bills payable	15	21,651,784	33,021,738
Borrowings	16	2,815,470,554	564,518,588
Deposits and other accounts	17	2,350,540,823	1,841,819,093
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	10,000,000	10,000,000
Deferred tax liabilities	12	1,921,889	-
Other liabilities	19	122,911,921	100,373,434
		5,322,496,971	2,549,732,853

## NET ASSETS

252,500,531      209,020,256

## REPRESENTED BY:

Share capital	20	12,241,797	12,241,797
Reserves		107,800,978	86,254,373
Surplus on revaluation of assets - net	21	41,965,460	19,085,934
Unappropriated profit		90,492,296	91,438,152
		<u>252,500,531</u>	<u>209,020,256</u>

## CONTINGENCIES AND COMMITMENTS

22

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated 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 Profit and Loss Account

For the year ended December 31, 2023

Note	2023	2022	
	----- (Rupees in '000) -----		
Mark-up / return / interest earned	24	521,374,426	250,678,678
Mark-up / return / interest expensed	25	378,490,304	147,469,357
<b>Net mark-up / interest income</b>		<u>142,884,122</u>	<u>103,209,321</u>
<b>Non mark-up / interest income</b>			
Fee and commission income	26	17,526,982	15,871,191
Dividend income		1,715,063	2,093,393
Foreign exchange income		12,498,424	8,414,415
Gain from derivatives		6,772	48,147
(Loss) / gain on securities - net	27	(9,974,997)	466,415
Other income	28	1,096,504	7,549,010
Total non mark-up / interest income		<u>22,868,748</u>	<u>34,442,571</u>
<b>Total income</b>		<u>165,752,870</u>	<u>137,651,892</u>
<b>Non mark-up / interest expenses</b>			
Operating expenses	29	64,305,675	52,284,342
Workers' Welfare Fund	30	2,131,149	1,339,336
Other charges	31	240,326	48,862
Total non mark-up / interest expenses		<u>66,677,150</u>	<u>53,672,540</u>
<b>Profit before provisions</b>		<u>99,075,720</u>	<u>83,979,352</u>
(Reversals) / provisions and write-offs - net	32	(9,042,354)	15,669,346
<b>Profit before taxation</b>		<u>108,118,074</u>	<u>68,310,006</u>
Taxation	33	54,937,661	36,247,351
<b>Profit after taxation</b>		<u>53,180,413</u>	<u>32,062,655</u>
		----- (Rupees) -----	
<b>Earnings per share - basic and diluted</b>	34	<u>43.44</u>	<u>26.19</u>

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated financial statements.



Arif Akmal Saifia  
Chief Financial Officer



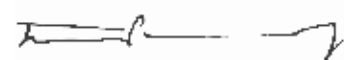
Muhammad Jawaid Iqbal  
President &  
Chief Executive Officer



Shazia Syed  
Director



Daniel Michael Howlett  
Director



Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman

## Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>Profit after taxation for the year</b>	53,180,413	32,062,655
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>		
Effect of translation of net investment in foreign branches	16,228,563	13,329,641
Movement in surplus / (deficit) on revaluation of investments - net of tax	24,433,532	(18,638,865)
	<u>40,662,095</u>	<u>(5,309,224)</u>
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>		
Remeasurement gain on defined benefit obligations - net of tax	1,046,605	966,660
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax	6,710	(98,181)
Movement in surplus on revaluation of non-banking assets - net of tax	-	15,214
	<u>1,053,315</u>	<u>883,693</u>
<b>Total comprehensive income for the year</b>	<u>94,895,823</u>	<u>27,637,124</u>

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated financial statements.



Arif Akmal Saifia  
Chief Financial Officer



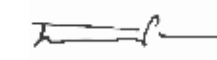
Muhammad Jawaid Iqbal  
President &  
Chief Executive Officer



Shazia Syed  
Director



Daniel Michael Howlett  
Director





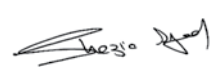


Sir Mohammed Anwar Pervez, OBE, HPk  
Chairman

## Unconsolidated Statement of Changes in Equity

For the year ended December 31, 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)								
<b>Balance as at January 01, 2022</b>	12,241,797	31,364,651	38,353,816	(2,041,000)	40,087,140	10,189	84,625,954	204,642,547
<b>Total comprehensive income for the year ended December 31, 2022</b>								
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	32,062,655	32,062,655
Other comprehensive income - net of tax	-	13,329,641	-	(18,638,865)	(98,181)	15,214	966,660	(4,425,531)
Total comprehensive income for the year ended December 31, 2022	-	13,329,641	-	(18,638,865)	(98,181)	15,214	33,029,315	27,637,124
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(136,146)	(25,403)	161,549	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(87,014)	-	87,014	-
Transfer to statutory reserve	-	-	3,206,265	-	-	-	(3,206,265)	-
<b>Transactions with owners, recorded directly in equity</b>								
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)
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
<b>Balance as at December 31, 2022</b>	12,241,797	44,694,292	41,560,081	(20,679,865)	39,765,799	-	91,438,152	209,020,256
<b>Total comprehensive income for the year ended December 31, 2023</b>								
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	53,180,413	53,180,413
Other comprehensive income - net of tax	-	16,228,563	-	24,433,532	6,710	-	1,046,605	41,715,410
Total comprehensive income for the year ended December 31, 2023	-	16,228,563	-	24,433,532	6,710	-	54,227,018	94,895,823
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(1,474,233)	-	1,474,233	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(86,483)	-	86,483	-
Transfer to statutory reserve	-	-	5,318,042	-	-	-	(5,318,042)	-
<b>Transactions with owners, recorded directly in equity</b>								
Final cash dividend - December 31, 2022 declared subsequent to the year end at Rs. 9.0 per share	-	-	-	-	-	-	(11,017,617)	(11,017,617)
Interim cash dividend - March 31, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Interim cash dividend - June 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
Interim cash dividend - September 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)
<b>Balance as at December 31, 2023</b>	12,241,797	60,922,855	46,878,123	3,753,667	38,211,793	-	90,492,296	252,500,531

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated financial statements.

				
Arif Akmal Saifia Chief Financial Officer	Muhammad Jawaid Iqbal President & Chief Executive Officer	Shazia Syed Director	Daniel Michael Howlett Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

## Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

Note	2023	2022
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	108,118,074	68,310,006
Less: Dividend income	(1,715,063)	(2,093,393)
	106,403,011	66,216,613
<b>Adjustments:</b>		
Depreciation on fixed assets	4,359,764	3,593,110
Depreciation on right-of-use assets	2,286,328	2,097,830
Depreciation on non-banking assets acquired in satisfaction of claims	3,012	34,827
Depreciation on Islamic financing against leased assets (Ijarah)	135,236	146,494
Amortisation	997,628	814,607
Workers' Welfare Fund - charge	2,131,149	1,339,336
Provision for retirement benefits	410,532	348,798
Provision for compensated absences	148,545	200,322
(Reversals) / provision against loans and advances - net	(4,898,710)	(2,940,041)
(Reversals) / provision against off balance sheet items - net	(29,304)	(35,513)
(Reversals) / provision for diminution in value of investments - net	(3,813,272)	19,061,905
Interest expense on lease liability against right-of-use assets	1,217,778	1,061,373
Gain on sale of operating fixed assets - net	(487,628)	(102,240)
Loss on disposal of non-banking assets - net	-	8,336
(Gain) / loss on sale of Ijarah assets - net	(2,068)	1,292
Gain on wind-up of subsidiary	-	(6,778,877)
Bad debts written-off directly	55,861	35,871
Unrealised gain on revaluation of investments classified as held for trading	79,074	661
(Reversals) / provision against other assets	(29,016)	11,273
Other provisions / write-offs	149,432	155,933
	2,714,341	19,055,297
	109,117,352	85,271,910
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	50,848,628	(33,595,404)
Held for trading securities	(51,489,494)	47,321,799
Advances	312,960,408	(272,926,526)
Other assets (excluding advance taxation)	(72,537,315)	(32,715,105)
	239,782,227	(291,915,236)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(11,369,954)	9,681,047
Borrowings	2,250,951,966	1,233,838
Deposits and other accounts	508,721,730	87,423,049
Other liabilities	20,245,334	29,465,720
	2,768,549,076	127,803,654
	3,117,448,655	(78,839,672)
Payments on account of staff retirement benefits	(714,773)	1,283,294
Workers' Welfare Fund paid	-	-
Income taxes paid	(44,920,857)	(33,041,636)
<b>Net cash flow (used in) / generated from operating activities</b>	3,071,813,025	(110,598,014)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(2,935,456,304)	44,520,829
Net investments in held to maturity securities	64,098,624	(63,223,064)
Net investments in associates	1,199,125	-
Net investments in subsidiaries	(1,000,000)	-
Investment in fixed assets and intangible assets	(8,867,107)	(6,204,603)
Dividend income received	1,715,063	2,093,393
Proceeds realised on wind-up of subsidiaries	-	7,627,709
Sale proceeds from disposal of non-banking assets	-	180,000
Sale proceeds from disposal of fixed and intangible assets	2,020,689	286,617
Sale proceeds from sale of Ijarah assets	20,842	34,272
Effect of translation of net investment in foreign branches	16,228,563	13,329,641
<b>Net cash flow used in investing activities</b>	(2,860,040,505)	(1,355,206)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(3,202,250)	(2,884,117)
Dividends paid	(59,235,963)	(17,766,341)
<b>Net cash flow used in financing activities</b>	(62,438,213)	(20,650,458)
<b>Increase in cash and cash equivalents</b>	149,334,307	(132,603,678)
Cash and cash equivalents at the beginning of the year	140,042,068	270,424,087
Effect of exchange rate changes on cash and cash equivalents	18,654,593	20,876,252
	158,696,661	291,300,339
	308,030,968	158,696,661

Cash and cash equivalents at the end of the year

The annexed notes 1 to 49 and annexures I, II and III form an integral part of these unconsolidated financial statements.

				
Arif Akmal Saifia Chief Financial Officer	Muhammad Jawaid Iqbal President & Chief Executive Officer	Shazia Syed Director	Daniel Michael Howlett Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman



# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 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 1,356 (2022: 1,335) branches inside Pakistan including 209 (2022: 150) Islamic Banking branches and 2 (2022: 2) branches in Export Processing Zones. The Bank also operates 8 (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), both of which have been 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 financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.

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 annexure II to these unconsolidated financial statements.

#### 2.1 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 (IAS) 39, Financial Instruments: Recognition and Measurement and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan till further instructions. Moreover, SBP vide its 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 S.R.O. 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 financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / applicable regulations are considered for recording, classification and valuation of investment.

# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 2023

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 - Consolidated Financial Statements 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.

These unconsolidated financial statements represent the separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiaries are presented separately.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 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 financial statements, except as disclosed below.

##### IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2024:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Lack of exchangeability - Amendments to IAS 21	January 01, 2025
IFRS 17 - Insurance Contracts	January 01, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2024

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 2.3.1 IFRS 9 Financial Instruments

As per SBP BPRD Circular No 7 of 2023, dated April 23, 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP had earlier issued BPRD Circular No 3 of 2022 dated July 05, 2022, where detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements. The SBP's IFRS 9 application instructions apply to both the standalone and consolidated financial statements of the Bank. However, the financial statements of overseas branches, subsidiaries and associates that are prepared for the purpose of consolidation at Bank level would be based on their respective host country's regulatory accounting practices till one year from the effective date of IFRS 9 implementation. Afterwards, banks are required to comply with the requirements of IFRS 9 and SBP's application instructions for consolidated financial statements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

- a) Basis for classification and measurement of debt and equity securities;
- b) Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;
- c) Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;
- d) In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;
- e) In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The State Bank of Pakistan vide its BPRD circular No. 2 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

### Impact on equity and regulatory capital on adoption of IFRS 9

During 2023, the Bank has performed an impact assessment after applying the SBP's IFRS 9 instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2024.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at 1 January 2024 would be a reduction in equity of approximately Rs. 2,638.686 million, with corresponding impacts as follows:

- a) A decrease of approximately Rs. 5,853.237 million net of tax related to impairment requirements;
- b) An increase of approximately Rs. 3,214.551 million net of tax related to classification and measurement changes.

In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply this transitional arrangement, may implement this in accordance with SBP's Guideline for absorption of ECL for CAR purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

These unconsolidated financial statements have been prepared in accordance with the applicable prudential regulations to the Bank's domestic operations, whereas the requirements of this standard have been incorporated for the overseas jurisdictions where IFRS 9 has already been adopted.

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

## 3. BASIS OF MEASUREMENT

### 3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain class of fixed assets and non-banking assets acquired in satisfaction of claims, which have been stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Certain derivative financial instruments, including forward exchange contracts have been stated at fair value.
- Net obligations in respect of defined benefit schemes are carried at their present values.
- Right of use assets and related lease liabilities are measured at present value.

### 3.2 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with 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.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification and valuation of investments (notes 4.3 and 8).
- ii) provision against non-performing advances (notes 4.4 and 9.4).
- iii) income taxes (notes 4.10 and 33).
- iv) defined benefit plans (notes 4.12 and 37).
- v) fair value of derivatives (note 4.17.2).
- vi) valuation and depreciation of fixed assets (notes 4.5 and 10).
- vii) valuation and amortisation of intangible assets (note 4.7 and 11).
- viii) valuation of right-of-use assets and their related lease liability (notes 4.6 and 10).
- ix) impairment (note 4.9).
- x) valuation of non-banking assets acquired in satisfaction of claims (note 4.8).

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.

## 4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these unconsolidated financial statements, that are consistent with those of the previous financial year, are as follows:

### 4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement consist of cash and balances with treasury banks and balances with other banks.

### 4.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of purchase under resale agreements (reverse repos), sale under repurchase agreements (repos) and other short term money market lendings to financial institutions at contracted rates for a specified period of time. Further, other long term lendings to financial institutions are classified in advances. These are recorded as under:

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 4.2.1 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the purchase price and the resale price is amortised over the period of the agreement and recorded as income.

Securities held as collateral are not recognised in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

### 4.2.2 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counterparty liability is included in borrowings from financial institutions. The differential between the sale price and the repurchase price is amortised over the period of the agreement and recorded as an expense.

### 4.2.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

## 4.3 Investments

Investments of the Bank, other than investments in subsidiaries and associates, are classified into following categories:

### Held for trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

### Held to maturity

These are securities with fixed or determinable payments and fixed maturities, in respect of which the Bank has the positive intent and ability to hold to maturity.

### Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the held for trading or held to maturity categories.

### 4.3.1 Initial measurement

All "regular way" purchases and sales of investments are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the investment. Regular way purchases or sales of investments require delivery within the time frame generally established by regulation or convention in the market place.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

### 4.3.2 Subsequent measurement

#### Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

### Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position as part of the equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

### 4.3.3 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are valued at cost less accumulated impairment losses, if any.

Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account.

## 4.4 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Provision against advances by the Bank's branches in Pakistan is determined on the basis of the Prudential Regulations and other directives issued by the SBP. Provision against advances by the Bank's overseas branches are made in accordance with the requirements of the financial reporting regime of the respective countries in which the overseas branches operate.

Advances are written off when there is no realistic prospect of recovery. The amount so written-off is a book entry and does not necessarily prejudice the Bank's right of recovery against the customer.

### 4.4.1 Finance lease receivables

Leases, where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances.

### 4.4.2 Islamic financings and related assets

Receivables under Murabaha financing represent cost price plus an agreed profit on deferred sale arrangement. Profit could be recognised on a straight line basis over the period of the instalments.

Ijarah financing represents arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration (rentals). Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are depreciated over the term of the lease. Ijarah income is recognised on an accrual basis.

Diminishing Musharakah is partnership agreement between the Bank and its customer for long term financing of assets. The receivable is recorded to the extent of Bank's share in the purchase of asset. Income is recognised on accrual basis.

Istisna is a sale contract where the Bank places an order to the manufacturer / builders to produce certain assets and the sale is completed upon the delivery of the assets to the ultimate buyer.

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on particular operations of the business.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 4.5 Fixed assets

Property and equipment, other than land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. The cost and the accumulated depreciation of property and equipment of overseas branches include exchange differences arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected useful lives at the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the asset is available for use. No depreciation is charged in the month of disposal.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains and losses on sale of fixed assets are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Major renewals and improvements that increase the useful life of an asset are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

### 4.6 Lease liability and Right-of-use asset

The bank enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

### 4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. Amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

Gains and losses on sale of intangible assets are included in the profit and loss account.

### 4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account. A decrease arising on revaluation of non-banking asset is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

All direct costs of acquiring title to asset are charged to the profit and loss account. Gains and losses on sale of non-banking assets are included in the profit and loss account, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to unappropriated profit.

### 4.9 Impairment

#### Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

#### Impairment of debt investments

Provisions for diminution in the value of debt securities are made as per the criteria prescribed by the Prudential Regulations issued by the SBP. Provision against debt investments by the Bank's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate.

#### Impairment of investments in subsidiaries and associates

The Bank considers that a decline in the recoverable value of the investment in a subsidiary or an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, upto the cost of the investment in the subsidiary or the associate, is credited to the profit and loss account.

### 4.10 Taxation

#### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Bank for local as well as overseas operations. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## Deferred

Deferred tax is recognised using the balance sheet method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Bank also recognizes deferred tax asset / liability on the deficit / surplus on revaluation of fixed assets / non-banking assets acquired in satisfaction of claims and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12, Income Taxes.

## 4.11 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision for off balance sheet obligations is recognised when intimated and reasonable certainty exists that the Bank will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

## 4.12 Staff retirement and other benefits

The Bank operates the following defined benefit plans for its employees:

- a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates:
  - an approved contributory provident fund (defined contribution plan); and
  - an approved gratuity scheme (defined benefit plan).
- b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates:
  - an approved non-contributory provident fund in lieu of the contributory provident fund; and
  - an approved funded pension scheme, introduced in 1975 (defined benefit plan).

In 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (b) above to move to option (a). This conversion option ceased on December 31, 2003.

The Bank also operates benevolent fund for all its eligible employees (defined benefit plan).

Annual contributions towards defined benefit plans are made on the basis of actuarial advice using the Projected Unit Credit Method.

For the defined contribution scheme, the Bank pays contributions to the fund on a periodic basis. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 4.12.1 Other benefits

### a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its eligible employees on the basis of actuarial advice under the Projected Unit Credit Method.

### b) Post-retirement medical benefits (defined benefit scheme)

The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made on the basis of actuarial advice under the Projected Unit Credit Method.

## 4.12.2 Remeasurement of defined benefit obligations

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Remeasurement gains and losses pertaining to long term compensated absences are recognised in the profit and loss account immediately.

## 4.13 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

## 4.14 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

## 4.15 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

### 4.15.1 Advances and investments

Mark-up / return / interest on performing advances and investments is recognised on a time proportionate basis over the term of the advances and investments that takes into account the effective yield of the asset. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity of the debt securities.

Interest or mark-up recoverable on non-performing advances and investments is recognised on a receipt basis.

### 4.15.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

### 4.15.3 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 4.15.4 Fee, brokerage and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under Other Liabilities.

### 4.16 Foreign currencies

#### 4.16.1 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

#### 4.16.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued in rupees at the forward foreign exchange rates applicable to their respective maturities.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

#### 4.16.3 Overseas operations

The assets and liabilities of foreign operations are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated at the average rates of exchange for the year.

#### 4.16.4 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in foreign branches which are taken to capital reserves (Exchange Translation Reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

#### 4.16.5 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

### 4.17 Financial instruments

#### 4.17.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

#### 4.17.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments during the year is taken to the profit and loss account.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 4.17.3 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

### 4.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

#### 4.18.1 Business segments

##### (a) Corporate / Commercial Banking

Includes project, trade and working capital finance, import and export, factoring, leasing, lending, deposits and guarantees. It also include services provided in connection with mergers and acquisitions and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

##### (b) Treasury

Includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending and borrowings and derivatives for hedging and market making.

##### (c) Branch Banking

Includes deposits, lending and banking services to private individuals and small businesses including credit cards, branchless banking and digital banking.

##### (d) Islamic Banking

This represents Islamic Banking branches and Islamic banking windows in the conventional branches of the Bank.

##### (e) International Branch Operations

This represents Bank's operations in overseas locations including one branch each in export processing zones in Karachi and Sialkot.

##### (f) Others

Others includes functions which cannot be classified in any of the above segments.

#### 4.18.2 Geographical segments

The Bank operates in following geographical regions:

- Pakistan
- Middle East
- Export Processing Zones in Karachi and Sialkot.

### 4.19 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the year in which these are approved, except appropriations required by law which are recorded in the period to which they pertain.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 4.20 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as on balance sheet financial assets and financial liabilities.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>5. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		27,876,931	27,392,567
Foreign currencies		13,042,939	8,051,809
		40,919,870	35,444,376
With State Bank of Pakistan in			
Local currency current accounts	5.1	88,035,634	55,264,401
Foreign currency current accounts	5.2	5,306,080	912,557
Foreign currency deposit accounts	5.3	9,473,621	204,472
		102,815,335	56,381,430
With other central banks in			
Foreign currency current accounts	5.4	50,093,433	44,342,604
Foreign currency deposit accounts	5.5	10,684,831	6,298,682
		60,778,264	50,641,286
With National Bank of Pakistan in			
Local currency current accounts		72,368,067	377,456
National Prize Bonds		448,681	159,546
		277,330,217	143,004,094

5.1 This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.3 This represents account maintained with the SBP to comply with the Special Cash Reserve Requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2023, it carries mark-up rate at 4.34% (2022: 3.14%) per annum.

5.4 These represent current accounts maintained with other central banks of the countries in which the Bank operates, to meet the minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

5.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 5.75% to 6.37% (2022: 1.10% to 4.88%) per annum.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>6. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In deposit accounts		7	7
Outside Pakistan			
In current accounts		23,665,786	10,035,719
In deposit accounts	6.1	7,034,958	5,656,841
		30,700,744	15,692,560
		30,700,751	15,692,567

6.1 These carry mark-up at rates ranging from 4.90% to 5.70% (2022: 3.90% to 4.15%) per annum.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Musharakah lending	7.2	12,500,000	-
Repurchase agreement lendings (Reverse Repo)	7.3 & 7.4	21,947,852	85,296,480
		34,447,852	85,296,480

### 7.1 Particulars of lendings to financial institutions

In local currency	34,447,852	85,296,480
In foreign currency	-	-
	34,447,852	85,296,480

7.2 These represent unsecured lendings carrying mark-up ranging from 22.05% to 22.50% (2022: Nil) per annum.

7.3 These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 22.05% to 22.95% (2022: 15.75% to 16.15%) per annum, and are due to mature in January 2024.

### 7.4 Securities held as collateral against repurchase agreement lendings (Reverse Repo)

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	-	-	-	52,832,980	-	52,832,980
Pakistan Investment Bonds	21,947,852	-	21,947,852	2,463,500	-	2,463,500
Government of Pakistan Sukuks	-	-	-	30,000,000	-	30,000,000
Total	21,947,852	-	21,947,852	85,296,480	-	85,296,480

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

8. INVESTMENTS	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>8.1 Investments by type</b>								
<b>Held for trading securities</b>								
Federal Government Securities	79,035,823	-	(79,074)	78,956,749	27,546,990	-	(661)	27,546,329
<b>Available for sale securities</b>								
Federal Government securities	3,805,610,848	(12,421,632)	6,419,943	3,799,609,159	931,516,657	(9,070,841)	(31,849,697)	890,596,119
Shares and units	14,530,823	(6,107,121)	3,678,469	12,102,171	16,917,333	(6,085,089)	286,995	11,119,239
Non-Government debt securities	2,413,036	(162,334)	-	2,250,702	4,438,764	(162,334)	-	4,276,430
Foreign securities	128,026,463	(23,993)	(2,738,281)	125,264,189	58,758,752	(3,716,728)	(4,717,762)	50,324,262
	3,950,581,170	(18,715,080)	7,360,131	3,939,226,221	1,011,631,506	(19,034,992)	(36,280,464)	956,316,050
<b>Held to maturity securities</b>								
Federal Government securities	308,215,895	(4,406,225)	-	303,809,670	366,081,117	(3,528,868)	-	362,552,249
Non-Government debt securities	22,764,643	(1,293,633)	-	21,471,010	18,878,916	(710,993)	-	18,167,923
Foreign securities	38,098,926	(541,128)	-	37,557,798	49,765,148	(3,548,218)	-	46,216,930
	369,079,464	(6,240,986)	-	362,838,478	434,725,181	(7,788,079)	-	426,937,102
<b>Associates</b>	1,297,485	(1,057,485)	-	240,000	1,439,125	-	-	1,439,125
<b>Subsidiaries</b>	3,955,223	-	-	3,955,223	2,955,223	-	-	2,955,223
<b>Total Investments</b>	4,403,949,165	(26,013,551)	7,281,057	4,385,216,671	1,478,298,025	(26,823,071)	(36,281,125)	1,415,193,829
(Rupees in '000)								
	2023				2022			
Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>8.2 Investments by segment</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	1,777,448,260	-	4,084,118	1,781,532,378	138,961,246	-	(349,779)	138,611,467
Pakistan Investment Bonds	1,904,352,770	-	(5,576,146)	1,898,776,624	1,022,426,763	-	(19,734,816)	1,002,691,947
Government of Pakistan Sukuks	448,138,446	(410,122)	7,532,654	455,260,978	112,875,055	(302,150)	(1,138,560)	111,434,345
Government of Pakistan Eurobonds	57,214,074	(16,417,735)	300,243	41,096,582	46,075,538	(12,297,559)	(10,627,203)	23,150,776
Islamic Naya Pakistan Certificates	5,709,016	-	5,709,016	5,709,016	4,806,162	-	-	4,806,162
	4,192,862,566	(16,827,857)	6,340,869	4,182,375,578	1,325,144,764	(12,599,709)	(31,850,358)	1,280,694,697
<b>Ordinary shares</b>								
Listed companies	13,243,966	(6,048,102)	3,570,071	10,765,935	15,334,557	(6,017,934)	233,489	9,550,112
Unlisted companies	779,023	(59,019)	-	720,004	791,144	(67,155)	-	723,989
	14,022,989	(6,107,121)	3,570,071	11,485,939	16,125,701	(6,085,089)	233,489	10,274,101
<b>Mutual Fund units</b>	-	-	-	-	258,179	-	(55,649)	202,530
<b>Real Estate Investment Trust units</b>	507,834	-	108,398	616,232	533,453	-	109,155	642,608
<b>Non-Government Debt Securities</b>								
Listed companies	2,310,437	-	-	2,310,437	4,193,021	-	-	4,193,021
Unlisted companies	22,867,242	(1,455,967)	-	21,411,275	19,124,659	(873,327)	-	18,251,332
	25,177,679	(1,455,967)	-	23,721,712	23,317,680	(873,327)	-	22,444,353
<b>Foreign Securities</b>								
Market Treasury Bills	83,605,493	-	55,839	83,661,332	12,443,105	-	314	12,443,419
Foreign bonds - sovereign	79,642,676	(564,103)	(2,666,386)	76,412,187	93,753,817	(7,262,363)	(4,598,334)	81,893,120
Foreign bonds - others	2,876,608	(1,018)	(127,734)	2,747,856	2,326,486	(2,583)	(119,742)	2,204,161
CDC SAARC Fund	612	-	-	612	492	-	-	492
	166,125,389	(565,121)	(2,738,281)	162,821,987	108,523,900	(7,264,946)	(4,717,762)	96,541,192
<b>Associates</b>								
UBL Financial Sector Fund	-	-	-	-	366,640	-	-	366,640
UBL Insurers Limited	240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Microfinance Bank Limited	1,057,485	(1,057,485)	-	-	832,485	-	-	832,485
	1,297,485	(1,057,485)	-	240,000	1,439,125	-	-	1,439,125
<b>Subsidiaries</b>								
United National Bank Limited (UBL UK)	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL Currency Exchange (Private) Limited	1,000,000	-	-	1,000,000	-	-	-	-
UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
	3,955,223	-	-	3,955,223	2,955,223	-	-	2,955,223
<b>Total Investments</b>	4,403,949,165	(26,013,551)	7,281,057	4,385,216,671	1,478,298,025	(26,823,071)	(36,281,125)	1,415,193,829

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

8.2.1 Investments given as collateral	2023		2022	
	(Rupees in '000)			
<b>Federal Government securities</b>				
Market Treasury Bills	1,739,647,706	-	-	-
Pakistan Investment Bonds	962,704,865	425,026,286	-	-
Government of Pakistan Sukuks	-	20,000,000	-	-
<b>Foreign securities</b>				
Foreign bonds - sovereign	-	9,199,941	-	-
	2,702,352,571	454,226,227	-	-

8.2.1.1 The market value of securities given as collateral is Rs. 2,716,080 million (2022: Rs. 442,733 million).

8.3 Provision for diminution in value of investments	2023		2022	
	(Rupees in '000)			
Opening balance	26,823,071	8,146,230	-	-
Exchange adjustments	3,003,752	1,195,906	-	-
Charge / (reversals)				
Charge for the year	7,793,597	19,357,588	-	-
Reversals for the year	(1,266,052)	(207,747)	-	-
Reversal on disposals	(10,340,817)	(87,936)	-	-
	(3,813,272)	19,061,905	-	-
Amounts written off	-	(1,580,970)	-	-
Closing balance	26,013,551	26,823,071	-	-

8.3.1 Reversal of provision for diminution in value of investments on disposals	2023		2022	
	(Rupees in '000)			
Shares and units	(824,540)	(87,936)	-	-
Foreign Bonds - Sovereign	(9,516,277)	-	-	-
	(10,340,817)	(87,936)	-	-

8.3.2 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs. 18,207.562 million (2022: Rs. 20,452.059 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.

8.3.3 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non-performing investments	Provision	Non-performing investments	Provision
(Rupees in '000)				
<b>Domestic</b>				
Loss	641,383	641,383	285,923	285,923
<b>Overseas</b>				
Defaulted exposure	-	-	9,117,129	6,145,880
<b>Total</b>	641,383	641,383	9,403,052	6,431,803

8.3.4 Provision against investments also include impairment on equity instrument of Rs. 6,107.121 million (2022: Rs. 6,085.089 million)

8.4 This represents investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Certificate Company Limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 8.5 Quality of Available for Sale Securities

Details regarding quality of Gross Available for Sale securities are as follows:

#### 8.5.1 Federal Government Securities - Government guaranteed

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

Cost (Rupees in '000)	
1,759,484,348	111,414,256
1,564,416,221	679,569,659
435,136,727	102,872,728
5,709,016	4,806,162
40,864,536	32,853,852
<u>3,805,610,848</u>	<u>931,516,657</u>

#### 8.5.2 Shares and Units

##### Shares

##### Listed Companies

Cement  
Chemical  
Commercial Banks  
Engineering  
Fertilizer  
Oil & Gas Exploration Companies  
Oil & Gas Marketing Companies  
Power Generation & Distribution  
Technology & Communication  
Textile Composite  
Textile Spinning  
Miscellaneous

2023	2022
Cost (Rupees in '000)	
1,158,240	1,221,443
559,228	559,228
518,765	2,071,939
311,831	315,872
4,305,054	4,754,000
2,007,252	1,354,148
569,150	569,150
2,382,851	2,689,291
75,820	322,794
812,848	766,044
395,927	395,927
147,000	314,721
<u>13,243,966</u>	<u>15,334,557</u>

##### Unlisted Companies

Cinepax Limited  
First Women Bank Limited  
Mastercard International  
National Institutional Facilitation  
Technologies (Pvt.) Limited (NIFT)  
National Investment Trust Limited (NIT)  
Pakistan Agricultural Storage & Services  
Corporation (PASSCO)  
Pakistan Mortgage Refinance Company Limited  
Pakistan Corporate Restructuring Company Limited  
SWIFT (Belgium)  
SME Bank Limited  
Techlogix International Limited  
The Benefit Company BSC  
VIS Credit Information Services  
1Link (Private) Limited

2023		2022	
Cost	Breakup value	Cost	Breakup value
(Rupees in '000)			
60,122	105,437	60,122	136,159
21,100	71,151	21,100	60,514
0.003	969	0.003	779
-	-	-	-
1,527	52,914	1,527	44,622
100	700,276	100	910,231
-	-	-	-
5,500	3,551,928	5,500	3,551,928
500,000	1,105,433	500,000	915,540
63,633	38,304	63,633	50,479
2,091	33,186	2,091	23,880
26,950	-	26,950	-
37,406	30,787	50,703	23,880
5,982	175,500	4,806	133,289
325	204	325	173
54,287	733,213	54,287	428,290
<u>779,023</u>	<u>6,599,302</u>	<u>791,144</u>	<u>6,279,764</u>

##### Units

Mutual Fund units  
Real Estate Investment Trust units

2023	2022
Cost (Rupees in '000)	
-	258,179
<u>507,834</u>	<u>533,453</u>

#### 8.5.3 Non Government Debt Securities

##### Listed

- AA+,AA, AA-  
- A+, A, A-  
- Unrated

300,000	1,570,000
1,094,987	1,045,000
-	-
<u>1,394,987</u>	<u>2,615,000</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

##### Unlisted

- AA+,AA, AA-  
- A+, A, A-  
- Unrated

2023	2022
Cost (Rupees in '000)	
720,000	1,140,000
135,714	521,429
162,335	162,335
<u>1,018,049</u>	<u>1,823,764</u>

#### 8.5.4 Foreign Securities

##### Government Securities

United States of America  
Qatar  
United Arab Emirates  
Bahrain  
Jordan  
South Africa  
Egypt  
Kenya  
Oman  
Nigeria  
Turkey  
Srilanka

2023		2022	
Cost	Rating	Cost	Rating
(Rupees in '000)			
12,560,460	AA+	-	-
8,991,022	AA-	7,298,165	AA-
95,165,211	AA-	18,529,501	AA
4,788,810	B+	7,847,301	B
3,051,057	BB-	2,469,583	B+
2,087,983	BB-	1,682,375	BB-
135	B-	5,089,176	B
-	-	2,775,375	B
-	-	2,955,778	BB-
-	-	1,492,871	B-
-	-	2,825,351	B-
-	-	4,675,457	D
<u>126,644,678</u>		<u>57,640,933</u>	

##### Non Government Debt Securities

##### Listed

- AA  
- BBB+, BBB, BBB-  
- B

2023	2022
Cost (Rupees in '000)	
-	-
1,381,785	1,117,819
-	-
<u>1,381,785</u>	<u>1,117,819</u>

#### 8.6 Particulars relating to Gross Held to Maturity securities are as follows:

##### 8.6.1 Federal Government Securities - Government guaranteed

Pakistan Investment Bonds  
Government of Pakistan Sukuks  
Government of Pakistan Eurobonds

278,864,638	342,857,104
13,001,719	10,002,327
16,349,538	13,221,686
<u>308,215,895</u>	<u>366,081,117</u>

##### 8.6.2 Non Government Debt Securities

##### Listed

- AA+,AA, AA-  
- A+  
- Unrated

174,825	774,896
740,625	803,125
-	-
<u>915,450</u>	<u>1,578,021</u>

##### Unlisted

- AAA  
- AA+,AA, AA-  
- A+, A  
- BB-,B, B-  
- CCC+  
- Unrated

12,740,248	9,216,920
249,450	249,550
641,379	150,000
360,000	360,000
2,739,066	2,200,838
5,119,050	5,123,587
<u>21,849,193</u>	<u>17,300,895</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 8.6.3 Foreign Securities

Government Securities	2023		2022	
	Cost	Rating	Cost	Rating
----- (Rupees in '000) -----				
Qatar	23,575,387	AA-	12,690,997	AA-
Portugal	1,242,266	A-	1,001,469	BBB
Jordan	3,138,053	BB-	6,370,103	B+
Bahrain	2,044,183	B+	4,721,684	B
Egypt	3,343,746	B-	4,528,908	B
South Africa	2,087,983	BB-	1,682,433	BB-
Yemen	1,171,873	unrated	956,116	unrated
Oman	-	-	4,330,271	BB-
Kenya	-	-	3,732,975	B
Turkey	-	-	2,988,596	B-
Nigeria	-	-	1,110,765	B-
Sri Lanka	-	-	4,441,672	D
	<u>36,603,491</u>		<u>48,555,989</u>	

Non Government Debt Securities	2023		2022	
	Cost			
----- (Rupees in '000) -----				
<b>Listed</b>				
- BBB+, BBB, BBB-	1,494,823	90,573		
- B	-	-		
	<u>1,494,823</u>	<u>90,573</u>		
<b>Unlisted</b>				
- BBB-	-	1,118,094		
		<u>1,118,094</u>		
<b>Others</b>				
CDC SAARC Fund	612	492		
	<u>612</u>	<u>492</u>		

8.6.4 The market value of securities classified as held-to-maturity as at December 31, 2023, amounted to Rs. 337,640.922 million (2022: Rs. 394,810.915 million).

8.7 Investments include net securities amounting to Rs. 1,282,409 million (2022: Rs. 874,741 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.8 Investments include Rs. 118 million (2022: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2022: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

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

Note	Country of Incorporation	Holding %	2023		Revenue	Profit / (loss) after tax
			Assets	Liabilities		
----- (Rupees in '000) -----						
<b>Associates</b>						
	Pakistan	0.00%	-	-	-	-
	Pakistan	30.00%	10,658,604	8,372,388	1,993,150	453,995
8.9.1	Pakistan	27.82%	115,121,536	111,405,418	6,358,050	(5,957,226)
<b>Subsidiaries</b>						
	United Kingdom	55.00%	328,789,627	295,742,667	5,216,154	2,923,509
	Pakistan	98.87%	5,178,104	2,112,043	2,643,422	908,591
	Pakistan	100.00%	1,008,134	21,260	-	(13,142)
2022						
Note	Country of Incorporation	Holding %	2022		Revenue	Profit / (loss) after tax
			Assets	Liabilities		
----- (Rupees in '000) -----						
<b>Associates</b>						
	Pakistan	36.07%	854,318	16,594	(112,091)	(168,292)
	Pakistan	30.00%	7,715,405	5,764,578	1,839,604	228,214
	Pakistan	29.69%	132,153,820	123,942,929	9,588,980	(3,000,005)
<b>Subsidiaries</b>						
	United Kingdom	55.00%	218,596,550	198,268,523	6,231,454	1,271,485
	Pakistan	98.87%	4,415,064	2,273,602	1,192,000	449,412

8.9.1 This represents the Bank's subscription towards the paid-up capital of Khushhali Microfinance Bank Limited. The Bank has fully impaired these shares.

8.10 The Board of Directors of the Bank in their meeting held on 11 September 2023 have approved an "Indicative Offer" received from Bestway Group to acquire entire shareholding of the Bank in UBL UK. The approval of the Board of Directors is subject to the approval/clearance by the SBP and all other regulatory compliances required in this regard in both Pakistan and UK. The Bank is currently in the process of completing the regulatory and legal requirements to implement the transaction.

8.11 This represents the Bank's subscription towards the paid-up capital of UBL Currency Exchange (Private) Limited, a wholly owned subsidiary. The subsidiary was incorporated on 8 November 2023. It has received NOC from SBP and is under preparation for applying license as an exchange company to undertake the business of currency exchange and associated services permitted under the Foreign Exchange Regulation Act 1947.

9. ADVANCES	Note	Performing		Non-performing		Total	
		2023	2022	2023	2022	2023	2022
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.	9.1	553,317,263	771,367,966	102,335,545	90,270,610	655,652,808	861,638,576
Islamic financings and related assets	9.8	47,191,822	102,281,886	222,205	159,579	47,414,027	102,441,465
Bills discounted and purchased		11,018,066	46,778,723	2,982,770	2,908,653	14,000,836	49,687,376
<b>Advances - gross</b>		<u>611,527,151</u>	<u>920,428,575</u>	<u>105,540,520</u>	<u>93,338,842</u>	<u>717,067,671</u>	<u>1,013,767,417</u>
Provision against advances	9.4						
- Specific		-	-	(92,332,287)	(81,783,522)	(92,332,287)	(81,783,522)
- General		(11,169,858)	(10,146,800)	-	-	(11,169,858)	(10,146,800)
		<u>(11,169,858)</u>	<u>(10,146,800)</u>	<u>(92,332,287)</u>	<u>(81,783,522)</u>	<u>(103,502,145)</u>	<u>(91,930,322)</u>
<b>Advances - net of provision</b>		<u>600,357,293</u>	<u>910,281,775</u>	<u>13,208,233</u>	<u>11,555,320</u>	<u>613,565,526</u>	<u>921,837,095</u>

9.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
----- (Rupees in '000) -----								
Minimum lease payments	5,978	170,679	-	176,657	9,775	224,749	8,112	242,636
Financial charges for future periods	(1,411)	(9,810)	-	(11,221)	(696)	(17,923)	(2,748)	(21,367)
<b>Present value of minimum lease payments</b>	<u>4,567</u>	<u>160,869</u>	<u>-</u>	<u>165,436</u>	<u>9,079</u>	<u>206,826</u>	<u>5,364</u>	<u>221,269</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

9.2 Particulars of advances (Gross)	2023		2022	
	----- (Rupees in '000) -----			
In local currency	465,031,632		765,445,158	
In foreign currencies	252,036,039		248,322,259	
	<u>717,067,671</u>		<u>1,013,767,417</u>	

9.3 Advances include Rs. 105,540.520 million (2022: Rs. 93,338.842 million) which have been placed under non-performing status as detailed below:

Category of Classification	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other Assets Especially Mentioned *	105,024	3,660	135,948	1,948
Substandard	2,963,970	729,208	2,307,269	569,848
Doubtful	197,690	91,464	732,137	365,716
Loss	21,198,758	20,225,801	23,018,816	22,067,588
	<u>24,465,442</u>	<u>21,050,133</u>	<u>26,194,170</u>	<u>23,005,100</u>
<b>Overseas</b>				
Not past due but impaired **	1,439,842	331,800	5,192,817	1,806,054
Overdue by:				
Upto 90 days	83,720	-	1,194,694	403,030
91 to 180 days	237,549	-	82,114	31,978
181 to 365 days	4,449,553	1,685,624	1,511,494	1,511,494
> 365 days	74,864,414	69,264,730	59,163,553	55,025,866
	<u>81,075,078</u>	<u>71,282,154</u>	<u>67,144,672</u>	<u>58,778,422</u>
Total	<u>105,540,520</u>	<u>92,332,287</u>	<u>93,338,842</u>	<u>81,783,522</u>

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

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

### 9.4 Particulars of provision against advances

Note	2023			2022		
	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	14,650,438	2,289,735	16,940,173	14,624,765	1,386,654	16,011,419
Charge for the year	894,440	100,364	994,804	2,460,068	366,812	2,826,880
Reversals for the year	(4,526,473)	(1,367,041)	(5,893,514)	(3,677,644)	(2,089,277)	(5,766,921)
Net reversal against advances	32 (3,632,033)	(1,266,677)	(4,898,710)	(1,217,576)	(1,722,465)	(2,940,041)
Amounts charged off -						
agriculture financing	9.5 (153,498)	-	(153,498)	(66,894)	-	(66,894)
Amounts written off	9.6 (316,142)	-	(316,142)	(3,171,280)	-	(3,171,280)
Transfers (out) / in - net	-	-	-	(3,089,350)	3,089,350	-
Closing balance	<u>92,332,287</u>	<u>11,169,858</u>	<u>103,502,145</u>	<u>81,783,522</u>	<u>10,146,800</u>	<u>91,930,322</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 9.4.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	20,103,817	449,481	20,553,298	22,248,009	769,159	23,017,168
In foreign currencies	72,228,470	10,720,377	82,948,847	59,535,513	9,377,641	68,913,154
	<u>92,332,287</u>	<u>11,169,858</u>	<u>103,502,145</u>	<u>81,783,522</u>	<u>10,146,800</u>	<u>91,930,322</u>

9.4.2 General provision represents provision amounting to Rs. 449.481 million (2022: Rs. 469.159 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 10,720.377 million (2022: Rs. 9,337.641 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, bank has created a general charge on agriculture finance portfolio of Rs Nil (2022: Rs. 300.000 million).

9.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 44.193 million (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. 6,114.438 million (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.

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

### 9.6 Particulars of write-offs

Note	2023	2022
----- (Rupees in '000) -----		
9.4	316,142	3,171,280
32	55,861	35,871
	<u>372,003</u>	<u>3,207,151</u>
9.7	220,828	57,121
	113,117	3,116,334
	<u>333,945</u>	<u>3,173,455</u>
	38,058	33,696
	<u>372,003</u>	<u>3,207,151</u>

### 9.7 Details of loan write-offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2023, is given in annexure I to the unconsolidated financial statements (except in case of overseas branches which is restricted by overseas regulatory authorities).

9.8 Information related to Islamic financing and related assets is given in annexure II and is an integral part of these unconsolidated financial statements.

Note	2023	2022
----- (Rupees in '000) -----		
<b>10. FIXED ASSETS</b>		
Capital work-in-progress	10.1 1,322,980	1,042,334
Property and equipment	10.2 72,261,692	69,774,650
	<u>73,584,672</u>	<u>70,816,984</u>
<b>10.1 Capital work-in-progress</b>		
Civil works	734,319	844,654
Equipment	588,661	197,680
	<u>1,322,980</u>	<u>1,042,334</u>

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 10.2 Property and Equipment

	2023									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
(Rupees in '000)										
<b>At January 01, 2023</b>										
Cost / Revalued amount	9,543,663	32,058,110	3,369,459	7,525,987	7,143,430	2,544,283	21,073,572	724,541	12,469,707	96,452,752
Accumulated depreciation	-	-	(122,233)	(308,273)	(4,506,361)	(1,728,023)	(15,072,812)	(278,244)	(4,662,156)	(26,678,102)
Net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
<b>Year ended December 31, 2023</b>										
Opening net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
Additions	-	-	140,046	451,294	1,250,782	377,735	5,074,103	264,795	3,297,097	10,855,852
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	(1,444,780)	-	(61,126)	(1,454)	(735)	(4,620)	(17,016)	(352,167)	(1,881,898)
Depreciation charge	-	-	(132,737)	(305,024)	(805,527)	(244,623)	(2,748,097)	(123,756)	(2,286,328)	(6,646,092)
Exchange rate adjustments	-	113	-	2,420	52,460	5,011	68,300	-	30,876	159,180
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	9,543,663	30,613,443	3,254,535	7,305,278	3,133,330	953,648	8,390,446	570,320	8,497,029	72,261,692
<b>At December 31, 2023</b>										
Cost / Revalued amount	9,543,663	30,613,443	3,509,505	7,924,682	8,506,897	2,908,480	25,592,795	869,643	14,016,608	103,485,716
Accumulated depreciation	-	-	(254,970)	(619,404)	(5,373,567)	(1,954,832)	(17,202,349)	(299,323)	(5,519,579)	(31,224,024)
Net book value	9,543,663	30,613,443	3,254,535	7,305,278	3,133,330	953,648	8,390,446	570,320	8,497,029	72,261,692
Rate of depreciation (%)	-	-	2.5-5	2.5-5	12.5	12.5-25	5 - 33.33	20	As per lease term	

	2022									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
(Rupees in '000)										
<b>At January 01, 2022</b>										
Cost / Revalued amount	9,543,663	32,091,510	3,369,459	7,562,721	6,167,104	2,275,782	17,195,351	374,844	10,846,625	89,427,059
Accumulated depreciation	-	-	-	(11,641)	(3,673,899)	(1,491,180)	(13,015,474)	(221,893)	(3,769,965)	(22,184,052)
Net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
<b>Year ended December 31, 2022</b>										
Opening net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
Additions	-	101,460	-	-	874,068	274,612	3,865,125	368,202	3,031,755	8,515,222
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	(134,860)	-	(42,167)	-	(481)	(4,078)	(2,791)	(213,125)	(397,502)
Depreciation charge	-	-	(122,233)	(294,223)	(767,664)	(244,679)	(2,094,041)	(70,270)	(2,097,830)	(5,690,940)
Exchange rate adjustments	-	-	-	3,024	47,915	2,206	43,422	(1,795)	10,091	104,863
Other adjustments / transfers	-	-	-	-	(10,455)	-	10,455	-	-	-
Closing net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
<b>At December 31, 2022</b>										
Cost / Revalued amount	9,543,663	32,058,110	3,369,459	7,525,987	7,143,430	2,544,283	21,073,572	724,541	12,469,707	96,452,752
Accumulated depreciation	-	-	(122,233)	(308,273)	(4,506,361)	(1,728,023)	(15,072,812)	(278,244)	(4,662,156)	(26,678,102)
Net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
Rate of depreciation (%)	-	-	2.5-5	2.5-5	12.5	12.5-25	5 - 33.33	20	As per lease term	

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 10.3 Revaluation of properties

The properties of the Bank has been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Engineering Pakistan International (Private) Limited, M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 16,411.878 million. The total surplus against revaluation of fixed assets as at December 31, 2023, amounts to Rs. 39,821.956 million.

Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

	2023	2022
(Rupees in '000)		
Freehold land	782,581	782,581
Leasehold land	3,354,196	3,363,192
Buildings on freehold land	1,843,263	1,907,093
Buildings on leasehold land	4,256,262	4,433,982
	<u>10,236,302</u>	<u>10,486,848</u>
	<u>127,026</u>	<u>127,026</u>

## 10.4 Carrying amount of temporarily idle property of the Bank

## 10.5 The cost of fully depreciated assets that are still in Bank's use is as follows:

Furniture and fixtures	770,828	729,632
Electrical, office and computer equipment	9,658,438	8,960,303
Vehicles	65,384	110,524
Leasehold improvements	2,021,575	1,779,919
	<u>12,516,225</u>	<u>11,580,378</u>

## 10.6 Details of disposal of operating fixed assets to related parties

The information relating to operating fixed assets disposed off during the year to related parties is given in annexure III and is an integral part of these unconsolidated financial statements.

	Note	2023	2022
(Rupees in '000)			
<b>11. INTANGIBLE ASSETS</b>			
Capital work-in-progress - Computer software		173,916	384,706
Intangible assets	11.1	2,284,918	2,021,509
		<u>2,458,834</u>	<u>2,406,215</u>
<b>11.1 Intangible assets</b>			
<b>Computer Software</b>			
<b>At January 1,</b>			
Cost		8,639,910	7,131,567
Accumulated amortisation		(6,618,401)	(5,505,053)
Net book value		<u>2,021,509</u>	<u>1,626,514</u>
<b>Year ended December 31,</b>			
Opening net book value		2,021,509	1,626,514
Additions - directly purchased		1,238,496	1,193,493
Disposals		(3,330)	(4,342)
Amortisation charge		(997,628)	(814,607)
Exchange rate adjustments		25,871	20,451
Other adjustments		-	-
Closing net book value		<u>2,284,918</u>	<u>2,021,509</u>
<b>At December 31,</b>			
Cost		10,055,184	8,639,910
Accumulated amortisation		(7,770,266)	(6,618,401)
Net book value		<u>2,284,918</u>	<u>2,021,509</u>
Rate of amortisation (%)		<u>10 - 25</u>	<u>10 - 25</u>
Useful life (in years)		<u>4 - 10</u>	<u>4 - 10</u>

## 11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 4,410.885 million (2022: Rs. 3,711.286 million).

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 12. DEFERRED TAX (LIABILITIES) / ASSETS

	2023			
	At January 01, 2023	Recognised in profit and loss account	Recognised in OCI	At December 31, 2023
----- (Rupees in '000) -----				
<b>Deductible temporary differences on</b>				
- Provision against advances and off balance sheet obligations	2,628,666	(1,949,315)	-	679,351
- Surplus on revaluation of investments	15,600,599	-	(19,207,063)	(3,606,464)
- Post retirement employee benefits	58,193	105,934	(1,005,560)	(841,433)
- Workers' Welfare Fund	3,036,553	1,369,969	-	4,406,522
- Others	(68,995)	97,999	(93,975)	(64,971)
	<u>21,255,016</u>	<u>(375,413)</u>	<u>(20,306,598)</u>	<u>573,005</u>
<b>Taxable temporary differences on:</b>				
- Surplus on revaluation of fixed assets / non-banking assets	(1,715,201)	79,667	25,370	(1,610,164)
- Accelerated tax depreciation	(665,047)	(219,683)	-	(884,730)
	<u>(2,380,248)</u>	<u>(140,016)</u>	<u>25,370</u>	<u>(2,494,894)</u>
	<u>18,874,768</u>	<u>(515,429)</u>	<u>(20,281,228)</u>	<u>(1,921,889)</u>
----- (Rupees in '000) -----				
----- (Rupees in '000) -----				
----- (Rupees in '000) -----				
	2022			
	At January 01, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
----- (Rupees in '000) -----				
<b>Deductible temporary differences on:</b>				
- Provision against advances and off balance sheet obligations	5,172,302	(2,543,636)	-	2,628,666
- Surplus on revaluation of investments	1,304,902	-	14,295,697	15,600,599
- Post retirement employee benefits	716,805	70,623	(729,235)	58,193
- Workers' Welfare Fund	2,231,742	804,811	-	3,036,553
- Others	36,404	-	(105,399)	(68,995)
	<u>9,462,155</u>	<u>(1,668,202)</u>	<u>13,461,063</u>	<u>21,255,016</u>
<b>Taxable Temporary Differences on:</b>				
- Surplus on revaluation of fixed assets / non-banking assets	(1,683,947)	63,761	(95,015)	(1,715,201)
- Accelerated tax depreciation	(573,933)	(91,114)	-	(665,047)
	<u>(2,257,880)</u>	<u>(27,353)</u>	<u>(95,015)</u>	<u>(2,380,248)</u>
	<u>7,204,275</u>	<u>(1,695,555)</u>	<u>13,366,048</u>	<u>18,874,768</u>

### 13. OTHER ASSETS

	Note	2023		2022	
		----- (Rupees in '000) -----			
Income / mark-up accrued in local currency		121,606,612	48,134,777		
Income / mark-up accrued in foreign currencies	13.1	3,056,696	3,463,398		
Advance taxation - net of provision for taxation	19.1	-	2,514,314		
Receivable from staff retirement fund	37.4.1	4,593,952	2,517,968		
Receivable from other banks against telegraphic transfers and demand drafts		38,339	2,960,752		
Unrealised gain on forward foreign exchange contracts		4,234,338	2,831,134		
Rebate receivable - net		1,868,330	2,030,996		
Unrealised gain on derivative financial instruments	23.1	32,379	22,900		
Suspense accounts		22,467	254,279		
Stationery and stamps on hand		593,636	418,454		
Non-banking assets acquired in satisfaction of claims	13.2	42,075	40,800		
Advances, deposits, advance rent and other prepayments		2,045,543	2,144,988		
Acceptances	19	17,584,022	16,502,130		
Commission receivable - Bancassurance & Branchless Banking		688,884	769,437		
Receivable against fraud & forgery and looted notes		475,390	632,418		
Others		1,961,201	1,637,304		
		<u>158,843,864</u>	<u>86,876,049</u>		
Less: Provision held against other assets	13.3	(1,150,885)	(1,244,972)		
Other assets - net of provisions		<u>157,692,979</u>	<u>85,631,077</u>		
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	-	-		
		<u>157,692,979</u>	<u>85,631,077</u>		

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

13.1 Unrealised mark-up held in suspense amounting to Rs. 39,977.644 million (2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

	2023		2022	
	----- (Rupees in '000) -----			
<b>13.2 Market value of Non-banking assets acquired in satisfaction of claims</b>	<u>42,075</u>	<u>40,800</u>		

13.2.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2023. The revaluation was carried out by M/s. F.K.S Building Services on the basis of an assessment of present market values and resulted in a net reversal of deficit of Rs. 4.287 million.

	Note	2023		2022	
		----- (Rupees in '000) -----			
<b>13.2.2 Non-banking assets acquired in satisfaction of claims</b>					
Opening balance		40,800	213,344		
Additions		-	-		
Revaluation during the year		-	-		
Impairment reversal		4,287			
Disposals	13.2.3	-	(188,336)		
Depreciation	29	(3,012)	(34,827)		
Other adjustments		-	50,619		
Closing balance		<u>42,075</u>	<u>40,800</u>		

### 13.2.3 Loss on disposal of Non-banking assets acquired in satisfaction of claims

Disposal proceeds		-	180,000
Less:			
- Cost less accumulated depreciation		-	155,750
- Surplus		-	32,586
	13.2.2	-	188,336
Loss		<u>-</u>	<u>(8,336)</u>

### 13.3 Provision held against other assets

Advances and other receivables		54,108	54,834
Receivable against fraud & forgery and looted notes		475,390	632,418
Others		621,387	557,720
		<u>1,150,885</u>	<u>1,244,972</u>

### 13.3.1 Movement in provision held against other assets

Opening balance		1,244,972	1,163,055
Exchange adjustments		83,333	74,408
Charge / (reversals)			
Charge for the year		97,737	165,347
Reversals for the year		(126,753)	(154,074)
	32	(29,016)	11,273
Transfers out - net		-	(348)
Amounts written off		(148,404)	(3,416)
Closing balance		<u>1,150,885</u>	<u>1,244,972</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 14. CONTINGENT ASSETS

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

### 15. BILLS PAYABLE

In Pakistan  
Outside Pakistan

Note	2023 ----- (Rupees in '000) -----	2022
	19,850,218	27,021,475
	1,801,566	6,000,263
	<u>21,651,784</u>	<u>33,021,738</u>

### 16. BORROWINGS

#### Secured

#### Borrowings from the SBP under:

Export refinance scheme	16.2	37,076,201	41,707,841
Refinance facility for modernization of SME	16.3	1,353,958	543,586
Long term financing facility	16.4	13,991,026	17,390,998
Refinance scheme for payment of wages and salaries	16.5	-	427,410
Renewable energy scheme	16.6	873,755	767,091
Temporary economic refinance facility	16.7	16,886,679	17,072,471
Refinance facility for combating COVID-19	16.8	332,674	431,902
Refinance for women entrepreneurs	16.9	61,200	26,624
Financing facility for storage of agriculture products	16.10	34,375	48,125
Repurchase agreement borrowings	16.11	2,717,697,641	419,211,752
Mudarbaha base open market operations (OMO)	16.12	-	19,436,837
		<u>2,788,307,509</u>	<u>517,064,637</u>
Repurchase agreement borrowings	16.13	15,966,300	6,792,865
		<u>2,804,273,809</u>	<u>523,857,502</u>

#### Unsecured

Call borrowings	16.14	10,603,000	39,830,000
Overdrawn nostro accounts		593,745	831,086
		<u>11,196,745</u>	<u>40,661,086</u>
		<u>2,815,470,554</u>	<u>564,518,588</u>

### 16.1 Particulars of borrowings with respect to currencies

In local currency	2,814,876,809	556,894,637
In foreign currencies	593,745	7,623,951
	<u>2,815,470,554</u>	<u>564,518,588</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

**16.2** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The Bank has entered into an agreement with the SBP for extending export finance to customers. These borrowings are repayable within six months, latest by June 2024. These carry mark-up at rates ranging from 1.00% to 18.00% (2022: 0.00% to 12.00%) per annum.

**16.3** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by June 2034 and carry mark-up at rates ranging from 2.00% to 3.00 (2022: 3.00%) per annum.

**16.4** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by December 2032. These carry mark-up at rates ranging from 2.00% to 10.00% (2022: 2.00% to 9.70%) per annum.

**16.5** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and Islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These carry mark-up / profit at rates Nil% (2022: 0.00% to 2.00%) per annum.

**16.6** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by August 2032. These carry mark-up at rates ranging from 2.00% to 3.00% (2022: 1.00% to 3.00%) per annum.

**16.7** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at rates of 1.00% (2022: 1.00%) per annum and are due to mature latest by April 2033.

**16.8** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2022: 0.00%) per annum and are due to mature latest by May 2027.

**16.9** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2022: 0.00%) per annum and are due to mature latest by March 2028.

**16.10** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide refinance for storage of agricultural products in rural areas. These carry mark-up at 2.00% (2022: 2.00%) per annum and are due to mature latest by March 2026.

**16.11** This represents repurchase agreement borrowing from SBP at rates ranging from 22.04% to 22.06% (2022: 16.11% to 16.21%) per annum having maturity upto January 2024. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

**16.12** These borrowings have been obtained from the SBP under Mudarabah Financing Facility Agreement for Open market Operations (OMO) for placements financing by SBP under the prescribe terms and conditions. These carry mark-up at Nil% (2022: 16.25%) per annum.

**16.13** These repurchase agreement borrowings from other banks are secured against Pakistan Investment Bonds and Market Treasury Bills and carry mark-up at rates ranging from 21.90% to 22.05% (2022: 6.32% against foreign securities) per annum. These borrowings are repayable latest by January 2024. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

**16.14** These are unsecured borrowings carrying mark-up at 20.75% to 22.00% (2022: 15.6% to 16.2%) per annum, and are repayable latest by January 2024.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 17. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Note ----- (Rupees in '000) -----						
<b>Customers</b>						
Current deposits	838,679,284	248,746,308	1,087,425,592	672,417,569	180,347,591	852,765,160
Savings deposits	698,079,461	55,703,568	753,783,029	580,708,939	54,787,271	635,496,210
Term deposits	158,820,636	108,618,487	267,439,123	162,072,945	130,362,096	292,435,041
Others	22,587,057	6,969,636	29,556,693	11,629,223	6,127,733	17,756,956
	1,718,166,438	420,037,999	2,138,204,437	1,426,828,676	371,624,691	1,798,453,367
<b>Financial Institutions</b>						
Current deposits	24,795,264	6,771,975	31,567,239	18,727,195	3,289,623	22,016,818
Savings deposits	174,456,017	94,660	174,550,677	16,002,797	86,058	16,088,855
Term deposits	1,925,450	4,293,020	6,218,470	2,232,603	3,027,450	5,260,053
	201,176,731	11,159,655	212,336,386	36,962,595	6,403,131	43,365,726
17.2	1,919,343,169	431,197,654	2,350,540,823	1,463,791,271	378,027,822	1,841,819,093

#### 17.1 Composition of deposits

	2023	2022
	----- (Rupees in '000) -----	
- Individuals	1,479,570,147	1,146,706,153
- Government (Federal and Provincial)	172,559,993	119,289,576
- Public Sector Entities	85,654,478	85,811,251
- Banking Companies	6,965,818	8,397,192
- Non-Banking Financial Institutions	205,370,568	34,968,534
- Private Sector	400,419,819	446,646,387
	<u>2,350,540,823</u>	<u>1,841,819,093</u>

17.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,376,823.088 million (2022: Rs. 1,174,510.768 million).

### 18. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the Additional Tier 1 issue are as follows:

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

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 19. OTHER LIABILITIES

	Note	2023	2022
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		47,156,831	39,684,708
Mark-up / return / interest payable in foreign currencies		1,501,633	1,094,717
Accrued expenses		7,192,275	5,364,561
Branch adjustment account		749,289	556,451
Deferred income	19.5	1,332,699	1,046,001
Current taxation (provisions less payments)	19.1	7,015,440	-
Unearned commission and income on bills discounted		86,168	183,945
Provision against off-balance sheet obligations	19.2	1,056,385	882,445
Unrealised loss on forward foreign exchange contracts		2,735,338	608,811
Unrealised loss on derivative financial instruments		5,762	1,357
Payable to staff retirement fund	37.4	-	37,824
Deferred liabilities	19.3	4,365,167	4,457,141
Workers' Welfare Fund payable	30	8,992,902	6,861,753
Liabilities against card settlement		148,039	414,697
Insurance payable against consumer assets		225,989	380,743
Dividends payable		370,889	8,226,111
Unclaimed dividends		356,426	321,619
Acceptances	13	17,584,022	16,502,130
Charity fund balance		21,399	6,922
Lease liability against right-of-use assets	19.4	10,339,867	9,418,000
Levies and taxes payable		9,169,996	2,622,779
Others		2,505,405	1,700,719
		<u>122,911,921</u>	<u>100,373,434</u>

19.1 The Income Tax returns of the Bank have been filed up to the tax year 2023 (accounting year ended December 31, 2022) and are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2023, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,124 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.

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>19.2 Provision against off-balance sheet obligations</b>			
Opening balance		882,445	730,630
Exchange adjustments		203,244	187,328
Charge / (reversal)			
Charge for the year		4,367	5,405
Reversals for the year		(33,671)	(40,918)
	32	(29,304)	(35,513)
Transfer out		-	-
Closing balance		<u>1,056,385</u>	<u>882,445</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>19.3 Deferred liabilities</b>			
Provision for post-retirement medical benefits	37.4.1	2,590,351	2,628,679
Provision for compensated absences		779,284	860,544
End of service benefits			
-Overseas branches		648,827	623,292
-Outsourced services		346,705	344,626
		<u>4,365,167</u>	<u>4,457,141</u>

**19.4** The total cash outflow for leases during the year was Rs. 3,202.250 million (2022: Rs. 2,884.117 million).

**19.5** This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.

### 20. SHARE CAPITAL

#### 20.1 Authorised Capital

2023	2022		2023	2022
(Number of shares)			----- (Rupees in '000) -----	
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>20,000,000</u>	<u>20,000,000</u>

#### 20.2 Issued, subscribed and paid-up capital

2023	2022		2023	2022
(Number of shares)			----- (Rupees in '000) -----	
		<b>Fully paid-up ordinary shares of Rs. 10 each</b>		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
<u>1,224,179,687</u>	<u>1,224,179,687</u>		<u>12,241,797</u>	<u>12,241,797</u>

**20.3** In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2023, 242,278 (2022: 242,278) GDRs, representing 969,112 (2022: 969,112) shares are in issue.

#### 20.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2023		2022	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway International Holdings Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	97,885,442	8.00%	93,649,744	7.65%

#### 20.5 Shares of the Bank held by its associates

	2023	2022
	----- (Number of shares) -----	
UBL Financial Sector Fund	-	1,673,279

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>21. SURPLUS ON REVALUATION OF ASSETS - NET</b>			
<b>(Deficit) / Surplus arising on revaluation of:</b>			
- Available for sale securities	8.1	7,360,131	(36,280,464)
- Fixed assets	21.1	39,821,957	41,481,000
- Non-banking assets acquired in satisfaction of claims	21.2	-	-
		<u>47,182,088</u>	<u>5,200,536</u>
<b>Deferred tax on (deficit) / surplus on revaluation of:</b>			
- Available for sale securities	12	3,606,464	(15,600,599)
- Fixed assets	21.1	1,610,164	1,715,201
- Non-banking assets acquired in satisfaction of claims	21.2	-	-
		<u>5,216,628</u>	<u>(13,885,398)</u>
		<u>41,965,460</u>	<u>19,085,934</u>
<b>21.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January 01,		41,481,000	41,764,572
Recognised during the year		-	-
Realised on disposal during the year		(1,499,603)	(138,121)
Exchange adjustments		6,710	5,324
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		(86,483)	(87,014)
Related deferred tax liability on incremental depreciation		(79,667)	(63,761)
Surplus on revaluation of fixed assets as at December 31,		39,821,957	41,481,000
Less: Related deferred tax liability on			
- Revaluation as at January 01,		1,715,201	1,677,432
- Revaluation recognised during the year		-	-
- Surplus realised on disposal of fixed assets during the year		(25,370)	(1,975)
- Other adjustments		-	103,505
- Exchange adjustments		-	-
- Incremental depreciation charged during the year		(79,667)	(63,761)
- Revaluation as at December 31,		1,610,164	1,715,201
		<u>38,211,793</u>	<u>39,765,799</u>
<b>21.2 Surplus on revaluation of non-banking assets</b>			
Surplus on revaluation of non-banking assets as at January 01,		-	16,704
Revaluation of non-banking assets during the year		-	-
Other adjustments		-	15,882
Realised on disposal during the year		-	(32,586)
Surplus on revaluation of non-banking assets as at December 31,		-	-
Less: Related deferred tax liability on			
- Revaluation as at January 01,		-	6,515
- Revaluation of non-banking assets during the year		-	-
- Surplus realised on disposal of non-banking assets during the year		-	(7,183)
- Other adjustments		-	668
- Revaluation as at December 31,		-	-
		<u>-</u>	<u>-</u>
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	286,344,622	220,370,427
Commitments	22.2	1,012,745,024	906,113,733
Other contingent liabilities	22.3	16,116,861	14,822,814
		<u>1,315,206,507</u>	<u>1,141,306,974</u>



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>22.1 Guarantees:</b>			
Financial guarantees		124,944,607	84,241,944
Performance guarantees		154,072,480	129,275,378
Other guarantees		7,327,535	6,853,105
		<u>286,344,622</u>	<u>220,370,427</u>
<b>22.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		303,953,368	212,235,272
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	540,001,109	498,778,038
- forward government securities transactions	22.2.3	19,956,300	42,757,100
- derivatives	22.2.4	366,068	572,342
- forward lending	22.2.5	144,577,866	149,185,701
- operating leases	22.2.6	66,511	103,099
		704,967,854	691,396,280
Commitments for acquisition of:			
- fixed assets		2,998,928	1,544,753
- intangible assets		824,874	937,428
		3,823,802	2,482,181
		<u>1,012,745,024</u>	<u>906,113,733</u>
<b>22.2.1 Commitments to extend credit</b>			
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>22.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		278,930,255	276,701,893
Sale		261,070,854	222,076,145
		<u>540,001,109</u>	<u>498,778,038</u>
<b>22.2.3 Commitments in respect of forward government securities transactions</b>			
Purchase	23.1	16,956,300	41,457,100
Sale	23.1	3,000,000	1,300,000
		<u>19,956,300</u>	<u>42,757,100</u>
<b>22.2.4 Commitments in respect of derivatives</b>			
<b>FX options</b>			
Purchase	23.1	183,034	286,171
Sale	23.1	183,034	286,171
		<u>366,068</u>	<u>572,342</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>22.2.5 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	84,953,615	92,346,042
Others		59,624,251	56,839,659
		<u>144,577,866</u>	<u>149,185,701</u>
<b>22.2.5.1</b> These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>22.2.6 Commitments in respect of operating leases</b>			
Not later than one year		66,511	103,099
Later than one year and not later than five years		-	-
Later than five years		-	-
		<u>66,511</u>	<u>103,099</u>
<b>22.3 Other contingencies</b>			
<b>22.3.1</b> Claims against the Bank not acknowledged as debts	22.3.2	16,116,861	14,822,814
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 financial statements.			
<b>22.3.2</b> This includes penalties amounting to Rs.4,089 million (2022: Rs.4,089 million) 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.			
<b>22.3.3</b> For contingencies relating to taxation, refer note 19.1.			
<b>23. DERIVATIVE INSTRUMENTS</b>			
Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.			
The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.			
The Risk management policy related to derivatives is discussed in note 45.7			

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 23.1 Product analysis

Counterparties		2023									
		Interest rate swaps		FX options		Forward purchase contracts of Government Securities		Forward sale contracts of Government Securities		Total	
		Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain
----- (Rupees in '000) -----											
<b>With banks for</b>											
Hedging	-	-	183,034	-	-	-	-	-	183,034	-	-
Market making	-	-	-	-	-	-	-	-	-	-	-
	-	-	183,034	-	-	-	-	-	183,034	-	-
<b>With FIs other than Banks for</b>											
Hedging	-	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	3,000,000	297	3,000,000	297	-
	-	-	-	-	-	-	3,000,000	297	3,000,000	297	-
<b>With other entities for</b>											
Hedging	-	-	-	-	-	-	-	-	-	-	-
Market making	-	-	183,034	-	16,956,300	26,320	-	-	17,139,334	26,320	-
	-	-	183,034	-	16,956,300	26,320	-	-	17,139,334	26,320	-
<b>Total</b>											
Hedging	-	-	183,034	-	-	-	-	-	183,034	-	-
Market making	-	-	183,034	-	16,956,300	26,320	3,000,000	297	20,139,334	26,617	-
	-	-	366,068	-	16,956,300	26,320	3,000,000	297	20,322,368	26,617	-
----- (Rupees in '000) -----											
Counterparties		2022									
		Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
		Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market loss	Notional principal	Mark to market gain
----- (Rupees in '000) -----											
<b>With banks for</b>											
Hedging	-	-	286,171	-	-	-	-	-	286,171	-	-
Market making	-	-	-	-	16,000,000	5,492	1,300,000	(384)	17,300,000	5,108	-
	-	-	286,171	-	16,000,000	5,492	1,300,000	(384)	17,586,171	5,108	-
<b>With FIs other than Banks for</b>											
Hedging	-	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	7,963,900	5,805	-	-	7,963,900	5,805	-
	-	-	-	-	7,963,900	5,805	-	-	7,963,900	5,805	-
<b>With other entities for</b>											
Hedging	-	-	-	-	-	-	-	-	-	-	-
Market making	-	-	286,171	-	17,493,200	10,630	-	-	17,779,371	10,630	-
	-	-	286,171	-	17,493,200	10,630	-	-	17,779,371	10,630	-
<b>Total</b>											
Hedging	-	-	286,171	-	-	-	-	-	286,171	-	-
Market making	-	-	286,171	-	41,457,100	21,927	1,300,000	(384)	43,043,271	21,543	-
	-	-	572,342	-	41,457,100	21,927	1,300,000	(384)	43,329,442	21,543	-

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 23.2 Maturity analysis of derivatives

Remaining Maturity	2023				
	No. of contracts	Notional principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	10	3,248,298	-	297	297
1 to 3 months	7	17,074,070	(5,762)	32,082	26,320
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	17	20,322,368	(5,762)	32,379	26,617
----- (Rupees in '000) -----					
Remaining Maturity	2022				
	No. of contracts	Notional principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	30	36,637,442	(1,357)	19,760	18,403
1 to 3 months	3	6,692,000	-	3,140	3,140
3 to 6 months	-	-	-	-	-
6 months to 1 year	-	-	-	-	-
1 to 2 years	-	-	-	-	-
2 to 3 years	-	-	-	-	-
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	33	43,329,442	(1,357)	22,900	21,543

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

On:

	2023	2022
Loans and advances	112,895,028	70,553,650
Investments	392,463,446	172,471,201
Lendings to financial institutions	10,935,014	6,182,330
Balances with banks	5,080,938	1,471,497
	521,374,426	250,678,678

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

On:

	2023	2022
Deposits	171,098,809	109,054,016
Borrowings	200,874,728	33,157,365
Subordinated debt	2,236,433	1,511,490
Cost of foreign currency swaps against foreign currency deposits / borrowings	3,062,556	2,685,113
Lease liability against right-of-use assets	1,217,778	1,061,373
	378,490,304	147,469,357

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		2,621,641	2,331,305
Consumer finance related fees		1,375,056	1,075,178
Card related fees (debit and credit cards)		3,127,264	3,056,532
Investment banking fees		318,860	304,489
Financial institution rebate / commission		580,938	582,491
Corporate service charges / facility fee		864,275	802,590
Commission on trade		2,282,755	1,282,316
Commission on guarantees		827,236	677,769
Commission on cash management		1,141,040	1,114,635
Commission on remittances including home remittances - net		2,874,755	2,568,220
Commission on bancassurance		1,092,163	1,605,442
Rent on lockers		221,130	203,924
Others		199,869	266,300
		<u>17,526,982</u>	<u>15,871,191</u>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	(9,895,923)	467,076
Unrealised - held for trading	8.1	(79,074)	(661)
		<u>(9,974,997)</u>	<u>466,415</u>
<b>27.1 Realised gain / (loss) on:</b>			
Federal Government securities		668,223	378,156
Shares		613,854	41,385
Foreign securities	27.2	(11,529,635)	26,759
Other Securities		351,635	20,776
		<u>(9,895,923)</u>	<u>467,076</u>
<b>27.2</b>			
This includes realised loss on foreign currency sovereign bonds, against which ECL provision under IFRS 9 amounting to Rs. 9,516.277 million was held and reversed on disposal (refer note 8.3) resulting in a net loss of Rs. 2,013.358 million in the profit and loss account.			
	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>28. OTHER INCOME</b>			
Charges recovered		542,456	402,317
Rent on properties		85,022	70,620
Gain on sale of fixed assets - net		487,628	102,240
Gain on wind-up of subsidiary		-	6,778,877
Gain / (loss) on sale of ljarah assets - net		2,068	(1,292)
Loss on disposal of non-banking assets - net	13.2.3 & 28.1	-	(8,336)
(Loss) / gain on trading liabilities - net		(20,670)	204,584
		<u>1,096,504</u>	<u>7,549,010</u>
<b>28.1</b>			
The bank incurred a net loss of Rs Nil (2022: Rs.8.336 million) against the sale of non-banking assets.			

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	23,961,511	19,713,745
<b>Property expense</b>			
Rent and taxes	29.5	1,244,223	1,133,669
Insurance		272,818	287,224
Utilities cost		2,751,981	2,534,569
Security (including guards)		1,465,669	1,224,317
Repair and maintenance (including janitorial charges)		463,353	337,193
Depreciation on owned fixed assets	10.2	1,243,288	1,184,120
Depreciation on right-of-use assets	10.2	2,286,328	2,097,830
Depreciation on non-banking assets acquired in satisfaction of claims	13.2.2	3,012	34,827
Others		47,972	32,917
		9,778,644	8,866,666
<b>Information technology expenses</b>			
Software maintenance		2,995,493	1,989,552
Hardware maintenance		540,653	515,600
Depreciation	10.2	1,387,249	997,411
Amortisation	11.1	997,628	814,607
Network charges		1,036,719	741,740
Consultancy charges		305,965	282,327
		7,263,707	5,341,237
<b>Other operating expenses</b>			
Legal and professional charges		1,573,663	1,433,858
Commission paid to branchless banking agents		316,786	357,016
Commission paid to sales force		2,020,315	1,697,671
Outsourced service costs		1,927,209	1,734,019
Travelling and conveyance		288,426	196,405
Clearing charges		282,571	250,125
Depreciation	10.2	1,729,227	1,411,579
Depreciation on Islamic financing against leased assets		135,236	146,494
Training and development		149,504	85,559
Postage and courier charges		364,494	436,092
Communication		245,042	363,514
Stationery and printing		1,544,682	1,014,288
Marketing, advertisement and publicity		1,109,573	930,959
Donations	29.3	62,820	211,140
Auditors' remuneration	29.4	131,484	97,184
Insurance		135,825	104,487
Deposit protection premium expense		1,879,217	1,725,847
Cash transportation and sorting charges		1,100,954	910,810
Entertainment		283,262	246,906
Vehicle expenses		271,382	158,370
Subscription		85,360	119,739
Office running expenses		296,414	190,833
Banking service charges		5,185,267	2,982,201
Repairs and maintenance		1,573,811	1,002,633
Cartage, freight and conveyance		70,026	48,875
Miscellaneous expenses		539,263	506,090
		23,301,813	18,362,694
		<u>64,305,675</u>	<u>52,284,342</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>29.1 Total compensation expense</b>			
Non- Executive Directors' fees	39.2	102,700	89,550
Shariah Board's fees and allowances	39.3	12,641	11,586
Managerial Remuneration			
i) Fixed		12,600,297	10,228,021
ii) Variable - Cash Bonus		2,051,183	2,322,658
Charge for defined benefit plan		410,532	348,798
Contribution to defined contribution plan		523,293	434,928
Charge for compensated absences		148,545	200,322
Rent & house maintenance		3,327,300	2,713,526
Utilities		1,785,438	1,451,856
Medical		1,217,935	989,434
Conveyance		1,333,741	824,411
Group assurance premium		110,849	91,655
<b>Sub-total</b>		<b>23,624,454</b>	<b>19,706,745</b>
Sign-on bonus		20,000	7,000
Severance allowance		317,057	-
<b>Grand Total</b>		<b>23,961,511</b>	<b>19,713,745</b>

### Number of person

Awards	1	1
Severance allowance	119	-

**29.2** Total outsourced activities is Rs. 2,739.767 million (2022: Rs. 2,430.597 million). This includes outsourced service costs of Rs.1,927.209 million (2022: Rs. 1,734.019 million), disclosed as separate line item in note 29. Out of total outsource cost, Rs. 2,415.248 million (2022: Rs. 1,844,071 million) pertains to the payment to companies incorporated in Pakistan and Rs. 324.518 million (2022: Rs. 586.527 million) pertains to payment to companies incorporated outside Pakistan. Total cost of outsourced activities for the year given to related parties is Nil (2022: Nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
TCS (Private) Limited	Statement of account printing and dispatching	123,303	87,248
Paradise Press (Private) Limited	Cheque book printing services	104,031	59,901
APEX Printry (Private) Limited	Cheque book printing services	136,385	74,508
Printlink	Cheque book printing services	123,586	61,322
ASC First Solution (Private) Limited	Storage and digital archiving services	6,349	5,525
Raaziq International	Storage and digital archiving services	50,958	19,864
Phoenix Armour (Pvt) Limited	Cash Replenishment	20,922	15,678
Askari Guards (Pvt) Limited	Cash Replenishment	33,694	16,669
Wackenhut Pakistan (Private) Limited	Cash Replenishment	-	1,667
Qadri Enterprises	Key Punch	21,305	11,189
CMS Company	Cash Management Services	91,364	-
Transguard Group	Cash Management Services	30,697	-
Back Office FZ LLC	Record Management	50,158	329,409
Infofort	Record Management	10,183	9,025
Electronic Document Center	Printing Services	3,218	4,573
National Printing Press	Printing Services	6,405	-
		<b>812,558</b>	<b>696,578</b>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

29.3 Details of donations	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Donations individually exceeding Rs.0.5 million</b>		
Dr. Ruth K.M. Pfau Civil Hospital	10,000	-
Saylani Welfare International Trust	10,000	10,000
Habib University	9,950	15,200
Indus Hospital	9,600	10,000
Institute of Business Administration	7,387	-
Patients Aid Foundation	5,370	5,000
Sindh Institute of Urology & Transplantation (SIUT)	2,188	-
Kiran Foundation	2,186	-
Layton Rahmatullah Benevolent Trust	2,139	-
Million Smiles Foundation	2,000	3,600
SOS Children's Village	2,000	1,800
Bestway Foundation	-	110,000
Lahore University of Management Sciences	-	10,000
Shalamar Hospital	-	5,000
The Citizens Foundation	-	-
Marie Adelaide Leprosy Center	-	1,000
Jinnah Foundation	-	1,500
Family Educational Services Foundation	-	2,500
Patients Behbud Society for AKUH	-	3,750
Kashmir Education Foundation	-	3,800
Nasra Schools	-	2,500
Memon Medical Institute Hospital	-	6,750
Hisaar Foundation	-	5,000
Afzaal Memorial Thalassemia Foundation	-	5,000
National Institute of Child Health through OAKS	-	4,000
Karachi Down Syndrome Program	-	3,240
Chal Foundation	-	1,500
<b>Donations individually not exceeding Rs. 0.5 million</b>	-	-
	<b>62,820</b>	<b>211,140</b>

### 29.4 Auditors' remuneration

	2023		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee	15,660	62,722	78,382
Fee for statutory certifications and other services	28,658	15,315	43,973
Out of pocket expenses	6,856	2,273	9,129
	<b>51,174</b>	<b>80,310</b>	<b>131,484</b>
	----- (Rupees in '000) -----		
	2022		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee	13,858	43,940	57,798
Fee for statutory certifications and other services	20,657	11,563	32,220
Out of pocket expenses	5,357	1,809	7,166
	<b>39,872</b>	<b>57,312</b>	<b>97,184</b>

**29.5** This includes expense in respect of short term leases and low value assets not included in lease liabilities amounting to Rs. 52.349 million (2022: Rs. 26.318 million) and Rs. 0.001 million (2022: Rs. 0.006 million) respectively.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 30. WORKERS' WELFARE FUND

The provision has been made for Provincial Workers' Welfare Fund based on profit for the respective years. The chargeability of WWF has been challenged before the Court and the matter is still pending.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>31. OTHER CHARGES</b>			
Penalties imposed by the SBP		240,111	45,172
Penalties imposed by other regulatory bodies of overseas branches		215	3,690
		<u>240,326</u>	<u>48,862</u>
<b>32. PROVISIONS / (REVERSALS) AND WRITE-OFFS - NET</b>			
(Reversal) / provision against loans and advances - net	9.4	(4,898,710)	(2,940,041)
(Reversal) / provision for diminution in value of investments - net	8.3	(3,813,272)	19,061,905
Bad debts written off directly	9.6	55,861	35,871
(Reversal) / provision against other assets	13.3.1	(29,016)	11,273
Reversal against off - balance sheet obligations	19.2	(29,304)	(35,513)
Recoveries against written off / charged off bad debts		(477,345)	(620,082)
Other provisions / write-offs		149,432	155,933
		<u>(9,042,354)</u>	<u>15,669,346</u>
<b>33. TAXATION</b>			
Current		52,424,946	30,870,770
Prior years		1,997,286	3,681,026
Deferred		515,429	1,695,555
		<u>54,937,661</u>	<u>36,247,351</u>
<b>33.1 Relationship between tax expense and accounting profit</b>			
Accounting profit for the year		<u>108,118,074</u>	<u>68,310,006</u>
Tax on income @ 39% (2022: 39%)		42,166,049	26,640,902
Super tax @ 10% (2022: 10%)		10,811,807	6,831,001
Prior year charge		1,997,286	3,681,026
Tax effect of permanent differences		117,760	23,942
Others		(155,241)	(929,520)
Tax charge		<u>54,937,661</u>	<u>36,247,351</u>
<b>33.2</b>			
During the year, a windfall tax was imposed on the foreign exchange income of the bank for the years 2021 and 2022. The Bank has filed a Constitutional Petition before the Honorable High Court of Sindh, challenging the operation of the S.R.O 1588 (I)/2023 dated November 21, 2023 imposing the windfall tax. The Court has suspended the operation of the said S.R.O till the next hearing. Similar orders have also been passed by the High Courts of Lahore and Islamabad for other banks. However, the Bank has made full provision for this tax in the financial statements, on prudence basis.			
<b>34. EARNINGS PER SHARE</b>			
Profit after taxation for the year		<u>53,180,413</u>	<u>32,062,655</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
<b>Basic and diluted earnings per share</b>		<u>43.44</u>	<u>26.19</u>

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2023 and 2022.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	5	277,330,217	143,004,094
Balances with other banks	6	30,700,751	15,692,567
		<u>308,030,968</u>	<u>158,696,661</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023			2022		
	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----					
Balance as at January 01,	9,418,000	8,547,730	91,438,152	8,412,023	3,054,656	84,625,954
<b>Changes from financing cash flows</b>						
Payment of lease liability against right-of-use assets	(3,202,250)	-	-	(2,884,117)	-	-
Dividend paid	-	(59,235,963)	-	-	(17,766,341)	-
Total changes from financing cash flows	(3,202,250)	(59,235,963)	-	(2,884,117)	(17,766,341)	-
<b>Other Changes</b>						
<b>- Liability related</b>						
Cash dividend	-	51,415,548	(51,415,548)	-	23,259,415	(23,259,415)
Interest expense on lease liability against right-of-use assets	1,217,778	-	-	1,061,373	-	-
Non-cash based	2,906,339	-	-	2,828,721	-	-
Total other changes	4,124,117	51,415,548	(51,415,548)	3,890,094	23,259,415	(23,259,415)
<b>- Equity related</b>	-	-	50,469,692	-	-	30,071,613
<b>Balance as at December 31,</b>	<u>10,339,867</u>	<u>727,315</u>	<u>90,492,296</u>	<u>9,418,000</u>	<u>8,547,730</u>	<u>91,438,152</u>

### 36. STAFF STRENGTH

	2023			2022		
Note	----- (Number of employees) -----					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	13,427	208	13,635	12,054	222	12,276
On contract	57	5	62	30	7	37
<b>Bank's own staff strength</b>	<b>13,484</b>	<b>213</b>	<b>13,697</b>	<b>12,084</b>	<b>229</b>	<b>12,313</b>
Outsourced	1,263	13	1,276	1,382	27	1,409
<b>Total</b>	<b>14,747</b>	<b>226</b>	<b>14,973</b>	<b>13,466</b>	<b>256</b>	<b>13,722</b>

36.1 This excludes employees of outsourced services companies assigned to the Bank to perform services of security guards, admin and janitorial staff.

### 37. DEFINED BENEFIT PLANS

#### 37.1 General description

The Bank operates the following schemes:

#### 37.1.1 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on 1st January 1975 for Clerical and Non-Clerical employees and on the 1st May 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.1.2 Gratuity scheme

The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

### 37.1.3 Benevolent fund scheme

The Bank also operates a funded benevolent fund scheme which covers all regular employees of the Bank who joined the Bank pre-privatization. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction. Employees covered under this scheme, are entitled to receive benevolent grants on death, disability, retirement and other contingencies as monthly grant payment or one-time payment subject to certain conditions as specified in the rules of the fund.

### 37.1.4 Post retirement medical benefits

The Bank also provides a non-funded post retirement medical benefits to eligible retired employees. The post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatization.

### 37.1.5 Compensated absences

The Bank maintains a non-funded scheme for compensated absences.

### 37.1.6 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

### 37.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	----- (Number) -----	
- Pension fund	447	584
- Gratuity fund	12,982	11,516
- Post-retirement medical benefit scheme	589	787
- Benevolent fund	667	891
- Employee compensated absences	667	891

In addition to above active employees, pension fund, benevolent fund and post-retirement medical benefit schemes include 6,799 (2022: 6,897), 1,583 (2022: 1,783) and 7,688 (2022: 7,620) members respectively who have retired or whose widows and other beneficiaries are receiving the benefits.

### 37.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2023	2022
	----- Per annum -----	
Discount rate	15.50%	14.50%
Expected rate of salary increase	13.50%	12.50%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	9.50%	8.50%
Expected rate of return on plan assets	15.50%	14.50%

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.4 Pension, gratuity, benevolent fund schemes and other benefits

37.4.1 The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2023 are as follows:

		2023			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
Note		----- (Rupees in '000) -----			
	Present value of defined benefit obligations	(7,486,939)	(1,614,165)	(193,311)	(2,590,351)
	Fair value of plan assets	11,929,445	1,652,156	306,766	-
	Receivable / (payable)	4,442,506	37,991	113,455	(2,590,351)

		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
Note		----- (Rupees in '000) -----			
	Present value of defined benefit obligations	(7,986,943)	(1,386,100)	(235,203)	(2,628,679)
	Fair value of plan assets	10,439,543	1,348,276	300,571	-
	Receivable / (payable)	2,452,600	(37,824)	65,368	(2,628,679)

### 37.5 Movement in the present value of defined benefit obligations

		2023			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
Note		----- (Rupees in '000) -----			
	Obligations at the beginning of the year	7,986,943	1,386,100	235,203	2,628,679
	Current service cost	24,202	221,414	2,445	383
	Interest cost	1,003,809	205,138	30,665	370,420
	Benefits paid by the Bank	(984,419)	(263,320)	(46,028)	(134,437)
	Return allocated to other funds	58,355	-	-	-
	Re-measurement (gains) / losses	(601,951)	64,833	(28,974)	(274,694)
	Obligations at the end of the year	7,486,939	1,614,165	193,311	2,590,351

		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
Note		----- (Rupees in '000) -----			
	Obligations at the beginning of the year	10,109,150	1,205,040	298,047	2,175,874
	Current service cost	23,909	190,662	3,163	403
	Interest cost	1,051,852	144,397	32,154	248,712
	Benefits paid by the Bank	(925,466)	(200,978)	(39,703)	(128,357)
	Return allocated to other funds	51,499	-	-	-
	Re-measurement (gains) / losses	(2,324,001)	46,979	(58,458)	332,047
	Obligations at the end of the year	7,986,943	1,386,100	235,203	2,628,679

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.6 Movement in fair value of plan assets

	2023			2022		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	----- (Rupees in '000) -----					
Fair value at the beginning of the year	10,439,543	1,348,276	300,571	12,155,659	1,101,355	328,607
Interest income on plan assets	1,443,915	200,013	39,523	1,371,033	132,872	35,551
Contribution by the Bank	(6,829)	266,071	929	(1,897,466)	304,996	1,152
Contribution by the employees	-	-	929	-	-	1,152
Amount paid by the fund to the Bank	(1,002,592)	(267,752)	(53,212)	(864,335)	(200,424)	(64,452)
Re-measurements gains / (losses)	1,055,408	105,548	18,026	(325,348)	9,477	(1,439)
Fair value at the end of the year	11,929,445	1,652,156	306,766	10,439,543	1,348,276	300,571

### 37.7 Movement in (payable) / receivable under defined benefit schemes

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	2,452,600	(37,824)	65,368	(2,628,679)
Adjustment for mark-up	8,380	2,129	777	-
(Charge) / reversal for the year	357,549	(226,539)	7,342	(370,803)
Contribution by the Bank	(6,829)	266,071	929	-
Amount paid by the fund to the Bank	(1,002,592)	(267,752)	(53,212)	-
Benefits paid by the Bank	984,419	263,320	46,028	134,437
Re-measurement gains recognised in OCI	1,648,979	38,586	46,223	274,694
Closing balance	4,442,506	37,991	113,455	(2,590,351)

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	2,046,509	(103,685)	30,560	(2,175,874)
Adjustment for Mark-up	3,870	1,408	596	-
(Charge) / reversal for the year	243,773	(202,187)	1,386	(249,115)
Contribution by the Bank	(1,897,466)	304,996	1,152	-
Amount paid by the fund to the Bank	(864,335)	(200,424)	(64,452)	-
Benefits paid by the Bank	925,466	200,978	39,703	128,357
Re-measurement gains / (losses) recognised in OCI	1,994,783	(38,910)	56,423	(332,047)
Closing balance	2,452,600	(37,824)	65,368	(2,628,679)

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.8 Charge for defined benefit plans

#### 37.8.1 Cost recognised in profit and loss

	Note	2023			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		----- (Rupees in '000) -----			
Current service cost		24,202	221,414	2,445	383
Past service cost		-	-	-	-
Net interest on defined benefit asset / (liability)		(440,106)	5,125	(8,858)	370,420
Return allocated to other funds	37.8.1.1	58,355	-	-	-
Employees' contribution		-	-	(929)	-
		(357,549)	226,539	(7,342)	370,803
		----- (Rupees in '000) -----			
		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		----- (Rupees in '000) -----			
Current service cost		23,909	190,662	3,163	403
Past service cost		-	-	-	-
Net interest on defined benefit asset		(319,181)	11,525	(3,397)	248,712
Return allocated to other funds		51,499	-	-	-
Employees' contribution		-	-	(1,152)	-
		(243,773)	202,187	(1,386)	249,115

37.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred in note 4.12.

#### 37.8.2 Re-measurements recognised in OCI during the year

	2023				
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit	
	----- (Rupees in '000) -----				
Losses / (gains) on obligation					
- Financial assumptions	(462,000)	9,079	(6,823)	2,367	
- Experience adjustment	(139,951)	55,754	(22,151)	(277,061)	
Return on plan assets over interest income	(1,055,408)	(105,548)	(18,026)	-	
Adjustment for mark-up	8,380	2,129	777	-	
Total re-measurements recognised in OCI	(1,648,979)	(38,586)	(46,223)	(274,694)	
		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
		----- (Rupees in '000) -----			
Losses / (gains) on obligation					
- Financial assumptions	(1,646,138)	21,632	(26,375)	382,797	
- Experience adjustment	(677,863)	25,347	(32,083)	(50,750)	
Return on plan assets over interest income	325,348	(9,477)	1,439	-	
Adjustment for mark-up	3,870	1,408	596	-	
Total re-measurements recognised in OCI	(1,994,783)	38,910	(56,423)	332,047	

Re-measurements recognised in OCI during the year pertaining to other schemes as disclosed in note 37.1.6 is Rs. 43.683 million (2022: Rs. 15.646 million)

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.9 Components of fair value of plan assets

	2023			2022		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	59,992	47,923	3,921	57,789	8,181	11,082
Ordinary shares	6,814,050	505,699	106,568	384,888	4,434	10,102
Non-Government debt securities	1,873,198	23,481	12,969	743,195	13,956	12,010
Mutual funds units	-	-	-	-	-	6,790
Pakistan Investment Bonds	2,926,505	999,397	171,808	8,271,671	1,205,528	242,675
Market Treasury Bills	-	1,256	-	982,000	67,540	-
National Saving Certificates / Bonds	-	-	-	-	-	17,912
Certificate of Investments	-	-	11,500	-	-	-
Repurchase agreements	255,700	74,400	-	-	48,637	-
	11,929,445	1,652,156	306,766	10,439,543	1,348,276	300,571

**37.9.1** The Funds invest in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in Non-Govt debt securities are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

### 37.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Increase in Discount Rate by 1 %	(410,102)	(103,945)	(6,317)	(243,161)
Decrease in Discount Rate by 1 %	462,000	117,726	6,823	291,851
Increase in expected future increment in salary by 1%	-	126,440	-	-
Decrease in expected future increment in salary by 1%	-	(113,204)	-	-
Increase in expected future increment in pension by 1%	493,615	-	-	-
Decrease in expected future increment in pension by 1%	(442,195)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	280,054
Decrease in expected future increment in medical benefit by 1%	-	-	-	(238,588)

### 37.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2024, would be as follows:

	2024			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	800	-
Expected (reversal) / charge for the year	(680,790)	250,595	(15,340)	389,920

### 37.12 Maturity profile

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
The weighted average duration of the obligation (in years)	6.20	6.84	2.79	7.81

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 37.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

**37.14** The significant risks associated with the staff retirement benefit schemes are as follows:

#### Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation, interest rate volatility and change in price.

#### Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

#### Price Risk

The risk arises when there is volatility in market price of the equity instrument invested by Funds.

#### Inflation Risk

The salary inflation is the major risk that the Gratuity and Compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalization benefit is susceptible to medical inflation risk.

#### Withdrawal Risk

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

#### Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. This includes:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

## 38. OTHER EMPLOYEE BENEFITS

### Defined contribution plan

The Bank operates a contributory provident fund scheme for 12,982 (2022: 11,516) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.



## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### 39.1 Total Compensation Expense

Items	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	13,670	-	89,030	12,641	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	149,916	236,413	621,088
ii) Variable - Cash Bonus	-	-	-	-	158,895	214,631	252,854
Contribution to defined contribution plan	-	-	-	-	12,230	16,919	46,614
Charge for defined benefit plan	-	-	-	-	4,649	7,886	28,022
Rent & house maintenance	-	-	-	-	14,031	97,068	252,955
Utilities	-	-	-	-	2,393	43,141	112,424
Medical	-	-	-	-	319	21,571	56,212
Conveyance	-	-	-	-	9,564	79,284	246,704
Others	-	-	-	-	34,572	21,774	56,277
<b>Sub-total</b>	<b>13,670</b>	<b>-</b>	<b>89,030</b>	<b>12,641</b>	<b>386,569</b>	<b>738,687</b>	<b>1,673,150</b>
Sign-on bonus	-	-	-	-	-	20,000	-
<b>Total</b>	<b>13,670</b>	<b>-</b>	<b>89,030</b>	<b>12,641</b>	<b>386,569</b>	<b>758,687</b>	<b>1,673,150</b>
Number of Persons	1	-	8	3	2	22	141

Items	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,500	-	79,050	11,586	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	118,560	180,308	411,603
ii) Variable - Cash Bonus	-	-	-	-	107,172	203,543	231,121
Contribution to defined contribution plan	-	-	-	-	9,880	13,546	34,300
Charge for defined benefit plan	-	-	-	-	4,338	6,863	21,565
Rent & house maintenance	-	-	-	-	18,151	81,139	185,221
Utilities	-	-	-	-	3,856	36,062	82,321
Medical	-	-	-	-	102	18,031	41,160
Conveyance	-	-	-	-	6,016	37,937	151,474
Others	-	-	-	-	1,480	3,761	13,991
<b>Sub-total</b>	<b>10,500</b>	<b>-</b>	<b>79,050</b>	<b>11,586</b>	<b>269,555</b>	<b>581,190</b>	<b>1,172,756</b>
Awards	-	-	-	-	-	7,000	-
<b>Total</b>	<b>10,500</b>	<b>-</b>	<b>79,050</b>	<b>11,586</b>	<b>269,555</b>	<b>588,190</b>	<b>1,172,756</b>
Number of Persons	1	-	7	3	1	17	98

The total amount of deferred bonus as at December 31, 2023 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 443.554 million (2022: Rs. 330.326 million). The deferred bonus is held in a trust fund.

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2023							Allowance	Total Amount Paid
		Meeting Fees and Allowances Paid								
		For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Board Digital Banking Committee (BDC)		
		(Rupees in '000)								
1	Sir Mohammed Anwar Pervez, OBE, HPK	6,660	-	3,950	-	-	1,710	800	550	13,670
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,550	-	1,600	3,150	1,550	1,550	800	600	14,800
3	The Honorable Haider Zameer Choudrey	5,550	3,150	-	-	3,310	1,550	800	600	14,960
4	Mr. Rizwan Pervez	5,550	3,150	2,350	-	1,600	-	800	600	14,050
5	Mr. Daniel Michael Howlett	4,000	-	-	1,920	1,600	-	960	-	8,480
6	Ms. Shazia Syed	5,550	3,780	1,600	1,550	-	-	800	-	13,280
7	Mr. Amar Zafar Khan *	1,550	-	-	-	-	-	-	-	1,550
8	Mr. Tariq Rashid	5,550	800	4,740	-	2,820	-	800	-	14,710
9	Mr. Muhammad Irfan A.sheikh	3,200	800	-	1,600	800	-	800	-	7,200
	<b>Total Amount Paid</b>	<b>43,160</b>	<b>11,680</b>	<b>14,240</b>	<b>8,220</b>	<b>11,680</b>	<b>4,810</b>	<b>6,560</b>	<b>2,350</b>	<b>102,700</b>

\* Mr. Amar Zafar Khan retired from the Board with effect from March 29, 2023.

Sr. No.	Name of Director	2022							Allowance	Total Amount Paid
		Meeting Fees and Allowances Paid								
		For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Board Digital Banking Committee (BDC)		
		(Rupees in '000)								
1	Sir Mohammed Anwar Pervez, OBE, HPK	5,400	-	3,750	-	-	750	-	600	10,500
2	Lord Zameer M. Choudrey, CBE, SI Pk	4,500	-	-	3,750	3,750	750	-	900	13,650
3	The Honorable Haider Zameer Choudrey	4,500	4,500	-	-	3,750	-	-	900	13,650
4	Mr. Arshad Ahmad Mir	3,750	-	3,750	4,200	-	750	-	-	12,450
5	Mr. Rizwan Pervez	4,500	4,500	3,750	-	-	-	-	900	13,650
6	Ms. Shazia Syed	3,750	4,350	-	3,000	-	-	-	150	11,250
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,450	-	3,450	-	-	-	10,650
	<b>Total Amount Paid</b>	<b>33,900</b>	<b>13,350</b>	<b>14,700</b>	<b>10,950</b>	<b>10,950</b>	<b>2,250</b>	<b>-</b>	<b>3,450</b>	<b>89,550</b>

### 39.3 Remuneration paid to Shariah Board Members

Items	2023			2022				
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	(Rupees in '000)							
Meeting fees and allowances	5,400	2,501	4,740	12,641	5,400	1,794	4,392	11,586
Total number of persons	1	1	1		1	1	1	

### 40. FAIR VALUE MEASUREMENTS

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

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

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.

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

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

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

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

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

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

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

## 40.2 Fair value of financial assets

The following table provides the fair values of those of the Bank's financial assets that are recognised or disclosed at fair value in these unconsolidated financial statements:

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government securities	3,878,565,908	-	3,878,565,908	-	3,878,565,908
- Foreign Bonds - Market Treasury Bills	67,785,996	-	67,785,996	-	67,785,996
- Foreign bonds - sovereign	56,224,631	-	56,224,631	-	56,224,631
- Foreign bonds - others	1,253,562	-	1,253,562	-	1,253,562
- Ordinary shares of listed companies	10,765,935	10,765,935	-	-	10,765,935
- Mutual fund units	-	-	-	-	-
- Non-Government debt securities	2,250,702	-	2,250,702	-	2,250,702
- Real Estate Investment Trust units	616,232	616,232	-	-	616,232
	4,017,462,966	11,382,167	4,006,080,799	-	4,017,462,966

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
- Federal Government Securities	303,809,670	-	280,259,649	-	280,259,649
- Foreign Bonds - Market Treasury Bills	15,875,336	-	15,889,922	-	15,889,922
- Foreign Bonds - sovereign	20,187,556	-	19,111,088	-	19,111,088
- Foreign Bonds - others	1,494,294	-	1,366,160	-	1,366,160
- Non-Government debt securities	21,471,010	-	21,014,103	-	21,014,103
	362,837,866	-	337,640,922	-	337,640,922
	4,380,300,832	11,382,167	4,343,721,721	-	4,355,103,888

<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	540,001,109	-	1,499,000	-	1,499,000
FX options - purchased and sold	366,068	-	-	-	-
Forward purchase and sale of Government Securities	19,956,300	-	26,617	-	26,617

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
- Federal Government Securities	918,142,448	-	918,142,448	-	918,142,448
- Foreign Bonds - Market Treasury Bills	5,973,644	-	5,973,644	-	5,973,644
- Foreign Bonds - sovereign	43,353,708	-	43,353,708	-	43,353,708
- Foreign Bonds - others	996,910	-	996,910	-	996,910
- Ordinary shares of listed companies	9,550,112	9,550,112	-	-	9,550,112
- Mutual Fund units	202,530	-	202,530	-	202,530
- Non-Government debt securities	4,276,430	-	4,276,430	-	4,276,430
- Real Estate Investment Trust units	642,608	642,608	-	-	642,608
	983,138,390	10,192,720	972,945,670	-	983,138,390

<b>Financial assets - disclosed but not measured at fair value</b>					
- Federal Government Securities	362,552,249	-	333,494,230	-	333,494,230
- Foreign Bonds - Market Treasury Bills	6,469,775	-	6,469,775	-	6,469,775
- Foreign Bonds - sovereign	38,539,412	-	36,402,565	-	36,402,565
- Foreign Bonds - others	1,207,251	-	1,086,799	-	1,086,799
- Non-Government debt securities	18,167,923	-	17,357,546	-	17,357,546
	426,936,610	-	394,810,915	-	394,810,915
	1,410,075,000	10,192,720	1,367,756,585	-	1,377,949,305

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase and sale of foreign exchange contracts	498,778,038	-	2,222,323	-	2,222,323
FX options - purchased and sold	572,342	-	-	-	-
Forward purchase and sale of Government Securities	42,757,100	-	21,543	-	21,543

## 40.3 Fair Value of non-financial assets

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Fixed Assets	50,716,919	-	-	50,716,919	50,716,919
Non-banking assets acquired in satisfaction of claims	42,075	-	-	42,075	42,075
	50,758,994	-	-	50,758,994	50,758,994

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
Fixed Assets	52,066,713	-	-	52,066,713	52,066,713
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800	40,800
	52,107,513	-	-	52,107,513	52,107,513

**40.4** 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 and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 41. SEGMENT INFORMATION

#### 41.1 Segment details with respect to business activities

	2023						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
<b>Profit &amp; Loss</b>							
Net mark-up / return / profit	62,359,198	165,148,422	(121,897,300)	20,401,647	18,978,272	(2,106,117)	142,884,122
Inter segment (expense) / revenue - net	(56,002,151)	(237,721,792)	282,189,337	-	-	11,534,606	-
Non mark-up / return / interest income	6,459,446	11,553,893	11,528,592	256,665	(8,047,437)	1,117,589	22,868,748
<b>Total Income</b>	<u>12,816,493</u>	<u>(61,019,477)</u>	<u>171,820,629</u>	<u>20,658,312</u>	<u>10,930,835</u>	<u>10,546,078</u>	<u>165,752,870</u>
Segment direct expenses	1,755,992	662,195	43,123,087	4,271,579	7,917,826	8,946,471	66,677,150
Inter segment expense allocation	443,919	108,914	9,504,655	-	588,849	(10,646,337)	-
<b>Total expenses</b>	<u>2,199,911</u>	<u>771,109</u>	<u>52,627,742</u>	<u>4,271,579</u>	<u>8,506,675</u>	<u>(1,699,866)</u>	<u>66,677,150</u>
(Reversal) / provisions - net	(1,384,871)	546,630	(752,586)	12,640	(8,083,847)	619,680	(9,042,354)
<b>Profit / (loss) before tax</b>	<u>12,001,453</u>	<u>(62,337,216)</u>	<u>119,945,473</u>	<u>16,374,093</u>	<u>10,508,007</u>	<u>11,626,264</u>	<u>108,118,074</u>
<b>Balance Sheet</b>							
Cash & Bank balances	11,358	91,246,445	101,463,285	27,886,564	87,423,316	-	308,030,968
Investments	12,055,059	3,829,326,862	-	331,496,374	199,730,588	12,607,788	4,385,216,671
Net inter segment lending	-	-	1,501,428,974	-	-	146,476,492	1,647,905,466
Lendings to financial institutions	-	21,947,852	-	12,500,000	-	-	34,447,852
Advances - performing	391,683,285	9,872	50,956,184	47,108,009	107,411,872	3,188,071	600,357,293
Advances - non-performing net of provision	2,710,229	-	614,905	79,176	9,792,924	10,999	13,208,233
Others	18,344,061	92,057,395	38,605,116	21,064,320	15,071,413	48,594,180	233,736,485
<b>Total Assets</b>	<u>424,803,992</u>	<u>4,034,588,426</u>	<u>1,693,068,464</u>	<u>440,134,443</u>	<u>419,430,113</u>	<u>210,877,530</u>	<u>7,222,902,968</u>
Borrowings	57,979,951	2,739,257,686	4,506,465	13,726,452	-	-	2,815,470,554
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	105,887,403	199,712	1,542,125,514	378,100,209	324,227,985	-	2,350,540,823
Net inter segment borrowing	245,388,446	1,305,152,330	-	-	97,364,690	-	1,647,905,466
Others	2,062,665	8,066,357	24,745,131	9,588,237	94,288,601	7,734,603	146,485,594
<b>Total Liabilities</b>	<u>411,318,465</u>	<u>4,052,676,085</u>	<u>1,571,377,110</u>	<u>401,414,898</u>	<u>515,881,276</u>	<u>17,734,603</u>	<u>6,970,402,437</u>
Equity	13,485,527	(18,087,659)	121,691,354	38,719,545	(96,451,163)	193,142,927	252,500,531
<b>Total Equity &amp; liabilities</b>	<u>424,803,992</u>	<u>4,034,588,426</u>	<u>1,693,068,464</u>	<u>440,134,443</u>	<u>419,430,113</u>	<u>210,877,530</u>	<u>7,222,902,968</u>
<b>Contingencies and Commitments</b>	<u>666,470,041</u>	<u>317,073,549</u>	<u>36,229,803</u>	<u>6,642,138</u>	<u>288,041,327</u>	<u>749,649</u>	<u>1,315,206,507</u>
	2022						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
<b>Profit and Loss</b>							
Net mark-up / return / profit	42,008,327	124,341,642	(82,106,763)	9,399,022	10,792,638	(1,225,545)	103,209,321
Inter segment (expense) / revenue - net	(38,010,216)	(144,558,389)	173,145,285	-	-	9,423,320	-
Non mark-up / return / interest income	4,496,504	7,755,302	10,500,422	463,561	2,972,305	8,254,477	34,442,571
<b>Total Income</b>	<u>8,494,615</u>	<u>(12,461,445)</u>	<u>101,538,944</u>	<u>9,862,583</u>	<u>13,764,943</u>	<u>16,452,252</u>	<u>137,651,892</u>
Segment direct expenses	1,250,497	441,845	32,230,027	2,884,548	6,328,023	10,537,600	53,672,540
Inter segment expense allocation	296,693	87,343	7,556,459	-	443,494	(8,383,989)	-
<b>Total expenses</b>	<u>1,547,190</u>	<u>529,188</u>	<u>39,786,486</u>	<u>2,884,548</u>	<u>6,771,517</u>	<u>2,153,611</u>	<u>53,672,540</u>
(Reversal) / provisions - net	(385,570)	1,383,354	(353,664)	48,212	14,997,701	(20,687)	15,669,346
<b>Profit / (loss) before tax</b>	<u>7,332,995</u>	<u>(14,373,987)</u>	<u>62,106,122</u>	<u>6,929,823</u>	<u>(8,004,275)</u>	<u>14,319,328</u>	<u>68,310,006</u>
<b>Balance Sheet</b>							
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
Net inter segment lending	-	-	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 of provision	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
<b>Total Assets</b>	<u>649,740,169</u>	<u>1,345,391,301</u>	<u>1,467,605,578</u>	<u>240,401,262</u>	<u>355,250,382</u>	<u>217,048,872</u>	<u>4,275,437,564</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 41.2 Geographical segment analysis

	2022					Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	
	(Rupees in '000)					
Borrowings	63,395,001	420,042,838	5,195,348	69,092,536	6,792,865	564,518,588
Subordinated debt	-	-	-	-	-	10,000,000
Deposits & other accounts	59,231,055	3,359,197	1,335,014,402	151,693,394	291,357,894	1,841,819,093
Net inter segment borrowing	492,593,529	944,787,486	-	-	79,303,440	1,516,684,455
Others	2,990,589	318,804	8,594,815	7,203,929	90,782,739	23,504,296
<b>Total Liabilities</b>	<u>618,210,174</u>	<u>1,368,508,325</u>	<u>1,348,804,565</u>	<u>227,989,859</u>	<u>468,236,938</u>	<u>4,066,417,308</u>
Equity	31,529,995	(23,117,024)	118,801,013	12,411,403	(112,986,556)	209,020,256
<b>Total Equity &amp; liabilities</b>	<u>649,740,169</u>	<u>1,345,391,301</u>	<u>1,467,605,578</u>	<u>240,401,262</u>	<u>355,250,382</u>	<u>4,275,437,564</u>
<b>Contingencies and Commitments</b>	<u>509,367,455</u>	<u>214,015,939</u>	<u>30,493,205</u>	<u>7,626,255</u>	<u>378,866,694</u>	<u>1,141,306,974</u>
	2023					
	Pakistan	Middle East	Export Processing Zones	Total		
	(Rupees in '000)					
<b>Profit and Loss</b>						
Net mark-up / return / profit	123,905,850	18,208,240	770,032	142,884,122		
Non mark-up / return / interest income	30,916,185	(8,072,213)	24,776	22,868,748		
<b>Total Income</b>	<u>154,822,035</u>	<u>10,136,027</u>	<u>794,808</u>	<u>165,752,870</u>		
Segment direct expenses	58,759,324	7,883,702	34,124	66,677,150		
Inter segment expense allocation	(588,849)	586,191	2,658	-		
<b>Total expenses</b>	<u>58,170,475</u>	<u>8,469,893</u>	<u>36,782</u>	<u>66,677,150</u>		
(Reversal) / provision - net	(958,507)	(8,641,488)	557,641	(9,042,354)		
<b>Profit before tax</b>	<u>97,610,067</u>	<u>10,307,622</u>	<u>200,385</u>	<u>108,118,074</u>		
<b>Balance Sheet</b>						
Cash & Bank balances	220,607,652	87,237,156	186,160	308,030,968		
Investments	4,185,486,083	196,285,002	3,445,586	4,385,216,671		
Net inter segment lending	1,647,905,466	-	-	1,647,905,466		
Lendings to financial institutions	34,447,852	-	-	34,447,852		
Advances - performing	492,945,421	105,933,631	1,478,241	600,357,293		
Advances - non-performing net of provision	3,415,309	9,792,924	-	13,208,233		
Others	218,665,072	14,687,435	383,978	233,736,485		
<b>Total Assets</b>	<u>6,803,472,855</u>	<u>413,936,148</u>	<u>5,493,965</u>	<u>7,222,902,968</u>		
Borrowings	2,815,470,554	-	-	2,815,470,554		
Subordinated debt	10,000,000	-	-	10,000,000		
Deposits & other accounts	2,026,312,838	319,856,028	4,371,957	2,350,540,823		
Net inter segment borrowing	1,550,540,776	96,858,410	506,280	1,647,905,466		
Others	52,196,993	90,719,656	3,568,945	146,485,594		
<b>Total Liabilities</b>	<u>6,454,521,161</u>	<u>507,434,094</u>	<u>8,447,182</u>	<u>6,970,402,437</u>		
Equity	348,951,694	(93,497,946)	(2,953,217)	252,500,531		
<b>Total Equity &amp; liabilities</b>	<u>6,803,472,855</u>	<u>413,936,148</u>	<u>5,493,965</u>	<u>7,222,902,968</u>		
<b>Contingencies and Commitments</b>	<u>1,027,165,180</u>	<u>287,920,806</u>	<u>120,521</u>	<u>1,315,206,507</u>		
	2022					
	Pakistan	Middle East	Export Processing Zones	Total		
	(Rupees in '000)					
<b>Profit and Loss</b>						
Net mark-up / return / profit	92,416,683	10,376,199	416,439	103,209,321		
Non mark-up / return / interest income	31,470,266	2,953,963	18,342	34,442,571		
<b>Total Income</b>	<u>123,886,949</u>	<u>13,330,162</u>	<u>434,781</u>	<u>137,651,892</u>		
Segment direct expenses	47,344,517	6,300,291	27,732	53,672,540		
Inter segment expense allocation	(443,494)	441,223	2,271	-		
<b>Total expenses</b>	<u>46,901,023</u>	<u>6,741,514</u>	<u>30,003</u>	<u>53,672,540</u>		
Provisions - net	671,645	14,997,701	-	15,669,346		
<b>Profit / (loss) before tax</b>	<u>76,314,281</u>	<u>(8,409,053)</u>	<u>404,778</u>	<u>68,310,006</u>		

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2022			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
<b>Balance Sheet</b>				
Cash & Bank balances	93,738,086	64,900,382	58,193	158,696,661
Investments	1,301,293,501	111,418,386	2,481,942	1,415,193,829
Net inter segment lending	1,516,684,455	-	-	1,516,684,455
Lendings to financial institutions	85,296,480	-	-	85,296,480
Advances - performing	757,754,778	151,363,469	1,163,528	910,281,775
Advances - non-performing net of provision	3,189,071	8,366,249	-	11,555,320
Others	162,230,811	15,365,212	133,021	177,729,044
<b>Total Assets</b>	<b>3,920,187,182</b>	<b>351,413,698</b>	<b>3,836,684</b>	<b>4,275,437,564</b>
Borrowings	557,725,723	6,792,865	-	564,518,588
Subordinated debt	10,000,000	-	-	10,000,000
Deposits & other accounts	1,550,461,199	286,466,504	4,891,390	1,841,819,093
Net inter segment borrowing	1,437,381,015	78,144,168	1,159,272	1,516,684,455
Others	42,612,433	89,390,953	1,391,786	133,395,172
<b>Total Liabilities</b>	<b>3,598,180,370</b>	<b>460,794,490</b>	<b>7,442,448</b>	<b>4,066,417,308</b>
Equity	322,006,812	(109,380,792)	(3,605,764)	209,020,256
<b>Total Equity &amp; liabilities</b>	<b>3,920,187,182</b>	<b>351,413,698</b>	<b>3,836,684</b>	<b>4,275,437,564</b>
<b>Contingencies and Commitments</b>	<b>762,440,280</b>	<b>378,809,910</b>	<b>56,784</b>	<b>1,141,306,974</b>

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

#### 42. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these unconsolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2023			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	3	-	8,284,500	-	8,284,500
Corporates	27	32,321,700	-	105,059,490	137,381,190
Individuals	246	262,500	21,000	7,532,275	7,815,775
Insurance Companies	6	540,345,800	2,393,500	64,025,500	606,764,800
NGO / Charitable Organisation	4	1,634,000	-	5,691,640	7,325,640
Pension & Employee Funds	34	57,118,600	325,000	30,799,880	88,243,480
Others	14	11,318,400	-	17,370,360	28,688,760
<b>Total</b>	<b>334</b>	<b>643,001,000</b>	<b>11,024,000</b>	<b>230,479,145</b>	<b>884,504,145</b>
Category	Number of IPS Accounts	2022			
		Securities held (Face Value)			Total
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	983,000	-	983,000
Corporates	22	18,523,000	-	59,634,700	78,157,700
Individuals	111	228,400	5,000	3,991,180	4,224,580
Insurance Companies	5	432,032,500	1,272,500	94,952,500	528,257,500
NGO / Charitable Organisation	4	1,634,000	-	4,697,500	6,331,500
Pension & Employee Funds	33	56,179,300	325,000	16,577,650	73,081,950
Others	16	78,996,000	-	58,842,520	137,838,520
<b>Total</b>	<b>192</b>	<b>587,593,200</b>	<b>2,585,500</b>	<b>238,696,050</b>	<b>828,874,750</b>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

#### 43. 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 with related parties during the year are as follows:

	2023					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	-	647,251	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	647,251	-	-
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	12,674,229
Repaid during the year	-	-	-	-	-	(11,870,127)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	804,102
<b>Investments</b>						
Opening balance	-	-	-	2,955,223	2,024,126	5,300,368
Investment made during the year	-	-	-	1,000,000	225,000	-
Investment disposed / written off during the year	-	-	-	-	(366,640)	(58,518)
Transfer in / (out) - net	-	-	-	-	(225,000)	45,546
Closing balance	-	-	-	3,955,223	1,657,486	5,287,396
Provision for diminution in value of investments	-	-	-	-	1,417,485	1,160,263
Provision written off	-	-	-	-	-	-
<b>Advances</b>						
Opening balance	-	480	318,625	-	-	17,808,043
Addition during the year	-	5,664	544,583	-	-	14,944,269
Repaid during the year	-	(4,992)	(497,605)	-	-	(33,077,402)
Transfer in / (out) - net	-	134	163,593	-	-	325,482
Closing balance	-	1,286	529,196	-	-	392
Provision held against advances	-	-	-	-	-	-
<b>Other Assets</b>						
Interest / mark-up accrued	-	-	8,612	-	-	120,906
Receivable from staff retirement fund	-	-	-	-	-	4,593,951
Prepaid insurance	-	-	-	-	100,000	-
Capital work in progress	-	-	-	-	-	29,000
Other receivable	-	-	-	60,217	-	-
Provision written off	-	-	-	-	-	-

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	3,320	-	27,041,450
Settled during the year	-	-	-	-	-	(26,638,650)
Closing balance	-	-	-	3,320	-	402,800
<b>Deposits and other accounts</b>						
Opening balance	14,327	13,924,363	68,837	70,757	1,665,575	16,000,091
Received during the year	123,898,655	64,480,148	1,619,139	20,241,079	385,924,668	488,015,048
Withdrawn during the year	(123,898,620)	(73,338,287)	(1,609,785)	(20,140,705)	(374,746,010)	(499,662,860)
Transfer in	-	83,010	36,571	884,197	-	(1,712,309)
Closing balance	14,362	5,149,234	114,762	1,055,328	12,844,233	2,639,970
<b>Other Liabilities</b>						
Interest / mark-up payable on deposits and borrowings	-	17,676	188	-	39,581	10,418
Dividend payable	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-
Unearned income	-	-	-	536	-	47,262
Other payable	-	4,310	-	-	5,000	14,583
<b>Contingencies and Commitments</b>						
Letter of guarantee	-	-	-	-	-	-
Forward Government securities sale	-	-	-	-	-	-
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / interest earned	-	-	34,178	-	-	2,247,937
Commission / charges recovered	-	174	1,501	1,325	18,639	21,554
Dividend income	-	-	-	85,571	15,021	610,556
Net gain on sale of securities	-	-	-	-	32,413	-
Other income	-	-	-	2,846	-	46,186
Gain on sale of fixed assets	-	-	7,072	-	1,235	-
Gain on wind-up of subsidiary	-	-	-	-	-	-
Reversal of provision	-	-	-	-	-	20,203
Switch revenue	-	-	-	-	-	351,280
Management fee	-	-	-	76,909	-	-
<b>Expense</b>						
Mark-up / return / interest paid	7,416	361,179	11,476	22,718	887,162	540,471
Remuneration paid	-	-	1,086,391	-	-	-
Post employment benefits	-	-	-	-	-	-
Directors' fees and allowances	-	102,700	-	-	-	-
Charge for defined contribution plans	-	-	29,150	-	-	523,293
Charge for defined benefit plans	-	-	12,535	18,872	-	410,532
Provision	-	-	-	-	1,417,485	227,626
Other expenses	-	26	17,180	-	500	234,836
Clearing charges	-	-	-	-	-	170,828
Donations	-	-	-	-	-	-
Membership, subscription, sponsorship and maintenance charges	-	-	3,864	-	-	33,538

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
<b>Other Information</b>						
Dividend paid	26,532,614	881,245	21,066	-	140,158	4,946,398
Insurance premium paid	-	-	-	-	690,432	-
Insurance claims settled	-	-	-	-	588,634	-
<b>Statement of financial position</b>						
<b>Balances with other banks</b>						
In current accounts	-	-	-	762,976	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	762,976	-	-
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	2,355,115
Addition during the year	-	-	-	-	-	3,996,304
Repaid during the year	-	-	-	-	-	(6,351,419)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Investments</b>						
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)	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	2,955,223	2,024,126	5,300,368
Provision for diminution in value of investments	-	-	-	-	-	952,719
Provision written off	-	-	-	1,580,970	-	-
<b>Advances</b>						
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)
Transfer out - net	-	-	404	-	-	(873)
Closing balance	-	480	318,625	-	-	17,808,043
Provision held against advances	-	-	-	-	-	1,274,449
<b>Other Assets</b>						
Interest / mark-up accrued	-	-	-	-	42,198	711,313
Receivable from staff retirement fund	-	-	-	-	-	2,517,968
Prepaid insurance	-	-	-	-	58,739	-
Other receivable	-	-	-	6,630	-	-
Provision written off	-	-	-	-	-	-
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	1,769,000
Settled during the year	-	-	-	-	-	(1,769,000)
Closing balance	-	-	-	-	-	-

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2022					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
<b>Deposits and other accounts</b>						
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
<b>Other Liabilities</b>						
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	-
<b>Contingencies and Commitments</b>						
Letter of guarantee	-	-	-	-	-	-
Forward Government securities sale	-	-	-	-	-	-
<b>Profit and loss account</b>						
<b>Income</b>						
Mark-up / return / interest earned	-	1	16,133	5,336	102,018	2,864,381
Commission / charges recovered	-	218	1,387	782	32,504	24,286
Dividend income	-	-	-	529,749	49,878	448,486
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	2,510	-	32,067
Gain on sale of fixed assets	-	-	1,905	-	8,047	-
Gain on wind-up of subsidiary	-	-	-	6,778,877	-	-
Reversal of provision	-	-	-	107,941	-	-
Switch revenue	-	-	-	-	-	285,399
Management fee	-	-	-	49,759	-	-
<b>Expense</b>						
Mark-up / return / interest paid	1,930	210,224	4,538	2,856	290,057	287,932
Remuneration paid	-	-	824,164	-	-	-
Post employment benefits	-	-	-	-	-	-
Directors' fees and allowances	-	89,550	-	-	-	-
Charge for defined contribution plans	-	-	23,426	-	-	434,928
Charge for defined benefit plans	-	-	10,155	-	-	99,335
Other expenses	-	-	-	-	-	211,212
Clearing charges	-	-	-	-	-	156,767
Donations	-	-	-	-	-	110,000
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	9,172
<b>Other Information</b>						
Dividend paid	6,127,770	182,386	7,362	-	118,243	1,926,481
Insurance premium paid	-	-	-	-	561,401	-
Insurance claims settled	-	-	-	-	541,718	-

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
<b>44. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	12,241,797	12,241,797
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	143,456,256	134,274,529
Eligible Additional Tier 1 (ADT 1) Capital	9,934,770	9,803,806
Total Eligible Tier 1 Capital	153,391,026	144,078,335
Eligible Tier 2 Capital	49,594,306	47,616,511
Total Eligible Capital (Tier 1 + Tier 2)	202,985,332	191,694,846
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	709,252,566	717,763,967
Market Risk	259,291,125	81,055,011
Operational Risk	252,952,334	200,926,121
Total	1,221,496,025	999,745,099
Common Equity Tier 1 Capital Adequacy Ratio	11.74%	13.43%
Tier 1 Capital Adequacy Ratio	12.56%	14.41%
Total Capital Adequacy Ratio	16.62%	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 year ended December 31, 2023 stood at Rs.12,241.797 million (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 December 31, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 16.62% whereas CET 1 and Tier 1 ratios stood at 11.74% and 12.56% respectively.		
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.		
Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are applied against the Bank's exposures based on eligible collateral under comprehensive approach.		
	<b>2023</b>	<b>2022</b>
	(Rupees in '000)	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	153,391,026	144,078,335
Total Exposures	6,245,545,091	3,283,578,765
Leverage Ratio	44.2 2.46%	4.39%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,194,192,309	1,014,739,744
Total Net Cash Outflow	436,543,979	320,346,155
Liquidity Coverage Ratio	273.56%	316.76%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,912,608,898	1,612,227,681
Total Required Stable Funding	1,310,982,494	1,421,075,703
Net Stable Funding Ratio	145.89%	113.45%
<b>44.1</b>	The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <a href="https://www.ubldigital.com/Investor-Relations/CAR-Statements.aspx">https://www.ubldigital.com/Investor-Relations/CAR-Statements.aspx</a> .	
<b>44.2</b>	The SBP has allowed relaxation in Leverage Ratio requirement from 3% to 2% up to December 31, 2024 through its letter SBPHOK-BPRD-BACPD-UBL-601894 dated December 21, 2023.	

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 45. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Management Risk Committee (MRC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance, SAM and Business Groups. The Risk and Credit Policy Group led by Group Executive Risk and Credit Policy (GE-R&CP) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP and respective overseas central banks. The group is organized into various functions such as Credit Risk Management, Credit Policy & Research, Market & Treasury Risk and Basel, Financial Institution Risk, Consumer, Operational Risk, Fraud Risk Management, Credit Administration Division and Information Security Risk. The role of the Risk and Credit Policy Group, interalia, includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved Risk Management Policy.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- Identify problem credits and level of provisioning required.
- To Establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.
- Ensuring development of an effective MIS for timely identification, control and reporting of credit risk.
- Assessing the position of Bank's RWA for credit(s) in line with the application of Standardized Approach under Basel for computation of capital requirement for the Bank.

2023 was a challenging year for the global economy, where Central Banks around the globe increased interest rates to dampen the rising inflation which carried forward from the year 2022.

The year witnessed macroeconomic stress that had started to emerge in the year 2022, where high borrowing cost and political uncertainty has slowed down the economic growth of the country. State Bank of Pakistan followed the footsteps of global Central Banks and cumulatively increased 700 basis points in its interest rate in the year 2023, in order to control continued rising inflation, compared to an increase of 625 basis points in the year 2022.

Despite these challenges, the banking industry of Pakistan managed to expand its asset base, largely weighed by investments, as advances saw a muted growth due to higher interest rates. Private sector advances contracted, while the public sector continued to avail additional financing. Profitability witnessed a significant growth on back of Net Interest Income.

### 45.1 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for domestic operations, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME and Agri lending. All credit policy functions globally are centrally organized.

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Concentration of credit risk exists if clients are engaged in similar activities or are located in the same geographical region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing economic crisis.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables.

#### 45.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	-	40,953,209	-	-	-	-
Private	34,447,852	44,343,271	-	-	-	-
	<u>34,447,852</u>	<u>85,296,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 45.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Chemical and pharmaceuticals	541,190	54,351	49,811	54,351	49,811	54,351
Fertilizers	-	-	-	-	-	-
Financial	4,362,309,996	1,439,781,128	360,000	9,117,129	360,000	6,145,880
Food	912	912	912	912	912	912
Production and transmission of energy	17,979,314	13,917,757	-	-	-	-
Metal and allied	140,625	203,125	-	-	-	-
Textile	314,978	400,692	229,263	229,263	229,263	229,263
Others	2,878,007	2,627,887	1,397	1,397	1,397	1,397
	<u>4,384,165,022</u>	<u>1,456,985,852</u>	<u>641,383</u>	<u>9,403,052</u>	<u>641,383</u>	<u>6,431,803</u>

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Public / Government	4,373,572,371	1,443,604,651	-	9,117,129	-	6,145,880
Private	10,592,651	13,381,201	281,383	285,923	281,383	285,923
	<u>4,384,165,022</u>	<u>1,456,985,852</u>	<u>281,383</u>	<u>9,403,052</u>	<u>281,383</u>	<u>6,431,803</u>

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 45.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Specific Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Agriculture	47,245,725	129,185,227	1,884,515	2,185,738	1,640,466	1,979,458
Airlines	5,278,500	5,091,873	1,790,126	1,729,061	1,790,126	1,729,061
Automobile and transportation equipment	12,246,450	20,254,621	121,590	1,191,162	119,375	693,110
Education and medical	2,544,789	2,764,073	-	-	-	-
Cables	1,371,150	1,246,367	481,751	541,751	481,751	541,751
Cement	4,588,509	6,023,774	492,327	395,518	492,327	395,518
Chemical and pharmaceuticals	11,013,590	11,016,483	30,000	31,940	30,000	31,940
Construction	13,244,258	10,973,188	9,536,919	7,654,437	8,488,216	6,812,685
Contractors	13,521,355	15,592,901	19,649	14,217	10,899	11,360
Electronics and electrical appliances	15,072,916	14,943,178	12,906,835	10,457,951	10,173,129	8,267,219
Engineering	1,119,218	708,077	-	10,496	-	10,496
Fertilizer	1,604,040	12,809,337	15,752	5,416	9,002	5,416
Financial	20,742,592	175,640,675	4,903,226	4,099,016	4,903,226	4,099,016
Food, tobacco and beverages	11,087,825	9,399,203	8,887,625	7,273,546	5,849,760	5,158,333
Glass and allied	8,136	381,609	-	-	-	-
Hotel and tourism	9,337,621	8,986,425	679,406	888,413	679,406	888,413
Individuals	49,680,310	78,248,301	7,130,865	6,711,326	5,205,914	4,688,109
Paper and allied	3,463,419	2,914,931	1,226,314	1,017,572	1,219,189	1,017,572
Polyester and fiber	1,712,739	2,144,665	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	223,114,256	225,989,542	6,354,445	6,014,169	4,847,044	4,436,491
Shoes and leather garments	3,385,860	2,976,253	2,529,809	2,383,340	2,529,809	2,383,340
Sugar	9,304,125	6,183,719	-	116,481	-	116,481
Metal and allied	6,889,030	7,951,813	408,300	408,300	408,300	408,300
Telecommunication	47,421,660	44,347,270	5,631,812	5,024,931	5,631,812	4,780,857
Textile composite	47,625,997	61,550,323	265,404	286,846	265,404	118,096
Textile	25,543,938	36,410,707	6,798,209	7,097,635	6,798,209	6,810,919
Textile spinning	14,475,357	24,891,681	1,309,832	1,519,061	1,309,832	1,519,061
Textile weaving	3,071,699	3,687,893	146,232	151,520	146,232	151,520
Wholesale and retail trade	48,810,601	42,218,781	19,199,768	15,463,300	18,342,158	14,762,791
Others	62,542,006	49,234,527	11,212,758	9,088,648	9,383,650	8,389,158
	<u>717,067,671</u>	<u>1,013,767,417</u>	<u>105,540,520</u>	<u>93,338,842</u>	<u>92,332,287</u>	<u>81,783,522</u>

Credit risk by public / private sector	Gross advances		Non-performing advances		Specific Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public / Government	219,470,719	311,144,344	964,568	964,568	22,313	22,313
Private	497,596,952	702,623,073	104,575,952	92,374,274	92,309,974	81,761,209
	<u>717,067,671</u>	<u>1,013,767,417</u>	<u>105,540,520</u>	<u>93,338,842</u>	<u>92,332,287</u>	<u>81,783,522</u>

## Notes to and forming part of the Unconsolidated Financial Statements

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### 45.1.4 Contingencies and Commitments

Credit risk by industry sector	2023	2022
	----- (Rupees in '000) -----	
Agri business	61,910,577	35,042,165
Airlines	146,972	83,982
Automobile and transportation equipment	8,104,503	17,060,374
Cables	761,688	617,831
Cement	10,970,043	2,722,521
Chemical and pharmaceuticals	7,836,473	6,344,093
Construction	20,447,024	12,289,111
Contractors	19,344,346	11,589,571
Electronics and electrical appliances	6,012,816	3,197,903
Engineering	6,948,442	5,131,864
Fertilizer dealers	19,636,147	6,789,726
Financial	622,151,757	612,132,141
Food, tobacco and beverages	13,526,395	10,729,033
Glass and allied	136,874	431,969
Hotel and tourism	1,064,119	2,907,013
Individuals	19,453,910	23,968,698
Paper and allied	3,497,866	2,686,432
Polyester and fiber	4,214,793	3,656,870
Production and transmission of energy	220,094,251	169,906,265
Shoes and leather garments	1,374,174	1,640,048
Sugar	801,482	405,397
Telecommunication	10,195,604	12,664,873
Textile	57,665,189	33,872,610
Wholesale traders	4,597,270	3,349,687
Others	194,313,792	162,086,797
	<u>1,315,206,507</u>	<u>1,141,306,974</u>
<b>Credit risk by public / private sector</b>		
Public / Government	439,325,265	470,075,580
Private	875,881,242	671,231,394
	<u>1,315,206,507</u>	<u>1,141,306,974</u>

### 45.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs.478,848 million (2022: Rs 458,202 million) are as follows:

	2023	2022
	----- (Rupees in '000) -----	
Funded	166,962,464	275,701,388
Non Funded	311,886,407	182,500,668
Total Exposure	<u>478,848,871</u>	<u>458,202,056</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 531,971 million (2022: Rs. 549,819 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.



# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 2023

### 45.1.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2023						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	348,177,061	348,177,061	-	-	-	-	-
Sindh	279,441,191	-	279,441,191	-	-	-	-
KPK including FATA	1,424,469	-	-	1,424,469	-	-	-
Balochistan	114,525	-	-	-	114,525	-	-
Islamabad	56,846,157	-	-	-	-	56,846,157	-
AJK including Gilgit-Baltistan	88,965	-	-	-	-	-	88,965
<b>Total</b>	<b>686,092,368</b>	<b>348,177,061</b>	<b>279,441,191</b>	<b>1,424,469</b>	<b>114,525</b>	<b>56,846,157</b>	<b>88,965</b>

Province / Region	2022						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	512,247,865	512,247,865	-	-	-	-	-
Sindh	708,110,877	-	708,110,877	-	-	-	-
KPK including FATA	1,961,863	-	-	1,961,863	-	-	-
Balochistan	769,154	-	-	-	769,154	-	-
Islamabad	137,901,587	-	-	-	-	137,901,587	-
AJK including Gilgit-Baltistan	182,728	-	-	-	-	-	182,728
<b>Total</b>	<b>1,361,174,074</b>	<b>512,247,865</b>	<b>708,110,877</b>	<b>1,961,863</b>	<b>769,154</b>	<b>137,901,587</b>	<b>182,728</b>

### 45.2 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lending / borrowing, Investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVB), Duration, Beta, and Expected Shortfall on regular basis. Bank also ascertains the impact of changes in market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

### 45.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	277,330,217	-	277,330,217	143,004,094	-	143,004,094
Balances with other banks	30,700,751	-	30,700,751	15,692,567	-	15,692,567
Lendings to financial institutions	34,447,852	-	34,447,852	85,296,480	-	85,296,480
Investments	1,325,708,609	3,059,508,062	4,385,216,671	693,292,393	721,901,436	1,415,193,829
Advances	613,565,526	-	613,565,526	921,837,095	-	921,837,095
Fixed assets	73,584,672	-	73,584,672	70,816,984	-	70,816,984
Intangible assets	2,458,834	-	2,458,834	2,406,215	-	2,406,215
Deferred tax assets	-	-	-	18,874,768	-	18,874,768
Other assets	157,692,979	-	157,692,979	85,631,077	-	85,631,077
<b>Total</b>	<b>2,515,489,440</b>	<b>3,059,508,062</b>	<b>5,574,997,502</b>	<b>2,036,851,673</b>	<b>721,901,436</b>	<b>2,758,753,109</b>

# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 2023

### 45.2.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.

The FX risk and associated concentration risk is managed through approved currency wise net open position limits, tenor and currency wise Gap limits and an overall FEE limit.

The currency risk is effectively monitored against the applicable regulatory limits. Market risk monitors that the FX exposure remains under against the limits prescribed by SBP and Internal Limits approved by GALCO.

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	254,928,806	130,642,988	(125,560,342)	(1,274,524)	242,413,070	119,412,092	(121,995,592)	1,005,386
Great Britain Pound	3,944,508	15,836,808	11,909,072	16,772	2,097,483	26,833,750	25,299,696	563,429
Japanese Yen	9,038	219,538	211,086	586	34,449	11,445	(17,136)	5,868
Euro	4,115,991	15,446,741	11,172,637	(158,113)	3,483,404	14,366,025	10,850,347	(32,274)
UAE Dirham	203,362,212	275,837,544	73,244,044	768,712	116,182,231	214,805,842	98,557,128	(66,483)
Bahraini Dinar	13,118,985	43,475,886	32,157,881	1,800,980	12,534,064	37,937,332	24,742,967	(660,301)
Qatari Riyal	39,308,930	52,195,508	12,837,243	(49,335)	23,375,382	40,361,795	16,868,237	(118,176)
Other Currencies	15,446,888	17,509,585	1,891,669	(171,028)	11,703,634	10,944,608	323,301	1,082,327
<b>Total</b>	<b>534,235,358</b>	<b>551,164,598</b>	<b>17,863,290</b>	<b>934,050</b>	<b>411,823,717</b>	<b>464,672,889</b>	<b>54,628,948</b>	<b>1,779,776</b>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(9,341)	-	(17,798)	-

### 45.2.3 Equity Position Risk

Equity risk is the risk that the fair value of an equity instrument will fluctuate due to changes in the prices of individual stocks or market indices.

To manage equity risk, The Bank has a well-defined criterion for identifying the Investible Universe based on the Market Capitalization, Liquidity & Average Daily Traded Volumes.

The Bank has an active and regular monitoring mechanism for utilization against approved portfolio limits, scrip wise limits, sector limits and timely escalation of Management Action Trigger Levels (MAT).

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	30,812	538,297	32,130	487,632

### 45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the overall business of the Bank and arises from mismatches between the contractual maturities and the re-pricing of on and off-balance sheet assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing. In case of any distressed event the results and corresponding action plan is presented at the relevant management / BoD committee.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in interest rates on				
- Profit and loss account	-	194,691	-	21,338
- Other comprehensive income	22,655,407	17,862,013	17,811,510	2,025,824

# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 2023

### 45.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
%												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
1.08%	277,330,217	19,968,836	-	-	-	-	-	-	-	-	-	257,361,381
4.54%	30,700,751	3,024,366	-	-	-	-	-	-	-	-	-	23,666,661
19.55%	34,447,852	34,447,852	-	-	-	-	-	-	-	-	-	-
17.28%	4,385,216,671	105,204,180	331,678,208	947,163,120	1,944,137,583	231,257,197	490,679,482	240,250,344	78,475,176	73,375	16,298,006	
16.59%	613,565,526	119,995,597	314,457,531	122,315,819	4,882,552	4,272,567	5,026,415	10,321,880	17,876,446	1,502,447	13,914,272	
	153,826,657	-	-	-	-	-	-	-	-	-	-	153,826,657
	5,495,087,674	281,640,831	648,954,346	1,069,478,939	1,950,212,252	235,529,764	495,705,897	250,572,224	96,351,622	1,575,822	465,065,977	
	21,651,784	2,746,071,703	30,201,166	5,109,196	254,135	907,970	2,511,768	7,795,661	21,895,986	129,225	21,651,784	
20.14%	2,815,470,584	87,017,290	969,076,775	53,999,015	103,296,075	6,555,810	1,750,009	7,392,800	3,575,826	-	593,744	
8.05%	2,350,540,823	10,000,000	-	-	-	-	-	-	-	-	-	1,117,877,223
22.36%	10,000,000	-	-	-	-	-	-	-	-	-	-	-
	75,227,656	-	-	-	-	-	-	-	-	-	-	75,227,656
	5,272,890,817	2,843,088,993	999,277,941	59,108,211	103,550,210	7,463,780	4,261,777	15,188,461	25,471,812	129,225	1,215,350,407	
	222,196,857	(2,561,448,162)	(350,323,595)	1,010,370,728	1,846,662,042	228,065,984	491,444,120	235,383,763	70,879,810	1,446,597	(750,284,430)	
	183,034	123,349	59,685	-	-	-	-	-	-	-	-	-
	(183,034)	(123,349)	(59,685)	-	-	-	-	-	-	-	-	-
	16,956,300	1,597	16,954,703	-	-	-	-	-	-	-	-	-
	(3,000,000)	(3,000,000)	-	-	-	-	-	-	-	-	-	-
	278,930,255	110,724,095	120,086,940	45,090,510	3,028,710	-	-	-	-	-	-	-
	(261,070,854)	(100,103,190)	(106,388,768)	(51,840,917)	(2,737,979)	-	-	-	-	-	-	-
	31,815,701	7,622,502	30,652,875	(6,750,407)	290,731	-	-	-	-	-	-	-
	(2,553,825,660)	(319,670,720)	1,003,620,321	1,846,952,773	228,065,984	491,444,120	235,383,763	70,879,810	1,446,597	(750,284,430)		
	(2,553,825,660)	(2,873,496,380)	(1,869,876,059)	(22,923,286)	205,142,698	696,586,818	931,970,581	1,002,850,391	1,004,296,988	254,012,558		

#### Total Yield / Interest Rate Risk Sensitivity Gap

#### Cumulative Yield / Interest Rate Risk Sensitivity Gap

# Notes to and forming part of the Unconsolidated Financial Statements

## For the year ended December 31, 2023

Effective yield / interest rate	Exposed to yield / interest rate risk										Non-interest bearing financial instruments	
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
%												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
0.30%	143,004,084	6,503,154	-	-	-	-	-	-	-	-	-	136,500,940
2.60%	15,692,567	3,392,539	2,264,309	-	-	-	-	-	-	-	-	10,035,719
13.14%	85,296,480	85,296,480	-	-	-	-	-	-	-	-	-	-
11.72%	1,415,193,829	40,588,291	229,180,629	476,830,223	58,443,323	89,730,466	149,587,393	268,305,237	84,619,581	-	17,908,686	
10.60%	921,837,095	184,787,231	469,083,586	165,785,476	8,623,043	10,115,759	10,755,213	25,359,752	30,527,201	1,753,421	15,046,413	
	79,292,650	-	-	-	-	-	-	-	-	-	-	79,292,650
	2,660,316,715	320,567,695	700,528,524	642,615,699	67,066,366	99,846,225	160,342,606	293,664,989	115,146,782	1,753,421	258,784,408	
	33,021,738	-	-	-	-	-	-	-	-	-	-	33,021,738
10.20%	564,518,588	67,547,069	451,749,242	13,682,449	724,458	1,870,303	4,413,042	4,170,692	19,332,974	197,273	831,086	
5.70%	1,841,819,093	72,431,068	696,612,919	80,377,112	69,230,056	26,515,259	6,249,992	9,768,378	4,335,780	-	876,298,529	
15.11%	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-	-
	64,709,326	-	-	-	-	-	-	-	-	-	-	64,709,326
	2,514,068,745	139,978,137	1,158,362,161	94,059,561	69,954,514	28,385,562	10,663,034	13,939,070	23,668,754	197,273	974,860,879	
	146,247,970	180,589,558	(457,833,637)	548,556,138	(2,888,148)	71,460,663	149,679,572	279,725,919	91,478,028	1,556,148	(716,076,271)	
	286,171	286,171	-	-	-	-	-	-	-	-	-	-
	(286,171)	(286,171)	-	-	-	-	-	-	-	-	-	-
	41,457,100	34,960,821	6,496,279	-	-	-	-	-	-	-	-	-
	(1,300,000)	(1,300,000)	-	-	-	-	-	-	-	-	-	-
	276,701,893	155,468,387	87,878,507	31,089,240	2,265,759	-	-	-	-	-	-	-
	(222,076,145)	(108,988,065)	(77,936,180)	(31,349,110)	(3,802,790)	-	-	-	-	-	-	-
	94,782,848	80,141,143	16,438,606	(259,870)	(1,537,031)	-	-	-	-	-	-	-
	260,730,701	(441,395,031)	548,296,268	(4,425,179)	71,460,663	149,679,572	279,725,919	91,478,028	1,556,148	(716,076,271)		
	260,730,701	(180,664,330)	367,631,938	363,206,759	434,667,422	584,346,994	864,072,913	955,550,941	957,107,089	241,030,818		

#### Total Yield / Interest Rate Risk Sensitivity Gap

#### Cumulative Yield / Interest Rate Risk Sensitivity Gap

## Notes to and forming part of the Unconsolidated Financial Statements

### For the year ended December 31, 2023

#### 45.2.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Total financial assets as per note 45.3.5	5,495,087,674	2,660,316,715
Add: Non financial assets		
Fixed assets	73,584,672	70,816,984
Intangible assets	2,458,834	2,406,215
Deferred tax assets	-	18,874,768
Other assets	3,866,322	6,338,427
Total assets as per statement of financial position	<u>5,574,997,502</u>	<u>2,758,753,109</u>
Total financial liabilities as per note 45.3.5	5,272,890,817	2,514,068,745
Add: Non financial liabilities		
Other liabilities	47,684,265	35,664,108
Deferred tax liabilities	1,921,889	-
Total liabilities as per statement of financial position	<u>5,322,496,971</u>	<u>2,549,732,853</u>

#### 45.3

##### Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the Bank, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives. Business Continuity Plans (BCP) for respective areas are in place and tested under domain of Operations Group.

#### 45.4

##### Liquidity risk

Liquidity risk is defined as the risk that a bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

## Notes to and forming part of the Unconsolidated Financial Statements

### For the year ended December 31, 2023

UBL actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Bank is responsible for the oversight of liquidity management and meets at least on a monthly basis or more frequently, if required. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

It is the Bank's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity gaps.

The Bank has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Bank to business as usual.

#### 45.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2023 ----- (Rupees in '000) -----													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
<b>Assets</b>														
Cash and balances with treasury banks	277,330,217	-	8,068,190	2,616,640	266,645,387	-	-	-	-	-	-	-	-	-
Balances with other banks	30,700,751	8,384,948	-	-	11,379,611	-	2,818,606	-	-	-	-	-	-	-
Lending to financial institutions	4,385,216,671	34,447,852	9,293,961	-	-	-	-	1,212,001	-	-	-	-	-	-
Investments	613,565,526	57,290,409	21,137,117	15,752,275	19,095,883	11,651,957	8,562,239	48,939,350	210,943,835	1,845,025,505	342,770,174	545,891,684	874,306,946	468,726,942
Advances	73,584,672	4,709	30,792	35,892	883,629	149,467	749,746	52,590,351	27,314,419	48,138,819	35,703,048	35,703,048	110,267,416	125,582,323
Fixed assets	2,458,834	2,455	14,602	17,036	41,373	75,355	207,863	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	157,692,979	7,613,634	21,162,205	3,860,312	10,325,640	29,099,588	9,804,534	58,274,536	495,916	444,372	5,029,618	1,652,120	6,482,650	3,447,854
Other assets	5,322,496,971	73,296,155	94,154,719	22,290,350	359,190,127	70,135,383	53,569,212	162,712,406	222,106,860	1,873,427,133	405,915,596	587,963,784	988,059,746	652,176,031
<b>Liabilities</b>														
Bills payable	21,651,784	118,712	-	-	21,533,072	-	-	-	-	-	-	-	-	-
Borrowings	2,815,470,554	595,218	6,366,198	2,022,067,076	717,616,956	8,818,878	-	-	-	-	-	-	-	-
Deposits and other accounts	2,350,540,823	4,632,515	9,766,224	7,617,613	1,928,133,202	191,387,979	32,222,402	52,031,050	64,831	89,110	957,755	2,172,607	8,185,231	22,025,210
Subordinated debt	10,000,000	-	-	-	-	-	-	-	52,617,562	52,181,374	7,165,179	1,817,098	7,392,800	3,575,825
Deferred tax liabilities	1,921,889	-	-	-	1,921,889	-	-	-	-	-	-	-	-	-
Other liabilities	122,911,921	17,704,082	8,156,836	4,943,080	3,021,982	4,601,268	27,945,024	15,067,598	5,597,391	6,694,993	12,050,248	2,730,170	4,326,936	10,072,313
	5,322,496,971	23,050,527	24,289,258	2,034,647,769	2,672,227,101	204,808,125	81,556,114	72,201,444	58,279,784	58,965,477	20,173,182	6,719,875	19,904,967	45,673,348
<b>Net assets</b>	255,500,531	50,245,628	69,865,461	(2,012,357,419)	(2,313,036,974)	(134,672,742)	(27,986,902)	90,510,962	163,827,076	1,814,461,656	385,742,414	581,243,909	978,154,779	606,502,683
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	107,800,978	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	41,965,460	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	90,492,296	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>252,500,531</u>	<u>50,245,628</u>	<u>69,865,461</u>	<u>(2,012,357,419)</u>	<u>(2,313,036,974)</u>	<u>(134,672,742)</u>	<u>(27,986,902)</u>	<u>90,510,962</u>	<u>163,827,076</u>	<u>1,814,461,656</u>	<u>385,742,414</u>	<u>581,243,909</u>	<u>978,154,779</u>	<u>606,502,683</u>



# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

2022

	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
(Rupees in '000)										
<b>Assets</b>										
Cash and balances with treasury banks	143,004,094	55,302,454	3,019,100	2,958,838	4,283,298	5,958,629	4,572,217	7,250,490	42,475,484	17,183,584
Balances with other banks	15,692,567	13,428,259	2,264,308	-	-	-	-	-	-	-
Lendings to financial institutions	85,296,480	85,296,480	-	-	-	-	-	-	-	-
Investments	1,415,193,829	20,944,346	85,453,883	99,215,503	106,759,360	159,848,001	254,785,013	379,309,350	303,734,226	5,144,147
Advances	921,837,095	310,077,792	144,736,992	118,665,969	56,710,977	39,686,104	41,790,464	79,653,070	63,269,732	67,245,995
Fixed assets	70,816,984	1,005,994	945,799	1,379,961	1,547,606	2,593,999	2,661,483	5,533,311	3,051,516	52,097,315
Intangible assets	2,406,215	21	1,031	195,733	62,401	551,006	507,654	514,711	573,658	-
Deferred tax asset	18,874,768	-	-	-	4,718,692	4,718,692	4,718,692	4,718,692	-	-
Other assets	85,631,077	15,602,226	16,296,492	5,893,344	6,082,147	5,659,020	11,130,609	11,401,172	9,577,386	3,988,681
	2,758,753,109	501,657,572	252,717,605	228,309,348	180,164,481	219,015,451	320,166,132	488,380,796	422,682,002	145,659,722
<b>Liabilities</b>										
Bills payable	33,021,738	11,144,615	8,158,423	10,751,739	2,966,961	-	-	-	-	-
Borrowings	564,518,588	42,298,871	471,424,012	14,650,979	73,956	839,552	955,588	5,834,260	28,441,370	-
Deposits and other accounts	1,841,819,093	121,590,838	115,468,390	130,340,062	150,947,413	137,902,444	91,612,095	145,132,600	678,261,456	270,563,795
Subordinated debt	10,000,000	-	-	-	-	10,000,000	-	-	-	-
Other liabilities	100,373,434	(11,168,620)	52,709,165	15,305,517	7,894,254	6,068,513	6,619,803	4,802,440	7,747,528	10,394,834
	2,549,732,853	163,865,704	647,759,990	171,048,297	161,882,584	154,810,509	99,187,486	155,769,300	714,450,354	280,958,629
<b>Net assets</b>	209,020,256	337,791,868	(395,042,385)	57,261,051	18,281,897	64,204,942	220,978,646	332,611,496	(291,768,352)	(135,298,907)
Share capital	12,241,797									
Reserves	86,254,373									
Surplus on revaluation of assets	19,085,934									
Unappropriated profit	91,438,152									
	209,020,256									

## Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 45.5 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Bank. It is the potential for unauthorized use, disruption, modification or destruction of information such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

UBL has a dedicated Information Security Division, functioning within Risk and Credit Policy Group which manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing, and also supporting the other domains of information security i.e., security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation, and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance Unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible, and adaptable to the organization's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories as well by deploying 24/7 Security Operation Center (SOC) at UBL. This unit deals with security issues. The unit continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholder for securing the bank's assets.

Application Security in Information security (IS) manages IS Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing, ATM including review of security aspects of assets, enterprise architecture design controls of the applications in accordance with applicable policies, standards & controls.

Further, The Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes, or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, Bank's main focus remains on the continuous improvement of UBL's security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

### 45.6 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Bank monitor key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing regulatory frameworks. By utilizing comprehensive risk management processes and sophisticated control systems, the Bank aims to minimize the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's AML / CFT / CPF Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BOD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are as under:

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

1. Under FCC Process Workstream; the Bank uplifted the framework at design level with key deliverables as:

- FCC Strategy
- Bank's FCC Risk Appetite Statement
- Target Operating Model (TOM) across three lines of defense
- FCC Policies & Standards
- Enterprise Wide FCC Risk Assessment Methodologies/Internal Risk Assessment Review (EWRA/IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.
- Management Information (MI) Suite.

2. The Bank rolled out comprehensive role based FCC training modules and staff capacity assessment carried out under FCC Transformation People Workstream.

3. On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring and payments screening systems. These systems were independently reviewed by a reputed international third party expert.

4. Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

## 45.7 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

### Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorized into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

### Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

### Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

### Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

# Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

## 46. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past eight 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 appear to be reversed in near future.

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

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

The Board of Directors, in its meeting held on February 21, 2024 has proposed a final cash dividend of Rs.11.0 per share for the year 2023. This is in addition to Rs. 33.0 already paid during the year bringing the total dividend for the year to Rs. 44.0 per share (2022: Rs. 22.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024.

## 48. GENERAL

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

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

## 49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 21, 2024, 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

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
1	Asif Kamal Haseki, PO Rasoolpur Tarar, Tehsil Pindi Bhattian, District Hafizabad	Asif Kamal	34302-1913953-3	Muhammad Ali	1,000	691	-	1,691	-	691	-	691
2	Ghafoor Ahmad Tibbi Marthawali, Pokot Benida, Tehsil and District Nankana Sahib	Ghafoor Ahmad	35501-3241653-7	Allah Jawaya	-	598	-	598	-	598	-	598
3	Muhammad Ijaz Ahmad Chak No. 39, RB Tehsil Safdarabad, District Sheikhupura	Muhammad Ijaz Ahmad	35403-1158545-7	Muhammad Hussain	-	879	-	879	-	879	-	879
4	Tawakal Hayat Tarar P/O Khas Rasulpur Tarar, Tehsil Pindi Bhattian, District Hafizabad	Tawakal Hayat Tarar	35201-5930746-1	Ijaz Ahmad Tarar	2,500	783	-	3,283	-	783	-	783
5	Sikandar Hayat Virk Nabi Pur Virkan, P-O Khanpur, Tehsil Ferozwala, District Hafizabad	Sikandar Hayat Virk	35404-2590684-7	Umar Hayat Anjum	1,200	747	-	1,947	-	747	-	747
6	Muhammad Saleem Sad No Abad, PO Dabkey, Tehsil Feroz, District Nankana Sahib	Muhammad Saleem	35401-1953074-5	Sher Muhammad	300	907	-	1,207	-	907	-	907
7	Zulfiqar Kahney, P/O Bara Ghar, Tehsil and District Nankana Sahib	Zulfiqar	35402-9526788-9	Shahadat Ali	150	680	-	830	-	680	-	680
8	Riaz Hussain Village Chani Rahmat Khan, PO Tathi Bahlol Pur, Tehsil Pindi Bhattian, District Hafizabad	Riaz Hussain	34302-1417056-3	Murad Baksh Marhoom	-	681	-	681	-	681	-	681

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
9	Malik Faryad Hussain Machora Sarang, Tehsil and District Nankana Sahib	Malik Faryad Hussain	35402-7349591-1	Malik Talib Hussain	470	1,348	-	1,818	-	1,348	-	1,348
10	Ch. Muhammad Anwar Village Shameer, PO Kamoke, Gujranwala	Ch. Muhammad Anwar	34102-3996962-1	Fateh Muhammad	250	756	-	1,006	-	756	-	756
11	Muhammad Umar Saeed House no. 185, Housing Colony, Sector X, Sheikhupura	Muhammad Umar Saeed	35404-2347211-1	Muhammad Saeed Dogar	-	639	-	639	-	639	-	639
12	Razaq Bisan, PO Saddiqabad, Tehsil Nankana, District Sheikhupura,	Razaq	35402-3290989-3	Dara	900	697	-	1,597	-	697	-	697
13	Razaq Bisan, PO Saddiqabad, Tehsil Nankana, District Sheikhupura,	Razaq	35402-3290989-3	Dara	2,000	1,468	-	3,468	-	1,468	-	1,468
14	Muhammad Nawaz Bhatti R.O Kharak Bhattian, P/O Vanike Tarar, Hafizabad	Muhammad Nawaz Bhatti	34301-7939557-3	Ghulam Qadir	303	820	-	1,123	-	820	-	820
15	Istrahat Anjum Mian Ali PO Khas, Safdarabad, Sheikhupura	Istrahat Anjum	35403-3059837-7	Altaf Hussain	-	641	-	641	-	641	-	641
16	Mazhar & Brothers Shahi bagh Road Peshawar City	Mazhar Hussain	17301-6862171-9	Shahadat Hussain	328	1,433	-	1,761	-	1,433	-	1,433
17	ZARFAROSH Jjara Koroona, Sarki Masharan, P/O Shakh No 6, Charsadda	Zarfaroosh	17101-0415930-1	Khalo Khan	-	1,094	-	1,094	-	1,094	-	1,094

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
18	Muhammad Kaleem	Muhammad Kaleem	13503-3547476-1	M Fareed	-	538	-	538	-	-	-	538
19	Chowk Afzalabad, Mansehra Ibrar Hussain	Ibrar Hussain	31104-3468583-7	Umer Hayyat	700	1,175	-	1,875	-	825	-	825
20	Muhammad Rafique	Muhammad Rafique	31203-0470181-5	Allah Dad	1,000	566	-	1,566	-	590	-	590
21	Chak 182/M Po Chak 186/M Hasilpur Distt. Hasilpur Karim Nawaz	Karim Nawaz	36201-0573771-1	Mian Muhammad Shafi	1,000	1,037	-	2,037	-	887	-	887
22	Mohalla Qadir Abad, Jalia Arain PO Same Dunyapur, Distt. Lodhran Muhammad Ishfaq	Muhammad Ishfaq	36201-3505110-1	Muhammad Boota	475	888	-	1,363	-	888	-	888
23	Chak 344/WB PO Dunyapur Distt. Lodhran Jan Muhammad	Jan Muhammad	36203-4683869-9	Ghous Bux	275	631	-	906	-	506	-	506
24	Chah Munnay Wala Mouza Bhoteil Gogran Distt. Lodhran Naveed Zulfiqar	Naveed Zulfiqar	31202-7344481-7	Zulfiqar Ali	303	728	-	1,031	-	721	-	721
25	H # 512-C, Satellite Town, Bahawalpur Khalil Ahmed	Khalil Ahmed	36203-6118716-7	Shah Muhammad	475	591	-	1,066	-	516	-	516
26	Chah Pawali wala Mouza Amreek PO Chak Himtta Distt. Lodhran Makloooq Ahmad	Makloooq Ahmad	35302-8455898-9	Ghulam Ali	250	591	-	841	-	545	-	545
	Chak No 41/4L Okara											

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
27	Muhammad Saleem	Muhammad Saleem	36502-3798859-3	Ahmad Yar	338	636	-	974	-	531	-	531
28	Chak Asad Ullah Pur Sahiwal Muhammad Ilyas	Muhammad Ilyas	36402-3741533-7	Sardar Muhammad	400	652	-	1,052	-	613	-	613
29	CHAK NO 55.S.P P/O DHAPAI PAKPATAN Sajid Ali	Sajid Ali	36101-3936726-1	Malik Sher Muhammad	546	1,197	-	1,743	-	1,171	-	1,171
30	Rai Mujataba PO Jahanian Malik Alam Khan	Malik Alam Khan	36501-1830327-3	Zuhar Khan	600	1,444	-	2,044	-	1,488	-	1,488
31	Chak No 32-35/14L Sahiwal i) Ch Adnan Amir ii) Ch Irfan Amir	i) Ch Adnan Amir ii) Ch Irfan Amir	34101-7588262-3 34101-8238554-1	Ch Aman Ullah	700	746	-	1,446	-	685	-	685
32	Chak No 159A/10R Khanewal Muhammad Rizwan Yousaf	Muhammad Rizwan Yousaf	36502-8425916-5	Muhammad Yousaf Choudhry	2,500	1,040	-	3,540	-	1,044	-	1,044
33	H NO 394 BLOCK 1 FARID TOWN SAHIWAL Mian Rasheed Ahmad Khan	Mian Rasheed Ahmad Khan	36402-5510762-1	Mian Wali Muhammad Khan	-	666	-	666	-	666	-	666
34	Moosewala PO 39/SP Pakpattan Imtiz Ahmed	Imtiz Ahmed	34104-2316089-9	Muhammad Aslam	1,000	619	-	1,619	-	619	-	619
35	Village Jam Wala P.O Same, Tehsil Wazirabad, Gujranwala i) M. Fazal Azeem ii) Safia Bano	i) M. Fazal Azeem ii) Safia Bano	34603-6630415-7	M. Sadiq and W/o M. Tariq	170	1,069	-	1,239	-	1,069	-	1,069
36	House No. 2/445, Muslim Street, Mohalla Water Wrks. Sialkot Muhammad Asif Cheema	Muhammad Asif Cheema	34104-7180725-7	M. Safdar Cheema	255	1,062	-	1,317	-	1,030	-	1,030



## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
37	Syed Zia Ul Hassan Shirazi Village Ali Pur Syedan, P.O Same, Tehsil and District Narowal Gulshad Ahmed	Syed Zia Ul Hassan Shirazi	34501-1936552-3	Peer Syed Ghulam Mustafa Shirazi	400	802	-	1,202	-	652	-	652
38	Village Nand Pur, P.O Changi, Tehsil Daska, District Sialkot	Gulshad Ahmed	34601-4434138-7	S/o Aas Muhammad	800	648	-	1,448	-	548	-	548
39	Shujabad Oil & Feed Mills Pvt. Ltd Suruj Kund Road, Multan	i) Qaisar Shabbir (Ceo/Director) ii) Faisal Shabbir [Director] iii) Malik Muhammad Akram [Director]	36302-2202092-5 36302-0129021-9 36304-1645494-3	Shabbir Ahmad Shabbir Ahmad Ghulam Sarwar	366,000	35,153	-	401,153	121,000	35,153	-	156,153
40	Ripple Crown Hotel P-18-A, Peoples Colony Faisalabad.	i) Mian Tariq Habib ii) Mrs. Naila Habib	33100-0573674-5 33100-0561355-2	Mian Habib Ul Haq w/o Mian Tariq Habib	285,994	-	84,954	370,948	47,494	-	84,954	132,448
41	Gasoline (Pvt.) Ltd. Main Peco Road, opposite Treat Corporation, Kot Lakhpat, Lahore.	i) Muhammad Nadeem Hassan Qadri [Director] ii) Muhammad Atiq-Ur-Rehman [Director] iii) Khawaja Nayab Haider [Director] iv) Khawaja Iftikhar Ahmed [Director]	35202-0562481-9 37405-5285748-7 37405-6133473-1 37405-5681237-1	Muhammad Siddique Muhammad Younus Khan Ghulam Haider Khawaja Ghulam Nabi	37,559	5,988	21,392	64,939	22,904	5,988	21,392	50,284
42	Gasoline CNG Main Peco Road, opposite Treat Corporation, Kot Lakhpat, Lahore.	i) Muhammad Nadeem Hassan Qadri [Partner] ii) Muhammad Atiq-Ur-Rehman [Partner] iii) Khawaja Nayab Haider [Partner] iv) Ashfaq Ahmed Anjum [Partner]	35202-0562481-9 37405-5285748-7 37405-6133473-1 35201-5354654-7	Muhammad Siddique Muhammad Younus Khan Ghulam Haider Haji Sufaid Khan	68,689	8,160	23,495	100,344	-	8,160	23,495	31,655

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Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
43	Global Lighting Main Peco Road, opposite Treat Corporation, Kot Lakhpat, Lahore.	i) Muhammad Nadeem Hassan Qadri [Partner] ii) Khawaja Nayab Haider [Partner] iii) Ashfaq Ahmed Anjum [Partner]	35202-0562481-9 37405-6133473-1 35201-5354654-7	Muhammad Siddique Ghulam Haider Haji Sufaid Khan	11,050	733	7,252	19,035	-	733	7,252	7,985
44	Zainab Enterprises Shop No.258-B, 1st Floor, Latif Cloth Market, M.A. Jinnah Road, Karachi	Abdul Rafey	42301-3813950-3	Abdul Gaffar	44,038	1,011	25,342	70,391	18,194	1,011	25,342	44,547
45	Muhammad Shafi and Company 5-Canal Park, Gulberg-II, Lahore Bilal Waqar Rice and Cotton Factory	Sheikh Muhammad Shafi	35202-1783443-5	Abdul Ghani	40,000	4,969	27,145	72,114	-	4,119	27,145	31,264
46	Chak No. 11/3-L, Ahmed Pur Sial Road, Garh More, Jhang.	i) Muhammad Afzal Khan ii) Muhammad Ashraf Khan iii) Mst. Amna Bibi	33202-9565207-3 33202-1191959-3 33202-1190749-2	Haji Gehna Khan Haji Gehna Khan Safdar Ali Khan	34,265	-	29,860	64,125	-	-	25,940	25,940
47	Naudero Sugar Mills Ltd. First Floor, Block No.3, Hockey Club of Pakistan Stadium, Liaquat Barracks, Karachi	i) Khuwaja Abdul Ghani Majeed ii) Mrs. Menhal Majeed iii) Sultan Ahmed	42301-7764135-5 42301-0935605-2 41303-1538710-7	Khuwaja Anwer Majeed Khuwaja Abdul Ghani Majeed Muhammad Yunis	66,481	-	25,734	92,215	-	-	25,734	25,734
48	Naudero Sugar Mills (Pvt) Ltd First Floor, Block No.3, Hockey Club of Pakistan Stadium, Liaquat Barracks, Karachi	i) Khuwaja Mustafa Zulgarnain ii) Saima Ali Majeed	42301-5973984-7 35201-1333152-0	Khuwaja Anwer Majeed Khuwaja Mustafa Zulgarnain	50,000	-	17,916	67,916	-	-	17,916	17,916
49	Rathore Engineering Enterprises (Pvt) Ltd Office No.4-1st Floor, Empire Center, Gulberg-II, Lahore	i) Muhammad Omer Rathor ii) Farkhanda Omer Rathore iii) Fahad Omer Rathor iv) M. Ayub v) Naeem Iqbal Rathor	35202-3139748-3 35202-2631926-8 35202-5136500-5 35202-8514997-1 35202-8425825-7	1. Taj Deen Rathor 2. Wife of M. Omer Rathor 3. M. Omer Rathor 4. Muhammad Hussain 5. Taj Deen Rathor	14,996	445	16,108	31,549	-	142	16,108	16,250

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Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
50	Fine Towel Industries 3-Garden Road, Opposite Disposal Works, DC-Road, Gujranwala.	i) Muhammad Akmal ii) Muhammad Afzal iii) Muhammad Ajmal	34101-0777835-7 34101-5669648-3 34101-2502128-5	Bashir Ahmed Khan	32,075	-	9,555	41,630	-	-	8,670	8,670
51	AL Azmat (Pvt.) Ltd. D-18, Manghopir Road. S.I.T.E. Karachi.	i) Shoaib Munir ii) Badar Munir iii) Danish Munir	42201-6278775-9 42201-5304590-1 42201-3534294-3	1. Haji Dost Muhammad 2. Shoaib Munir 3. Shoaib Munir	66,488	-	12,469	78,957	-	-	7,957	7,957
52	Good Luck Flour 24-KM, Multan Road, Mohlanwal Defence Road, Lahore.	i) Abdul Sattar (Late) (Partner) ii) Mrs. Razia Sattar (Partner) iii) Khurram Sattar (Partner)	35202-9644259-7 35202-0270354-6 35202-2109213-9	Abdul Qayyum Abdul Sattar Abdul Sattar	95,000	7,569	6,062	108,631	-	7,131	-	7,131
53	Zam Zam Flour Mills Moza Kalyarna, Near Chishtian Sugar Mills, Sargodha. M/s. Iqbal Mills Store	Abdul Sattar (Late)	35202-9644259-7	Abdul Qayyum	15,000	1,476	954	17,430	-	1,406	-	1,406
54	Shop No: 04, Musim Market, Rehman Street No: 6, 86-Railway Road, Lahore Iqbal & Co	Muhammad Iqbal (Late)	35200-1477528-1	Muhammad Nawaz	6,000	980	5,436	12,416	-	480	5,436	5,916
55	Ward No.9 Jatoi Khalid Steel Mills	Rao Shafiq Ali	32302-5901986-7	Liaqat Ali	4,263	404	4,268	8,935	-	66	4,268	4,334
56	Rajbah Road, Near Chungi Samanabad, Ghazi Road, Gujranwala..	Muhammad Khalid Ashraf	34101-2426209-1	Muhammad Ashraf	15,000	-	4,473	19,473	-	-	3,873	3,873
57	Al Karam International Allama Iqbal Town, Defence Road, New Miana Pura, Rorus Road, Sialkot..	Muhammad Iqbal	34603-5066400-5	Abdul Majeed	5,000	-	2,914	7,914	-	-	2,882	2,882

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
58	K. T. Furniture 13/B-I, Block-17, Aslam Chowk, College Road, Lahore Al-Mustafa Rice Mills	Zahid Mehmood	35202-2986074-1	Ashiq Ali	2,500	-	3,221	5,721	-	-	2,571	2,571
59	Udhoke, Tehsil & District Hafizabad	Ghulam Rasool	34301-2783702-5	Muhammad Hussain	6,000	-	2,639	8,639	-	-	2,489	2,489
60	Qutab Din & Sons Poultry Farm Chak # 441-GB, Samundri	Muhammad Mohsin Iqbal	33105-2341853-1	Muhammad Sharif	8,000	-	2,524	10,524	-	-	2,114	2,114
61	CONTINENTAL RICE MILLS Lahore Jaranwala Road, Bucheki, Tehsil and District Nankana Sahib.	Abdul Rashid Bhatti	35402-2659423-9	Abdul Hameed Bhatti	4,950	-	2,339	7,289	-	-	2,089	2,089
62	Manzoor Ahmed Khewa, Daak Khana Khaas, Jhang.	Manzoor Ahmed	33202-1370469-7	Natho Khan	3,500	-	1,749	5,249	-	-	1,599	1,599
63	M/s. Khan Baba Tex KBS 4-NIL, B-II, 2nd Floor, Near Chandni Chowk, Township Lahore	i) Mahmood Khan ii) Najma	35202-2647609-3 35202-2511325-6	Alam Jan Khan Mahmood Khan	56,970	4,852	-	61,822	-	1,372	-	1,372
64	Abdullah Feroz Traders Daska Pasrur Road, Ghallah Mandi, Kotli Bawa Faqir Chand, Dist. Sialkot.	Ghulam Mustafa	34602-4617221-1	Ferozd Din	2,000	-	1,571	3,571	-	-	1,371	1,371

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

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Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
65	Hit Hard Industries Puran Nagar Street No. 2, Paris Road, Tehsil & District Sialkot.	i) Sheikh Tariq Iqbal ii) Hassan Tariq iii) Sheikh Imran Tariq	34603-2254857-1 34603-9488387-1 34603-5773207-9	Muhammad Fazil Sheikh Tariq Iqbal Sheikh Tariq Iqbal	5,100	-	1,792	6,892	-	-	1,292	1,292
66	Aashique Hussain 1- House No.P-472, Street No.2, Al Najaf Colony, Faisalabad. 2- House No.30-X-20, Street / Mohallah Madina Town, Faisalabad.	Aashique Hussain	33100-0942472-7	Mushtaq Ahmad	3,121	-	1,229	4,350	-	-	1,228	1,228
67	Javed Iqbal Scrap Dealer P-267, Main Dar Ul Ahsan Town, Samundri Road, Faisalabad.	Javed Iqbal	33100-6575243-5	Khalid Javed	3,615	-	1,348	4,963	-	-	960	960
68	i) Muhammad Azam ii) Muhammad Moazzam Shop No: 5-G, Fruit Market, Link Ravi Road, Lahore M/s. Zinnia Pharmaceuticals	i) Muhammad Azam ii) Muhammad Moazzam	35202-2415830-5 35202-2340438-7	Abdul Majeed Abdul Majeed	7,000	1,093	-	8,093	-	943	-	943
69	671-Nashamen E Iqbal Housing Society, Lahore	Muhammad Khalid	35202-8362915-9	Ghulam Hasan	1,940	145	1,914	3,999	-	-	899	899
70	M/s. Zaighum Auto Traders Shop No: 28, 1st Floor, Mumtaz Plaza, 61-B, Mcleod Road, Lahore	Zaighum Saleem	35202-6882490-7	Muhammad Saleem	2,000	-	986	2,986	-	-	836	836

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
71	Rana Saif Rice Traders Mr. Saif-ur-Rehman R/o Opp. Zong Tower, Main Lahore - Jaranwala Road, 7-KM from Mandi Faizabad, Tawari Allah Yar, Teh & Distt Nankana Sahib	Saif Ur Rehman	35103-3210119-9	Mehar Khan	5,280	-	1,078	6,358	-	-	798	798
72	Moon Corporation 58-Grain Market Burewala. M/s Hanan Foam Centre	i) Awaiz Javeed ii) Haseeb Javeed	36601-3014396-9 36601-3100941-9	Javed Riaz Javed Riaz	5,036	754	55	5,845	-	754	-	754
73	(a) Wania More, Sialkot Road, Gujranwala. (b) GALI PIPOON WALI SIALKOT ROAD, HOUSE NO 498 MOHALLAH USMAN, COLONY GUJRANWALA	Muhammad Zubair	34101-8769348-9	Ghulam Sarwar	2,500	-	935	3,435	-	-	635	635
74	Kashif Raza Resident of Chak No. 331 J.B, Sher Garh, Tehsil & District Toba Tek Singh.	Kashif Raza	33303-8795735-9	Faqir Hussain Tahir	2,034	-	736	2,770	-	-	570	570
75	Madina Spray Centre Khairpur Road, Kehror Pacca	i) Shahid Iqbal ii) Sajid Iqbal	36202-0924842-3 36202-0922416-3	Kaleem Ullah Kaleem Ullah	2,500	192	449	3,141	-	-	541	541
76	Sind Construction Co House # IV - B-1/6, Nazimabad # 4 Karachi.	i) S.Hyder Mehdi (Late) ii) S.M Farooq (Late) iii) Mst. Kubra Khatoon (Late)	NA 42101-1920768-9 NA	Sizhar Mehdi - -	250	1,758	-	2,008	-	508	-	508
77	Khurram Taj House# 451 Block# 15, Sector B-1, Township, Lahore	Khurram Taj	35201-1412263-9	Taj Din	1,991	504	-	2,495	-	504	-	504

## Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

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Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning				Written-off			
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
78	AMBER SALIM FLAT # 501 GOLD VALLEY APARTMENT 5TH FLOOR SHAHEED-E-MILLAT, IM SHAHZAD AKHTAR	Amber Salim	42201-0607301-6	Tanveer Nazeer	171	-	-	171	399	71	31	501
79	ALHAJ MANZIL HOUSE NO 11/10 MUHALLA NEKA PURA SIALKOT NAJEEB UR REHMAN	M Shahzad Akhtar	34603-2210303-5	M Akhtar Bhatti	553	-	-	553	464	26	27	517
80	HOUSE NO R 19 GOHAR GREEN CITY KORANGI LINK ROAD BEHIND MALUR COURT SHAHBAZ AHMED	Najeeb Ur Rehman	31304-9008930-7	Asif Ur Rehman	531	-	-	531	445	73	13	531
81	AL HAJ MANZIL HOUSE NO 11/10 MUHALLA NEKA PURA SIALKOT IM YASIN BHATTI	Shahbaz Ahmed	34603-2210543-9	M Akhtar Bhatti	572	-	-	572	476	34	27	537
82	AL HAJ MANZIL H NO 11/10 MUHALLA NEKA PURA SIALKOT MAHBOOB UL HASSAN	M Yasin Bhatti	34603-2214649-3	M Akhtar Bhatti	589	-	-	589	489	37	28	554
83	HOUSE # 241-1, BLOCK -G, NEAR METRO STORE, MODEL TOWN, LAHORE KHAWAJA ASIM	Mahboob Ul Hassan	35202-2565120-1	Nawab Deen	557	-	-	557	500	24	32	556
84	HOUSE NO 11 PARADISE VALLEY 1 SHEIKHUPURA ROAD, IM USMAN YONOUS	Khawaja Asim	33102-1773118-1	Khawaja Khurshid	566	-	-	566	452	77	37	566
85	H 310 BLOCK 12 SECTOR B 1 TOWNSHIP LAHORE.	M Usman Yonous	35202-3148279-9	Muhammad Yonous	36	-	-	36	481	58	34	573

## Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning				Written-off			
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
86	NOUMAN KHAN H NO 192 SHOP NO 4 HAROONABAD SITE NEAR AHMED JEWELLERS, KARACHI	Nouman Khan	42301-8475198-3	Muhammad Ayub	669	-	-	669	406	170	7	583
87	IM UMAMIR NISAR H NO 410-E BLOCK E SATELLITE TOWN EXT BAHAWALPUR UMIR IDRRESS	M Umair Nisar	36603-7103337-7	Nisar Ahmed	614	-	-	614	520	119	18	657
88	H 583 B 1ST FLOOR ST 29 SEC 10/2, ISLAMABAD RASHID ABBAS	Umer Idress	35202-6843768-3	Muhammad Idrees Sheikh	753	-	-	753	650	83	13	746
89	HOUSE # R-226 MAKHDOM BILAWAL COOPERATIVE HOUSING SOCIETY BLK 3 KORANGI CROSSING NEAR ATTOCK ,CNG PUMP, KARACHI	Rashid Abbas	35201-1057115-7	Muhammad Abbas Sukhera	756	-	-	756	606	259	6	871
90	HAMMAD AMER HASHMI H NO K-13 TPS GUDDU , SUKKAR	Hammad Amer Hashmi	90403-0119579-9	Maqbool Hussain	1,143	-	-	1,143	657	351	6	1,014
91	SYED SHAHID IQBAL VILLA-96 ST-2 DHA RAYA GOLF CLUB RESORT PHASE-6 DHA , LAHORE	Syed Shahid Iqbal	35201-0466883-5	Syed Faiz Ahmad Shah	1,030	-	-	1,030	1,000	124	31	1,155
92	MALIK BILAL OMAR MOHALLAH BANNI TAXILA NEAR GULISTAN COLONY, RAWALPINDI	Malik Bilal Omar	37406-9317022-9	Malik Khalid Omer	1,959	-	-	1,959	1,944	217	30	2,191
93	RANA HAMID NASEER P 217C BANK ST NEW GARDEN TOWN MUZIMMAL KARYANA STORE FSD	Rana Hamid Naseer	33100-3021778-1	Naseer Ahmed Rana	1,514	32	-	1,546	-	858	22	880

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
94	ZEBTA TASLEEM H NO 6 ST NO 4 BLOCK-H CITY HOUSING SOCIETY MUHAMMAD MAJID MAKKI	Zeba Tasleem	37406-8923573-4	Muhammad Tasleem	1,380	20	-	1,400	-	500	69	569
95	P-61 ST NO 03 SAMUNDARI ROAD MUHALLAH JINNAH ABAD SHAFI KARIYANA STORE SANA ULLAH	Muhammad Majid Makki	33102-4707677-9	NA	1,978	30	-	2,008	-	875	79	954
96	DAIRA REHMANWALA PO MOAZZAMABAD TEH KOT MOMAN BILAL MASJID TABISH SHAHBAZ KHAN	Sana Ullah	38401-6438979-9	NA	2,999	46	-	3,045	-	1,433	91	1,524
97	P-182 ST-1 UMAR BLOCK MUSLIM TOWN-1PSO PUMP PIRZADA MUSTAFA NAWAZ	Tabish Shahbaz Khan	33100-3400233-9	NA	2,093	26	-	2,119	-	887	97	984
98	302/IB ST NO IH-22 IMPERIAL GARDEN HOMES BARKI ROAD PARAGON CITY LHR CHAUDHARY AMIR HAMEED	Pirzada Mustafa Nawaz	36302-5288588-9	Pirzada Mustafa Nawaz	659	17	-	676	251	441	25	717
99	H NO B-IV 71 SHAN MUHAMMAD MUSLIM TOWN RAWALPINDI MUHAMMAD AMIN ZAKARIA	Chaudhary Amir Hameed	37405-3487470-5	Ch Hameed Ahmed	-	-	-	-	-	2,881	225	3,106
100	PL NO 145 PENT HOUSE NO 2 ANA HOMES BLK 3 MBCHS BAHADURABAD AZEEM UD DIN	Muhammad Amin Zakaria	42201-8877683-7	Zakaria	39,926	671	-	40,597	-	3,161	5	3,166
101	FLAT NO 2 BUILDING NO 130 10TH COMMERCIAL STREET PHASE 4 DHA	Azeem Ud Din	42301-5331427-7	MUHAMMAD SALEEM	440	1	-	441	-	3,692	243	3,935

## Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
102	GUL CHERN P R 1 22 FLAT NO 307 AL HARAM CENTER RANDEL ROAD KARACHI RAIS AKHTER BURNI	Gul Chern	45401-1889337-1	Ashok Kumar	7,006	88	-	7,094	-	1,071	11	1,082
103	H NO R-50 KHAYABAN-E-RIZWAN PHASE VII NEAR RAHAT PARK DHA NIRMAL KUMAR	Rais Akhter Burni	42301-1105483-9	Saeed Ahmed (Late)	3,892	27	-	3,919	-	18,336	283	18,619
104	FLAT NO 1501 15TH FLOOR BLOCK G PARSIA CITY GARDEN EAST NEAR POLICE HEAD QUARTER SYED KASHIF ALI	Nirmal Kumar	45501-5942509-3	Wadhoo Ram	16,732	282	-	17,014	-	1,649	3	1,652
105	FLAT # 301 AL HARAM CORNER BLK 3 PECHS SIR SYED ROAD PLOT # 167-A NEAR MARGALLA MOTORS GHANSHAM DAS	Syed Kashif Ali	42201-8317936-7	Syed Masoom Ali	28,208	352	-	28,560	-	3,679	11	3,690
106	A-1802 FLR # 18 PARSIA CITY NEAR KIVANI LUBL BR ZUFIQAR ALI	Ghansham Das	45401-9595714-7	Tharo Mal	20,652	289	-	20,941	-	2,803	5	2,808
107	HH# 173, LDA MOHALLAH PUNJ PIR GHORAY SHAH ROAD LAHORE ABDUL RAUF BUTT	Zufiqar Ali	42301-3595849-1	Ibrahim	16,850	62	-	16,912	-	1,339	4	1,343
108	H NO 413 RAZA BLOCK ALLAMA JOBAL TOWN LAHORE ARSLAN AHMED	Abdul Rauf Butt	35202-7086482-1	Ijaz Hussain Butt	3,556	88	-	3,644	-	20,852	134	20,986
109	H NO-01 ST NO-07 BLOCK-Y MOH NEW MULTAN	Arslan Ahmed	36302-3483231-5	Shafiq Ahmad Urf	3,215	(3)	-	3,212	-	632	60	692

## Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
110	HAMMAD SOHAIL H NO 130-S BLK 2 ALLAMA IOBAL ROAD PECHS	Hammad Sohail	42201-2773647-1	Sohail Javaid	2,203	139	-	2,342	-	448	157	605
111	MUHAMMAD YOUSAF HF 127, BLOCK C KHAYABAN E SARWAR DG KHAN	Muhammad Yousaf	32102-2153815-5	Kaura Khan	-	-	-	-	-	651	3	654
112	SOHAIL AKHTAR SHOP NO36 GOAL BARAMDA LAN ADA BADAMI BAGH LAHORE	Sohail Akhtar	35202-5328453-9	Pervaiz Akhtar	97	481	-	578	97	478	57	632
113	KHAWAJA AWAIS AMIR H NO 9/11 ST NO 15 BLOCK Y PEOPLES COLONY GUIRANWALA CHOUHDARY ASAD ALI	Khawaja Awais Amir	34101-9528637-1	Khawaja Amir Shakeel	63	506	-	569	63	513	59	635
114	OFF NO 512 5TH FLOORZOHRA SOARE OPP NEW MEMOM MASIJD M.A. JINNAH ROAKARACHI MAZHAR ANJAMI	Chouhdary Asad Ali	42000-0436545-3	ALI	82	564	-	646	82	584	67	733
115	KHURRAM ENTERPRISES GENERAL ORDER SUPPLIER SHOP NO 17 AWAN PLAZA G 8 MARKAZ ISLAMABAD	Mazhar Anjam	14201-2127806-3	Sir Anjam Khan	14	564	-	578	14	583	67	664
116	TAHIR WALEED H NO 34-B ROMAN NO 2 NEW MUSLIM TOWN	Tahir Waleed	35202-0592241-3	Waleed	199	1,269	-	1,468	199	1,328	144	1,671
117	MUHAMMAD ALI KHALID KHAN UBL CIU UNSECURED LOANS GRD FLOOR CIVIC CNETRE MELODY G-6 ISLAMABAD	Muhammad Ali Khalid Khan	61101-1915846-5	Khalid Jalil Khan	-	992	-	992	-	970	113	1,083

## Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
118	NASIR 1ST FLOOR AZHRA CLINIC & MATERNITY HOME ST NO 11 BLOCK B SIALKOT ROAD NEAR IQRA MUSLIM HIGH SCHOOL	Nasir	34101-0556322-3	Masih	144	1,135	-	1,279	144	1,193	128	1,465
119	MUHAMMAD ZULQARNAIN H # 99 BLOCK # B LIAQAT TOWN NEAR SHAFIYAZAM MASIJD	Muhammad Zulqarnain	33100-9232066-3	Zulqarnain	-	541	-	541	-	543	62	605
120	SYED IFTIKHAR SHABBIR ALI IFTIKHAR SHABBIR AND CO 7 ISHAR DASS BUILDING 99 MCLEOD ROAD LAHORE	Syed Iftikhar Shabbir Ali	35202-2326706-7	Syed Zamir Ali	54	438	-	492	54	473	53	580
121	SYED MOSAM KHAN HOUSE NO 153 STREET NO 9 SECTOR F DEFENCE VILLAS DHA I ISLAMABAD	Syed Mosam Khan	17301-9094020-9	khan	-	559	-	559	-	539	63	602
122	IMDAD ALI BHATTI H.NO.91 DAULAT COLONY NAWAB SHAH NAWAB SHAH	Imdad Ali Bhatti	45402-3072723-7	Imam Ali	37	449	-	486	37	491	54	582
123	KHURRAM SAJJAD H NO 2810 ST NO 01 MOHALLA PEER JAHANJAN	Khurram Sajjad	35101-8759505-9	Sajjad	198	1,796	-	1,994	198	1,925	204	2,327
124	MUHAMMAD AKMAL BAIG H NO F-14/933 GALI MOHALLAH BAKSHU PURA NEAR GALI MASJID SHAMIS UD DIN	Muhammad Akmal Baig	34201-0424464-5	Baig	93	870	-	963	93	944	103	1,140
125	MUHAMMAD YOUNAS H NO.154-BLOCK H	Muhammad Younas	36601-234846--5	Ounas	-	934	-	934	-	1,048	112	1,160

# Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2023

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
126	MUHAMMAD SAJJAD H NO 1 ST NO 1, NEAR MASJID SAHIBZADGAN MOHALLAH SAHAB ZADGAN KARBOGHA IKRAM UL HAQ	Muhammad Sajjad	14101-9496320-9	Sajjad	16	435	-	451	16	453	52	521
127	CHAK NO 153-A TDA P/O LODHANA LEIAH. RIAZ AHMED	Ikram Ul Haq	37203-5750256-1	Aashiq Hussain	-	439	-	439	-	485	54	539
128	H NO 376 MUSLIM RAJPUT COLONY SECTOR 5 F NEW KARACHI	Riaz Ahmed	42101-8380024-3	Ahmed	33	382	-	415	33	446	52	531
129	MUJITABA ASIF H NO 500 MOHALLAH SADAAT ST NO 5 DINA JHELUM. ASHRAF ALI	Mujitaba Asif	37301-9523679-3	Syed Asif Haider	104	1,030	-	1,134	104	1,182	132	1,418
130	142 BEHIND RABIA TRUST HOSPITAL BATALA COLONY FAISALABAD	Ashraf Ali	33100-3329710-3	Dilawar Hussain	105	565	-	670	105	644	72	821
131	MUHAMMAD IMRAN H NO C-178/1 BLOCK I NORTH NAZIMABAD KARACHI TALAT REHMAN	Muhammad Imran	42101-2476335-3	Shakih Mohammad Umar	132	606	-	738	132	772	84	988
132	H NO A-201 BLOCK 7 GULISTAN-E-JOHAR KARACHI	Talat Rehman	42201-9648682-1	Rehman	125	438	-	563	125	536	61	722
					<b>1,571,071</b>	<b>125,534</b>	<b>349,894</b>	<b>2,046,499</b>	<b>220,828</b>	<b>183,505</b>	<b>332,016</b>	<b>736,349</b>

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

### ISLAMIC BANKING BUSINESS

The Bank operates 209 (2022: 150) Islamic Banking branches and 501 (2022: 219) Islamic Banking windows.

### STATEMENT OF FINANCIAL POSITION

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		26,348,889	7,103,365
Balances with other banks		1,537,675	737,765
Due from financial institutions	1	12,500,000	-
Investments	2	331,496,374	124,800,008
Islamic financing and related assets - net	3	47,187,185	102,233,287
Fixed assets		2,760,189	1,431,431
Intangible assets		-	-
Due from Head Office	4	8,009,487	3,873,536
Other assets		8,629,655	4,095,406
<b>Total Assets</b>		<b>438,469,454</b>	<b>244,274,798</b>
<b>LIABILITIES</b>			
Bills payable		2,573,006	2,874,226
Due to financial institutions		13,726,453	69,092,536
Deposits and other accounts	5	378,100,209	151,693,394
Other liabilities		7,401,969	4,329,703
		<b>401,801,637</b>	<b>227,989,859</b>
<b>NET ASSETS</b>		<b>36,667,817</b>	<b>16,284,939</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		3,087,953	(920,832)
Unappropriated profit	7	31,398,864	15,024,771
		<b>36,667,817</b>	<b>16,284,939</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>PROFIT AND LOSS ACCOUNT</b>			
Profit / return earned	9	50,273,992	21,723,534
Profit / return expensed	10	(29,872,345)	(12,324,512)
Net profit / return		20,401,647	9,399,022
<b>Other income</b>			
Fee and commission income		366,049	339,091
Dividend income		-	-
Foreign exchange (loss) / income		(207,058)	74,392
Income / (loss) from derivatives		-	-
Loss on securities - net		-	-
Other income		97,674	50,078
Total other income		256,665	463,561
<b>Total Income</b>		<b>20,658,312</b>	<b>9,862,583</b>
<b>Other expenses</b>			
Operating expenses		3,884,840	2,721,887
Workers Welfare Fund		386,739	162,661
Other charges		-	-
Total other expenses		4,271,579	2,884,548
Profit before provisions		16,386,733	6,978,035
Provisions and write-offs - net		12,640	48,212
Profit before taxation		16,374,093	6,929,823
Taxation		8,023,306	3,665,876
Profit after taxation		<b>8,350,787</b>	<b>3,263,947</b>

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

### 1. Due from Financial Institutions

	2023			2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah / Mudarabah	12,500,000	-	12,500,000	-	-	-
Bai Muajjal	-	-	-	-	-	-
with other Financial Institutions	-	-	-	-	-	-
with State Bank of Pakistan	-	-	-	-	-	-
	12,500,000	-	12,500,000	-	-	-

### 2. Investments by segments

	2023				2022			
	Cost / Amortised cost	Provision for diminution	(Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	(Deficit)	Carrying Value
	(Rupees in '000)							
<b>Federal Government Securities</b>								
- Ijarah Sukuks	313,038,816	-	3,087,953	316,126,769	112,516,387	-	(920,832)	111,595,555
- Islamic Naya Pakistan Certificates	5,709,016	-	-	5,709,016	4,806,162	-	-	4,806,162
- Bai Muajjal with Govt. of Pakistan	-	-	-	-	-	-	-	-
	318,747,832	-	3,087,953	321,835,785	117,322,549	-	(920,832)	116,401,717
<b>Non Government Debt Securities</b>								
- Listed	376,339	-	-	376,339	524,554	-	-	524,554
- Unlisted	9,284,250	-	-	9,284,250	7,873,737	-	-	7,873,737
	9,660,589	-	-	9,660,589	8,398,291	-	-	8,398,291
<b>Total Investments</b>	328,408,421	-	3,087,953	331,496,374	125,720,840	-	(920,832)	124,800,008

### 3. Islamic financing and related assets

	Note	2023	2022
		(Rupees in '000)	
Ijarah	3.1	210,375	283,654
Murabaha	3.2	326,733	507,528
Musharakah		3,672,838	55,706,384
Diminishing Musharakah		26,340,035	25,940,267
Mera Pakistan Mera Ghar (MPMG)		5,159,709	5,189,100
Istisna		349,612	54,086
Diminishing Musharakah - Under SBP's Islamic Temporary Economic Refinance Facility		300,000	-
Ameen Musharakah Running Finance Under SBP's - Islamic Export Refinance scheme		3,649,999	5,499,743
Islamic Export Refinance scheme - Istisna		603,250	540,370
Advances against Islamic assets			
Advances against Ijarah		8,612	40,268
Advances for Diminishing Musharakah		1,646,484	1,304,675
Advances for Murabaha		56,537	64,498
Advances against Mera Pakistan Mera Ghar		14,236	279,014
Advances for Istisna		414,006	429,444
Advances against Istisna - Under SBP' Islamic Export Refinance scheme		50,000	13,200
Advances against Diminishing Musharakah ITERF		3,705,624	3,953,348
Inventory related to Islamic financing			
Istisna		156,060	193,698
Profit and other receivables against financings		749,917	2,442,188
Gross Islamic financing and related assets		47,414,027	102,441,465
Less: Provision against Islamic financings			
- Specific		(143,029)	(99,851)
- General		(83,813)	(108,327)
		(226,842)	(208,178)
Islamic financing and related assets - net of provision		47,187,185	102,233,287

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

### 3.1 Ijarah

	2023						Book Value as at December 31, 2023
	Cost			Accumulated Depreciation			
	At January 1, 2023	Additions / (deletions)	At December 31, 2023	At January 1, 2023	Charge for the year	At December 31, 2023	
	(Rupees in '000)						
Plant & Machinery	514,914	-	230,385	367,847	14,976	124,787	105,598
		(284,529)			(258,036)		
Vehicles	266,406	106,649	259,661	129,819	119,685	154,884	104,777
		(113,394)			(94,620)		
<b>Total</b>	781,320	(291,274)	490,046	497,666	(217,995)	279,671	210,375

	2022						Book Value as at December 31, 2022
	Cost			Accumulated Depreciation			
	At January 1, 2022	Additions / (deletions)	At December 31, 2022	At January 1, 2022	Charge for the year	At December 31, 2022	
	(Rupees in '000)						
Plant & Machinery	505,082	9,832	514,914	319,752	48,095	367,847	147,067
Vehicles	363,607	79,342	266,406	172,620	98,178	129,819	136,587
		(176,543)			(140,979)		
<b>Total</b>	868,689	(87,369)	781,320	492,372	5,294	497,666	283,654

### Future Ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	117,950	113,164	-	231,114	200,908	105,162	-	306,070

### 3.2 Murabaha

	Note	2023	2022
		(Rupees in '000)	
Murabaha financing		326,733	507,528
Advances for Murabaha	3.2.1	56,537	64,498
		383,270	572,026
Murabaha receivable - gross	3.2.2	326,733	507,528
Less: Deferred Murabaha income	3.2.4	(9,852)	(7,846)
Less: Profit receivable shown in other assets		(9,282)	(19,925)
Murabaha financings		307,599	479,757
The movement in Murabaha financing during the year is as follows:			
Opening balance		507,528	263,312
Sales during the year		3,154,627	3,147,275
Adjusted during the year		(3,335,422)	(2,903,059)
Closing balance		326,733	507,528
Murabaha sale price	3.2.3	326,733	507,528
Murabaha purchase price		(307,599)	(479,757)
		19,134	27,771



## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

	2023	2022
	----- (Rupees in '000) -----	
3.2.4 Deferred Murabaha income		
Opening balance	7,846	3,522
Arising during the year	199,790	130,029
Less: recognised during the year	(197,784)	(125,705)
Closing balance	<u>9,852</u>	<u>7,846</u>

4. Due from Head Office mainly represents inter branch transactions.

5. Deposits	Note	2023			2022		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
							(Rupees in '000)
<b>Customers</b>							
Current deposits		144,339,312	3,054,061	147,393,373	82,594,801	1,672,485	84,267,286
Savings deposits		67,293,259	-	67,293,259	36,040,108	-	36,040,108
Term deposits		24,888,049	-	24,888,049	30,318,011	-	30,318,011
		<u>236,520,620</u>	<u>3,054,061</u>	<u>239,574,681</u>	<u>148,952,920</u>	<u>1,672,485</u>	<u>150,625,405</u>
<b>Financial Institutions</b>							
Current deposits		603,101	-	603,101	160,110	-	160,110
Savings deposits		137,892,427	-	137,892,427	897,879	-	897,879
Term deposits		30,000	-	30,000	10,000	-	10,000
		<u>138,525,528</u>	<u>-</u>	<u>138,525,528</u>	<u>1,067,989</u>	<u>-</u>	<u>1,067,989</u>
	5.1.1	<u>375,046,148</u>	<u>3,054,061</u>	<u>378,100,209</u>	<u>150,020,909</u>	<u>1,672,485</u>	<u>151,693,394</u>

5.1 Composition of deposits	2023	2022
	----- (Rupees in '000) -----	
- Individuals	175,853,045	70,779,502
- Government / Public Sector Entities	33,168,440	28,363,513
- Banking Companies	52,798	28,692
- Non-Banking Financial Institutions	138,472,730	1,039,297
- Private Sector	30,553,196	51,482,390
	<u>378,100,209</u>	<u>151,693,394</u>

5.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs.182,080.598 million (2022: Rs. 76,771.045 million).

6. Charity Fund	2023	2022
	----- (Rupees in '000) -----	
Opening balance	6,922	4,039
Additions during the period		
Received from customers on account of delayed payment	19,082	7,245
Profit on charity saving account	2,595	638
	<u>21,677</u>	<u>7,883</u>
Payments / utilisation during the year		
Education	-	-
Health	(4,200)	(2,000)
Others	(3,000)	(3,000)
	<u>(7,200)</u>	<u>(5,000)</u>
Closing balance	<u>21,399</u>	<u>6,922</u>

7. Islamic Banking Business Unappropriated Profit	2023	2022
Opening balance	15,024,771	8,094,948
Add: Islamic Banking profit for the year	16,374,093	6,929,823
	<u>31,398,864</u>	<u>15,024,771</u>
Less: Taxation	(8,023,306)	(3,665,876)
Closing balance	<u>23,375,558</u>	<u>11,358,895</u>

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

8. Contingencies and commitments	2023	2022
	----- (Rupees in '000) -----	
- Guarantees	228,481	22,074
- Commitments	6,413,657	7,604,181
	<u>6,642,138</u>	<u>7,626,255</u>

9. Profit / Return earned on financing, investments and placement	2023	2022
Profit earned on:		
Financing	10,977,717	8,088,285
Investments	38,657,364	12,913,962
Placements	418,360	501,559
Rental Income from Ijarah	220,551	219,728
	<u>50,273,992</u>	<u>21,723,534</u>

10. Profit on Deposits and other dues expensed	2023	2022
Deposits and other accounts	21,046,458	10,920,805
Due to Financial Institutions	8,662,756	1,287,061
Return expense on leases	163,131	116,646
	<u>29,872,345</u>	<u>12,324,512</u>

11. 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 Pools**  
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.

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

### Special Pool(s) - FCY

UBL also manage Forigen 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 Placment 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 Dec 31, 2023 is Rs.11,483.88 million (43.64% of distributable profit of Mudarabah Pool) of this, an amount of Rs.6,272.10 million (54.62% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 20.10% per annum and the rate of profit paid on average deposits was 16.12% 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.

## Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

The Bank managed following pools during the year.

2023									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala 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	12	Mudarbaha	Monthly	12.27%	35.00%	317,307	8.58%	13.99%	44,397
Special Pools	136	Mudarbaha	Monthly	20.05%	21.10%	1,123,263	17.65%	50.88%	571,511
IERS Pools	24	Musharkah	Monthly	16.76%	68.99%	1,754,701	14.99%	0.00%	-
FCY Pools	24	Mudarbaha	Monthly	2.14%	50.00%	10,766	1.06%	0.00%	-
General Pools	12	Mudarbaha	Monthly	20.43%	50.00%	10,043,312	15.97%	56.32%	5,656,190
Treasury Pools	5	Mudarbaha	Monthly	18.67%	6.27%	21,442	17.71%	5.35%	1,148
Treasury Pools	3	Wakala	Monthly	21.24%	6.01%	1,653	20.33%	0.00%	-
Treasury Pools	503	Musharkah	Monthly	19.95%	10.87%	905,230	19.35%	0.00%	-

2022									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala 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	12	Mudarbaha	Monthly	10.64%	40.30%	170,396	7.49%	26.67%	45,442
Special Pools	175	Mudarbaha	Monthly	13.71%	16.72%	638,756	11.93%	39.56%	252,710
IERS Pools	24	Musharkah	Monthly	11.80%	86.86%	1,537,305	4.69%	0.00%	-
FCY Pools	24	Mudarbaha	Monthly	2.13%	50.00%	4,668	1.06%	0.00%	-
General Pools	12	Mudarbaha	Monthly	13.99%	50.00%	4,830,761	10.42%	49.07%	2,370,275
Treasury Pools	9	Mudarbaha	Monthly	14.53%	7.33%	22,964	14.87%	25.59%	5,876
Treasury Pools	88	Musharkah	Monthly	13.19%	3.94%	30,160	12.81%	0.00%	-

2023  
----- (Rupees in '000) -----

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

	2023	2022
	----- (Rupees in '000) -----	
Chemical and pharmaceuticals	5,934,303	6,337,407
Agri business	12,974	52,739,670
Textile	5,931,200	9,188,530
Financial	2,329,054	1,352,765
Food industries	52,926	106,665
Plastic	291,051	253,444
Individuals	15,287,661	16,789,978
Production and transmission of energy	19,682,190	18,177,556
Government of Pakistan Securities	321,835,785	115,615,288
Others	9,090,933	7,417,935
	<u>380,448,077</u>	<u>227,979,238</u>

## Annexure 'III' as referred to in Note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

### Disposals of fixed assets to related parties during the year 2023

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
<b>Vehicles</b>						
Toyota Prado	16,730	11,042	5,688	8,783	As per Policy	Shahzad G. Dada
Mercedes	13,226	11,903	1,323	2,645	As per Policy	Zia Ijaz
Toyota Prado	12,771	11,494	1,277	2,554	As per Policy	Sharjeel Shahid
Mercedes	12,544	11,289	1,255	2,509	As per Policy	Sajid Hussain
Motor Cycle	320	89	231	287	Insurance	UBL Insurers Limited
	<b>55,591</b>	<b>45,817</b>	<b>9,774</b>	<b>16,778</b>		
<b>Electrical and Office Appliances</b>						
Generators	2,760	2,760	-	778	Insurance	UBL Insurers Limited
Air Conditioners	448	270	178	162	Insurance	UBL Insurers Limited
Electrical Equipment	393	380	13	133	Insurance	UBL Insurers Limited
	<b>3,601</b>	<b>3,410</b>	<b>191</b>	<b>1,073</b>		
<b>IT Equipments</b>						
Laptops	1,523	741	782	1,008	Insurance	UBL Insurers Limited
Telecom Devices	483	450	33	73	As per Policy	Shahzad G. Dada
Laptop	394	355	39	79	As per Policy	Sajid Hussain
Telecom Devices	352	205	147	156	As per Policy	Abdul Jabbar Junejo
Laptop	214	193	21	21	As per Policy	Abdul Jabbar Junejo
Laptop	177	159	18	18	As per Policy	Aslam Sadruddin
Telecom Devices	143	142	1	14	As per Policy	Aqeel Ahmed Nasir
Desktop Computer	129	129	-	11	Insurance	UBL Insurers Limited
Telecom Devices	107	107	-	11	As per Policy	Sajid Hussain
Laptop	95	85	10	19	As per Policy	Suleman Pervez
Telecom Devices	66	65	1	20	Insurance	UBL Insurers Limited
UPS	47	47	-	40	Insurance	UBL Insurers Limited
Laptop	43	38	5	5	As per Policy	Shahzad G. Dada
	<b>3,773</b>	<b>2,716</b>	<b>1,057</b>	<b>1,475</b>		
<b>Total</b>	<b>62,965</b>	<b>51,943</b>	<b>11,022</b>	<b>19,326</b>		



## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITORS' REPORT

To the members of United Bank Limited

Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of **United Bank Limited and its subsidiaries (the Group)**, which comprise the consolidated statement of financial position as at **31 December 2023**, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p><b>1. Provision against Non-Performing advances</b></p> <p>The Group's advances portfolio represents 14.76% of its total assets as of 31 December 2023. A substantial portion of the advances portfolio includes loans and advances to businesses operating in diverse sectors of the economy.</p> <p>As per the Group's accounting policy (refer note 4.5 to the consolidated financial statements), the Group determines provisions against non-performing advances exposures in accordance with the requirements of Prudential Regulations of the State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision therefore involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviour and realizability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against advances as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non-performing advances are included in note 4.5 and 9 respectively to the consolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> <li>- We reviewed the Group's process for identification and classification of non-performing advances. As part of such review, we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be.</li> <li>- We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations;</li> </ul> <p>In addition, we selected a representative sample of borrowers from the advances portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower;</p> <ul style="list-style-type: none"> <li>- We also assessed adequacy of disclosures as included in note 9 to the consolidated financial statements regarding the non-performing advances and provisions there-against in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

**Chartered Accountants**

**Place:** Karachi

**Date:** 26 February 2024






**UDIN:** AR202310191Ujn9QVd5N

## Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks	5	277,355,760	143,034,544
Balances with other banks	6	33,430,371	16,686,747
Lendings to financial institutions	7	39,316,270	85,842,721
Investments	8	4,435,750,870	1,450,939,753
Advances	9	872,040,932	1,096,220,888
Fixed assets	10	85,071,632	79,402,671
Intangible assets	11	2,552,398	2,518,133
Deferred tax assets	12	-	16,751,121
Other assets	14	159,156,653	87,009,226
		5,904,674,886	2,978,405,804
<b>LIABILITIES</b>			
Bills payable	16	21,734,531	33,030,433
Borrowings	17	2,823,887,914	566,234,220
Deposits and other accounts	18	2,634,716,102	2,038,009,713
Liabilities against assets subject to finance lease	19	7,785	11,341
Subordinated debt	20	10,000,000	10,000,000
Deferred tax liabilities	12	2,079,220	-
Other liabilities	21	126,376,739	101,927,823
		5,618,802,291	2,749,213,530
<b>NET ASSETS</b>		<u>285,872,595</u>	<u>229,192,274</u>
<b>REPRESENTED BY:</b>			
Share capital	22	12,241,797	12,241,797
Reserves		116,771,416	91,888,710
Surplus on revaluation of assets	23	44,575,947	19,654,297
Unappropriated profit		97,379,056	96,282,169
Total equity attributable to the equity holders of the Bank		270,968,216	220,066,973
Non-controlling interest	24	14,904,379	9,125,301
		<u>285,872,595</u>	<u>229,192,274</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated 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

## Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Mark-up / return / interest earned	27	535,211,524	257,829,501
Mark-up / return / interest expensed	28	386,236,455	150,086,273
<b>Net mark-up / interest income</b>		148,975,069	107,743,228
<b>Non mark-up / interest income</b>			
Fee and commission income	29	19,751,084	17,243,484
Dividend income		1,614,470	1,536,659
Foreign exchange income		12,715,845	8,595,998
(Loss) / gain on derivatives		(65,266)	963,928
(Loss) / gain on securities - net	30	(11,580,659)	560,588
Other income	31	1,523,109	8,103,725
Total non mark-up / interest income		23,958,583	37,004,382
<b>Total income</b>		172,933,652	144,747,610
<b>Non mark-up / interest expenses</b>			
Operating expenses	32	70,093,696	56,661,960
Workers' Welfare Fund	33	2,158,813	1,352,568
Other charges	34	240,326	48,862
Total non mark-up / interest expenses		72,492,835	58,063,390
Share of loss of associates	8.5.1	(989,536)	(650,058)
<b>Profit before provisions</b>		99,451,281	86,034,162
(Reversals) / provisions and write offs - net	35	(11,133,284)	17,598,771
<b>Profit before taxation from continuing operations</b>		110,584,565	68,435,391
Taxation	36	54,113,644	36,374,642
<b>Profit after taxation from continuing operations</b>		56,470,921	32,060,749
<b>Discontinued operations</b>			
Profit from discontinued operations - net of tax	13	-	20,949
		56,470,921	32,081,698
<b>Attributable to:</b>			
Equity holders of the Bank			
from continuing operations		55,145,075	31,514,545
from discontinued operations		-	20,949
		55,145,075	31,535,494
Non-controlling interest	24.1	1,325,846	546,204
		56,470,921	32,081,698
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Bank</b>			
Basic and diluted		45.05	25.74
<b>Earnings per share for profit attributable to the equity holders of the Bank</b>			
Basic and diluted	37	45.05	25.76

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.



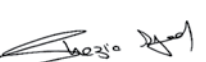


				
Arif Akmal Saifie Chief Financial Officer	Muhammad Jawaid Iqbal President & Chief Executive Officer	Shazia Syed Director	Daniel Michael Howlett Director	Sir Mohammed Anwar Pervez, OBE, HPk Chairman

## Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022
<b>Profit after taxation for the year attributable to:</b>		
Equity holders of the Bank	55,145,075	31,535,494
Non-controlling interest	1,325,846	546,204
	56,470,921	32,081,698
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>		
Effect of translation of net investment in overseas branches and subsidiaries - net of tax		
Equity holders of the Bank	19,564,664	18,033,688
Non-controlling interest	2,739,248	1,211,328
	22,303,912	19,245,016
Less: Gain reclassified to profit and loss on liquidation of subsidiaries	-	(6,810,173)
	22,303,912	12,434,843
Movement in surplus / (deficit) on revaluation of investments - net of tax		
Equity holders of the Bank	25,569,077	(20,226,889)
Non-controlling interest	922,755	(1,298,362)
	26,491,832	(21,525,251)
	48,795,744	(9,090,408)
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>		
Remeasurement gain on defined benefit obligations - net of tax		
Equity holders of the Bank	1,122,792	984,683
Non-controlling interest	49,480	14,736
	1,172,272	999,419
Movement in surplus on revaluation of fixed assets - net of tax		
Equity holders of the Bank	915,183	234,489
Non-controlling interest	741,749	158,448
	1,656,932	392,937
Movement in surplus on revaluation of non-banking assets - net of tax		
Equity holders of the Bank	-	15,214
	2,829,204	1,407,570
<b>Total comprehensive income for the year</b>	108,095,869	24,398,860
<b>Attributable to:</b>		
Equity holders of the Bank	102,316,791	23,766,506
Non-controlling interest	5,779,078	632,354
	108,095,869	24,398,860

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated 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
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## Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Attributable to equity holders of the Bank							Non-controlling Interest	Total	
	Share Capital	Statutory reserve	Capital reserve - Exchange translation	Surplus / (deficit) on revaluation of			Unappropriated profit			Sub-total
			Investments	Fixed Assets	Non Banking Assets					
	----- (Rupees in '000) -----									
<b>Balance as at January 01, 2022</b>	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
<b>Total comprehensive income for the year ended December 31, 2022</b>	-	-	11,223,515	(20,226,889)	234,489	15,214	31,535,494	31,535,494	546,204	32,081,698
Profit after taxation for the year ended December 31, 2022	-	-	11,223,515	(20,226,889)	234,489	15,214	984,683	(7,768,988)	86,150	(7,682,838)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2022	-	-	11,223,515	(20,226,889)	234,489	15,214	32,520,177	23,766,506	632,354	24,398,860
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	(119,287)	(119,287)
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	(272,531)	(25,403)	-	297,934	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	(89,636)	-	-	89,636	-	-	-
Transfer to statutory reserve	-	3,206,265	-	-	-	-	(3,206,265)	-	-	-
Transfer from statutory reserve on liquidation of subsidiary	-	(141,860)	-	-	-	-	-	(141,860)	-	(141,860)
<b>Transactions with owners, recorded directly in equity</b>										
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 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)
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
	-	-	-	-	-	-	(23,259,415)	(23,259,415)	-	(23,259,415)
<b>Balance as at December 31, 2022</b>	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
<b>Total comprehensive income for the year ended December 31, 2023</b>	-	-	19,564,664	25,569,077	915,183	-	55,145,075	55,145,075	1,325,846	56,470,921
Profit after taxation for the year ended December 31, 2023	-	-	19,564,664	25,569,077	915,183	-	1,122,792	47,171,716	4,453,232	51,624,948
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2023	-	-	19,564,664	25,569,077	915,183	-	56,267,867	102,316,791	5,779,078	108,095,869
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	(1,474,233)	-	-	1,474,233	-	-	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	(88,377)	-	-	88,377	-	-	-
Transfer to statutory reserve	-	5,318,042	-	-	-	-	(5,318,042)	-	-	-
Exchange gain realized to profit and loss on liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>										
Final cash dividend - December 31, 2022 declared subsequent to the year end at Rs. 9.0 per share	-	-	-	-	-	-	(11,017,617)	(11,017,617)	-	(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)
Interim cash dividend - September 30, 2023 declared at Rs. 11.0 per share	-	-	-	-	-	-	(13,465,977)	(13,465,977)	-	(13,465,977)
	-	-	-	-	-	-	(51,415,548)	(51,415,548)	-	(51,415,548)
<b>Balance as at December 31, 2023</b>	12,241,797	46,878,123	69,893,293	2,780,637	41,795,310	-	97,379,056	270,968,216	14,904,379	285,872,595

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated 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
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# Consolidated Cash Flow Statement

For the year ended December 31, 2023

Note	2023	2022
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation including discontinued operations	110,584,565	68,456,340
Less: Dividend income	(1,614,470)	(1,536,659)
Add: Share of loss of associates	989,536	650,058
	<u>109,959,631</u>	<u>67,569,739</u>
<b>Adjustments:</b>		
Depreciation on fixed assets	4,524,584	3,724,642
Depreciation on right-of-use assets	2,336,379	2,148,753
Depreciation on non-banking assets acquired in satisfaction of claims	3,012	34,827
Depreciation on Islamic financing against leased assets	135,236	146,494
Amortisation	1,085,264	907,777
Workers' Welfare Fund - charge	2,158,813	1,352,568
Provision for retirement benefits	412,979	368,099
Provision for compensated absences	237,498	264,555
Reversals against loans and advances - net	(4,893,500)	(2,976,020)
Reversals provision against off balance sheet items - net	(29,304)	(35,513)
(Reversals) / provision for diminution in value of investments - net	(6,003,396)	20,843,668
Interest expense on lease liability against right-of-use assets	1,236,242	1,076,058
Gain on sale of operating fixed assets - net	(487,633)	(193,359)
Loss on disposal of non-banking assets - net	-	8,336
(Gain) / loss on sale of Ijarah assets - net	(2,068)	1,292
Gain on wind-up of subsidiaries	-	(6,778,877)
Bad debts written off directly	149,845	219,513
Unrealised gain on revaluation of investments classified as held for trading	79,074	661
(Reversals) / provision against other assets	(29,016)	11,273
Other provisions / write-offs	149,432	155,932
	<u>1,063,441</u>	<u>21,280,679</u>
	<u>111,023,072</u>	<u>88,850,418</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	46,526,451	(33,604,674)
Held for trading securities	(51,489,494)	47,321,799
Advances	228,743,108	(327,702,669)
Other assets (excluding advance taxation)	(72,368,543)	(33,731,306)
	<u>151,411,522</u>	<u>(347,716,850)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(11,295,902)	9,651,906
Borrowings	2,257,653,694	1,061,298
Deposits and other accounts	596,706,389	148,785,862
Other liabilities	18,975,940	27,898,620
	<u>2,862,040,121</u>	<u>187,397,686</u>
	<u>3,124,474,715</u>	<u>(71,468,746)</u>
(Payments) / receipts on account of staff retirement benefits	(689,109)	907,545
Income taxes paid	(45,909,594)	(33,207,847)
<b>Net cash flow generated from / (used in) operating activities</b>	<u>3,077,876,012</u>	<u>(103,769,048)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(2,947,072,166)	27,062,750
Net investments in held to maturity securities	63,738,624	(63,223,064)
Net investments in associates	2,031,927	748,369
Investment in fixed assets and intangible assets	(8,913,174)	(6,515,575)
Dividend income received	1,614,470	1,536,659
Proceeds realised on wind-up of subsidiaries	-	7,627,709
Sale proceeds from disposal of fixed and intangible assets	2,020,722	525,354
Sale proceeds from disposal of non-banking assets	-	180,000
Sale proceeds from sale of Ijarah assets	47,335	34,272
Effect of translation of net investment in overseas branches and subsidiaries	22,303,912	12,434,843
<b>Net cash flow used in investing activities</b>	<u>(2,864,228,350)</u>	<u>(19,588,683)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease obligation	(3,556)	(852)
Payment of lease liability against right-of-use assets	(3,343,300)	(2,959,585)
Dividends paid	(59,235,966)	(17,885,625)
<b>Net cash flow used in financing activities</b>	<u>(62,582,822)</u>	<u>(20,846,062)</u>
<b>Increase in cash and cash equivalents</b>	<u>151,064,840</u>	<u>(144,203,793)</u>
Cash and cash equivalents at the beginning of the year	135,606,095	280,670,589
Effect of exchange rate changes on cash and cash equivalents	24,115,196	23,254,495
	<u>159,721,291</u>	<u>303,925,084</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>310,786,131</u>	<u>159,721,291</u>

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

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

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

### - Holding company

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 1,356 (2022: 1,335) branches inside Pakistan including 209 (2022: 150) Islamic Banking branches and 2 (2022: 2) branches in Export Processing Zones. The Bank also operates 8 (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), both of which have been 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.

### - Subsidiary companies

#### - United National Bank Limited - 55% shareholding (2022: 55% shareholding)

United National Bank Limited (UBL UK) is an authorised banking institution incorporated in the United Kingdom. UBL UK was formed in 2001 from the merger of the UK branches of United Bank Limited and National Bank of Pakistan. The principal activities of UBL UK are to provide retail banking, wholesale banking and treasury services to financial institutions and trade finance facilities to businesses of all sizes. UBL UK operates 1 (2022: 1) branch inside United Kingdom. UBL UK operates under the trade name United Bank UK.

The Board of Directors of the Bank in their meeting held on 11 September, 2023 have approved an "Indicative Offer" received from Bestway Group to acquire entire shareholding of the Bank in UBL UK. The approval of the Board of Directors is subject to the approval/clearance by the SBP and all other regulatory compliances required in this regard in both Pakistan and UK. The Bank is currently in the process of completing the regulatory and legal requirements to implement the transaction.

#### - UBL Fund Managers Limited, Pakistan - 98.87% shareholding (2022: 98.87% shareholding)

UBL Fund Managers Limited (UBL FM or the Company) was incorporated as a unlisted public limited company in Pakistan on April 03, 2001. The Company is licensed to carry out Asset Management and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal activities of the Company are floating and managing mutual funds and providing investment advisory services. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

#### - Al Ameen Financial Services (Private) Limited - effective shareholding 98.87% (2022: 98.87% shareholding)

UBL Fund Managers has incorporated a wholly owned subsidiary Al Ameen Islamic Financial Services (Private) Limited (the Company) on February 27, 2015. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi. The principal activities of the Company are providing financial related services including but not limited to distribution of the financial products and the investments including units of collective investment schemes (CIS), Voluntary Pension Scheme (VPS).

#### - UBL Currency Exchange (Private) Limited - shareholding 100%

UBL Currency Exchange (Private) Limited, a wholly owned subsidiary of Bank received NOC from SBP and is under preparation for applying license as an exchange company. The subsidiary was incorporated on 8 November 2023. The principal activity of the subsidiary is to undertake the business of currency exchange and associated services permitted under the Foreign Exchange Regulation Act 1947. The registered office of the Company is situated at Karachi Pakistan.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate 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 utilised and the appropriate portion of profit thereon.

Key financial figures of the Islamic banking branches are disclosed in annexure II to these consolidated financial statements.

### 2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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

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 (IAS) 39, Financial Instruments: Recognition and Measurement and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan till further instructions. Moreover, SBP vide its 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 S.R.O. 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 financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars. In case of overseas branches, IFRS 9 / applicable regulations are considered for recording, classification and valuation of investment.

The SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 - Consolidated Financial Statements 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.

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

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 to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated financial statements except as disclosed below.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2024:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Lack of exchangeability – Amendments to IAS 21	January 01, 2025
IFRS 17 - Insurance Contracts	January 01, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2024

### IFRS 9 Financial Instruments

2.3.1 As per SBP BPRD Circular No 7 of 2023, dated April 23, 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP had earlier issued BPRD Circular No 3 of 2022 dated July 05, 2022, where detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements. The SBP's IFRS 9 application instructions apply to both the standalone and consolidated financial statements of the Bank. However, the financial statements of overseas branches, subsidiaries and associates that are prepared for the purpose of consolidation at Bank level would be based on their respective host country's regulatory accounting practices till one year from the effective date of IFRS 9 implementation. Afterwards, banks are required to comply with the requirements of IFRS 9 and SBP's application instructions for consolidated financial statements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

- a) Basis for classification and measurement of debt and equity securities;
- b) Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;



# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- c) Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;
- d) In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;
- e) In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The State Bank of Pakistan vide its BPRD circular No. 2 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

## Impact on equity and regulatory capital on adoption of IFRS 9

During 2023, the Bank has performed an impact assessment after applying the SBP's IFRS 9 instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2024.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity as at 1 January 2024 would be a reduction in equity of approximately Rs. 2,638.686 million, with corresponding impacts as follows:

- a) A decrease of approximately Rs. 5,853.237 million net of tax related to impairment requirements;
- b) An increase of approximately Rs. 3,214.551 million net of tax related to classification and measurement changes.

In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply this transitional arrangement, may implement this in accordance with SBP's Guideline for absorption of ECL for CAR purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

These consolidated financial statements have been prepared in accordance with the existing prudential regime to the extent of the Bank's domestic operations, whereas the requirements of this standard have been incorporated for the overseas jurisdictions where IFRS 9 has already been adopted.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these consolidated financial statements.

## 3. BASIS OF MEASUREMENT

### 3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for;

- Certain class of fixed assets and non-banking assets acquired in satisfaction of claims, which have been stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Certain derivative financial instruments, including forward exchange contracts which have been stated at fair value.
- Net obligations in respect of defined benefit schemes are carried at their present values.
- Right of use assets and related lease liabilities are measured at present value.

### 3.2 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with 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.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification and valuation of investments (notes 4.4 and 8)
- ii) provision against non-performing advances (notes 4.5 and 9.4)
- iii) income taxes (notes 4.11 and 36)
- iv) defined benefit plans (notes 4.13 and 40)
- v) fair value of derivatives (note 4.18.2)
- vi) valuation and depreciation of fixed assets (notes 4.6 and 10)
- vii) valuation and amortisation of intangible assets (notes 4.8 and 11)
- viii) valuation of right-of-use assets and their related lease liability (notes 4.7 and 10)
- ix) impairment (note 4.10)
- x) valuation of non-banking assets acquired in satisfaction of claims (note 4.9)

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.

## 4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

### 4.1 Basis of consolidation

#### 4.1.1 Subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies.

All subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9 and IAS 40, and overseas subsidiaries which are required to comply with local regulations enforced within the respective jurisdictions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group recognises non-controlling interests (NCI) in subsidiaries at the non-controlling interest's proportionate share of the net assets. NCI in the equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of changes in equity.

### 4.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement consist of cash and balances with treasury banks and balances with other banks.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of purchase under resale agreements (reverse repos), sale under repurchase agreements (repos) and other short term money market lendings to financial institutions at contracted rates for a specified period of time. Further, other long term lendings to financial institutions are classified in advances. These are recorded as under:

#### 4.3.1 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the purchase price and the resale price is amortised over the period of the agreement and recorded as income.

Securities held as collateral are not recognised in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability.

#### 4.3.2 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counterparty liability is included in borrowings from financial institutions. The differential between the sale price and the repurchase price is amortised over the period of the agreement and recorded as an expense.

#### 4.3.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

### 4.4 Investments

Investments of the Group, other than investments in associates, are classified into following categories:

#### Held for trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

#### Held to maturity

These are securities with fixed or determinable payments and fixed maturities, in respect of which the Group has the positive intent and ability to hold to maturity.

#### Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the held for trading or held to maturity categories.

#### 4.4.1 Initial measurement

All "regular way" purchases and sales of investments are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the investment. Regular way purchases or sales require delivery of investments within the time frame generally established by regulation or convention in the market place.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.4.2 Subsequent measurement

#### Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

#### Held to maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

#### Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the statement of financial position as part of equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

### 4.4.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### 4.5 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provisions against domestic advances and general provision against domestic consumer loans portfolio are determined on the basis of the Prudential Regulations and other directives issued by the SBP. Provisions against advances pertaining to overseas branches and subsidiaries are made in accordance with the requirements of the financial reporting regime of the respective countries in which the overseas branches and subsidiaries operate.

Advances are written off when there is no realistic prospect of recovery. The amount so written off is a book entry and does not necessarily prejudice to the Group's right of recovery against the customer.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.5.1 Finance lease receivables

Leases, where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances.

### 4.5.2 Islamic financings and related assets

Receivables under Murabaha financing represent cost price plus an agreed profit on deferred sale arrangement. Profit could be recognised on a straight line basis over the period of the instalments.

Ijarah financing represents arrangements whereby the Group (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration (rentals). Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are depreciated over the term of the lease. Ijarah income is recognised on an accrual basis.

Diminishing Musharakah is partnership agreement between the Group and its customer for long term financing of assets. The receivable is recorded to the extent of Group's share in the purchase of asset. Income is recognised on accrual basis.

Istisna is a sale contract where the Group places an order to the manufacturer / builders to produce certain assets and the sale is completed upon the delivery of the assets to the ultimate buyer.

Running Musharakah facility is to finance the working capital requirement of the customer whereas partnership is based on particular operations of the business.

### 4.6 Fixed assets

Property and equipment, other than land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. The cost and the accumulated depreciation of property and equipment of overseas branches and subsidiaries include exchange differences arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write-off the depreciable amount of the assets over their expected useful lives at the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the asset is available for use. No depreciation is charged in the month of disposal.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Gains and losses on sale of fixed assets are included in the profit and loss account, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Major renewals and improvements that increase the useful life of an asset are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.7 Lease liability and Right-of-use asset

The Group enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

### 4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. Amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

Gains and losses on sale of intangible assets are included in the profit and loss account.

### 4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account. A decrease arising on revaluation of non-banking asset is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

All direct costs of acquiring title to asset are charged to the profit and loss account. Gains and losses on sale of non-banking assets are included in the profit and loss account, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to unappropriated profit.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 4.10 Impairment

### Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

### Impairment of debt investments

Provisions for diminution in the value of debt securities are made as per the criteria prescribed by the Prudential Regulations issued by the SBP. Provision against debt investments by the Group's overseas branches and subsidiaries is made as per the requirements of the respective regulatory regimes in which the overseas branches and subsidiaries operate.

### Impairment of investments in associates

The Group considers that a decline in the recoverable value of the investment in an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, up to the cost of the investment in the associate, is credited to the profit and loss account.

## 4.11 Taxation

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Group for local as well as overseas operations. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

### Deferred

Deferred tax is recognised using the balance sheet method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Group also recognises deferred tax asset / liability on the deficit / surplus on revaluation of fixed assets / non-banking assets acquired in satisfaction of claims and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12, Income Taxes.

## 4.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events which makes it probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 4.13 Staff retirement and other benefits

### 4.13.1 The Bank

#### 4.13.1.1 Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees

a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates

- an approved contributory provident fund (defined contribution scheme); and
- an approved gratuity scheme (defined benefit scheme).

b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates

- an approved non-contributory provident fund in lieu of the contributory provident fund; and
- an approved funded pension scheme, introduced in 1975 (defined benefit scheme).

In 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (b) above to move to option (a). This conversion option ceased on December 31, 2003.

The Bank also operates benevolent fund for all its eligible employees (defined benefit scheme).

Annual contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

For the defined contribution scheme, the Bank pays contributions to the fund on a periodic basis. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when the obligation to make payments to the fund has been established. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 4.13.1.2 Other benefits

##### a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its eligible employees on the basis of actuarial advice under the Projected Unit Credit Method.

##### b) Post-retirement medical benefits (defined benefit scheme)

The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made on the basis of actuarial advice under the Projected Unit Credit Method.

#### 4.13.1.3 Remeasurement of defined benefit obligations

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Remeasurement gains and losses pertaining to long term compensated absences are recognised in the profit and loss account immediately.

## 4.13.2 United National Bank Limited (UBL UK)

### Defined benefit scheme

UBL UK operates a pension scheme (defined benefit scheme) for certain staff. This scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010. Gains and losses on settlements and curtailments are charged to the profit and loss account. The interest cost and the expected return on assets are included in other liabilities and other assets respectively. Remeasurement gains and losses are recognised immediately in other comprehensive income.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

The defined benefit scheme is funded, with the assets of the scheme held separately from those of UBL UK, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured based on actuarial valuations using the Projected Unit Credit Method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

## Defined contribution scheme

UBL UK operates a defined contributory pension scheme. The contribution payable in the year in respect of pension costs and other post-retirement benefits is charged to the profit and loss account. Differences between the contribution payable in the year and contribution actually paid are shown as either accruals or prepayments in the statement of financial position.

### 4.13.3 UBL Fund Managers Limited (UBL FM)

#### Defined benefit plan

UBL FM operates an approved funded gratuity scheme for all employees. Annual contributions to the fund are made on the basis of actuarial advice using the Projected Unit Credit Method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

#### Defined contribution plan

UBL FM operates an approved contributory provident fund (defined contribution scheme) for all eligible employees.

#### Employee Stock Option Scheme

UBL FM provides an incentive scheme for its top performing employees in the form of share options under the Employee Stock Option Scheme (ESOS). The scheme has been approved by the SECP.

### 4.14 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

### 4.15 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

### 4.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

#### 4.16.1 Advances and investments

Mark-up / return / interest on performing advances and investments is recognised on a time proportionate basis over the term of the advances and investments that takes into account the effective yield of the asset. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity of the debt securities.

Interest or mark-up recoverable on non-performing advances and investments is recognised on a receipt basis.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

#### 4.16.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

#### 4.16.3 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

#### 4.16.4 Fee, brokerage and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The Group recognises fees earned on transaction-based arrangements at a point in time when the Group has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under Other Liabilities.

### 4.17 Foreign currencies

#### 4.17.1 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

#### 4.17.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued in rupees at the forward foreign exchange rates applicable to their respective maturities.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

#### 4.17.3 Overseas operations and subsidiaries

The assets and liabilities of overseas operations and subsidiaries are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of overseas operations and subsidiaries are translated at the average rate of exchange for the year.

#### 4.17.4 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in overseas branches and subsidiaries which are taken to capital reserves (Exchange Translation Reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

#### 4.17.5 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.18.1 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

### 4.18.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments during the year is taken to the profit and loss account.

### 4.18.3 Off setting

Financial assets and financial liabilities are set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off and the Group intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

### 4.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

#### 4.19.1 Business segments

##### (a) Corporate / Commercial Banking

Includes project, trade and working capital finance, import and export, factoring, leasing, lending, deposits and guarantees. It also include services provided in connection with mergers and acquisitions and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

##### (b) Treasury

Includes fixed income, equity, foreign exchange, credit, funding, own position securities, lendings and borrowings and derivatives for hedging and market making.

##### (c) Branch Banking

Includes deposits, lendings and banking services to private individuals and small businesses including credit cards and branchless banking.

##### (d) Islamic Banking

This represents Islamic banking branches and Islamic banking windows in the conventional branches of the Bank.

##### (e) International Branch Operations

This represents Bank's operations in overseas locations including one branch each in export processing zones in Karachi and Sialkot.

##### (f) Subsidiaries

Represents operations by Bank's subsidiaries.

##### (g) Others

Others includes functions which cannot be classified in any of the above segments.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 4.19.2 Geographical segments

The Group operates in following geographical regions:

- Pakistan
- Middle East
- Export Processing Zones in Karachi and Sialkot
- Europe

### 4.20 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the year in which these are approved, except appropriations required by law which are recorded in the period to which they pertain.

### 4.21 Acceptances

Acceptances comprise undertakings by the Group to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>5. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		27,876,981	27,392,567
Foreign currencies		13,068,432	8,082,259
		40,945,413	35,474,826
With State Bank of Pakistan in			
Local currency current accounts	5.1	88,035,634	55,264,401
Foreign currency current accounts	5.2	5,306,080	912,557
Foreign currency deposit account	5.3	9,473,621	204,472
		102,815,335	56,381,430
With other central banks in			
Foreign currency current accounts	5.4	50,093,433	44,342,604
Foreign currency deposit accounts	5.5	10,684,831	6,298,682
		60,778,264	50,641,286
With National Bank of Pakistan in			
Local currency current accounts		72,368,067	377,456
National Prize Bonds		448,681	159,546
		<u>277,355,760</u>	<u>143,034,544</u>

5.1 This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

**5.3** This represents account maintained with the SBP to comply with the Special Cash Reserve Requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2023, it carries mark-up rate at 4.34% (2022: 3.14%) per annum.

**5.4** These represent current accounts maintained with other central banks of the countries in which the Group operates, to meet the minimum cash reserves and capital requirements pertaining to the overseas branches and subsidiaries of the Group.

**5.5** These represent placements with overseas central banks and carry mark-up at rates ranging from 5.75% to 6.37% (2022: 1.10% to 4.88%) per annum.

### 6. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts  
In deposit accounts

Note	2023 ----- (Rupees in '000) -----	2022
	1,659	9,848
	7	13,989
	1,666	23,837
	26,393,747	11,006,069
6.1	7,034,958	5,656,841
	33,428,705	16,662,910
	<u>33,430,371</u>	<u>16,686,747</u>

**6.1** These carry mark-up at rates ranging from 4.50% to 5.70% (2022: 3.90% to 4.15%) per annum.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lending  
Repurchase agreement lendings (reverse repo)

Note	2023 ----- (Rupees in '000) -----	2022
7.2	17,368,418	546,241
7.3 & 7.4	21,947,852	85,296,480
	<u>39,316,270</u>	<u>85,842,721</u>

#### 7.1 Particulars of lendings to financial institutions

In local currency  
In foreign currencies

	34,447,852	85,296,480
	4,868,418	546,241
	<u>39,316,270</u>	<u>85,842,721</u>

**7.2** These represent unsecured lendings carrying mark-up ranging from 5.20% to 22.50% (2022: 3.00%) per annum.

**7.3** These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 22.05% to 22.95% (2022: 15.75% to 16.15%) per annum, and are due to mature in January 2024.

#### 7.4 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2023			2022		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	-	-	-	52,832,980	-	52,832,980
Pakistan Investment Bonds	21,947,852	-	21,947,852	2,463,500	-	2,463,500
Government of Pakistan Sukuks	-	-	-	30,000,000	-	30,000,000
Total	<u>21,947,852</u>	<u>-</u>	<u>21,947,852</u>	<u>85,296,480</u>	<u>-</u>	<u>85,296,480</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 8. INVESTMENTS

#### 8.1 Investments by type

Note	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- (Rupees in '000) -----							
<b>Held for trading securities</b>								
Federal Government Securities	79,035,823	-	(79,074)	78,956,749	27,546,990	-	(661)	27,546,329
<b>Available for sale securities</b>								
Federal Government securities	3,811,624,681	(12,421,631)	5,026,047	3,804,229,097	936,275,899	(9,070,841)	(34,542,879)	892,662,179
Shares and units	14,531,088	(6,107,121)	3,678,469	12,102,436	16,917,598	(6,085,089)	286,995	11,119,504
Non-Government debt securities	3,964,758	(162,334)	(674,087)	3,128,337	5,671,781	(162,334)	(839,419)	4,670,028
Foreign securities	172,534,321	(23,993)	(3,010,385)	169,499,943	91,421,585	(5,104,378)	(4,990,803)	81,326,404
	4,002,654,848	(18,715,079)	5,020,044	3,988,959,813	1,050,286,863	(20,422,642)	(40,086,106)	989,778,115
<b>Held to maturity securities</b>								
Federal Government securities	308,215,895	(4,406,225)	-	303,809,670	366,081,117	(3,528,868)	-	362,552,249
Non-Government debt securities	22,764,643	(1,293,634)	-	21,471,009	18,878,916	(7,109,993)	-	18,167,923
Foreign securities	38,098,926	(541,128)	-	37,557,798	49,765,148	(3,548,218)	-	46,216,930
	369,079,464	(6,240,987)	-	362,838,477	434,725,181	(7,788,079)	-	426,937,102
<b>Associates</b>	6,029,617	(1,033,786)	-	4,995,831	7,072,008	(393,801)	-	6,678,207
<b>Total Investments</b>	<u>4,456,799,752</u>	<u>(25,989,852)</u>	<u>4,940,970</u>	<u>4,435,750,870</u>	<u>1,519,631,042</u>	<u>(28,604,522)</u>	<u>(40,086,767)</u>	<u>1,450,939,753</u>

#### 8.2 Investments by segment

##### Federal Government Securities

Market Treasury Bills	1,777,572,181	-	4,084,134	1,781,656,315	138,961,246	-	(349,779)	138,611,467
Pakistan Investment Bonds	1,904,352,770	-	(5,576,146)	1,898,776,624	1,022,426,763	-	(19,734,816)	1,002,691,947
Government of Pakistan Sukuk	448,138,446	(410,122)	7,532,654	455,260,978	112,875,055	(302,150)	(1,138,560)	111,434,345
Government of Pakistan Eurobonds	63,103,986	(16,417,734)	(1,093,669)	45,592,583	50,834,780	(12,297,559)	(13,320,385)	25,216,836
Islamic Naya Pakistan Certificates	5,709,016	-	-	5,709,016	4,806,162	-	-	4,806,162
	4,198,876,399	(16,827,856)	4,946,973	4,186,995,516	1,329,904,006	(12,599,709)	(34,543,540)	1,282,760,757

##### Ordinary shares

Listed companies	13,243,966	(6,048,102)	3,570,071	10,765,935	15,334,557	(6,017,934)	233,489	9,550,112
Unlisted companies	779,288	(59,019)	-	720,269	791,409	(67,155)	-	724,254
	14,023,254	(6,107,121)	3,570,071	11,486,204	16,125,966	(6,085,089)	233,489	10,274,366

##### Mutual Fund units

	-	-	-	-	258,179	-	(55,649)	202,530
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##### Real Estate Investment Trust units

	507,834	-	108,398	616,232	533,453	-	109,155	642,608
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##### Non Government Debt Securities

Listed companies	2,310,437	-	-	2,310,437	4,193,021	-	-	4,193,021
Unlisted companies	24,418,964	(1,455,968)	(674,087)	22,288,909	20,357,676	(873,327)	(839,419)	18,644,930
	26,729,401	(1,455,968)	(674,087)	24,599,346	24,550,697	(873,327)	(839,419)	22,837,951

##### Foreign Securities

Market Treasury Bills	83,605,493	-	55,839	83,661,332	12,443,105	-	314	12,443,419
Foreign bonds - sovereign	115,022,936	(564,103)	(2,886,631)	111,572,202	125,046,731	(8,650,013)	(4,833,841)	111,562,877
Foreign bonds - others	12,004,206	(1,018)	(179,593)	11,823,595	3,696,405	(2,583)	(157,276)	3,536,546
CDC SAARC Fund	612	-	-	612	492	-	-	492
	210,633,247	(565,121)	(3,010,385)	207,057,741	141,186,733	(8,652,596)	(4,990,803)	127,543,334

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### Investments by segment

Note	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Associates</b>								
	591,213	-	-	591,213	3,136,843	-	-	3,136,843
UBL Liquidity Plus Fund	-	-	-	-	302,178	-	-	302,178
UBL Financial Sector Fund	-	-	-	-	103,212	-	-	103,212
UBL Special Savings Plan VIII	1,533,503	-	-	1,533,503	-	-	-	-
UBL Special Savings Plan XI	28,122	-	-	28,122	20,310	-	-	20,310
UBL Pakistan Enterprise Exchange Traded Fund	30,385	-	-	30,385	-	-	-	-
UBKPK - Money Market Sub Fund	30,392	-	-	30,392	-	-	-	-
AIKPK - Money Market Sub Fund	83,864	-	-	83,864	94,262	-	-	94,262
UBL Dedicated Equity Fund	-	-	-	-	1,040	-	-	1,040
UBL Fixed Return Plan I B	-	-	-	-	10,047	-	-	10,047
UBL Fixed Return Plan I D	54,869	-	-	54,869	-	-	-	-
UBL Fixed Return Plan - II B	56,640	-	-	56,640	-	-	-	-
UBL Fixed Return Plan - II D	40,673	-	-	40,673	-	-	-	-
UBL Fixed Return Plan - II E	-	-	-	-	514	-	-	514
UBL Government Securities Fund	132,535	-	-	132,535	157,746	-	-	157,746
Al Ameen Islamic Energy Fund	65,766	-	-	65,766	52,163	-	-	52,163
Al Ameen Islamic Dedicated Equity Fund	25,319	-	-	25,319	-	-	-	-
Al-Ameen Shariah Stock Fund	14,313	-	-	14,313	-	-	-	-
Al Ameen Islamic Fixed Return Plan - I F	38,567	-	-	38,567	-	-	-	-
Al Ameen Islamic Income Fund	1,583,806	-	-	1,583,806	35,167	-	-	35,167
Al-Ameen Islamic Cash Plan I	685,864	-	-	685,864	585,248	-	-	585,248
UBL Insurers Limited	1,033,786	(1,033,786)	-	-	2,573,278	(393,801)	-	2,179,477
Khushhali Microfinance Bank Limited	6,029,617	(1,033,786)	-	4,995,831	7,072,008	(393,801)	-	6,678,207
<b>Total Investments</b>	<b>4,456,799,752</b>	<b>(25,989,852)</b>	<b>4,940,970</b>	<b>4,435,750,870</b>	<b>1,519,631,042</b>	<b>(28,604,522)</b>	<b>(40,086,767)</b>	<b>1,450,939,753</b>

### 8.2.1 Investments given as collateral

#### Federal Government securities

	2023	2022
Market Treasury Bills	1,739,647,706	-
Pakistan Investment Bonds	962,704,865	425,026,286
Government of Pakistan Sukuks	-	20,000,000

#### Foreign securities

Foreign bonds - sovereign	-	9,199,941
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#### Units of Associates

Units of UBL Liquidity Plus Fund	589,320	1,898,804
Units of UBL Special Savings Plan XI	1,299,847	-
<b>Total</b>	<b>2,704,241,738</b>	<b>456,125,031</b>

8.2.1: The market value of securities given as collateral is Rs. 2,717,969 million (2022: Rs. 444,672 million).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 8.3 Provision for diminution in value of investments

Note	2023	2022
(Rupees in '000)		
Opening balance	28,604,522	6,457,317
Exchange adjustments	3,388,726	1,303,537
Net (reversal) / charge		
Charge for the year	7,376,097	21,031,410
Reversals for the year	(1,266,052)	(99,806)
Reversal on disposal during the year	(12,113,441)	(87,936)
	(6,003,396)	20,843,668
Amounts written off	-	-
Closing balance	25,989,852	28,604,522
<b>8.3.1 Reversal of provision for diminution in value of investments on disposals</b>		
Shares and units	(824,540)	(87,936)
Foreign Bonds - Sovereign	(11,288,901)	-
	(12,113,441)	(87,936)
<b>8.3.2 Provision against investments includes Expected Credit Losses (ECL) under IFRS 9 amounting to Rs. 18,207.562 million (2022: Rs. 21,839.739 million) on investments of overseas branches and subsidiaries.</b>		

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.

### 8.3.3 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non Performing Investment	Provision	Non Performing Investment	Provision
(Rupees in '000)				
<b>Domestic</b>				
Loss	641,383	641,383	285,923	285,923
<b>Overseas</b>				
Defaulted exposure	-	-	11,613,838	7,533,530
<b>Total</b>	<b>641,383</b>	<b>641,383</b>	<b>11,899,761</b>	<b>7,819,453</b>

8.3.4 Provision against investments also include impairment on equity instrument of Rs. 6,107.121 million (2022: Rs. 6,085.089 million)

8.4 This represents investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Certificate Company Limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.



## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 8.5 Investment in associates

#### 8.5.1 Movement of Investment in associates

Note	2023								
	Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised (loss) / surplus on assets	Investment at the end of the year	
(Rupees in '000)									
UBL Liquidity Plus Fund	8.5.1.1	Pakistan	1.93%	3,136,843	(2,553,492)	178,738	(170,876)	591,213	
UBL Financial Sector Fund	8.5.1.1	Pakistan	-	302,178	(399,353)	102,177	(5,002)	-	
UBL Special Savings Plan VIII	8.5.1.1	Pakistan	-	103,212	(93,933)	3,069	(12,348)	-	
UBL Special Savings Plan X	8.5.1.1	Pakistan	-	-	(75)	372	(297)	-	
UBL Special Savings Plan XI	8.5.1.1	Pakistan	100.00%	-	1,439,000	94,800	(297)	1,533,503	
UBL Pakistan Enterprise Exchange Traded Fund	8.5.1.1	Pakistan	76.09%	20,310	-	15,521	(2,748)	28,122	
UBL Cash Fund	8.5.1.1	Pakistan	-	-	(3,971)	7,497	(3,526)	-	
UBL Growth and Income Fund	8.5.1.1	Pakistan	-	-	-	-	-	-	
UBKPK - Money Market Sub Fund	8.5.1.1	Pakistan	96.51%	-	30,000	385	-	30,385	
AIKPK - Money Market Sub Fund	8.5.1.1	Pakistan	95.41%	-	30,000	392	-	30,392	
UBL Income Opportunity Fund	8.5.1.1	Pakistan	-	-	-	-	-	-	
UBL Dedicated Equity Fund	8.5.1.1	Pakistan	99.60%	94,262	(69,460)	60,060	(998)	83,864	
UBL Fixed Return Plan I B	8.5.1.1	Pakistan	-	1,040	(990)	(30)	(20)	-	
UBL Fixed Return Plan I C	8.5.1.1	Pakistan	-	-	(3,037)	3,265	(228)	-	
UBL Fixed Return Plan I D	8.5.1.1	Pakistan	-	10,047	(9,953)	734	(828)	-	
UBL Fixed Return Plan I F	8.5.1.1	Pakistan	-	-	-	744	(744)	-	
UBL Fixed Return Plan I G	8.5.1.1	Pakistan	-	-	(996)	996	-	-	
UBL Fixed Return Plan I K	8.5.1.1	Pakistan	-	-	-	420	(420)	-	
UBL Fixed Return Plan - II A	8.5.1.1	Pakistan	-	-	(91)	7,645	(7,554)	-	
UBL Fixed Return Plan - II B	8.5.1.1	Pakistan	28.84%	-	49,171	11,227	(5,529)	54,869	
UBL Fixed Return Plan - II D	8.5.1.1	Pakistan	59.96%	-	49,779	8,336	(1,475)	56,640	
UBL Fixed Return Plan - II E	8.5.1.1	Pakistan	59.96%	-	39,682	3,113	(2,122)	40,673	
UBL Fixed Return Plan - II H	8.5.1.1	Pakistan	-	-	(3,241)	3,241	-	-	
UBL Fixed Return Plan - III C	8.5.1.1	Pakistan	-	-	-	17,122	(17,122)	-	
UBL Fixed Return Plan - III D	8.5.1.1	Pakistan	-	-	(502)	3,813	(3,311)	-	
UBL Fixed Return Plan - III F	8.5.1.1	Pakistan	-	-	-	347	(347)	-	
UBL Fixed Return Plan - III I	8.5.1.1	Pakistan	-	-	(1)	1,101	(1,100)	-	
UBL Government Securities Fund	8.5.1.1	Pakistan	-	514	(492)	35	(57)	-	
UBL Money Market Fund	8.5.1.1	Pakistan	-	-	(86)	230	(144)	-	
Al Ameen Islamic Energy Fund	8.5.1.2	Pakistan	15.62%	157,746	(110,665)	85,454	-	132,535	
Al Ameen Islamic Dedicated Equity Fund	8.5.1.2	Pakistan	100.00%	52,163	(13,804)	27,407	-	65,766	
Al-Ameen Shariah Stock Fund	8.5.1.2	Pakistan	0.31%	-	24,286	1,033	-	25,319	
Al Ameen Islamic Fixed Return Plan - I A	8.5.1.2	Pakistan	-	-	-	2,355	(2,355)	-	
Al Ameen Islamic Fixed Return Plan - I F	8.5.1.2	Pakistan	3.02%	-	10,314	4,987	(988)	14,313	
Al Ameen Islamic Income Fund	8.5.1.2	Pakistan	13.05%	-	34,972	3,779	(184)	38,567	
Al-Ameen Islamic Cash Plan I	8.5.1.2	Pakistan	6.25%	35,167	1,541,407	26,635	(19,403)	1,583,806	
UBL Insurers Limited	8.5.1.3	Pakistan	30.00%	585,248	-	107,331	(10,020)	3,305	
Khushhali Microfinance Bank Limited	8.5.1.4	Pakistan	27.82%	2,573,278	225,000	(1,773,867)	-	9,375	
				<u>7,072,008</u>	<u>209,469</u>	<u>(989,536)</u>	<u>(270,043)</u>	<u>7,719</u>	<u>6,029,617</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Note	2022								
	Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised surplus on assets	Investment at the end of the year	
(Rupees in '000)									
UBL Liquidity Plus Fund	8.5.1.1	Pakistan	6.98%	1,130,540	1,966,949	158,100	(118,746)	3,136,843	
UBL Financial Sector Fund	8.5.1.1	Pakistan	36.07%	452,591	(87,857)	(62,556)	-	302,178	
UBL Stock Advantage Fund	8.5.1.1	Pakistan	-	-	(131)	131	-	-	
UBL Special Savings Plan VIII	8.5.1.1	Pakistan	85.62%	102,287	(2,696)	14,222	(9,300)	103,212	
UBL Pakistan Enterprise Exchange Traded Fund	8.5.1.1	Pakistan	76.38%	24,961	(2,206)	1,883	(1,767)	20,310	
UBL Cash Fund	8.5.1.1	Pakistan	-	1,287,724	(1,352,821)	72,275	(7,178)	-	
UBL Growth and Income Fund	8.5.1.1	Pakistan	-	99,039	(100,000)	961	-	-	
UBL Income Opportunity Fund	8.5.1.1	Pakistan	-	(82)	-	82	-	-	
UBL Dedicated Equity Fund	8.5.1.1	Pakistan	99.76%	539	99,181	(5,458)	-	94,262	
UBL Fixed Return Plan I A	8.5.1.1	Pakistan	-	-	-	3,588	(3,588)	-	
UBL Fixed Return Plan I B	8.5.1.1	Pakistan	0.49%	994	-	90	(44)	1,040	
UBL Fixed Return Plan I C	8.5.1.1	Pakistan	-	(512)	-	512	-	-	
UBL Fixed Return Plan I D	8.5.1.1	Pakistan	0.09%	-	10,000	47	-	10,047	
UBL Government Securities Fund	8.5.1.1	Pakistan	0.04%	(1,043)	500	1,057	-	514	
UBL Money Market Fund	8.5.1.1	Pakistan	-	-	-	-	-	-	
Al Ameen Islamic Energy Fund	8.5.1.2	Pakistan	41.42%	116,003	30,942	10,801	-	157,746	
Al Ameen Islamic Dedicated Equity Fund	8.5.1.2	Pakistan	100.00%	7,139	48,561	(1,104)	(2,433)	52,163	
Al-Ameen Islamic Cash Plan I	8.5.1.2	Pakistan	0.19%	667,364	(634,116)	6,841	(4,922)	35,167	
Al-Ameen Shariah Stock Fund	8.5.1.2	Pakistan	-	120,094	(111,854)	(8,240)	-	-	
Al-Ameen Islamic Aggressive Income Fund	8.5.1.2	Pakistan	-	(73)	-	73	-	-	
UBL Insurers Limited	8.5.1.3	Pakistan	30.00%	521,450	-	68,830	(3,971)	585,248	
Khushhali Microfinance Bank Limited	8.5.1.4	Pakistan	29.69%	3,481,683	-	(912,193)	-	3,788	
				<u>8,010,698</u>	<u>(135,548)</u>	<u>(650,058)</u>	<u>(151,949)</u>	<u>(1,135)</u>	<u>7,072,008</u>

**8.5.1.1** These represent open ended mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

**8.5.1.2** These represent open ended shariah compliant mutual funds managed by Al Ameen Financial Services (Private) Limited, a wholly owned subsidiary of UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

**8.5.1.3** UBL Insurers Limited is an unlisted public company, whose principal objective is to conduct general insurance business.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Net Assets</b>	<u>2,286,216</u>	<u>1,950,827</u>
<b>Percentage holding</b>	30.00%	30.00%
Group's share of net assets	685,864	585,248
<b>Carrying amount of interest in associates</b>	<u>685,864</u>	<u>585,248</u>

**8.5.1.4** This represents the Bank's subscription towards the paid-up capital of Khushhali Microfinance Bank Limited. During the year, Bank has provided further impairment of Rs. 639.985 million during the year which accumulates to Rs. 1,033.786 million (2022: Rs. 393.801 million).

Khushhali Microfinance Bank Limited is a microfinance bank. The principal objective of the bank is to provide microfinance services and promote social welfare through community building and social mobilisation.

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Net Assets</b>	<u>3,716,118</u>	<u>8,210,891</u>
<b>Percentage holding</b>	27.82%	29.69%
Group's share of net assets	1,033,786	2,438,155
Goodwill	-	135,123
Less: impairment	<u>(1,033,786)</u>	<u>(393,801)</u>
<b>Carrying amount of interest in associates</b>	<u>-</u>	<u>2,179,477</u>

### 8.5.2 Summary of financial position and performance of associates

	2023				2022			
	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
	----- (Rupees in '000) -----							
UBL Liquidity Plus Fund	33,608,602	2,993,803	6,078,949	5,668,256	45,133,233	219,281	4,585,549	4,476,867
UBL Financial Sector Fund	-	-	-	-	854,318	16,594	(112,091)	(168,292)
UBL Special Savings Plan VIII	-	-	-	-	122,776	2,224	14,950	12,950
UBL Special Savings Plan XI	1,537,493	3,987	102,860	94,503	-	-	-	-
UBL Exchange Traded Fund	38,000	1,039	4,850	4,206	27,218	627	3,909	2,736
UBKPK - Money Market Sub Fund	31,499	17	415	399	-	-	-	-
AIKPK - Money Market Sub Fund	31,870	17	427	410	-	-	-	-
UBL Dedicated Equity Fund	87,081	2,882	57,524	53,365	100,497	6,005	(4,011)	(5,985)
UBL Fixed Return Plan I(B)	-	-	-	-	239,606	28,398	179,441	173,654
UBL Fixed Return Plan I(D)	-	-	-	-	11,446,211	2,166	36,128	34,044
UBL Fixed Return Plan - II B	194,054	3,808	37,590	35,027	-	-	-	-
UBL Fixed Return Plan - II D	94,907	442	12,728	11,672	-	-	-	-
UBL Fixed Return Plan - II E	600,771	532,937	238,322	222,212	-	-	-	-
UBL Government Securities Fund	-	-	-	-	1,462,219	60,514	167,883	142,307
Al Ameen Islamic Energy Fund	964,600	116,326	316,011	285,583	399,154	18,354	21,920	(611)
Al Ameen Islamic Dedicated Equity Fund	80,806	15,040	28,370	23,582	69,711	17,549	(3,883)	(4,546)
Al-Ameen Shariah Stock Fund	9,068,988	873,589	2,931,914	2,639,129	-	-	-	-
Al Ameen Islamic Fixed Return Plan - I F	474,992	1,100	56,496	53,153	-	-	-	-
Al Ameen Islamic Income Fund	297,686	2,119	17,201	15,838	-	-	-	-
Al-Ameen Islamic Cash Plan I	25,429,363	99,278	3,992,469	3,783,620	18,520,481	58,286	2,421,522	2,347,496
UBL Insurers Limited	10,658,604	8,372,388	1,993,150	453,995	7,715,405	5,764,578	1,839,604	228,214
Khushhali Microfinance Bank Limited	115,121,536	111,405,418	6,358,050	(5,957,226)	132,153,820	123,942,929	9,588,980	(3,000,005)

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 8.6 Quality of Available for Sale Securities

Details regarding quality of Gross Available for Sale (AFS) securities are as follows

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>8.6.1 Federal Government Securities - Government guaranteed</b>		
Market Treasury Bills	1,759,608,269	111,414,256
Pakistan Investment Bonds	1,564,416,221	679,569,659
Government of Pakistan Sukuks	435,136,727	102,872,728
Islamic Naya Pakistan Certificates	5,709,016	4,806,162
Government of Pakistan Eurobonds	46,754,448	37,613,094
	<u>3,811,624,681</u>	<u>936,275,899</u>

### 8.6.2 Shares and units

#### Listed Companies

	2023	2022
Cement	1,158,240	1,221,443
Chemical	559,228	559,228
Commercial Banks	518,765	2,071,939
Engineering	311,831	315,872
Fertilizer	4,305,054	4,754,000
Oil and Gas Exploration Companies	2,007,252	1,354,148
Oil and Gas Marketing Companies	569,150	569,150
Power Generation and Distribution	2,382,851	2,689,291
Technology & Communication	75,820	322,794
Textile Composite	812,848	766,044
Textile Spinning	395,927	395,927
Miscellaneous	147,000	314,721
	<u>13,243,966</u>	<u>15,334,557</u>

#### Unlisted Companies

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	----- (Rupees in '000) -----			
Cinepax Limited	60,122	105,437	60,122	136,159
First Women Bank Limited	21,100	71,151	21,100	60,514
Mastercard International	0.003	969	0.003	779
National Institutional Facilitation Technologies (Pvt.) Limited	1,527	52,914	1,527	44,622
National Investment Trust Limited	100	700,276	100	910,231
Pakistan Agricultural Storage & Services Corporation	5,500	3,551,928	5,500	3,551,928
Pakistan Mortgage Refinance Company Limited	500,000	1,105,433	500,000	915,540
Pakistan Corporate Restructuring Company Limited	63,633	38,304	63,634	50,479
SWIFT (Belgium)	2,091	33,186	2,091	23,880
SME Bank Limited	26,950	-	26,950	-
Techlogix International Limited	37,406	30,787	50,703	23,881
The Benefit Company BSC	5,982	175,500	4,805	133,289
VIS Credit Information Services	325	204	325	173
1 Link (Private) Limited	54,287	733,213	54,287	428,290
Mutual Funds Association of Pakistan (MUFAP)	265	265	265	265
	<u>779,288</u>	<u>6,599,567</u>	<u>791,409</u>	<u>6,280,030</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

8.6.3 Units	2023		2022	
	Cost ----- (Rupees in '000) -----			
Mutual Fund units	-		258,179	
Real Estate Investment Trust units	507,834		533,453	
<b>8.6.4 Non-Government Debt Securities</b>				
<b>Listed</b>				
- AA+,AA, AA-	300,000		1,570,000	
- A+, A, A-	1,094,987		1,045,000	
	<u>1,394,987</u>		<u>2,615,000</u>	
<b>Unlisted</b>				
- AA+,AA, AA-	720,000		1,140,000	
- A+, A, A-	135,714		521,429	
- CCC+	1,551,722		1,233,017	
- Unrated	162,335		162,335	
	<u>2,569,771</u>		<u>3,056,781</u>	
<b>8.6.5 Foreign Securities</b>				
<b>Government Securities</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Cost</b>	<b>Rating</b>	<b>Cost</b>	<b>Rating</b>
	----- (Rupees in '000) -----			
- Supranational entities (Banks)	7,780,880	AAA	9,807,520	AAA
- United States of America	13,664,341	AA+	2,244,657	AA-
- Qatar	8,991,022	AA-	7,298,165	AA-
- United Arab Emirates	95,165,211	AA-	18,529,501	AA
- United Kingdom	26,495,499	AA-	16,744,028	AA-
- Bahrain	4,788,810	B+	7,847,301	B
- Jordan	3,051,057	BB-	2,469,583	B+
- South Africa	2,087,983	BB-	1,682,375	BB
- Egypt	135	B-	5,089,176	B
- Oman	-	-	2,955,778	BB-
- Kenya	-	-	2,775,375	B
- Nigeria	-	-	1,492,871	B
- Turkey	-	-	2,825,351	B-
- Sri Lanka	-	-	7,172,166	D
	<u>162,024,938</u>		<u>88,933,847</u>	
<b>Non-Government Debt Securities</b>				
<b>Listed</b>				
- AA+, AA, AA-	1,803,477		1,369,919	
- A+, A, A-	5,479,005		-	
- BBB+, BBB-	3,226,901		1,117,819	
	<u>10,509,383</u>		<u>2,487,738</u>	

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

8.7 Particulars relating to Gross Held to Maturity securities are as follows:	2023		2022	
	Cost ----- (Rupees in '000) -----			
<b>8.7.1 Federal Government Securities - Government guaranteed</b>				
Pakistan Investment Bonds	278,864,638		342,857,104	
Government of Pakistan Sukuks	13,001,719		10,002,327	
Government of Pakistan Eurobonds	16,349,538		13,221,686	
	<u>308,215,895</u>		<u>366,081,117</u>	
<b>8.7.2 Non-Government Debt Securities</b>				
<b>Listed</b>				
- AA+, AA-	174,825		774,896	
- A+	740,625		803,125	
	<u>915,450</u>		<u>1,578,021</u>	
<b>Unlisted</b>				
- AAA	12,740,248		9,216,920	
- AA+,AA, AA-	249,450		249,550	
- A+, A	641,379		150,000	
- BB-, B-	360,000		360,000	
- CCC+	2,739,066		2,200,838	
- Unrated	5,119,050		5,123,587	
	<u>21,849,193</u>		<u>17,300,895</u>	
<b>8.7.3 Foreign Securities</b>				
<b>Government Securities</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Cost</b>	<b>Rating</b>	<b>Cost</b>	<b>Rating</b>
	----- (Rupees in '000) -----			
- Qatar	23,575,387	AA-	12,690,997	AA-
- Portugal	1,242,266	A-	1,001,469	BBB
- Jordan	3,138,053	BB-	6,370,103	B+
- South Africa	2,087,983	BB-	1,682,433	BB-
- Bahrain	2,044,183	B+	4,721,684	B
- Egypt	3,343,746	B-	4,528,908	B
- Yemen	1,171,873	unrated	956,116	unrated
- Oman	-	-	4,330,271	BB-
- Kenya	-	-	3,732,975	B
- Turkey	-	-	2,988,596	B-
- Nigeria	-	-	1,110,765	B-
- Sri Lanka	-	-	4,441,672	D
	<u>36,603,491</u>		<u>48,555,989</u>	

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### Non Government Debt Securities

	2023		2022	
	Cost (Rupees in '000)			
<b>Listed</b>				
- BBB+, BBB-	1,494,823		90,573	
- B	-		-	
- Unrated	-		-	
	<u>1,494,823</u>		<u>90,573</u>	
<b>Unlisted</b>				
- BBB-	-		1,118,094	
			<u>1,118,094</u>	
<b>Other</b>				
CDC SAARC Fund	612		492	
	<u>612</u>		<u>492</u>	

8.8 The market value of securities classified as held-to-maturity as at December 31, 2023, amounted to Rs. 337,640.922 million (2022: Rs. 394,810.915 million).

8.9 Investments include net securities amounting to Rs. 1,282,409 million (2022: Rs. 874,741 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.10 Investments include Rs. 118 million (2022: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2022: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

### 9. ADVANCES

	Note	Performing		Non-performing		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	800,959,576	939,171,325	107,369,561	92,462,842	908,329,137	1,031,634,167
Islamic financings and related assets	9.8	47,191,822	102,281,886	222,205	159,579	47,414,027	102,441,465
Bills discounted and purchased		16,976,674	51,511,597	2,982,770	2,908,653	19,959,444	54,420,250
<b>Advances - gross</b>		<u>865,128,072</u>	<u>1,092,964,808</u>	<u>110,574,536</u>	<u>95,531,074</u>	<u>975,702,608</u>	<u>1,188,495,882</u>
Provision against advances	9.4						
- Specific		-	-	(92,332,287)	(82,038,458)	(92,332,287)	(82,038,458)
- General		(11,329,389)	(10,236,536)	-	-	(11,329,389)	(10,236,536)
		<u>(11,329,389)</u>	<u>(10,236,536)</u>	<u>(92,332,287)</u>	<u>(82,038,458)</u>	<u>(103,661,676)</u>	<u>(92,274,994)</u>
<b>Advances - net of provision</b>		<u>853,798,683</u>	<u>1,082,728,272</u>	<u>18,242,249</u>	<u>13,492,616</u>	<u>872,040,932</u>	<u>1,096,220,888</u>

### 9.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Minimum lease payments	5,978	170,679	-	176,657	9,775	224,749	8,112	242,636
Financial charges for future periods	(1,411)	(9,810)	-	(11,221)	(696)	(17,923)	(2,748)	(21,367)
Present value of minimum lease payments	<u>4,567</u>	<u>160,869</u>	<u>-</u>	<u>165,436</u>	<u>9,079</u>	<u>206,826</u>	<u>5,364</u>	<u>221,269</u>

### 9.2 Particulars of advances - gross

	2023	2022
	(Rupees in '000)	
In local currency	465,031,634	765,445,157
In foreign currencies	510,670,974	423,050,725
	<u>975,702,608</u>	<u>1,188,495,882</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

9.3 Advances include Rs. 110,574.536 million (2022: Rs. 95,531.074 million) which have been placed under non-performing status as detailed below:

Category of Classification	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other Assets Especially Mentioned*	105,024	3,660	135,948	1,948
Substandard	2,963,970	729,208	2,307,269	569,848
Doubtful	197,690	91,464	732,137	365,716
Loss	21,198,758	20,225,801	23,018,816	22,067,588
	<u>24,465,442</u>	<u>21,050,133</u>	<u>26,194,170</u>	<u>23,005,100</u>
<b>Overseas branches and subsidiaries</b>				
Not past due but impaired**	2,607,829	331,800	5,192,817	1,806,054
Overdue by:				
Upto 90 days	91,393	-	1,194,694	403,030
91 to 180 days	3,632,088	-	82,114	31,978
181 to 365 days	4,913,369	1,685,624	3,476,459	1,539,163
> 365 days	74,864,415	69,264,730	59,390,820	55,253,133
	<u>86,109,094</u>	<u>71,282,154</u>	<u>69,336,904</u>	<u>59,033,358</u>
<b>Total</b>	<u>110,574,536</u>	<u>92,332,287</u>	<u>95,531,074</u>	<u>82,038,458</u>

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

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

### 9.4 Particulars of provision against advances

Note	2023			2022		
	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	14,721,165	2,318,974	17,040,139	14,659,246	1,398,030	16,057,276
Charge for the year	894,440	140,921	1,035,361	2,460,068	388,833	2,848,901
Reversals for the year	(4,561,819)	(1,367,042)	(5,928,861)	(3,714,668)	(2,110,253)	(5,824,921)
Net reversals						
against advances	35	(3,667,379)	(1,226,121)	(4,893,500)	(1,254,600)	(1,721,420)
Amounts charged off -						
agriculture financing	9.5	(153,498)	-	(153,498)	(66,894)	-
Amounts written off	9.6	(606,459)	-	(606,459)	(3,171,280)	-
Transfers (out) / in - net		-	-	(3,089,350)	3,089,350	-
Closing balance		<u>92,332,287</u>	<u>11,329,389</u>	<u>103,661,676</u>	<u>82,038,458</u>	<u>10,236,536</u>

### 9.4.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	20,103,817	449,481	20,553,298	22,248,009	769,158	23,017,167
In foreign currencies	72,228,470	10,879,908	83,108,378	59,790,449	9,467,378	69,257,827
	<u>92,332,287</u>	<u>11,329,389</u>	<u>103,661,676</u>	<u>82,038,458</u>	<u>10,236,536</u>	<u>92,274,994</u>

9.4.2 General provision represents provision amounting to Rs. 449.481 million (2022: Rs. 469.158 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 10,879.908 million (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 Nil (2022: Rs. 300.000 million).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

**9.4.3** The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said Circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 44.193 million (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 regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 6,114.438 million (2022: Rs. 5,329.058 million) for the overseas branches.

UBL UK has availed benefit of certain mortgaged properties held as collateral against non-performing advances in accordance with the applicable regulations in UK. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 5,034.015 million (2022: 1,937.295 million).

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

**9.5** These represent non-performing advances for agriculture financing 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.

### 9.6 Particulars of write-offs

**9.6.1** Against provisions  
Directly charged to profit and loss account

### 9.6.2 Bank

- Write-offs of Rs. 500,000 and above  
Domestic  
Overseas

- Write-offs of below Rs. 500,000

### Subsidiaries

Write-offs

### 9.7 Details of loan write-offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2023, is given in annexure I to these consolidated financial statements (except in case of overseas branches and subsidiaries write-offs which is restricted by overseas regulatory authorities).

**9.8** Information related to Islamic financing and related assets is given in annexure II and is an integral part of these consolidated financial statements.

## 10. FIXED ASSETS

Capital work-in-progress  
Property and equipment

### 10.1 Capital work-in-progress

Civil works  
Equipment

Note	2023	2022
	----- (Rupees in '000) -----	
	<u>756,304</u>	<u>3,390,793</u>
	<u>372,003</u>	<u>3,207,151</u>
	<u>384,301</u>	<u>183,642</u>
	<u>756,304</u>	<u>3,390,793</u>
	<u>1,353,200</u>	<u>1,054,194</u>
	<u>83,718,432</u>	<u>78,348,477</u>
	<u>85,071,632</u>	<u>79,402,671</u>
	<u>764,539</u>	<u>856,514</u>
	<u>588,661</u>	<u>197,680</u>
	<u>1,353,200</u>	<u>1,054,194</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 10.2 Property and equipment

	2023									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
	----- Rupees '000 -----									
<b>At January 01, 2023</b>	9,543,663	32,058,110	12,078,841	7,525,987	7,382,615	2,723,506	21,868,879	725,530	12,804,246	106,711,377
Cost / Revalued amount	-	-	(595,204)	(308,273)	(4,715,789)	(1,892,241)	(15,746,137)	(278,609)	(4,826,647)	(28,362,900)
Accumulated depreciation	9,543,663	32,058,110	11,483,637	7,217,714	2,666,826	831,265	6,122,742	446,921	7,977,599	78,348,477
Net book value										
<b>Year ended December 2023</b>	9,543,663	32,058,110	11,483,637	7,217,714	2,666,826	831,265	6,122,742	446,921	7,977,599	78,348,477
Opening net book value	-	-	152,027	451,294	1,442,738	387,416	5,138,743	264,795	3,308,231	11,145,244
Additions	-	-	214,555	-	-	-	-	-	-	214,555
Movement in surplus on assets revalued during the year	-	(1,444,780)	-	(61,126)	(1,454)	(735)	(4,648)	(17,016)	(374,559)	(1,904,318)
Disposals	-	-	(168,361)	(305,024)	(822,397)	(252,219)	(2,852,630)	(123,953)	(2,336,379)	(6,860,963)
Depreciation charge	-	113	2,578,472	2,420	54,599	8,781	94,471	-	36,581	2,775,437
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	9,543,663	30,613,443	14,260,330	7,305,278	3,340,312	974,508	8,498,678	570,747	8,611,473	83,718,432
	-	-	2-5	2.5-5	5-20	10-25	5 - 33.33	20	As per lease term	
Rate of depreciation (%)										
	2022									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
	----- Rupees '000 -----									
<b>At January 01, 2022</b>	9,543,663	32,091,510	11,152,325	7,562,721	6,693,982	2,636,624	17,904,637	387,802	11,279,996	99,253,260
Cost / Revalued amount	-	-	(463,960)	(11,641)	(4,155,241)	(1,838,493)	(13,586,737)	(234,031)	(4,067,405)	(24,357,508)
Accumulated depreciation	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Net book value										
<b>Year ended December 2022</b>	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Opening net book value	-	101,460	-	-	877,284	279,147	3,925,205	368,202	3,163,916	8,715,214
Additions	-	-	24,765	-	-	-	-	-	-	24,765
Movement in surplus on assets revalued during the year	-	(134,860)	(136,247)	(42,167)	(11,061)	(481)	(4,388)	(2,791)	(264,496)	(596,491)
Disposals	-	-	(150,140)	(294,224)	(778,891)	(247,664)	(2,183,255)	(70,468)	(2,148,753)	(5,873,395)
Depreciation charge	-	-	1,056,894	3,024	49,494	3,829	56,845	(1,795)	14,341	1,182,632
Exchange rate adjustments	-	-	-	-	(8,741)	(1,697)	10,438	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	9,543,663	32,058,110	11,483,637	7,217,713	2,666,826	831,265	6,122,745	446,919	7,977,599	78,348,477
	-	-	2-5	2.5-5	5-20	10-25	5 - 33.33	20	As per lease term	
Rate of depreciation (%)										

### 10.3 Revaluation of properties

The properties of the Group have been revalued by independent professional valuers as at December 31, 2021. The revaluation of domestic properties was carried out by M/s. Engineering Pakistan International (Private) Limited, M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants for properties of the Bank and Colliers International Valuation LLP for properties of UBL UK, on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 17,109.954 million. The total surplus against revaluation of fixed assets as at December 31, 2023, amounts to Rs. 48,068.016 million.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Had there been no revaluation, the carrying amount of revalued assets of the Group at December 31, would have been as follows:

	2023	2022
	----- (Rupees in '000) -----	
Freehold land	782,581	782,581
Leasehold land	3,354,196	3,363,192
Buildings on freehold land	4,430,467	3,874,910
Buildings on leasehold land	4,256,262	4,433,982
	<u>12,823,506</u>	<u>12,454,665</u>
<b>10.4</b> Carrying amount of temporarily idle properties of the Group	<u>127,026</u>	<u>127,026</u>
<b>10.5</b> The cost of fully depreciated assets that are still in the Group's use are as follows:		
Furniture and fixtures	953,388	867,509
Electrical, office and computer equipment	9,976,931	9,374,370
Vehicles	65,384	110,524
Leasehold improvements	2,216,125	1,919,774
	<u>13,211,828</u>	<u>12,272,177</u>

### 10.6 Details of disposals of operating fixed assets

The information relating to operating fixed assets disposed off during the year to related parties is given in annexure 'III' and is an integral part of these consolidated financial statements.

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>11 INTANGIBLE ASSETS</b>			
Capital work-in-progress - Computer software		174,853	384,706
Intangible assets	11.1	<u>2,377,545</u>	<u>2,133,427</u>
		<u>2,552,398</u>	<u>2,518,133</u>
<b>11.1 Intangible assets</b>			
<b>Computer Software</b>			
<b>At January 01,</b>			
Cost		10,140,996	8,440,577
Accumulated amortisation and impairment		<u>(8,007,569)</u>	<u>(6,640,453)</u>
Net book value		<u>2,133,427</u>	<u>1,800,124</u>
<b>Year ended December 31,</b>			
Opening net book value		2,133,427	1,800,124
Additions - directly purchased		1,286,014	1,212,243
Disposals		(3,330)	(4,342)
Amortisation charge		(1,085,264)	(907,777)
Exchange rate adjustments		46,698	33,179
Other adjustments		-	-
Closing net book value		<u>2,377,545</u>	<u>2,133,427</u>
<b>At December 31,</b>			
Cost		12,032,042	10,140,996
Accumulated amortisation and impairment		<u>(9,654,497)</u>	<u>(8,007,569)</u>
Net book value		<u>2,377,545</u>	<u>2,133,427</u>
Rate of amortisation (percentage)		<u>10-33.33</u>	<u>10-33.33</u>
Useful life (in years)		<u>3 - 10</u>	<u>3 - 10</u>

**11.2** The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 4,879.637 million (2022: Rs. 4,894.254 million).

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 12. DEFERRED TAX (LIABILITIES) / ASSETS

	2023			
	At January 01, 2023	Recognised in profit and loss account	Recognised in OCI	At December 31, 2023
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Provision against advances and off balance sheet obligations	2,628,666	(1,949,315)	-	679,351
- Surplus on revaluation on investments	15,600,599	-	(18,622,037)	(3,021,438)
- Tax losses carried forward	-	1,111,293	-	1,111,293
- Post-retirement employee benefits	58,867	104,923	(1,011,613)	(847,823)
- Workers Welfare Fund	3,036,553	1,369,969	-	4,406,522
- Others	(40,822)	155,619	(93,975)	20,822
	<u>21,283,863</u>	<u>792,489</u>	<u>(19,727,625)</u>	<u>2,348,727</u>
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(2,998,994)	79,667	(421,407)	(3,340,734)
- Share of profit from associates	(869,279)	650,806	-	(218,473)
- Accelerated tax depreciation	(664,231)	(153,588)	-	(817,819)
- Others	(238)	(104,411)	53,728	(50,921)
	<u>(4,532,742)</u>	<u>472,474</u>	<u>(367,679)</u>	<u>(4,427,947)</u>
	<u>16,751,121</u>	<u>1,264,963</u>	<u>(20,095,304)</u>	<u>(2,079,220)</u>

	2022			
	At January 01, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Provision against advances, off-balance sheet etc.	5,172,302	(2,543,636)	-	2,628,666
- Surplus on revaluation on investments	1,304,902	-	14,295,697	15,600,599
- Post-retirement employee benefits	717,479	70,623	(729,235)	58,867
- Workers Welfare Fund	2,231,742	804,811	-	3,036,553
- Others	44,480	20,100	(105,402)	(40,822)
	<u>9,470,905</u>	<u>(1,648,102)</u>	<u>13,461,060</u>	<u>21,283,863</u>
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(2,837,883)	63,761	(224,872)	(2,998,994)
- Share of profit from associates	(1,135,743)	266,464	-	(869,279)
- Accelerated tax depreciation	(578,224)	(86,007)	-	(664,231)
- Exchange Reserve on Subsidiaries under liquidation	(1,878,243)	-	1,878,243	-
- Others	-	(238)	-	(238)
	<u>(6,430,093)</u>	<u>243,980</u>	<u>1,653,371</u>	<u>(4,532,742)</u>
	<u>3,040,812</u>	<u>(1,404,122)</u>	<u>15,114,431</u>	<u>16,751,121</u>

### 13. DISCONTINUED OPERATIONS

This represents discontinued operations of UBL Bank (Tanzania) Limited (UBTL) and UBL Switzerland AG, wholly owned subsidiaries of the Bank that have been wound up in August 2022 and December 2022 respectively.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022	
	----- (Rupees in '000) -----		
<b>Gain / (loss) from discontinued operations</b>			
<b>Income</b>			
Net mark-up / interest income	-	(226)	
Foreign exchange income	-	(84,399)	
Other income	-	-	
<b>Total income</b>	-	(84,399)	
<b>Expenses</b>			
Operating expenses	-	(105,574)	
<b>Gain / (loss) before taxation</b>	-	20,949	
Taxation	-	-	
<b>Gain / (loss) after taxation for the year</b>	-	20,949	
	<b>Note</b>		
		2023	
		2022	
		----- (Rupees in '000) -----	
<b>14. OTHER ASSETS</b>			
Income / mark-up accrued in local currency		121,606,613	48,134,779
Income / mark-up accrued in foreign currencies	14.1	3,056,696	3,464,280
Advance taxation - net of provision for taxation		-	2,313,341
Receivable from staff retirement fund		4,730,609	2,517,968
Receivable from other banks against telegraphic transfers and demand drafts		38,339	2,960,752
Unrealised gain on forward foreign exchange contracts		4,461,256	3,437,641
Rebate receivable - net		1,868,330	2,030,996
Unrealised gain on derivative financial instruments	26.2	32,379	273,060
Suspense accounts		-	84,755
Stationery and stamps on hand		593,636	418,454
Non-banking assets acquired in satisfaction of claims	14.2	42,075	40,800
Advances, deposits, advance rent and other prepayments		3,143,717	2,990,369
Acceptances	21	17,584,022	16,502,130
Commission receivable - Bancassurance & Branchless Banking		688,884	769,437
Commission Receivable - Bancassurance		-	-
Receivable against fraud & forgery and looted notes		475,390	632,418
Others		1,985,592	1,683,018
		160,307,538	88,254,198
Less: Provision held against other assets	14.3	(1,150,885)	(1,244,972)
Other assets - net of provision		159,156,653	87,009,226
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23.2	-	-
		159,156,653	87,009,226

14.1 Unrealised mark-up held in suspense amounting to Rs. 39,977.644 million (2022: Rs. 26,547.699 million) against non-performing overseas advances has been netted off.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022	
	----- (Rupees in '000) -----		
<b>14.2 Market value of non-banking assets acquired in satisfaction of claims</b>	42,075	40,800	
<b>14.2.1</b> Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. F.K.S Building Services on the basis of an assessment of present market values and resulted in a net reversal of deficit of Rs. 4.287 million.			
	<b>Note</b>		
		2023	
		2022	
		----- (Rupees in '000) -----	
<b>14.2.2 Non-banking assets acquired in satisfaction of claims</b>			
Opening Balance		40,800	213,344
Additions		-	-
Revaluation during the year		-	-
Impairment reversal		4,287	-
Disposals	14.2.3	-	(188,336)
Depreciation	32	(3,012)	(34,827)
Other adjustments		-	50,619
Closing Balance		42,075	40,800
<b>14.2.3 Loss on disposal of Non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		-	180,000
Less:			
- Cost less accumulated depreciation		-	155,750
- Surplus		-	32,586
		-	188,336
Loss		-	(8,336)
<b>14.3 Provision held against other assets</b>			
Advances and other receivables		54,108	54,834
Receivable against fraud & forgery and looted notes		475,390	632,418
Others		621,387	557,720
		1,150,885	1,244,972
<b>14.3.1 Movement of provision held against other assets</b>			
Opening balance		1,244,972	1,163,055
Exchange adjustments		83,333	74,408
Charge / (reversal)			
Charge for the year		97,737	165,347
Reversals for the year		(126,753)	(154,074)
	35	(29,016)	11,273
Transfers out - net		-	(348)
Amounts written off		(148,404)	(3,416)
Closing balance		1,150,885	1,244,972

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 15. CONTINGENT ASSETS

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

### 16. BILLS PAYABLE

In Pakistan  
Outside Pakistan

Note	2023 ----- (Rupees in '000) -----	2022
	19,850,218	27,021,475
	1,884,313	6,008,958
	<u>21,734,531</u>	<u>33,030,433</u>

### 17. BORROWINGS

#### Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	17.2	37,076,201	41,707,841
Refinance facility for modernisation of SMEs	17.3	1,353,958	543,586
Long term financing facility	17.4	13,991,026	17,390,998
Refinance scheme for payment of wages and salaries	17.5	-	427,410
Renewable energy scheme	17.6	873,755	767,091
Temporary economic refinance facility	17.7	16,886,679	17,072,471
Refinance facility for combating COVID-19	17.8	332,674	431,902
Refinance for Women Entrepreneurs	17.9	61,200	26,624
Financing facility for storage of agriculture products	17.10	34,375	48,125
Repurchase agreement borrowings	17.11	2,717,697,641	419,211,752
Mudarbaha base open market operations (OMO)	17.12	-	19,436,837
		<u>2,788,307,509</u>	<u>517,064,637</u>
Repurchase agreement borrowings from other banks	17.13	22,881,729	6,792,865
Borrowing from commercial bank by subsidiary	17.14	1,498,925	1,705,598
		<u>2,812,688,163</u>	<u>525,563,100</u>

#### Unsecured

Call borrowings	17.15	10,603,000	39,830,000
Overdrawn nostro accounts		596,751	841,120
		<u>11,199,751</u>	<u>40,671,120</u>
		<u>2,823,887,914</u>	<u>566,234,220</u>

### 17.1 Particulars of borrowings with respect to Currencies

	2023 ----- (Rupees in '000) -----	2022
In local currency	2,816,375,734	558,610,269
In foreign currencies	7,512,180	7,623,951
	<u>2,823,887,914</u>	<u>566,234,220</u>

**17.2** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The Bank has entered into an agreement with the SBP for extending export finance to customers. These borrowings are repayable within six months, latest by June 2024. These carry mark-up at rates ranging from 1.00% to 18.00% (2022: 0.00% to 12.00%) per annum.

**17.3** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by June 2034 and carry mark-up at rates ranging from 2.00% to 3.00 (2022: 3.00%) per annum.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

**17.4** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by December 2032. These carry mark-up at rates ranging from 2.00% to 10.00% (2022: 2.00% to 9.70%) per annum.

**17.5** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and Islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These carry mark-up / profit at rates Nil% (2022: 0.00% to 2.00%) per annum.

**17.6** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by August 2032. These carry mark-up at rates ranging from 2.00% to 3.00% (2022: 1.00% to 3.00%) per annum.

**17.7** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at rates of 1.00% (2022: 1.00%) per annum and are due to mature latest by April 2033.

**17.8** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2022: 0.00%) per annum and are due to mature latest by May 2027.

**17.9** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2022: 0.00%) per annum and are due to mature latest by March 2028.

**17.10** This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. These borrowings have been obtained from the SBP under a scheme to provide refinance for storage of agricultural products in rural areas. These carry mark-up at 2.00% (2022: 2.00%) per annum and are due to mature latest by March 2026.

**17.11** This represents repurchase agreement borrowing from SBP at rates ranging from 22.04% to 22.06% (2022: 16.11% to 16.21%) per annum having maturity upto January 2024. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

**17.12** These borrowings have been obtained from the SBP under Mudarabah Financing Facility Agreement for Open market Operations (OMO) for placements financing by SBP under the prescribe terms and conditions. These carry mark-up at Nil% (2022: 16.25%) per annum.

**17.13** These repurchase agreement borrowings from other banks are secured against Pakistan Investment Bonds, Market Treasury Bills and foreign securities and carry mark-up at rates ranging from 5.88% to 22.05% (2022: 6.32% against foreign securities) per annum. These borrowings are repayable latest by January 2024. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

**17.14** These borrowings pertain to running finance facilities obtained by subsidiary company amounting to Rs. 1,498.925 million (2022: Rs. 1,705.598 million) from commercial banks against promissory notes with mark-up rates ranging from 3 months average KIBOR plus 0.25% to 0.50% (2022: 3 months average KIBOR plus 0.25% to 0.50%) per annum maturing from March 31, 2024 to September 30, 2024. These facilities are secured against units of UBL Liquidity Plus Fund and UBL Special Saving Fund XI as disclosed in note 8.2.1 to these consolidated financial statements.

**17.15** These are unsecured borrowings carrying mark-up at 20.75% to 22.00% (2022: 15.6% to 16.2%) per annum, and are repayable latest by January 2024.



## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 18. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
<b>Customers</b>						
Current accounts	838,679,284	264,416,961	1,103,096,245	672,417,569	198,871,273	871,288,842
Savings deposits	698,079,461	89,414,155	787,493,616	580,708,939	83,552,037	664,260,976
Term deposits	158,820,636	337,702,171	496,522,807	162,072,945	274,074,375	436,147,320
Others	22,587,057	7,246,442	29,833,499	11,629,223	6,312,108	17,941,331
	1,718,166,438	698,779,729	2,416,946,167	1,426,828,676	562,809,793	1,989,638,469
<b>Financial Institutions</b>						
Current deposits	24,773,540	6,928,345	31,701,885	18,360,396	8,307,423	26,667,819
Savings deposits	173,505,890	6,343,690	179,849,580	16,002,797	86,058	16,088,855
Term deposits	1,925,450	4,293,020	6,218,470	1,765,668	3,848,902	5,614,570
	200,204,880	17,565,055	217,769,935	36,128,861	12,242,383	48,371,244
18.2	1,918,371,318	716,344,784	2,634,716,102	1,462,957,537	575,052,176	2,038,009,713

### 18.1 Composition of deposits

	2023	2022
	----- (Rupees in '000) -----	
- Individuals	1,681,182,030	1,316,713,421
- Government (Federal and Provincial)	175,469,249	123,187,298
- Public Sector Entities	85,654,478	85,811,251
- Banking Companies	6,625,441	7,967,448
- Non-Banking Financial Institutions	211,144,494	40,403,796
- Private Sector	474,640,410	463,926,499
	<u>2,634,716,102</u>	<u>2,038,009,713</u>

18.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, applicable to domestic operations amounting to Rs. 1,376,823.088 million (2022: Rs. 1,174,510.768 million).

### 19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into for the lease of franking machines. At the end of the lease period, the ownership of the leased assets shall be transferred to the Group on payment of the residual values of the leased assets. The cost of operating and maintaining the leased assets is borne by the Group. The liabilities are secured by demand promissory notes, security deposits, and the franking machines which have been obtained under these leasing arrangements. The rate used for discounting future lease payments is 12.39% per annum (2022: 12.39% per annum). The amount of future minimum lease payments and the periods during which they become due are as follows:

	2023			2022		
	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	7,860	75	7,785	5,900	289	5,611
Later than one year and not later than five years	-	-	-	5,829	99	5,730
	<u>7,860</u>	<u>75</u>	<u>7,785</u>	<u>11,729</u>	<u>388</u>	<u>11,341</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 20. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the Additional Tier 1 issue are as follows:

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

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>21. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		47,159,535	39,687,924
Mark-up / return / interest payable in foreign currencies		1,501,909	1,095,809
Accrued expenses		7,999,572	5,865,502
Branch adjustment account		749,289	556,451
Deferred income	21.5	1,332,699	1,046,001
Current taxation (provisions less payments)	21.1	7,275,286	-
Unearned commission and income on bills discounted		897,460	810,809
Provision against off-balance sheet obligations	21.2	1,056,385	896,567
Unrealised loss on forward foreign exchange contracts		2,789,527	667,154
Unrealised loss on derivative financial instruments		5,762	1,357
Payable to staff retirement fund	40.4 & 40.16.2	-	45,473
Deferred liabilities	21.3	4,395,908	4,496,394
Suspense accounts		247,181	-
Workers' Welfare Fund payable	33	9,097,179	6,939,099
Liabilities against Card settlement		148,039	414,697
Insurance payable against consumer assets		225,989	380,743
Dividend payable		370,889	8,226,114
Unclaimed dividend		356,426	321,619
Acceptances	14	17,584,022	16,502,130
Charity fund balance		21,399	6,922
Lease liability against right-of-use assets	21.4	10,466,776	9,603,581
Levies and taxes payable		9,209,613	2,659,824
Others		3,485,894	1,703,653
		<u>126,376,739</u>	<u>101,927,823</u>

21.1 The Income Tax returns of the Bank have been filed upto the tax year 2023 (financial year ended December 31, 2022) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2023, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,124 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.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

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 FM have been filed upto the accounting year ended December 31, 2022, under the provisions of the prevailing tax laws and are deemed as assessed unless opened for reassessment by the tax authorities.

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.

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

### Tax Contingencies - Khushhali Microfinance Bank Limited (KMBL) - Associate

For the period from January 2013 to December 2014, the taxation authorities issued order of Rs. 48 million in respect of non payment of FED on processing fee, Rs. 27 million in respect of non-payment of FED on grant received by the bank, Rs. 49 million in respect of apportionment of input tax, non withholding of sales tax / FED and non payment of sales tax on disposal of fixed assets. The Bank filed civil petitions against the alleged demand which is pending for adjudication before the Honourable Islamabad High Court.

For the period from January 2012 to December 2018, Punjab Revenue Authority (PRA) issued two assessment orders and created alleged demand of Rs. 143.36 million due to apportionment of input tax between taxable and exempt revenue. The Bank views that apportionment does not apply to the Bank being a service company and being aggrieved of the orders, the Bank filed appeals before appellate forums which are pending for adjudication before Commissioner Appeals and Honourable Lahore High Court. The Bank has paid, under protest, an amount of Rs. 28 million, which is recognized as other receivables.

For the period from January 2015 to December 2015, the Bank has received an order from DCIR for non- deduction of withholding tax on profit on debt under section 151 of Income Tax Ordinance, 2001. The Bank preferred an appeal against the alleged demand of Rs. 62.77 million which is pending adjudication before the Appellate Tribunal Inland revenue.

For the tax year 2012, 2013, 2015 and 2016, the Bank received assessment orders from Assistant Commissioner, Sindh Revenue Board (Sindh) for value of services short declared and short payment of Sindh Sales Tax. The Bank preferred an appeal against the alleged aggregate demand of Rs. 52 million which is pending adjudication before the Commissioner Appeals Sindh Revenue Board.

In respect of above tax cases, based upon advise of its tax consultants, management expects favorable outcomes and is confident that significant outflow of economic resources will be not be required, as a result of final decisions of Appellate authorities. Accordingly, no provision has been recognized, in respect of these tax cases.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>21.2 Provision against off-balance sheet obligations</b>			
Opening balance		896,567	742,953
Exchange adjustments		207,162	189,127
Charge for the year		4,367	5,405
Reversals for the year		(33,671)	(40,918)
	35	(29,304)	(35,513)
Transfers out - net		(18,040)	-
Closing balance		1,056,385	896,567

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022
<b>21.3 Deferred liabilities</b>		
Provision for post-retirement medical benefits	2,590,351	2,628,679
Provision for compensated absences	810,025	899,797
End of service benefits		
- Overseas branches	648,827	623,292
- Outsourced services	346,705	344,626
	<u>4,395,908</u>	<u>4,496,394</u>

21.4 The total cash outflow for leases during the year was Rs. 3,343.300 million (2022: Rs. 2,959.585 million).

21.5 This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.

### 22. SHARE CAPITAL

	2023 ----- (Rupees in '000) -----	2022
<b>22.1 Authorised Capital</b>		
<b>2023</b>	<b>2022</b>	
----- Number of shares -----		
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each
		<u>20,000,000</u>
		<u>20,000,000</u>
<b>22.2 Issued, subscribed and paid-up capital</b>		
<b>2023</b>	<b>2022</b>	
----- Number of shares -----		
		Fully paid-up ordinary shares of Rs.10 each
518,000,000	518,000,000	Issued for cash
		5,180,000
706,179,687	706,179,687	Issued as bonus shares
		7,061,797
<u>1,224,179,687</u>	<u>1,224,179,687</u>	<u>12,241,797</u>
		<u>12,241,797</u>

22.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2023 242,278 (2022: 242,278) GDRs, representing 969,112 (2022: 969,112) shares, are in issue.

### 22.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholders	2023		2022	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway International Holdings Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	97,885,442	8.00%	93,649,744	7.65%

### 22.5 Shares of the Bank held by its associates

	2023 ----- (Number of shares) -----	2022
UBL Stock Advantage Fund	1,252,602	3,848,044
UBL Financial Sector Fund	385,334	1,673,279
UBL Retirement Savings Fund	344,983	951,770
UBL Asset Allocation Fund	58,733	131,833
UBL Pakistan Enterprise Exchange Traded Fund	23,644	23,130
UBL Dedicated Equity Fund	19,700	81,700

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 23. SURPLUS ON REVALUATION OF ASSETS

	2023			2022		
	Equity Holders	Attributable to Non-controlling interest	Total	Equity Holders	Attributable to Non-controlling interest	Total
	(Rupees in '000)					
<b>(Deficit) / Surplus arising on revaluation of:</b>						
- Available for sale securities	8.1	6,073,090	(1,053,046)	5,020,044	(38,373,567)	(1,712,539)
- Fixed assets	23.1	44,357,289	3,710,727	48,068,016	44,864,024	2,767,928
- Non-banking assets acquired in satisfaction of claims	23.2	-	-	-	-	-
- Assets of associates		(7,753)	-	(7,753)	(15,472)	(15,472)
		50,422,626	2,657,681	53,080,307	6,474,985	1,055,389
						7,530,374
<b>Deferred tax on (deficit) / surplus on revaluation of:</b>						
- Available for sale securities	12	3,284,700	(263,262)	3,021,438	(15,600,599)	-
- Fixed assets	23.1	2,561,979	778,757	3,340,736	2,421,287	577,707
- Non-banking assets acquired in satisfaction of claims	23.2	-	-	-	-	-
		5,846,679	515,495	6,362,174	(13,179,312)	577,707
		44,575,947	2,142,186	46,718,133	19,654,297	477,682
						20,131,979

### 23.1 Surplus on revaluation of fixed assets

	2023	2022
	(Rupees in '000)	
Surplus on revaluation of fixed assets as at January 01,	47,631,952	47,433,553
Revaluation against fixed assets recognised during the year	214,555	24,765
Realised on disposal during the year	(1,499,603)	(274,506)
Exchange adjustments	1,933,058	835,117
Other adjustments	(43,902)	(233,580)
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax	(88,377)	(89,636)
Related deferred tax liability on incremental depreciation charged during the year	(79,667)	(63,761)
Surplus on revaluation of fixed assets as at December 31,	48,068,016	47,631,952
Less: Related deferred tax liability on		
- Revaluation as on January 01,	2,998,994	2,831,368
- Revaluation recognised during the year	43,505	6,191
- Surplus realised on disposal of fixed assets during the year	(25,370)	(1,975)
- Exchange adjustments	403,274	169,003
- Incremental depreciation charged	(79,667)	(63,761)
- Other adjustments	-	58,168
- Revaluation as at December 31,	3,340,736	2,998,994
	44,727,280	44,632,958

### 23.2 Surplus on revaluation of non-banking assets

Surplus on revaluation of non-banking assets as at January 01,	-	16,704
Revaluation of non-banking assets during the year	-	-
Other adjustments	-	15,882
Realised on disposal during the year	-	(32,586)
Surplus on revaluation of non-banking assets as at December 31,	-	(16,704)
Less: Related deferred tax liability on		
- Revaluation as at January 01,	-	6,515
- Revaluation of non-banking assets during the year	-	-
- Other adjustments	-	668
- Surplus realised on disposal of non-banking assets during the year	-	(7,183)
- Revaluation as at December 31,	-	-

### 24. NON-CONTROLLING INTEREST

	2023			2022		
	UNBL	UBL FM	Total	UNBL	UBL FM	Total
Share of NCI	45%	1.13%		45%	1.13%	
	(Rupees in '000)					
Assets	328,789,627	5,178,104	333,967,731	218,492,402	4,415,064	222,907,466
Liabilities	295,742,667	2,112,043	297,854,710	198,268,541	2,273,711	200,542,252
Net assets	33,046,960	3,066,061	36,113,021	20,223,861	2,141,353	22,365,214
Net assets attributable to NCI	14,871,132	33,247	14,904,379	9,102,323	22,978	9,125,301

### 24.1 Key financial information

	2023			2022		
	UNBL	UBL FM	Total	UNBL	UBL FM	Total
	(Rupees in '000)					
Income (Markup & Non-Markup)	5,216,154	2,643,422	7,859,576			
Expenses (including provisions)	(2,292,645)	(1,734,831)	(4,027,476)			
Profit for the year	2,923,509	908,591	3,832,100			
Other comprehensive income for the year	4,453,023	16,115	4,469,138			
Total Comprehensive Income	7,376,532	924,706	8,301,238			
Profit allocated to NCI	1,315,579	10,267	1,325,846			
OCI allocated to NCI	4,453,023	209	4,453,232			
Cash flow (used in) / generated from operating activities	(192,438)	5,674	(186,764)			
Cash flow generated from / (used in) investing activities	(2,526,473)	(2,530)	(2,529,003)			
Cash flow used in financing activities	3,029,991	-	3,029,991			
	311,080	3,144	314,224			

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
<b>25. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	25.1	286,724,968	220,622,007
Commitments	25.2	1,054,616,393	950,361,821
Other contingent liabilities	25.3	16,116,861	14,822,814
		1,357,458,222	1,185,806,642
<b>25.1 Guarantees:</b>			
Financial guarantees		124,944,607	84,241,944
Performance guarantees		154,072,480	129,275,378
Others guarantees		7,707,881	7,104,685
		286,724,968	220,622,007
<b>25.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		303,953,368	212,235,272
Commitments in respect of:			
- forward foreign exchange contracts	25.2.2	572,110,279	537,981,222
- forward government securities transactions	25.2.3	19,956,300	42,757,100
- derivatives	25.2.4	366,068	3,514,247
- forward lending	25.2.5	154,319,495	151,277,777
- operating leases	25.2.6	87,081	114,022
		746,839,223	735,644,368
Commitments for acquisition of:			
- fixed assets		2,998,928	1,544,753
- intangible assets		824,874	937,428
		3,823,802	2,482,181
		1,054,616,393	950,361,821
<b>25.2.1 Commitments to extend credit</b>			
The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
<b>25.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		295,080,548	296,576,241
Sale		277,029,731	241,404,981
		572,110,279	537,981,222
<b>25.2.3 Commitments in respect of forward government securities transactions</b>			
Purchase		16,956,300	41,457,100
Sale		3,000,000	1,300,000
		19,956,300	42,757,100
<b>25.2.4 Commitments in respect of derivatives</b>			
Interest rate swaps			
Purchase	26.1	-	1,466,108
Sale	26.1	-	1,475,797
		-	2,941,905
FX options			
Purchase	26.1	183,034	286,171
Sale	26.1	183,034	286,171
		366,068	572,342

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022
<b>25.2.5 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	25.2.5.1	94,695,244	94,438,118
Others		59,624,251	56,839,659
		<u>154,319,495</u>	<u>151,277,777</u>

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

	Note	2023 ----- (Rupees in '000) -----	2022
<b>25.2.6 Commitments in respect of operating leases</b>			
Not later than one year		75,986	105,966
Later than one year and not later than five years		11,095	6,144
Later than five years		-	1,912
		<u>87,081</u>	<u>114,022</u>

### 25.3 Other contingent liabilities

<b>25.3.1</b> Claims against the Group not acknowledged as debts	25.3.2	<u>16,116,861</u>	<u>14,822,814</u>
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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 favour of the Group and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements.

**25.3.2** This includes, penalties amounting to Rs. 4,089 million (2022: Rs.4,089 million) 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.

**25.3.3** 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.

**25.4** For contingencies relating to taxation, refer note 21.1

## 26. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The Risk management policy related to derivatives is discussed in note 48.8

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 26.1 Product analysis

Counterparties	2023									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain
----- (Rupees in '000) -----										
<b>With banks for</b>										
Hedging	-	-	183,034	-	-	-	-	-	183,034	-
Market making	-	-	-	-	-	-	-	-	-	-
			183,034	-	-	-	-	-	183,034	-
<b>With FIs other than Banks</b>										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	-	-	-	-	3,000,000	297	3,000,000	297
			-	-	-	-	3,000,000	297	3,000,000	297
<b>With other entities</b>										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	183,034	-	16,956,300	26,320	-	-	17,139,334	26,320
			183,034	-	16,956,300	26,320	-	-	17,139,334	26,320
<b>Total</b>										
Hedging	-	-	183,034	-	-	-	-	-	183,034	-
Market making	-	-	183,034	-	16,956,300	26,320	3,000,000	297	20,139,334	26,617
			366,068	-	16,956,300	26,320	3,000,000	297	20,322,368	26,617

Counterparties	2022									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market loss	Notional principal	Mark to market gain
----- (Rupees in '000) -----										
<b>With banks for</b>										
Hedging	-	-	286,171	-	-	-	-	-	286,171	-
Market making	-	-	-	-	16,000,000	5,492	1,300,000	(384)	17,300,000	5,108
			286,171	-	16,000,000	5,492	1,300,000	(384)	17,586,171	5,108
<b>With FIs other than Banks</b>										
Hedging	2,941,905	250,160	-	-	-	-	-	-	2,941,905	250,160
Market making	-	-	-	-	7,963,900	5,805	-	-	7,963,900	5,805
	2,941,905	250,160	-	-	7,963,900	5,805	-	-	10,905,805	255,965
<b>With other entities</b>										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	286,171	-	17,493,200	10,630	-	-	17,779,371	10,630
			286,171	-	17,493,200	10,630	-	-	17,779,371	10,630
<b>Total</b>										
Hedging	2,941,905	250,160	286,171	-	-	-	-	-	3,228,076	250,160
Market making	-	-	286,171	-	41,457,100	21,927	1,300,000	(384)	43,043,271	21,543
	2,941,905	250,160	572,342	-	41,457,100	21,927	1,300,000	(384)	46,271,347	271,703

### 26.2 Maturity analysis of derivatives

Remaining maturity	2023					2022				
	Number of contracts	Notional principal	Mark to Market			Number of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net			Negative	Positive	Net
----- (Rupees in '000) -----										
Upto 1 month	10	3,248,298	-	297	297	30	35,848,239	(1,357)	19,760	18,403
1 to 3 months	7	17,074,070	(5,762)	32,082	26,320	3	6,661,532	-	3,140	3,140
3 to 6 months	-	-	-	-	-	-	-	-	-	-
6 months to 1 year	-	-	-	-	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-	-	-	-	-
2 to 3 Years	-	-	-	-	-	-	-	-	-	-
Over 3 years	-	-	-	-	-	1	2,941,905	-	250,160	250,160
	<u>17</u>	<u>20,322,368</u>	<u>(5,762)</u>	<u>32,379</u>	<u>26,617</u>	<u>34</u>	<u>45,451,676</u>	<u>(1,357)</u>	<u>273,060</u>	<u>271,703</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>27. MARKUP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		123,921,580	76,464,571
Investments		395,162,738	173,693,226
Lendings to financial institutions		10,935,014	6,182,330
Balances with banks		5,192,192	1,489,374
		<u>535,211,524</u>	<u>257,829,501</u>
<b>28. MARKUP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		177,753,215	111,459,226
Borrowings		202,014,336	33,225,472
Subordinated debt		2,236,433	1,511,490
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,996,229	2,814,027
Lease liability against right-of-use assets		1,236,242	1,076,058
		<u>386,236,455</u>	<u>150,086,273</u>
<b>29. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		2,732,732	2,390,152
Consumer finance related fees		1,759,924	1,327,323
Card related fees (debit and credit cards)		3,128,939	3,060,267
Investment banking fees		318,860	304,489
Financial Institution rebate / commission		580,938	582,491
Corporate service charges / facility fee		864,275	802,590
Commission on trade		2,291,291	1,286,489
Commission on guarantees		827,236	677,769
Commission on cash management		1,141,040	1,114,635
Commission on remittances including home remittances - net		2,929,225	2,608,768
Commission on bancassurance		1,092,163	1,605,442
Management fee		1,609,148	977,643
Rent on lockers		221,130	203,924
Others		254,183	301,502
		<u>19,751,084</u>	<u>17,243,484</u>
<b>30. GAIN ON SECURITIES - NET</b>			
Realised	30.1	(11,501,585)	561,249
Unrealised - held for trading		(79,074)	(661)
		<u>(11,580,659)</u>	<u>560,588</u>
<b>30.1 Realised gain / (loss) on:</b>			
Federal Government securities		671,994	390,312
Shares		613,854	41,385
Foreign securities	30.2	(13,106,654)	108,776
Other securities		319,221	20,776
		<u>(11,501,585)</u>	<u>561,249</u>
<b>30.2</b>			
This includes realised loss on foreign currency sovereign bonds, against which ECL provision under IFRS 9 amounting to Rs. 9,516.277 million was held and reversed on disposal (refer note 8.3.1) resulting in a net loss of Rs. 2,013.358 million in the profit and loss account.			
<b>31. OTHER INCOME</b>	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Charges recovered		465,547	352,708
Rent on properties		151,451	86,622
Gain on sale of fixed assets - net		487,633	193,359
Transfer from Capital reserve - Exchange translation on winding up of subsidiary		-	6,778,877
Gain / (loss) on sale of Ijarah assets - net		2,068	(1,292)
Loss on disposal of non-banking assets - net	31.1 & 14.2.3	-	(8,336)
(Loss) / gain on trading liabilities - net		(20,670)	204,584
Reimbursement of expenses from funds		437,080	497,203
		<u>1,523,109</u>	<u>8,103,725</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>31.1</b>			
The bank incurred a net loss of Rs Nil (2022: Rs. 8.336 million) against the sale of non-banking assets.			
<b>32. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	32.1	26,983,718	22,290,363
<b>Property expense</b>			
Rent and taxes	32.5	1,606,540	1,229,903
Insurance		287,379	300,458
Utilities cost		2,784,703	2,557,609
Security (including guards)		1,468,175	1,224,317
Repair and maintenance (including janitorial charges)		494,547	358,143
Depreciation	10.2	1,295,782	1,223,255
Depreciation - right-of-use assets	10.2	2,336,379	2,148,753
Depreciation on non-banking assets acquired in satisfaction of claims	14.2.2	3,012	34,827
Others		47,972	32,917
		<u>10,324,489</u>	<u>9,110,182</u>
<b>Information technology expenses</b>			
Software maintenance		3,021,763	2,002,233
Hardware maintenance		1,116,217	886,984
Depreciation	10.2	1,482,954	1,083,155
Amortisation	11.1	1,085,264	907,777
Network charges		1,053,202	777,135
Consultancy charges		305,965	282,327
		<u>8,065,365</u>	<u>5,939,611</u>
<b>Other operating expenses</b>			
Legal and professional charges		1,704,965	1,523,571
Commission paid to branchless banking agents		316,786	357,016
Commission paid to sales force		2,182,164	1,697,671
Outsourced service costs	32.2	1,964,335	1,827,059
Travelling and conveyance		311,194	220,629
Clearing charges		282,571	250,125
Depreciation	10.2	1,745,848	1,418,232
Depreciation on Islamic financing against leased assets		135,236	146,494
Training and development		191,600	95,185
Postage and courier charges		364,494	436,092
Communication		308,144	419,134
Stationery and printing		1,560,179	1,022,296
Marketing, advertisement and publicity		1,238,425	1,031,886
Donations	32.3	62,820	211,140
Auditors' remuneration	32.4	229,971	154,670
Insurance		164,816	122,340
Deposit protection premium expense		1,879,217	1,725,847
Cash transportation and sorting charges		1,107,921	920,812
Entertainment		301,461	265,106
Vehicle expenses		271,382	158,370
Subscription		287,396	119,739
Office running expenses		301,148	190,833
Banking service charges		5,256,387	3,039,810
Repairs and maintenance		1,648,790	1,057,807
Cartage, freight and conveyance		70,579	48,875
Miscellaneous expenses		832,295	861,065
		<u>24,720,124</u>	<u>19,321,804</u>
		<u>70,093,696</u>	<u>56,661,960</u>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>32.1 Total compensation expense</b>			
Non- Executive Directors' fees	42.2	102,700	89,550
Shariah Board's fees and allowances	42.3	12,641	11,586
Managerial remuneration			
i) Fixed		14,733,888	12,253,429
ii) Variable - Cash Bonus		2,257,507	2,340,426
Charge for defined benefit plan		412,979	368,099
Contribution to defined contribution Plan		740,199	604,122
Charge for compensated absences		237,498	264,555
Rent & house maintenance		3,400,484	2,779,948
Utilities		1,809,795	1,473,997
Medical		1,299,792	1,052,692
Conveyance		1,481,110	929,446
Group assurance premium		110,849	91,655
Others		47,219	23,858
<b>Sub-total</b>		<b>26,646,661</b>	<b>22,283,363</b>
Sign-on bonus		20,000	7,000
Severance allowance		317,057	-
<b>Grand Total</b>		<b>26,983,718</b>	<b>22,290,363</b>
		<b>Number of persons</b>	
Awards		1	1
Severance allowance		119	-

**32.2** Total outsourced activities is Rs. 2,776.893 million (2022: Rs. 2,523.638 million). This includes outsourced service costs of Rs. 1,964.335 million (2022: Rs. 1,827.059 million), disclosed as separate line item in note 32. Out of total outsource cost, Rs. 2,452.374 million (2022: Rs. 1,937.111 million) pertains to the payment to companies incorporated in Pakistan and Rs. 324.519 million (2022: Rs. 586.527 million) pertains to payment to companies incorporated outside Pakistan. Total cost of outsourced activities for the year given to related parties is Nil (2022: Nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
TCS (Private) Limited	Statement of account printing and dispatching	123,303	87,248
Paradise Press (Private) Limited	Cheque book printing services	104,031	59,901
Apex Printry (Private) Limited	Cheque book printing services	136,385	74,508
Printlink	Cheque book printing services	123,586	61,322
ASC First Solution (Private) Limited	Storage and digital archiving services	6,349	5,525
Raaziq International	Storage and digital archiving services	50,958	19,864
Phoenix Armour (Pvt) Limited	Cash Replenishment	20,922	15,678
Askari Guards (Pvt) Limited	Cash Replenishment	33,694	16,669
Wackenhut Pakistan (Private) Limited	Cash Replenishment	-	1,667
Qadri Enterprises	Key Punch	21,305	11,189
CMS Company	Cash Management Services	91,364	-
Transguard Group	Cash Management Services	30,697	-
Back Office FZ LLC	Record Management	50,158	329,409
Infafort	Record Management	10,183	9,025
Electronic Document Center	Printing Services	3,218	4,573
National Printing Press	Printing Services	6,405	-
		<b>812,558</b>	<b>696,578</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>32.3 Details of donations</b>		
<b>Donations individually exceeding Rs. 0.5 million</b>		
Dr. Ruth K.M. Pfau Civil Hospital	10,000	-
Saylani Welfare International Trust	10,000	10,000
Habib University	9,950	15,200
Indus Hospital	9,600	10,000
Institute of Business Administration	7,387	-
Patients Aid Foundation	5,370	5,000
Sindh Institute of Urology & Transplantation (SIUT)	2,188	-
Kiran Foundation	2,186	-
Layton Rahmatullah Benevolent Trust	2,139	-
Million Smiles Foundation	2,000	3,600
SOS Children's Village	2,000	1,800
Bestway Foundation	-	110,000
Lahore University of Management Sciences	-	10,000
Shalamar Hospital	-	5,000
The Citizens Foundation	-	-
Marie Adelaide Leprosy Center	-	1,000
Jinnah Foundation	-	1,500
Family Educational Services Foundation	-	2,500
Patients Behbud Society for AKUH	-	3,750
Kashmir Education Foundation	-	3,800
Nasra Schools	-	2,500
Memon Medical Institute Hospital	-	6,750
Hisaar Foundation	-	5,000
Afzaal Memorial Thalassaemia Foundation	-	5,000
National Institute of Child Health through OAKS	-	4,000
Karachi Down Syndrome Program	-	3,240
Chal Foundation	-	1,500
<b>Donations individually not exceeding Rs. 0.5 million</b>		
	<b>62,820</b>	<b>211,140</b>

**32.3.1** None of the directors, executives or their spouses had any interest in the donees.

### 32.4 Auditors' remuneration

#### Bank

	2023 Domestic	2023 Overseas	2023 Total
Audit fee	15,660	62,722	78,382
Fee for other statutory certifications	28,658	15,315	43,973
Out of pocket expenses	6,856	2,273	9,129
	<b>51,174</b>	<b>80,310</b>	<b>131,484</b>

#### Subsidiaries

	2023 Domestic	2023 Overseas	2023 Total
Audit fee	1,925	95,319	97,244
Fee for other statutory certifications	76	-	76
Out of pocket expenses	97	1,070	1,167
	<b>2,098</b>	<b>96,389</b>	<b>98,487</b>
	<b>53,272</b>	<b>176,699</b>	<b>229,971</b>

#### Bank

	2022 Domestic	2022 Overseas	2022 Total
Audit fee	13,858	43,940	57,798
Fee for other statutory certifications	20,657	11,563	32,220
Out of pocket expenses	5,357	1,809	7,166
	<b>39,872</b>	<b>57,312</b>	<b>97,184</b>

#### Subsidiaries

	2022 Domestic	2022 Overseas	2022 Total
Audit fee	1,685	54,838	56,523
Fee for other statutory certifications	75	-	75
Out of pocket expenses	57	831	888
	<b>1,817</b>	<b>55,669</b>	<b>57,486</b>
	<b>41,689</b>	<b>112,981</b>	<b>154,670</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

32.5 This includes expense in respect of short term leases and low value assets not included in lease liabilities amounting to Rs. 52.349 million (2022: Rs. 26.318 million) and Rs. 0.001 million (2022: Rs. 0.006 million) respectively.

### 33. WORKERS' WELFARE FUND

The provision has been made for Provincial Workers' Welfare Fund based on profit for the respective years. The chargeability of WWF has been challenged before the Court and the matter is still pending.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>34. OTHER CHARGES</b>			
Penalties imposed by the SBP		240,111	45,172
Penalties imposed by other regulatory bodies of overseas branches		215	3,690
		<u>240,326</u>	<u>48,862</u>
<b>35. (REVERSALS) / PROVISIONS AND WRITE-OFFS - NET</b>			
(Reversals) / provision against loans and advances - net	9.4	(4,893,500)	(2,976,020)
(Reversals) / provision for diminution in value of investments - net	8.3	(6,003,396)	20,843,668
Bad debts written off directly	9.6	149,845	219,513
(Reversals) / provision against other assets - net	14.3.1	(29,016)	11,273
Reversals against off-balance sheet obligations - net	21.2	(29,304)	(35,513)
Recoveries against written off / charged off bad debts		(477,345)	(620,082)
Other provisions / write-offs		149,432	155,932
		<u>(11,133,284)</u>	<u>17,598,771</u>
<b>36. TAXATION</b>			
Current		53,369,638	31,273,311
Prior years		2,008,969	3,697,209
Deferred		(1,264,963)	1,404,122
		<u>54,113,644</u>	<u>36,374,642</u>
<b>36.1 Relationship between tax expense and accounting profit</b>			
Accounting profit for the year		<u>110,584,565</u>	<u>68,435,391</u>
Tax on income @ 39% (2022: 39%)		43,127,980	26,689,802
Super tax @ 10% (2022 : 10%)		10,811,807	6,831,001
Prior year charge		2,008,969	3,697,209
Tax effect of permanent differences		117,760	23,942
Impact of different tax rates of subsidiaries (permanent differences)		(983,885)	328,672
Others		(968,987)	(1,195,984)
Tax charge		<u>54,113,644</u>	<u>36,374,642</u>

During the year, a windfall tax was imposed on the foreign exchange income of the bank for the years 2021 and 2022. The Bank has filed a Constitutional Petition before the Honorable High Court of Sindh, challenging the operation of the S.R.O 1588 (I)/2023 dated November 21, 2023 imposing the windfall tax. The Court has suspended the operation of the said S.R.O till the next hearing date. Similar orders have also been passed by the High Courts of Lahore and Islamabad for other banks. However, the Bank has made full provision for this tax in the financial statements, on prudence basis.

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>37. EARNINGS PER SHARE</b>		
Profit after tax attributable to equity shareholders of the Bank	<u>55,145,075</u>	<u>31,535,494</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>1,224,179,687</u>	<u>1,224,179,687</u>
	----- (Rupees) -----	
<b>Basic and diluted earnings per share</b>	<u>45.05</u>	<u>25.76</u>

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2023 and 2022.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>38. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	5	277,355,760	143,034,544
Balances with other banks	6	33,430,371	16,686,747
		<u>310,786,131</u>	<u>159,721,291</u>

### 38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023				2022			
	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----							
Balance as at January 01,	9,603,581	11,341	8,547,733	96,282,169	8,573,347	12,193	3,054,656	89,840,102
<b>Changes from financing cash flows</b>								
Payment of lease liability against right-of-use assets	(3,343,300)	-	-	-	(2,959,585)	-	-	-
Payment of liabilities against assets subject to finance lease	-	(3,556)	-	-	-	(852)	-	-
Dividend Paid	-	-	(59,235,966)	-	-	-	(17,885,625)	-
Total changes from financing cash flows	(3,343,300)	(3,556)	(59,235,966)	-	(2,959,585)	(852)	(17,885,625)	-
<b>Other Changes</b>								
<b>- Liability related</b>								
Cash dividend	-	-	51,415,548	(51,415,548)	-	-	23,378,702	(23,378,702)
Interest expense on lease liability against right-of-use assets	1,236,242	-	-	-	1,076,058	-	-	-
Non-cash based	2,970,253	-	-	-	2,913,761	-	-	-
Total other changes	4,206,495	-	51,415,548	(51,415,548)	3,989,819	-	23,378,702	(23,378,702)
<b>- Equity related</b>	-	-	-	52,512,435	-	-	-	29,820,769
Balance as at December 31,	<u>10,466,776</u>	<u>7,785</u>	<u>727,315</u>	<u>97,379,056</u>	<u>9,603,581</u>	<u>11,341</u>	<u>8,547,733</u>	<u>96,282,169</u>

	2023			2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
<b>39. STAFF STRENGTH</b>	----- (Number of employees) -----					
Permanent	13,679	272	13,951	12,292	291	12,583
On contract	57	13	70	30	7	37
<b>Group's own staff strength</b>	<u>13,736</u>	<u>285</u>	<u>14,021</u>	<u>12,322</u>	<u>298</u>	<u>12,620</u>
Outsourced	1,263	13	1,276	1,382	35	1,417
<b>Total</b>	<u>14,999</u>	<u>298</u>	<u>15,297</u>	<u>13,704</u>	<u>333</u>	<u>14,037</u>

39.1 This excludes employees of outsourced services companies assigned to the Group to perform services of security guards, admin and janitorial staff.

### 40. DEFINED BENEFIT PLANS

#### 40.1 The Bank (Holding Company)

##### 40.1.1 General description

The Bank operates the following schemes:

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 40.1.2 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on 1st January 1975 for Clerical and Non-Clerical employees and on the 1st May 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

### 40.1.3 Gratuity scheme

The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

### 40.1.4 Benevolent fund scheme

The Bank also operates a funded benevolent fund scheme which covers all regular employees of the Bank who joined the Bank pre-privatisation. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction. Employees covered under this scheme, are entitled to receive benevolent grants on death, disability, retirement and other contingencies as monthly grant payment or one-time payment subject to certain conditions as specified in the rules of the fund.

### 40.1.5 Post-retirement medical benefits

The Bank also provides a non-funded post retirement medical benefits to eligible retired employees. The post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatisation.

### 40.1.6 Compensated absences

The Bank maintains a non-funded scheme for compensated absences.

### 40.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

### 40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	----- (Number) -----	
- Pension fund	447	584
- Gratuity fund	12,982	11,516
- Post-retirement medical benefit scheme	589	787
- Benevolent fund	667	891
- Employee compensated absences	667	891

In addition to above active employees, pension fund, benevolent fund and post-retirement medical benefit schemes include 6,799 (2022: 6,897), 1,583 (2022: 1,783) and 7,688 (2022: 7,620) members respectively who have retired or whose widows and other beneficiaries are receiving the benefits.

### 40.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2023	2022
	----- Per annum -----	
Discount rate	15.50%	14.50%
Expected rate of salary increase	13.50%	12.50%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	9.50%	8.50%
Expected rate of return on plan assets	15.50%	14.50%

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 40.4 Pension, gratuity, benevolent fund schemes and other benefits

The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2023 are as follows:

Note	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Present value of obligations	(7,486,939)	(1,614,165)	(193,311)	(2,590,351)
Fair value of plan assets	11,929,445	1,652,156	306,766	-
Receivable / (payable)	4,442,506	37,991	113,455	(2,590,351)

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Present value of obligations	(7,986,943)	(1,386,100)	(235,203)	(2,628,679)
Fair value of plan assets	10,439,543	1,348,276	300,571	-
Payable	2,452,600	(37,824)	65,368	(2,628,679)

### 40.5 Movement in present value of defined benefit obligations

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Obligations at the beginning of the year	7,986,943	1,386,100	235,203	2,628,679
Current service cost	24,202	221,414	2,445	383
Interest cost	1,003,809	205,138	30,665	370,420
Benefits paid by the Bank	(984,419)	(263,320)	(46,028)	(134,437)
Return allocated to other funds	58,355	-	-	-
Remeasurement (gains) / losses	(601,951)	64,833	(28,974)	(274,694)
Obligations at the end of the year	7,486,939	1,614,165	193,311	2,590,351

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Obligations at the beginning of the year	10,109,150	1,205,040	298,047	2,175,874
Current service cost	23,909	190,662	3,163	403
Interest cost	1,051,852	144,397	32,154	248,712
Benefits paid by the Bank	(925,466)	(200,978)	(39,703)	(128,357)
Return allocated to other funds	51,499	-	-	-
Remeasurement (gains) / losses	(2,324,001)	46,979	(58,458)	332,047
Obligations at the end of the year	7,986,943	1,386,100	235,203	2,628,679



## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 40.6 Movement in fair value of plan assets

	2023			2022		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Fair value at the beginning of the year	10,439,543	1,348,276	300,571	12,155,659	1,101,355	328,607
Interest income on plan assets	1,443,915	200,013	39,523	1,371,033	132,872	35,551
Contribution by the Bank	(6,829)	266,071	929	(1,897,466)	304,996	1,152
Contribution by the employees	-	-	929	-	-	1,152
Amount paid by the fund to the Bank	(1,002,592)	(267,752)	(53,212)	(864,335)	(200,424)	(64,452)
Remeasurement gains / (losses)	1,055,408	105,548	18,026	(325,348)	9,477	(1,439)
Fair value at the end of the year	11,929,445	1,652,156	306,766	10,439,543	1,348,276	300,571

### 40.7 Movement in (payable) / receivable under defined benefit schemes

	Note	2023			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		(Rupees in '000)			
Opening balance		2,452,600	(37,824)	65,368	(2,628,679)
Adjustment for mark-up		8,380	2,129	777	-
(Charge) / reversal for the year		357,549	(226,539)	7,342	(370,803)
Contribution by the Bank		(6,829)	266,071	929	-
Amount paid by the Fund to the Bank		(1,002,592)	(267,752)	(53,212)	-
Benefits paid by the Bank		984,419	263,320	46,028	134,437
Re-measurement gains		1,648,979	38,586	46,223	274,694
Closing balance		4,442,506	37,991	113,455	(2,590,351)
		-			
		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		(Rupees in '000)			
Opening balance		2,046,509	(103,685)	30,560	(2,175,874)
Adjustment for mark-up		3,870	1,408	596	-
(Charge) / reversal for the year		243,773	(202,187)	1,386	(249,115)
Contribution by the Bank		(1,897,466)	304,996	1,152	-
Amount paid by the Fund to the Bank		(864,335)	(200,424)	(64,452)	-
Benefits paid by the Bank		925,466	200,978	39,703	128,357
Remeasurement (losses) / gains		1,994,783	(38,910)	56,423	(332,047)
Closing balance		2,452,600	(37,824)	65,368	(2,628,679)

### 40.8 Charge for defined benefit plans

#### 40.8.1 Cost recognised in profit and loss

		2023			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement
		(Rupees in '000)			
Current service cost	40.5	24,202	221,414	2,445	383
Past service cost		-	-	-	-
Net interest on defined benefit (asset) / liability		(440,106)	5,125	(8,858)	370,420
Return allocated to other funds	40.8.1.1	58,355	-	-	-
Employees' contribution		-	-	(929)	-
		(357,549)	226,539	(7,342)	370,803

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	Note	2022			
		Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
		(Rupees in '000)			
Current service cost	40.5	23,909	190,662	3,163	403
Past service cost		-	-	-	-
Net interest on defined benefit (asset) / liability		(319,181)	11,525	(3,397)	248,712
Return allocated to other funds	40.8.1.1	51,499	-	-	-
Employees' contribution		-	-	(1,152)	-
		(243,773)	202,187	(1,386)	249,115

40.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 4.13.1.1.

#### 40.8.2 Re-measurements recognised in OCI during the year

	2023				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	
	(Rupees in '000)				
Losses / (gains) on obligation					
- Financial assumptions	(462,000)	9,079	(6,823)	2,367	
- Experience adjustments	(139,951)	55,754	(22,151)	(277,061)	
Return on plan assets over interest income	(1,055,408)	(105,548)	(18,026)	-	
Adjustment for mark-up	8,380	2,129	777	-	
Total re-measurements recognised in OCI	(1,648,979)	(38,586)	(46,223)	(274,694)	
		2022			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		(Rupees in '000)			
Losses / (gains) on obligation					
- Financial assumptions		(1,646,138)	21,632	(26,375)	382,797
- Experience adjustments		(677,863)	25,347	(32,083)	(50,750)
Return on plan assets over interest income		325,348	(9,477)	1,439	-
Adjustment for mark-up		3,870	1,408	596	-
Total re-measurements recognised in OCI		(1,994,783)	38,910	(56,423)	332,047

Re-measurements recognised in OCI during the year pertaining to other schemes as disclosed in note 40.1.7 is Rs. 43.683 million (2022: Rs. 15.646 million).

#### 40.9 Components of fair value of plan assets

	2023			2022		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	59,992	47,923	3,921	57,789	8,181	11,082
Ordinary shares	6,814,050	505,699	106,568	384,888	4,434	10,102
Non-Government debt securities	1,873,198	23,481	12,969	743,195	13,956	12,010
Mutual funds units	-	-	-	-	-	6,790
Pakistan Investment Bonds	2,926,505	999,397	171,808	8,271,671	1,205,528	242,675
Market Treasury Bills	-	1,256	-	982,000	67,540	-
National Saving Certificates / Bonds	-	-	-	-	-	17,912
Certificate of Investments	-	-	11,500	-	-	-
Repurchase Agreements	255,700	74,400	-	-	48,637	-
	11,929,445	1,652,156	306,766	10,439,543	1,348,276	300,571

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

**40.9.1** The Funds invests in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in non-government securities are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

### 40.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Increase in discount rate by 1 %	(410,102)	(103,945)	(6,317)	(243,161)
Decrease in discount rate by 1 %	462,000	117,726	6,823	291,851
Increase in expected future increment in salary by 1%	-	126,440	-	-
Decrease in expected future increment in salary by 1%	-	(113,204)	-	-
Increase in expected future increment in pension by 1%	493,615	-	-	-
Decrease in expected future increment in pension by 1%	(442,195)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	280,054
Decrease in expected future increment in medical benefit by 1%	-	-	-	(238,588)

### 40.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2024 would be as follows:

	2024			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	800	-
Expected charge / (reversals) for the year	(680,790)	250,595	(15,340)	389,920

### 40.12 Maturity profile

The weighted average duration of the obligation (in years)

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	6.20	6.84	2.79	7.81

### 40.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

**40.14** The significant risks associated with the staff retirement benefit schemes are as follows:

#### Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation, interest rate volatility and change in price.

#### Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

#### Price Risk

The risk arises when there is volatility in market price of the equity instrument invested by Funds.

#### Inflation Risk

The salary inflation is the major risk that the Gratuity and Compensated Absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalisation benefit is susceptible to medical inflation risk.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### Withdrawal Risk

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

### Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. These include:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

### 40.15 United National Bank Limited Pension and Life Assurance Scheme for U.K Employees

As part of the Shareholders' Agreement ("the Agreement") signed on November 9, 2001, between UBL UK and its shareholders, United Bank Limited and National Bank of Pakistan (NBP), it was agreed that UBL UK may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme ("the Scheme") with effect from November 19, 2001, the date of completion of transfer of the businesses from the Bank and NBP into UBL UK (the Completion Date). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary.

Under the terms of the Agreement, UBL UK is responsible for the funding requirements of the active members whose employment was transferred to UBL UK on the Completion Date and for any new members admitted to the scheme after the Completion Date. United Bank Limited remains responsible for the funding of the deferred members upto the Completion Date. The scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010.

Full actuarial valuations using the Projected Unit Credit Method are obtained triennially and updated at each statement of financial position date.

The last full actuarial valuation of the scheme was carried out by a qualified actuary. The major assumptions used by the actuary in the latest update as of December 31, 2023, are as follows:

	2023	2022
	----- Per annum -----	
Discount rate	4.50%	4.75%
Expected rate of pension increase	3.50%	3.70%
Retail price inflation	3.05%	3.20%
Consumer price inflation	2.55%	3.70%

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

40.15.1 The assets and liabilities of the scheme noted below relate to those employees for whom UBL UK has a funding liability.

	2023		2022	
	Return	Rupees in '000	Return	Rupees in '000
Insurance policy	4.50%	1,931,763	4.75%	1,566,089

40.15.2 The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2023 is as follows:

	2023	2022
	----- (Rupees in '000) ----	
Present value of obligations	(1,809,625)	(1,566,089)
Fair value of plan assets	1,931,763	1,566,089
Receivable	122,138	-

40.15.3 Movement in (payable) / receivable during the year

Payable at the beginning of the year	-	(41,462)
Current service cost	-	-
Net Interest cost	18,837	(756)
Employer contribution	-	11,839
Remeasurement gain / (loss)	109,552	32,746
Exchange adjustment	(6,251)	(2,367)
Receivable at the end of the year	122,138	-

No Directors were members of the defined benefit scheme during the year or as at December 31, 2023

40.15.4 Movement in present value of defined benefit obligation

	2023	2022
	----- (Rupees in '000) ----	
Obligations at the beginning of the year	1,566,089	1,591,263
Current Service cost	-	-
Interest cost	73,255	31,487
Benefits paid by the Bank	(107,579)	(43,578)
Remeasurement gain	(221,434)	(225,446)
Exchange Adjustment	499,294	212,363
Obligations at the end of the year	1,809,625	1,566,089

40.15.5 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	1,566,089	1,549,801
Interest income on plan assets	92,092	30,731
Contributions to the plan	-	11,839
Amount paid by the fund	(107,579)	(43,578)
Remeasurement loss	(111,882)	(192,700)
Exchange Adjustment	493,043	209,996
Fair value of plan assets at the end of the year	1,931,763	1,566,089

40.15.6 Analysis of the amount credited / (debited) to net interest income

Expected return on pension scheme assets	92,092	30,731
Interest on pension scheme liabilities	(73,255)	(31,487)
Net income / (expense)	18,837	(756)

40.15.7 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023
	Rupees in '000
Increase in discount rate by 1 %	(203,683)
Decrease in discount rate by 1 %	249,584
Increase in expected inflation rate by 1%	35,501
Decrease in expected inflation rate by 1%	(25,460)
Increase in life expectancy by 1 year	57,376
Decrease in life expectancy by 1 year	(57,734)

40.16 UBL Fund Managers Limited

40.16.1 Principal actuarial assumptions

UBL FM operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service. The minimum qualifying eligible service for gratuity is 3 years for employees and executives. The latest actuarial valuation of the subsidiary's defined benefit plan, based on Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2023. The main assumptions used in the actuarial valuation are as follows:

	2023	2022
	----- Per annum -----	
Discount rate	15.50%	14.50%
Expected rate of return on plan assets	11.00%	10.00%
Expected rate of salary increase	15.50%	14.50%

40.16.2 The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2023 is as follows:

	2023	2022
	----- (Rupees in '000) ----	
Present value of obligations	(123,804)	(103,799)
Fair value of plan assets	138,323	96,150
Receivable / (payable)	14,519	(7,649)

40.16.3 Movement in (payable) / receivable during the year

Payable at the beginning of the year	(7,649)	(9,443)
Current service cost	(18,694)	(17,453)
Net interest expense	(1,399)	(1,093)
Employer contribution	20,093	20,818
Remeasurement gain / (loss)	22,168	(478)
Payable at the end of the year	14,519	(7,649)

40.16.4 Movement in present value of defined benefit obligation

Obligation at the beginning of the year	103,799	87,700
Current service cost	18,694	17,453
Interest cost	15,774	10,877
Benefits paid	(7,418)	(7,947)
Remeasurement gain	(7,045)	(4,284)
Obligation at the end of the year	123,804	103,799

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) ----	
<b>40.16.5 Movement in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	96,150	78,257
Interest income on plan assets	14,375	9,784
Contributions to the plan	20,093	20,818
Benefits paid	(7,418)	(7,947)
Remeasurement gain / (loss)	15,123	(4,762)
Fair value of plan assets at the end of the year	<u>138,323</u>	<u>96,150</u>

### 40.16.6 Composition of plan assets

Cash and cash equivalents - net	1,184	18,999
Debt securities	94,054	52,989
Mutual funds units	7,893	2,163
Ordinary shares	32,919	19,726
	<u>136,050</u>	<u>93,877</u>

### 40.16.7 Charge for defined benefit plan

Current service cost	18,694	17,453
Interest cost	15,774	10,877
Interest income on plan assets	(14,375)	(9,784)
	<u>20,093</u>	<u>18,546</u>
Actual return on plan assets	<u>14,375</u>	<u>9,784</u>

### 40.16.8 Maturity profile and expected future contribution

Based on actuarial advice, management estimates that the expected charge for the year ending December 31, 2024, would be Rs.18.762 million respectively. The weighted average duration of the obligation as of December 31, 2023, is 8.80 years.

### 40.16.9 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the defined benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

	2023
	Rupees in '000
Increase in discount rate by 1 %	114,965
Decrease in discount rate by 1 %	133,848
Increase in salary increment rate by 1%	133,180
Decrease in salary increment rate by 1%	115,393

## 41 OTHER EMPLOYEE BENEFITS

### 41.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 12,982 (2022: 11,516) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

UBL FM operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 41.2 Employee Stock Option Scheme

UBL Fund Managers has an incentive scheme for its top performing employees in the form of share options under the policy of Employee Stock Option Scheme (ESOS). The options give a right to subscribe ordinary shares of the Company to the extent of the lower of two million shares or five percent of the share capital of the company as of the grant date. The scheme is divided into three phases and options are exercisable at their respective exercise price determined from time to time according to methodology provided in approved scheme. Each phase give a right to eligible employees to acquire options after a vesting period of two years, in two tranches i.e. 50% of the vested options are exercisable upon completion of vesting period, while remaining 50% can be exercised after one year. The last phase was completed in 2016 in which 18,121 shares were issued pursuant to exercise of the share options.

## 42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 42.1 Total Compensation Expense

Items	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	----- (Rupees in '000) ----						
Fees and Allowances etc.	13,670	-	89,030	12,641	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	149,916	607,984	1,186,323
ii) Variable - Cash Bonus	-	-	-	-	158,895	308,198	342,240
Contribution to defined contribution plan	-	-	-	-	12,230	48,928	102,941
Charge for defined benefit plan	-	-	-	-	4,649	7,886	28,022
Rent & house maintenance	-	-	-	-	14,031	104,096	285,957
Utilities	-	-	-	-	2,393	45,484	123,425
Medical	-	-	-	-	319	27,402	81,515
Conveyance	-	-	-	-	9,564	79,284	246,704
Others	-	-	-	-	34,572	33,892	149,272
Sub-Total	13,670	-	89,030	12,641	386,569	1,263,154	2,546,399
Sign-on bonus	-	-	-	-	-	20,000	-
Total	<u>13,670</u>	<u>-</u>	<u>89,030</u>	<u>12,641</u>	<u>386,569</u>	<u>1,283,154</u>	<u>2,546,399</u>
Number of Persons	1	-	8	3	2	33	193

Items	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	----- (Rupees in '000) ----						
Fees and Allowances etc.	10,500	-	79,050	11,586	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	118,560	524,214	814,097
ii) Variable - Cash Bonus	-	-	-	-	107,172	261,697	290,157
Contribution to defined contribution plan	-	-	-	-	9,880	42,168	73,300
Charge for defined benefit plan	-	-	-	-	4,338	6,863	21,565
Rent & house maintenance	-	-	-	-	18,151	87,659	211,886
Utilities	-	-	-	-	3,856	38,235	91,209
Medical	-	-	-	-	102	22,975	50,048
Conveyance	-	-	-	-	6,016	37,937	151,474
Others	-	-	-	-	1,480	14,246	69,688
Sub-Total	10,500	-	79,050	11,586	269,555	1,035,994	1,773,424
Awards	-	-	-	-	-	7,000	-
Total	<u>10,500</u>	<u>-</u>	<u>79,050</u>	<u>11,586</u>	<u>269,555</u>	<u>1,042,994</u>	<u>1,773,424</u>
Number of Persons	1	-	7	3	1	27	113

The total amount of deferred bonus as at December 31, 2023 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. Rs. 443.554 million (2022: Rs. 330.326 million). The deferred bonus is held in a trust fund.

## Notes to and forming part of the Consolidated Financial Statements

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### 42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2023										
Meeting Fees and Allowances Paid										
For Board Committees										
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Board Digital Banking Committee (BDC)	Allowance	Total Amount Paid
(Rupees in '000)										
1	Sir Mohammed Anwar Pervez, OBE, HPk	6,660	-	3,950	-	-	1,710	800	550	13,670
2	Lord Zameer M. Choudrey, CBE, SI Pk	5,550	-	1,600	3,150	1,550	1,550	800	600	14,800
3	The Honorable Haider Zameer Choudrey	5,550	3,150	-	-	3,310	1,550	800	600	14,960
4	Mr. Rizwan Pervez	5,550	3,150	2,350	-	1,600	-	800	600	14,050
5	Mr. Daniel Michael Howlett	4,000	-	-	1,920	1,600	-	960	-	8,480
6	Ms. Shazia Syed	5,550	3,780	1,600	1,550	-	-	800	-	13,280
7	Mr. Amar Zafar Khan*	1,550	-	-	-	-	-	-	-	1,550
8	Mr. Tariq Rashid	5,550	800	4,740	-	2,820	-	800	-	14,710
9	Mr. Muhammad Irfan A.sheikh	3,200	800	-	1,600	800	-	800	-	7,200
<b>Total Amount Paid</b>		<b>43,160</b>	<b>11,680</b>	<b>14,240</b>	<b>8,220</b>	<b>11,680</b>	<b>4,810</b>	<b>6,560</b>	<b>2,350</b>	<b>102,700</b>

\* Mr. Amar Zafar Khan retired from the Board with effect from March 29, 2023.

2022										
Meeting Fees and Allowances Paid										
For Board Committees										
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Board Digital Banking Committee (BDC)	Allowance	Total Amount Paid
(Rupees in '000)										
1	Sir Mohammed Anwar Pervez, OBE, HPk	5,400	-	3,750	-	-	750	-	600	10,500
2	Lord Zameer M. Choudrey, CBE, SI Pk	4,500	-	-	3,750	3,750	750	-	900	13,650
3	The Honorable Haider Zameer Choudrey	4,500	4,500	-	-	3,750	-	-	900	13,650
4	Mr. Arshad Ahmad Mir	3,750	-	3,750	4,200	-	750	-	-	12,450
5	Mr. Rizwan Pervez	4,500	4,500	3,750	-	-	-	-	900	13,650
6	Ms. Shazia Syed	3,750	4,350	-	3,000	-	-	-	150	11,250
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,450	-	3,450	-	-	-	10,650
<b>Total Amount Paid</b>		<b>33,900</b>	<b>13,350</b>	<b>14,700</b>	<b>10,950</b>	<b>10,950</b>	<b>2,250</b>	<b>-</b>	<b>3,450</b>	<b>89,550</b>

### 42.3 Remuneration paid to Shariah Board Members

Items	2023				2022			
	Chairman	Resident Member	Non-Resident Member(s)	Total	Chairman	Resident Member	Non-Resident Member(s)	Total
(Rupees in '000)								
Meeting Fees and Allowances	5,400	2,501	4,740	12,641	5,400	1,794	4,392	11,586
Total number of persons	1	1	1		1	1	1	

### 43. FAIR VALUE MEASUREMENTS

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

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

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.

43.1 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).

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:

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

### 43.2 Fair value of financial assets

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

On-balance sheet financial instruments	2023				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in '000)					
<b>Financial assets measured at fair value</b>					
Investments					
- Federal Government Securities	3,883,185,845	-	3,883,185,845	-	3,883,185,845
- Foreign Bonds - Market Treasury Bills	67,785,996	-	67,785,996	-	67,785,996
- Foreign Bonds - sovereign	91,384,646	-	91,384,646	-	91,384,646
- Foreign Bonds - others	10,329,301	-	10,329,301	-	10,329,301
- Ordinary shares of listed companies	10,765,935	10,765,935	-	-	10,765,935
- Mutual Fund units	-	-	-	-	-
- Non-Government debt securities	3,128,337	-	3,128,337	-	3,128,337
- Real Estate Investment Trust units	616,232	616,232	-	-	616,232
	4,067,196,292	11,382,167	4,055,814,125	-	4,067,196,292

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

Carrying Value	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
- Federal Government Securities	303,809,670	280,259,649	-	280,259,649
- Foreign Bonds - Market Treasury Bills	15,875,336	15,889,922	-	15,889,922
- Foreign Bonds - sovereign	20,187,556	19,111,088	-	19,111,088
- Foreign Bonds - others	1,494,294	1,366,160	-	1,366,160
- Non-Government debt securities	21,471,010	21,014,103	-	21,014,103
	362,837,866	337,640,922	-	337,640,922
	4,430,034,158	4,393,455,047	-	4,404,837,214

Carrying Value	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase and sale of foreign exchange contracts	572,110,279	1,671,729	-	1,671,729
Interest Rate Swap - purchased and sold (net)	-	-	-	-
FX options - purchased and sold (net)	366,068	-	-	-
Forward purchase and sale of Government Securities	19,956,300	26,617	-	26,617

Carrying Value	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>On-balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government Securities	920,208,508	920,208,508	-	920,208,508
- Foreign Bonds - Market Treasury Bills	5,973,644	5,973,644	-	5,973,644
- Foreign Bonds - sovereign	73,023,465	73,023,465	-	73,023,465
- Foreign Bonds - others	2,329,295	2,329,295	-	2,329,295
- Ordinary shares of listed companies	9,550,112	-	-	9,550,112
- Mutual Fund units	202,530	202,530	-	202,530
- Non-Government debt securities	4,670,028	4,670,028	-	4,670,028
- Real Estate Investment Trust units	642,608	-	-	642,608
	1,016,600,190	10,192,720	1,006,407,470	1,016,600,190

Carrying Value	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
- Federal Government Securities	362,552,249	333,494,230	-	333,494,230
- Foreign Bonds - Market Treasury Bills	6,469,775	6,469,775	-	6,469,775
- Foreign Bonds - sovereign	38,539,412	36,402,565	-	36,402,565
- Foreign Bonds - others	1,207,251	1,086,799	-	1,086,799
- Non-Government debt securities	18,167,923	17,357,546	-	17,357,546
	426,936,610	394,810,915	-	394,810,915
	1,443,536,800	1,401,218,385	-	1,411,411,105

Carrying Value	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
<b>Off-balance sheet financial instruments</b>				
Forward purchase and sale of foreign exchange contracts	537,981,222	2,770,487	-	2,770,487
Interest Rate Swap - purchased and sold (net)	2,941,905	250,160	-	250,160
FX options - purchased and sold (net)	572,342	-	-	-
Forward purchase of Government Securities	42,757,100	21,543	-	21,543

### 43.3 Fair Value of non-financial assets

Carrying Value	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Fixed Assets	61,722,714	-	61,722,714	61,722,714
Non-banking assets acquired in satisfaction of claims	42,075	-	42,075	42,075
	61,764,789	-	61,764,789	61,764,789

Carrying Value	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
(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

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

43.4 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.

### 44. SEGMENT INFORMATION

#### 44.1 Segment details with respect to business activities

Corporate / Commercial Banking	2023							
	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total	
	(Rupees in '000)							
<b>Profit &amp; Loss</b>								
Net mark-up / return / profit	62,359,198	165,148,422	(121,897,300)	20,401,647	18,978,272	6,090,946	(2,106,116)	148,975,069
Inter segment (expense) / revenue - net	(56,002,151)	(237,721,792)	282,189,337	-	-	-	11,534,606	-
Non mark-up / return / interest income	6,459,446	11,618,653	11,528,592	256,665	(8,047,437)	1,878,747	(725,619)	22,969,047
<b>Total Income</b>	12,816,493	(60,954,717)	171,820,629	20,658,312	10,930,835	7,969,693	8,702,871	171,944,116
Segment direct expenses	1,755,992	662,195	43,123,087	4,271,579	7,917,826	5,815,687	8,946,469	72,492,835
Inter segment expense allocation	443,919	108,914	9,504,655	-	588,849	-	(10,646,337)	-
<b>Total expenses</b>	2,199,911	771,109	52,627,742	4,271,579	8,506,675	5,815,687	(1,699,868)	72,492,835
(Reversal) / provisions - net	(1,384,871)	129,130	(752,586)	12,640	(8,083,847)	(1,673,429)	619,679	(11,133,284)
<b>Profit / (loss) before tax</b>	12,001,453	(61,854,956)	119,945,473	16,374,093	10,508,007	3,827,435	9,783,060	110,584,565

Corporate / Commercial Banking	2022							
	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total	
	(Rupees in '000)							
<b>Balance Sheet</b>								
Cash & Bank balances	11,358	91,058,816	101,463,285	27,886,564	86,963,694	3,402,414	-	310,786,131
Investments	12,055,059	3,829,744,363	-	331,496,374	199,730,588	54,043,558	8,680,928	4,435,750,870
Net inter segment lending	-	-	1,501,428,974	-	-	-	146,476,492	1,647,905,466
Lendings to financial institutions	-	21,947,852	-	12,500,000	-	4,868,418	-	39,316,270
Advances - performing	391,683,285	9,872	50,956,184	47,108,009	107,411,872	253,441,391	3,188,071	853,798,684
Advances - non-performing net of provision	2,710,229	-	614,905	79,176	9,792,924	5,034,015	10,999	18,242,248
Others	18,344,061	92,057,395	38,605,116	21,064,320	15,071,413	13,126,882	48,511,496	246,780,683
<b>Total Assets</b>	424,803,992	4,034,818,298	1,693,068,464	440,134,443	418,970,491	333,916,678	206,867,986	7,552,580,352
Borrowings	57,979,951	2,739,257,686	4,506,465	13,726,452	-	8,417,360	-	2,823,887,914
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	105,003,206	37,064	1,542,125,514	378,100,209	324,219,498	285,230,611	-	2,634,716,102
Net inter segment borrowing	245,388,446	1,305,152,330	-	-	97,364,690	-	-	1,647,905,466
Others	2,062,665	8,066,357	24,744,595	9,588,237	94,288,601	3,517,211	7,930,609	150,198,275
<b>Total Liabilities</b>	410,434,268	4,052,513,437	1,571,376,574	401,414,898	515,872,789	297,165,182	17,930,609	7,266,707,757
Equity	14,369,724	(17,695,139)	121,691,890	38,719,545	(96,902,298)	36,751,496	188,937,377	285,872,595
<b>Total Equity &amp; liabilities</b>	424,803,992	4,034,818,298	1,693,068,464	440,134,443	418,970,491	333,916,678	206,867,986	7,552,580,352
<b>Contingencies and Commitments</b>	666,470,042	317,073,549	36,229,803	6,642,138	288,041,327	42,251,714	749,649	1,357,458,222

Corporate / Commercial Banking	2022							
	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total	
	(Rupees in '000)							
<b>Profit &amp; Loss</b>								
Net mark-up / return / profit	42,008,327	124,341,642	(82,106,763)	9,399,022	10,792,638	4,533,907	(1,225,545)	107,743,228
Inter segment (expense) / revenue - net	(38,010,216)	(144,558,389)	173,145,285	-	-	-	9,423,320	-
Non mark-up / return / interest income	4,496,504	7,692,746	10,499,640	463,561	2,972,305	3,381,521	6,848,047	36,354,324
<b>Total Income</b>	8,494,615	(12,524,001)	101,538,162	9,862,583	13,764,943	7,915,428	15,045,822	144,097,552
Segment direct expenses	1,250,497	441,845	32,230,027	2,884,548	6,328,023	4,390,850	10,537,600	58,063,390
Inter segment expense allocation	296,693	87,343	7,556,459	-	443,494	-	(8,383,989)	-
<b>Total expenses</b>	1,547,190	529,188	39,786,486	2,884,548	6,771,517	4,390,850	2,153,611	58,063,390
(Reversals) / provisions - net	(385,570)	1,383,354	(353,664)	48,212	14,997,701	1,427,684	481,054	17,598,771
<b>Profit / (loss) before tax</b>	7,332,995	(14,436,543)	62,105,340	6,929,823	(8,004,275)	2,096,894	12,411,157	68,435,391

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2022							Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	
(Rupees in '000)								
<b>Balance Sheet</b>								
Cash & 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 of provision	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
<b>Total Assets</b>	<b>649,740,167</b>	<b>1,345,157,927</b>	<b>1,467,605,578</b>	<b>240,401,262</b>	<b>354,779,180</b>	<b>222,822,237</b>	<b>214,583,908</b>	<b>4,495,090,259</b>
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 & other accounts	59,231,055	3,359,197	1,334,943,634	151,693,394	291,357,894	196,261,388	1,163,151	2,038,009,713
Net inter segment borrowing	492,593,529	944,787,486	-	-	79,303,440	-	-	1,516,684,455
Others	2,990,589	318,804	8,594,815	7,203,929	90,782,739	1,775,399	23,303,322	134,969,597
<b>Total Liabilities</b>	<b>618,210,174</b>	<b>1,368,508,325</b>	<b>1,348,733,797</b>	<b>227,989,859</b>	<b>468,236,938</b>	<b>199,752,419</b>	<b>34,466,473</b>	<b>4,265,897,985</b>
Equity	31,529,993	(23,350,398)	118,871,781	12,411,403	(113,457,758)	23,069,818	180,117,435	229,192,274
<b>Total Equity &amp; liabilities</b>	<b>649,740,167</b>	<b>1,345,157,927</b>	<b>1,467,605,578</b>	<b>240,401,262</b>	<b>354,779,180</b>	<b>222,822,237</b>	<b>214,583,908</b>	<b>4,495,090,259</b>
<b>Contingencies and Commitments</b>	<b>509,367,455</b>	<b>214,015,939</b>	<b>30,493,205</b>	<b>7,626,255</b>	<b>378,866,694</b>	<b>44,499,667</b>	<b>937,427</b>	<b>1,185,806,642</b>

#### 44.2. Geographical segment analysis

	2023					Total
	Pakistan	Middle East	Europe	Export Processing Zones		
(Rupees in '000)						
<b>Profit &amp; Loss</b>						
Net mark-up / return / profit	123,894,953	18,208,240	6,101,844	770,032	-	148,975,069
Non mark-up / return / interest income	31,816,603	(8,072,213)	(800,119)	24,776	-	22,969,047
<b>Total Income</b>	<b>155,711,556</b>	<b>10,136,027</b>	<b>5,301,725</b>	<b>794,808</b>	<b>-</b>	<b>171,944,116</b>
Segment direct expenses	60,006,959	7,883,702	4,568,050	34,124	-	72,492,835
Inter segment expense allocation	(588,849)	586,191	-	2,658	-	-
<b>Total expenses</b>	<b>59,418,110</b>	<b>8,469,893</b>	<b>4,568,050</b>	<b>36,782</b>	<b>-</b>	<b>72,492,835</b>
(Reversals) / provisions - net	(1,376,008)	(8,641,488)	(1,673,429)	557,641	-	(11,133,284)
<b>Profit / (loss) before tax</b>	<b>97,669,454</b>	<b>10,307,622</b>	<b>2,407,104</b>	<b>200,385</b>	<b>-</b>	<b>110,584,565</b>
<b>Balance Sheet</b>						
Cash & Bank balances	220,421,732	86,777,534	3,400,705	186,160	-	310,786,131
Investments	4,186,410,893	196,285,002	49,609,389	3,445,586	-	4,435,750,870
Net inter segment lending	1,647,905,466	-	-	-	-	1,647,905,466
Lendings to financial institutions	34,447,852	-	4,868,418	-	-	39,316,270
Advances - performing	492,945,423	105,933,631	253,441,389	1,478,241	-	853,798,684
Advances - non-performing net of provision	3,415,310	9,792,924	5,034,014	-	-	18,242,248
Others	219,360,361	14,687,435	12,348,909	383,978	-	246,780,683
<b>Total Assets</b>	<b>6,804,907,037</b>	<b>413,476,526</b>	<b>328,702,824</b>	<b>5,493,965</b>	<b>-</b>	<b>7,552,580,352</b>
Borrowings	2,816,966,160	-	6,921,754	-	-	2,823,887,914
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	2,025,265,992	319,856,028	285,230,612	4,363,470	-	2,634,716,102
Net inter segment borrowing	1,550,540,776	96,858,410	-	506,280	-	1,647,905,466
Others	52,992,928	90,719,656	2,916,746	3,568,945	-	150,198,275
<b>Total Liabilities</b>	<b>6,455,765,856</b>	<b>507,434,094</b>	<b>295,069,112</b>	<b>8,438,695</b>	<b>-</b>	<b>7,266,707,757</b>
Equity	349,141,181	(93,957,568)	33,633,712	(2,944,730)	-	285,872,595
<b>Total Equity &amp; liabilities</b>	<b>6,804,907,037</b>	<b>413,476,526</b>	<b>328,702,824</b>	<b>5,493,965</b>	<b>-</b>	<b>7,552,580,352</b>
<b>Contingencies and Commitments</b>	<b>1,027,165,181</b>	<b>287,920,806</b>	<b>42,251,714</b>	<b>120,521</b>	<b>-</b>	<b>1,357,458,222</b>

## Notes to and forming part of the Consolidated Financial Statements

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#### Geographical segment analysis

	2022					Total
	Pakistan	Middle East	Europe	Export Processing Zones		
(Rupees in '000)						
<b>Profit &amp; Loss</b>						
Net mark-up / return / profit	92,379,247	10,376,199	4,571,343	416,439	-	107,743,228
Non mark-up / return / interest income	31,725,310	2,953,964	1,656,709	18,341	-	36,354,324
<b>Total Income</b>	<b>124,104,557</b>	<b>13,330,163</b>	<b>6,228,052</b>	<b>434,780</b>	<b>-</b>	<b>144,097,552</b>
Segment direct expenses	48,336,745	6,300,292	3,398,622	27,731	-	58,063,390
Inter segment expense allocation	(443,494)	441,223	-	2,271	-	-
<b>Total expenses</b>	<b>47,893,251</b>	<b>6,741,515</b>	<b>3,398,622</b>	<b>30,002</b>	<b>-</b>	<b>58,063,390</b>
Provisions - net	1,165,301	14,997,701	1,435,769	-	-	17,598,771
<b>Profit / (loss) before tax</b>	<b>75,046,005</b>	<b>(8,409,053)</b>	<b>1,393,661</b>	<b>404,778</b>	<b>-</b>	<b>68,435,391</b>
<b>Balance Sheet</b>						
Cash & Bank balances	93,399,085	64,433,447	1,830,566	58,193	-	159,721,291
Investments	1,303,577,623	111,418,389	33,461,799	2,481,942	-	1,450,939,753
Net inter segment lending	1,516,684,455	-	-	-	-	1,516,684,455
Lendings to financial institutions	85,296,480	-	546,241	-	-	85,842,721
Advances - performing	757,754,779	151,363,468	172,446,496	1,163,529	-	1,082,728,272
Advances - non-performing net of provision	3,189,070	8,366,249	1,937,297	-	-	13,492,616
Others	161,155,950	15,360,942	9,031,238	133,021	-	185,681,151
<b>Total Assets</b>	<b>3,921,057,442</b>	<b>350,942,495</b>	<b>219,253,637</b>	<b>3,836,685</b>	<b>-</b>	<b>4,495,090,259</b>
Borrowings	557,725,723	6,792,865	1,715,632	-	-	566,234,220
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	1,549,627,465	286,466,505	197,024,354	4,891,389	-	2,038,009,713
Net inter segment borrowing	1,437,381,015	78,144,168	-	-	-	1,516,684,455
Others	42,404,738	89,390,953	1,782,120	1,391,786	-	134,969,597
<b>Total Liabilities</b>	<b>3,597,138,941</b>	<b>460,794,491</b>	<b>200,522,106</b>	<b>7,442,447</b>	<b>-</b>	<b>4,265,897,985</b>
Equity	323,918,501	(109,851,996)	18,731,531	(3,605,762)	-	229,192,274
<b>Total Equity &amp; liabilities</b>	<b>3,921,057,442</b>	<b>350,942,495</b>	<b>219,253,637</b>	<b>3,836,685</b>	<b>-</b>	<b>4,495,090,259</b>
<b>Contingencies and Commitments</b>	<b>762,440,281</b>	<b>378,809,910</b>	<b>44,499,667</b>	<b>56,784</b>	<b>-</b>	<b>1,185,806,642</b>

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

#### 45. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2023			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
(Rupees in '000)					
Asset Management Companies	3	-	8,284,500	-	8,284,500
Corporates	27	32,321,700	-	105,059,490	137,381,190
Individuals	246	262,500	21,000	7,532,275	7,815,775
Insurance Companies	6	540,345,800	2,393,500	64,025,500	606,764,800
NGO / Charitable Organisation	4	1,634,000	-	5,691,640	7,325,640
Pension & Employee Funds	34	57,118,600	325,000	30,799,880	88,243,480
Others	14	11,318,400	-	17,370,360	28,688,760
<b>Total</b>	<b>334</b>	<b>643,001,000</b>	<b>11,024,000</b>	<b>230,479,145</b>	<b>884,504,145</b>
Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
(Rupees in '000)					
Asset Management Companies	1	-	983,000	-	983,000
Corporates	22	18,523,000	-	59,634,700	78,157,700
Individuals	111	228,400	5,000	3,991,180	4,224,580
Insurance Companies	5	432,032,500	1,272,500	94,952,500	528,257,500
NGO / Charitable Organisation	4	1,634,000	-	4,697,500	6,331,500
Pension & Employee Funds	33	56,179,300	325,000	16,577,650	73,081,950
Others	16	78,996,000	-	58,842,520	137,838,520
<b>Total</b>	<b>192</b>	<b>587,593,200</b>	<b>2,585,500</b>	<b>238,696,050</b>	<b>828,874,750</b>

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 46. 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 financial statements, are as follows:

#### 46.1 Related party transactions

	2023				
	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)					
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	12,674,229
Repaid during the year	-	-	-	-	(11,870,127)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	804,102
<b>Investments</b>					
Opening balance	-	-	-	7,657,008	5,300,368
Investment made during the year	-	-	-	15,023,586	-
Investment redeemed / disposed off during the year	-	-	-	(14,680,742)	(58,518)
Transfers out	-	-	-	(225,000)	45,546
Equity method adjustments	-	-	-	(1,385,235)	-
Closing balance	-	-	-	6,389,617	5,287,396
Provision for diminution in value of investments	-	-	-	1,393,786	1,160,263
Provision written off	-	-	-	-	-
<b>Advances</b>					
Opening balance	-	480	372,952	-	17,808,043
Addition during the year	-	5,664	577,328	-	14,944,269
Repaid during the year	-	(4,992)	(503,914)	-	(33,077,402)
Transfers in / (out)	-	134	163,593	-	325,482
Closing balance	-	1,286	609,959	-	392
Provision held against advances	-	-	-	-	-
<b>Other Assets</b>					
Interest / mark-up accrued	-	-	8,612	-	120,906
Receivable from staff retirement funds	-	-	-	-	4,730,609
Prepaid insurance	-	-	-	100,000	-
Remuneration receivable from management of funds	-	-	-	180,417	-
Sales load receivable	-	-	-	25,069	-
Other receivable	-	-	-	213,326	-
Capital Work in Progress	-	-	-	-	29,000
Dividend receivable	-	-	-	-	-
Provision written off	-	-	-	-	-

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023				
	Parent	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)					
<b>Borrowings</b>					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	27,041,450
Settled during the year	-	-	-	-	(26,638,650)
Closing balance	-	-	-	-	402,800
<b>Deposits and other accounts</b>					
Opening balance	14,327	13,924,363	142,761	1,665,575	16,000,091
Received during the year	123,898,655	64,480,148	1,647,717	385,924,668	488,015,048
Withdrawn during the year	(123,898,620)	(73,338,287)	(1,711,558)	(374,746,010)	(499,662,860)
Transfers in - net	-	83,010	36,571	-	(1,712,309)
Closing balance	14,362	5,149,234	115,491	12,844,233	2,639,970
<b>Other Liabilities</b>					
Interest / mark-up payable on deposits and borrowings	-	17,676	188	39,581	10,418
Dividend Payable	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-
Unearned income	-	-	-	-	47,262
Other payable	-	4,310	-	5,000	14,583
<b>Contingencies and Commitments</b>					
Forward Government securities sale	-	-	-	-	-
<b>Profit and Loss Account</b>					
<b>Income</b>					
Mark-up / return / interest earned	-	-	38,271	-	2,247,937
Commission / charges recovered	-	174	1,501	18,639	21,554
Dividend received	-	-	-	261,066	610,556
Net gain on sale of securities	-	-	-	337,178	-
Other income	-	-	-	-	46,186
Gain on sale of fixed assets	-	-	7,072	1,235	-
Remuneration from management of fund	-	-	-	1,800,448	-
Sales load	-	-	-	61,375	-
Reimbursement of expenses by Funds	-	-	-	437,080	-
Reversal of provision	-	-	-	-	20,203
Switch revenue	-	-	-	-	351,280
<b>Expenses</b>					
Mark-up / return / interest paid	7,416	361,179	11,476	887,162	540,471
Remuneration paid	-	-	1,501,342	-	-
Directors' fees and allowances	-	102,700	-	-	-
Net charge for defined contribution plans	-	-	58,813	-	523,293
Net charge for defined benefit plans	-	-	12,535	-	410,532
Provision	-	-	-	999,985	227,626
Other expenses	-	26	69,026	500	234,836
Clearing charges	-	-	-	-	170,828
Donations	-	-	-	-	-
Membership, subscription, sponsorship and maintenance charges	-	-	3,864	-	33,538



## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Other information</b>					
Dividend Paid	26,532,614	881,245	21,066	140,158	4,946,398
Insurance premium paid	-	-	4,811	690,432	-
Insurance claims settled	-	-	-	588,634	-
	2022				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Lendings to financial institutions</b>					
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	-	-	-	-	-
<b>Investments</b>					
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	-	-	-	393,801	952,719
Provision written off	-	-	-	-	-
<b>Advances</b>					
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
<b>Other Assets</b>					
Interest 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 against other assets	-	-	-	-	-
<b>Borrowings</b>					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	1,769,000
Settled during the year	-	-	-	-	(1,769,000)
Closing balance	-	-	-	-	-

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2022				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
<b>Deposits and other accounts</b>					
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 (out) / in - net	-	-	15,265	-	6,890
Closing balance	14,327	13,924,363	142,761	1,665,575	16,000,091
<b>Other Liabilities</b>					
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	-
<b>Contingencies and Commitments</b>					
Forward foreign exchange contracts purchase	-	-	-	-	-
<b>Profit and Loss Account</b>					
<b>Income</b>					
Mark-up / return / interest earned	-	1	18,910	102,018	2,864,381
Commission / charges recovered	-	218	1,387	32,504	24,286
Dividend received	-	-	-	151,951	448,486
Net gain on sale of securities	-	-	-	108,398	-
Other income	-	-	-	-	32,067
Gain on sale of fixed assets	-	-	1,905	8,047	-
Remuneration from fund under management	-	-	-	1,085,509	-
Sales load	-	-	-	30,664	-
Reimbursement of expenses by Funds	-	-	-	497,203	-
Reversal of provision	-	-	-	-	-
Switch revenue	-	-	-	-	285,399
<b>Expenses</b>					
Mark-up / return / interest paid	1,930	210,224	7,766	290,057	287,932
Remuneration paid	-	-	1,179,871	-	-
Post employment benefits	-	-	-	-	-
Directors' fee and allowances	-	89,550	-	-	-
Net charge for defined contribution plans	-	-	49,852	-	434,928
Net charge for defined benefit plans	-	-	10,155	-	99,335
Other expenses	-	-	47,231	-	211,212
Clearing charges	-	-	-	-	156,767
Donations	-	-	-	-	110,000
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	9,172
<b>Other information</b>					
Dividend paid	6,127,770	182,386	7,362	118,243	1,926,481
Insurance premium paid	-	-	1,961	562,452	-
Insurance claims settled	-	-	-	541,718	-

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>47. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	12,241,797	12,241,797
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	164,342,620	150,929,551
Eligible Additional Tier 1 (ADT 1) Capital	9,422,078	10,095,479
Total Eligible Tier 1 Capital	173,764,698	161,025,030
Eligible Tier 2 Capital	55,404,738	52,663,742
Total Eligible Capital (Tier 1 + Tier 2)	229,169,436	213,688,772
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	1,001,013,090	913,752,463
Market Risk	301,826,815	103,805,093
Operational Risk	265,722,534	209,271,004
Total	1,568,562,439	1,226,828,560
Common Equity Tier 1 Capital Adequacy ratio	10.48%	12.30%
Tier 1 Capital Adequacy Ratio	11.08%	13.13%
Total Capital Adequacy Ratio	14.61%	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 year ended December 31, 2023 stood at Rs.12,241.797 million (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.

Under the Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 14.61% whereas CET 1 and Tier 1 ratios stood at 10.48% and 11.08% 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 is a sample D-SIB. 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.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	173,764,698	161,025,030
Total Exposures	6,589,218,905	3,937,237,802
Leverage Ratio	2.64%	4.09%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,194,192,309	1,014,739,744
Total Net Cash Outflow	436,543,979	320,346,155
Liquidity Coverage Ratio	273.56%	316.76%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,912,608,898	1,612,227,681
Total Required Stable Funding	1,310,982,494	1,421,075,703
Net Stable Funding Ratio	145.89%	113.45%

**47.1** The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.ubldigital.com/Investor-Relations/CAR-Statements>.

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

### 48. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Risk Management Committee (RMC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance and Business Groups. The Risk and Credit Policy Group led by Group Executive Risk and Credit Policy (GE-R&CP) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP and respective overseas central banks. The group is organized into various functions such as Credit Risk Management, Credit Policy & Research, Market, Treasury Risk and Basel, Financial Institution Risk, Consumer Credit Policy, Operational Risk, Fraud Risk Management, Credit Administration Division and Information Security Risk. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the Bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- To identify problem credits and level of provisioning required.
- To establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.
- Ensuring development of an effective MIS for timely identification, control and reporting of credit risk.
- Assessing the position of Bank's RWA for credit(s) in line with the application of Standardized Approach under Basel for computation of capital requirement for the Bank.

**48.1** 2023 was a challenging year for the global economy, where Central Banks around the globe increased interest rates to dampen the rising inflation which carried forward from the year 2022.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

The year witnessed macroeconomic stress that had started to emerge in the year 2022, where high borrowing cost and political uncertainty has slowed down the economic growth of the country. State Bank of Pakistan followed the footsteps of global Central Banks and cumulatively increased 700 basis points in its interest rate in the year 2023, in order to control continued rising inflation, compared to an increase of 625 basis points in the year 2022.

Despite these challenges, the banking industry of Pakistan managed to expand its asset base, largely weighed by investments, as advances saw a muted growth due to higher interest rates. Private sector advances contracted, while the public sector continued to avail additional financing. Profitability witnessed a significant growth on back of Net Interest Income.

### 48.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for domestic operations, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions globally are centrally organized.

Concentration of credit risk exists if clients are engaged in similar activities or are located in the same geographical region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing economic crisis.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables.

#### 48.2.1 Lendings to financial institutions

Credit risk by public / private sector	2023	2022	2023	2022	2023	2022
	Gross lendings		Non-performing lendings		Provision held	
	(Rupees in '000)					
Public / Government	-	40,953,209	-	-	-	-
Private	39,316,270	44,889,512	-	-	-	-
	39,316,270	85,842,721	-	-	-	-

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### 48.2.2 Investment in debt securities

Credit risk by industry sector	2023	2022	2023	2022	2023	2022
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Chemical and pharmaceuticals	541,190	54,351	49,811	54,351	49,811	54,351
Financial	4,375,162,776	1,447,180,363	360,000	11,613,838	360,000	7,533,530
Food	912	912	912	912	912	912
Metal and allied	140,625	203,125	-	-	-	-
Production and transmission of energy	19,531,036	15,150,774	-	-	-	-
Textile	314,978	400,692	229,263	229,263	229,263	229,263
Others	40,547,530	32,650,727	1,397	1,397	1,397	1,397
	4,436,239,047	1,495,640,944	641,383	11,899,761	641,383	7,819,453

Credit risk by public / private sector	2023	2022	2023	2022	2023	2022
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Public / Government	4,407,061,662	1,443,604,651	-	11,613,838	-	7,533,530
Private	29,177,385	52,036,293	641,383	285,923	641,383	285,923
	4,436,239,047	1,495,640,944	641,383	11,899,761	641,383	7,819,453

### 48.2.3 Advances

Credit risk by industry sector	2023	2022	2023	2022	2023	2022
	Gross advances		Non-performing advances		Specific Provision held	
	(Rupees in '000)					
Agriculture	47,245,725	127,093,190	1,884,515	2,185,738	1,640,466	1,979,458
Airlines	5,278,500	4,549,885	1,790,126	1,729,061	1,790,126	1,729,061
Automobile and transportation equipment	12,246,457	27,328,122	121,590	1,191,162	119,375	693,110
Education and medical	2,544,789	1,231,550	-	-	-	-
Cables	1,371,150	1,246,367	481,751	541,751	481,751	541,751
Cement	4,588,509	6,023,774	492,327	395,518	492,327	395,518
Chemical and pharmaceuticals	11,013,590	11,016,483	30,000	31,940	30,000	31,940
Construction	14,532,859	107,140,482	9,536,919	8,239,760	8,488,216	7,039,951
Contractors	13,521,355	15,592,901	19,649	14,217	10,899	11,360
Electronics and electrical appliances	15,072,916	14,645,253	12,906,835	10,457,951	10,173,129	8,267,219
Engineering	1,119,218	708,077	-	10,496	-	10,496
Fertilizer	1,604,040	12,809,337	15,752	5,416	9,002	5,416
Financial	30,045,983	182,142,066	4,903,226	4,099,016	4,903,226	4,099,016
Food, tobacco and beverages	11,087,833	6,716,760	8,887,625	7,669,458	5,849,760	5,186,003
Glass and allied	8,136	381,609	-	-	-	-
Hotel and tourism	9,337,621	8,667,275	679,406	888,413	679,406	888,413
Individuals	97,034,500	115,518,883	9,988,001	7,828,521	5,205,914	4,688,109
Paper and allied	3,463,419	2,666,898	1,226,314	1,017,572	1,219,189	1,017,572
Polyester and fiber	1,712,739	2,144,665	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	223,114,256	221,162,165	6,354,445	6,014,169	4,847,044	4,436,491
Shoes and leather garments	3,385,860	2,473,814	2,529,809	2,383,340	2,529,809	2,383,340
Sports goods	-	-	-	-	-	-
Sugar	9,304,125	6,183,719	-	116,481	-	116,481
Metal and allied	6,889,030	7,411,060	408,300	408,300	408,300	408,300
Telecommunication	47,421,660	44,313,174	5,631,812	5,024,931	5,631,812	4,780,857
Textile composite	47,625,997	61,550,323	265,404	286,846	265,404	118,096
Textile	25,676,755	28,520,880	6,931,022	7,191,437	6,798,209	6,810,919
Textile spinning	14,475,357	24,891,681	1,309,832	1,519,061	1,309,832	1,519,061
Textile weaving	3,071,699	3,687,893	146,232	151,520	146,232	151,520
Wholesale and retail trade	48,810,602	42,252,942	19,199,768	15,463,300	18,342,158	14,762,791
Others	263,097,928	98,424,654	13,256,825	9,088,648	9,383,650	8,389,158
	975,702,608	1,188,495,882	110,574,536	95,531,074	92,332,287	82,038,458

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For the year ended December 31, 2023

Credit risk by public / private sector	2023	2022	2023	2022	2023	2022
	Gross advances		Non-performing advances		Specific Provision held	
	(Rupees in '000)					
Public / Government	219,632,641	311,144,344	964,568	964,568	22,313	22,313
Private	756,069,967	877,351,538	109,609,968	94,566,506	92,309,974	82,016,145
	<u>975,702,608</u>	<u>1,188,495,882</u>	<u>110,574,536</u>	<u>95,531,074</u>	<u>92,332,287</u>	<u>82,038,458</u>

### 48.2.4 Contingencies and Commitments

#### Credit risk by industry sector

	2023	2022
	(Rupees in '000)	
Agri business	61,910,577	35,042,165
Airlines	146,972	83,982
Automobile and transportation equipment	8,104,503	17,060,374
Cables	761,688	617,831
Cement	10,970,043	2,722,521
Chemical and pharmaceuticals	7,836,473	6,344,093
Construction	20,447,024	12,289,111
Contractors	19,344,346	11,589,571
Electronics and electrical appliances	6,012,816	3,197,903
Engineering	6,948,442	5,131,864
Fertilizer dealers	19,636,147	6,789,726
Financial	654,641,272	651,335,325
Food, tobacco and beverages	13,526,395	10,729,033
Glass and allied	136,874	431,969
Hotel and tourism	1,064,119	2,907,013
Individuals	19,688,970	23,968,698
Paper and allied	3,497,866	2,686,432
Polyester and fiber	4,214,793	3,656,870
Production and transmission of energy	220,094,251	169,906,265
Shoes and leather garments	1,374,174	1,640,048
Sugar	801,482	405,397
Telecommunication	10,195,604	12,664,873
Textile	57,665,189	33,872,610
Wholesale traders	4,597,270	3,349,687
Others	203,840,932	167,383,281
	<u>1,357,458,222</u>	<u>1,185,806,642</u>
<b>Credit risk by public / private sector</b>		
Public / Government	439,325,265	470,075,580
Private	918,132,957	715,731,062
	<u>1,357,458,222</u>	<u>1,185,806,642</u>

### 48.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 478,848.871 million (2022: Rs. 458,202.056 million) are as follows:

	2023	2022
	(Rupees in '000)	
Funded	166,962,464	275,701,388
Non-funded	311,886,407	182,500,668
Total Exposure	<u>478,848,871</u>	<u>458,202,056</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 531,971 million (2022: Rs. 549,819 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

## Notes to and forming part of the Consolidated Financial Statements

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### 48.2.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2023						
	Utilisation						
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	348,177,061	348,177,061	-	-	-	-	-
Sindh	279,441,191	-	279,441,191	-	-	-	-
KPK including FATA	1,424,469	-	-	1,424,469	-	-	-
Balochistan	114,525	-	-	-	114,525	-	-
Islamabad	56,846,157	-	-	-	-	56,846,157	-
AJK including Gilgit-Baltistan	88,965	-	-	-	-	-	88,965
Total	<u>686,092,368</u>	<u>348,177,061</u>	<u>279,441,191</u>	<u>1,424,469</u>	<u>114,525</u>	<u>56,846,157</u>	<u>88,965</u>
	2022						
	Utilisation						
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	512,247,865	512,247,865	-	-	-	-	-
Sindh	708,110,877	-	708,110,877	-	-	-	-
KPK including FATA	1,961,863	-	-	1,961,863	-	-	-
Balochistan	769,154	-	-	-	769,154	-	-
Islamabad	137,901,587	-	-	-	-	137,901,587	-
AJK including Gilgit-Baltistan	182,728	-	-	-	-	-	182,728
Total	<u>1,361,174,074</u>	<u>512,247,865</u>	<u>708,110,877</u>	<u>1,961,863</u>	<u>769,154</u>	<u>137,901,587</u>	<u>182,728</u>

### 48.3 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lending / borrowing, Investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVBP), Duration, Beta, and Expected Shortfall on regular basis. Bank also ascertains the impact of changes in market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

### 48.3.1 Balance sheet split by trading and Banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	277,355,760	-	277,355,760	143,034,544	-	143,034,544
Balances with other banks	33,430,371	-	33,430,371	16,686,747	-	16,686,747
Lendings to financial institutions	39,316,270	-	39,316,270	85,842,721	-	85,842,721
Investments	1,376,118,871	3,059,631,999	4,435,750,870	729,038,317	721,901,436	1,450,939,753
Advances	872,040,932	-	872,040,932	1,096,220,888	-	1,096,220,888
Fixed assets	85,071,632	-	85,071,632	79,402,671	-	79,402,671
Intangible assets	2,552,398	-	2,552,398	2,518,133	-	2,518,133
Deferred tax assets	-	-	-	16,751,121	-	16,751,121
Other assets	159,156,653	-	159,156,653	87,009,226	-	87,009,226
	<u>2,845,042,887</u>	<u>3,059,631,999</u>	<u>5,904,674,886</u>	<u>2,256,504,368</u>	<u>721,901,436</u>	<u>2,978,405,804</u>

### 48.3.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.



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Effective yield / interest rate	2022										Non-interest bearing financial instruments
	Exposed to yield / interest rate risk										
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
%	(Rupees in '000)										
	143,034,544	6,503,154	-	-	-	-	-	-	-	-	136,531,390
0.30%	16,686,747	5,192,654	2,279,944	-	-	-	-	-	-	-	9,214,149
2.60%	85,842,721	85,842,721	-	-	-	-	-	-	-	-	-
13.14%	1,450,939,753	56,013,563	239,990,149	476,830,223	58,443,323	90,814,485	149,769,468	270,815,672	86,448,499	21,814,371	
11.72%	1,096,220,888	208,619,881	471,552,057	171,704,551	15,826,022	61,531,318	42,433,503	64,605,622	30,527,201	27,667,302	
10.60%	81,080,337	-	-	-	-	-	-	-	1,753,421	-	81,080,337
	2,873,804,990	362,171,963	713,822,150	646,534,774	74,269,345	152,345,803	192,202,971	335,421,294	116,975,700	1,753,421	276,307,549
	33,030,433	286,171	-	-	-	-	-	-	-	-	33,030,433
	566,234,220	67,557,103	453,454,840	13,682,449	724,458	1,870,303	4,413,042	4,170,692	19,332,974	197,273	831,086
10.20%	2,038,009,713	92,710,329	706,766,041	86,528,400	102,880,949	62,172,357	21,447,199	50,811,399	4,844,607	-	909,848,432
5.70%	11,341	11,341	-	-	-	-	-	-	-	-	-
	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
15.11%	65,803,615	-	-	-	-	-	-	-	-	-	65,803,615
	2,713,089,322	160,278,773	1,170,220,881	100,210,849	103,605,407	64,042,660	25,860,241	54,982,091	24,177,581	197,273	1,009,513,566
	160,715,668	201,893,210	(456,398,731)	546,323,925	(29,336,062)	88,303,143	166,342,730	280,439,203	92,798,119	1,556,148	(733,206,017)
	286,171	286,171	-	-	-	-	-	-	-	-	-
	(286,171)	(286,171)	-	-	-	-	-	-	-	-	-
	41,457,100	34,960,821	6,496,279	-	-	-	-	-	-	-	-
	(1,300,000)	(1,300,000)	-	-	-	-	-	-	-	-	-
	296,576,241	175,342,734	87,878,507	31,089,240	2,265,760	-	-	-	-	-	-
	(241,404,981)	(128,316,901)	(77,936,180)	(31,349,110)	(3,802,790)	-	-	-	-	-	-
	1,466,108	1,466,108	-	-	-	-	-	-	-	-	-
	(1,475,797)	(1,475,797)	-	-	-	-	-	-	-	-	-
	95,318,671	80,686,654	16,428,917	(259,870)	(1,537,030)	-	-	-	-	-	-
	256,034,339	282,579,864	(439,969,814)	546,064,055	(30,873,092)	88,303,143	166,342,730	280,439,203	92,798,119	1,556,148	(733,206,017)
	282,579,864	282,579,864	(157,389,950)	390,674,105	359,801,013	448,104,156	614,446,886	894,886,069	987,684,208	989,240,356	256,034,339

### 48.3.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2023	2022
	(Rupees in '000)	
Total financial assets as per note 48.3.5	5,813,182,610	2,873,804,990
Add: Non financial assets	-	-
Fixed assets	85,071,632	79,402,671
Intangible assets	2,552,398	2,518,133
Deferred tax assets	-	16,751,121
Other assets	3,868,246	5,928,889
Total assets as per statement of financial position	5,904,674,886	2,978,405,804
Total financial liabilities as per note 48.3.5	5,567,195,557	2,713,089,322
Add: Non financial liabilities	-	-
Other liabilities	49,527,514	36,124,208
Deferred tax liabilities	2,079,220	-
Total liabilities as per statement of financial position	5,618,802,291	2,749,213,530

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### 48.4 Operational risk

Operational risk is recognised as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organisational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the Group, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives. Business Continuity Plans (BCP) for respective areas are in place and tested under domain of Operations Group.

### 48.5 Liquidity risk

Liquidity risk is defined as the risk that a Bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

UBL actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

It is the Bank's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Liquidity gaps.

The Bank has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Bank to business as usual.

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### 48.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

(Rupees in '000)

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>													
Cash and balances with treasury banks	-	8,068,190	2,616,640	266,670,930	-	2,816,606	1,268,373	-	-	5,637,212	-	-	-
Balances with other banks	33,430,371	-	-	14,109,231	-	-	-	-	-	-	-	-	-
Lending to financial institutions	39,316,270	39,316,270	-	-	-	-	-	-	-	-	-	-	-
Investments	4,435,750,870	1,791,934	8,195	27,689,020	20,360,947	17,271,229	53,870,779	213,237,234	1,847,442,841	345,818,780	546,296,320	876,039,845	474,839,378
Advances	872,040,932	57,816,412	15,752,275	56,439,517	31,917,896	34,318,186	66,831,322	21,886,689	40,948,685	102,064,977	88,159,479	204,544,380	130,168,258
Fixed assets	86,071,632	11,272,905	30,792	1,102,393	149,467	749,746	1,431,933	995,012	3,470,846	4,133,579	4,133,579	6,849,444	54,388,890
Intangible assets	2,552,398	58,808	17,036	78,584	-	74,781	207,863	207,673	182,104	868,927	583,353	153,290	30,022
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	159,156,653	8,637,994	3,860,312	10,764,954	29,099,588	9,804,534	58,274,536	495,916	444,372	5,029,618	1,652,120	6,482,650	3,447,854
<b>Liabilities</b>													
Bills payable	21,734,531	201,459	-	21,533,072	-	-	-	-	-	-	-	-	-
Borrowings	2,823,887,914	4,079,650	2,022,087,076	719,112,561	12,256,200	21,388,688	5,102,796	64,831	89,110	957,755	2,172,607	8,185,231	22,025,211
Deposits and other accounts	2,634,716,102	56,547,426	7,909,382	1,930,214,697	198,777,770	39,612,193	78,823,998	89,345,564	86,909,376	59,499,126	36,571,482	34,234,320	3,803,634
Liabilities against assets subject to finance lease	7,785	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Deferred tax liabilities	2,079,220	-	-	2,079,220	-	-	-	-	-	-	-	-	-
Other liabilities	126,376,739	20,638,137	4,943,080	3,552,743	4,601,268	27,945,024	15,067,598	5,597,391	6,694,993	12,060,248	2,730,170	4,326,936	10,072,315
<b>Net assets</b>	<b>5,619,802,291</b>	<b>81,474,457</b>	<b>24,980,188</b>	<b>2,676,492,293</b>	<b>215,635,238</b>	<b>88,945,905</b>	<b>86,994,392</b>	<b>95,007,786</b>	<b>95,693,479</b>	<b>72,507,128</b>	<b>41,474,259</b>	<b>46,746,487</b>	<b>45,901,160</b>
<b>Represented by:</b>													
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	116,771,416	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	44,575,947	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	97,379,056	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	14,904,379	-	-	-	-	-	-	-	-	-	-	-	-
	<u>285,872,595</u>												

# Notes to and forming part of the Consolidated Financial Statements

## For the year ended December 31, 2023

2022

(Rupees in '000)

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>													
Cash and balances with treasury banks	143,034,544	30,450	2,762,487	136,705,413	-	-	-	-	-	-	-	-	-
Balances with other banks	16,686,747	6,085,447	3,282,857	7,318,443	-	-	-	-	-	-	-	-	-
Lending to financial institutions	85,842,721	546,241	85,296,480	-	-	-	-	-	-	-	-	-	-
Investments	1,450,939,753	120,884	17,176,570	13,902,737	34,705,196	62,992,143	99,000,838	58,963,094	28,474,916	162,917,760	263,722,389	379,846,157	329,113,069
Advances	1,096,220,888	54,494,355	10,092,501	148,799,739	80,303,045	133,531,902	123,006,375	49,236,553	41,047,804	76,946,327	112,020,366	156,853,314	81,756,910
Fixed assets	79,402,671	4,768	30,056	1,710,713	159,999	777,317	1,339,562	1,110,930	1,599,955	2,854,200	13,355,731	2,629,408	53,796,580
Intangible assets	2,518,133	-	-	110,029	49,340	1,031	195,733	63,253	551,408	460,671	563,902	522,766	-
Deferred tax assets	16,751,121	-	-	16,751,121	-	-	-	-	-	-	-	-	-
Other assets	87,009,226	11,230,096	875,339	7,653,745	727,477	13,067,163	5,558,016	2,508,521	6,791,100	5,576,711	12,391,402	10,990,614	8,621,976
	2,978,405,804	72,512,241	117,086,059	332,951,940	115,949,057	210,369,556	229,100,524	111,882,351	78,465,183	248,745,669	402,053,790	550,842,259	473,288,535
<b>Liabilities</b>													
Bills payable	33,030,433	8,695	-	33,021,738	-	-	-	-	-	-	-	-	-
Borrowings	566,234,220	1,440,036	4,305,165	10,629,847	340,869,287	130,554,726	14,650,979	25,527	1,754,027	839,552	955,588	5,634,260	28,441,368
Deposits and other accounts	2,038,009,713	51,198,813	8,873,507	1,570,262,342	25,770,744	52,718,173	93,462,361	42,173,889	63,764,597	52,293,336	33,250,708	32,367,186	4,626,519
Liabilities against assets subject to finance lease	11,341	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	101,927,823	7,718,561	1,104,070	51,015,537	3,974	13,019,669	7,400,938	3,763,257	1,098,775	10,000,000	6,452,873	3,986,471	805,720
<b>Net assets</b>	<b>2,749,213,530</b>	<b>60,377,446</b>	<b>14,282,742</b>	<b>1,664,929,464</b>	<b>366,644,005</b>	<b>115,514,278</b>	<b>136,292,568</b>	<b>45,962,673</b>	<b>66,617,399</b>	<b>67,592,339</b>	<b>40,659,169</b>	<b>42,187,917</b>	<b>33,873,607</b>
	229,192,274	12,134,795	102,813,317	1,458,717	(250,694,948)	14,076,988	113,586,246	65,919,678	11,847,784	181,163,330	361,394,621	508,054,342	439,414,928
<b>Represented by:</b>													
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	91,888,710	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	19,654,297	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,282,169	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	9,125,301	-	-	-	-	-	-	-	-	-	-	-	-
	<u>229,192,274</u>												

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 48.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group (ALCO)

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The methodology and the assumptions used to derive the maturity profile of non-contractual liabilities has been approved by Global Asset and Liabilities Committee (GALCO).

	2023									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
<b>Assets</b>										
Cash and balances with treasury banks	277,355,760	143,001,191	10,675,676	10,462,587	15,145,941	21,069,986	16,167,569	23,868,881	35,644,777	1,319,152
Balances with other banks	33,430,371	29,419,647	2,818,606	-	1,192,118	-	-	-	-	-
Lendings to financial institutions	39,316,270	39,316,270	-	-	-	-	-	-	-	-
Investments	4,435,750,870	19,819,430	36,995,911	51,988,367	1,781,116,168	648,051,289	569,296,092	860,945,394	456,643,203	10,895,016
Advances	872,040,932	159,009,604	65,877,792	62,771,391	62,235,855	101,830,788	88,324,698	203,176,606	96,785,349	32,028,849
Fixed assets	85,071,632	12,199,482	973,201	1,411,110	1,382,435	3,771,097	3,807,590	6,850,115	3,903,275	50,773,327
Intangible assets	2,552,398	75,451	150,285	205,212	390,992	877,372	628,734	222,950	1,402	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	159,156,653	41,575,870	41,654,810	57,496,894	1,397,354	5,659,807	1,841,170	5,630,449	2,424,132	1,476,167
	5,904,674,886	444,416,945	159,146,281	184,335,561	1,862,860,863	781,260,339	680,065,853	1,100,694,395	595,402,138	96,492,511
<b>Liabilities</b>										
Bills payable	21,734,531	7,074,366	5,362,501	9,202,476	95,188	-	-	-	-	-
Borrowings	2,823,887,914	2,750,156,594	33,638,488	5,109,196	966,398	1,684,598	2,511,768	7,795,661	21,895,986	129,225
Deposits and other accounts	2,634,716,102	259,807,188	208,407,556	228,320,319	396,031,807	385,196,997	261,412,706	382,756,896	511,175,955	1,606,678
Liabilities against assets subject to finance lease	7,785	7,785	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	519,805	519,805	519,805	-	10,000,000	-
Deferred tax liabilities	2,079,220	-	-	-	44,998,361	7,306,873	1,986,720	3,922,428	5,459,312	-
Other liabilities	126,376,739	29,615,499	13,315,052	18,546,638	44,998,361	7,306,873	1,986,720	3,922,428	5,459,312	1,225,856
	5,618,802,291	3,046,661,432	260,723,597	261,178,629	442,611,559	394,708,273	266,430,999	394,994,790	548,531,253	2,961,759
<b>Net assets</b>	<u>285,872,595</u>	<u>(2,602,244,487)</u>	<u>(101,577,316)</u>	<u>(76,843,068)</u>	<u>1,420,249,304</u>	<u>386,552,066</u>	<u>413,634,854</u>	<u>705,699,605</u>	<u>46,870,885</u>	<u>93,530,752</u>
<b>Represented by:</b>										
Share capital	12,241,797	-	-	-	-	-	-	-	-	-
Reserves	116,771,416	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	44,575,947	-	-	-	-	-	-	-	-	-
Unappropriated profit	97,379,056	-	-	-	-	-	-	-	-	-
Non-controlling interest	14,904,379	-	-	-	-	-	-	-	-	-
	<u>285,872,595</u>									

Share capital	12,241,797
Reserves	116,771,416
Surplus on revaluation of assets	44,575,947
Unappropriated profit	97,379,056
Non-controlling interest	14,904,379
	<u>285,872,595</u>

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

	2022									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
<b>Assets</b>										
Cash and balances with treasury banks	143,034,544	56,029,459	2,995,351	2,925,992	4,249,605	5,911,757	4,536,251	7,193,456	42,135,781	17,056,892
Balances with other banks	16,686,747	14,422,439	2,264,308	-	-	-	-	-	-	-
Lendings to financial institutions	85,842,721	85,842,721	-	-	-	-	-	-	-	-
Investments	1,450,939,753	35,435,974	97,491,163	99,215,503	106,759,625	160,932,020	255,479,590	381,819,785	305,563,144	8,242,949
Advances	1,096,220,888	337,158,527	156,488,588	124,585,044	63,913,956	91,101,663	73,468,754	118,898,940	63,292,471	67,312,945
Fixed assets	79,402,671	9,372,880	945,799	1,379,961	1,547,606	2,605,859	2,812,522	5,533,311	3,107,418	52,097,315
Intangible assets	2,518,133	21	1,031	195,733	62,401	551,006	507,654	626,629	573,658	-
Deferred tax assets	16,751,121	-	-	-	4,187,780	4,187,780	4,187,780	4,187,781	-	-
Other assets	87,009,226	17,179,544	16,296,492	5,893,344	5,881,174	5,659,020	11,130,609	11,402,976	9,577,386	3,988,681
	2,978,405,804	555,441,565	276,482,732	234,195,577	186,602,147	270,949,105	352,123,160	529,662,878	424,249,858	148,698,782
<b>Liabilities</b>										
Bills payable	33,030,433	11,153,310	8,158,423	10,751,739	2,966,961	-	-	-	-	-
Borrowings	566,234,220	42,308,905	471,424,012	14,650,979	1,779,554	839,552	955,588	5,834,260	28,441,370	-
Deposits and other accounts	2,038,009,713	131,819,754	126,389,799	159,956,101	187,307,393	165,263,095	139,262,610	164,470,441	678,405,809	285,134,711
Liabilities against assets subject to finance lease	11,341	11,341	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	10,000,000	-	-	-	-
Other liabilities	101,927,823	(9,731,802)	52,714,345	15,327,516	7,807,671	6,110,845	6,662,135	4,844,772	7,789,858	10,402,483
	2,749,213,530	175,561,508	658,686,579	200,686,335	199,861,579	182,213,492	146,880,333	175,149,473	714,637,037	295,537,194
<b>Net assets</b>	<u>229,192,274</u>	<u>379,880,057</u>	<u>(382,203,847)</u>	<u>33,509,242</u>	<u>(13,259,432)</u>	<u>88,735,613</u>	<u>205,242,827</u>	<u>354,513,405</u>	<u>(290,387,179)</u>	<u>(146,838,412)</u>
<b>Represented by:</b>										
Share capital	12,241,797	-	-	-	-	-	-	-	-	-
Reserves	91,888,710	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	19,654,297	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,282,169	-	-	-	-	-	-	-	-	-
Non-controlling interest	9,125,301	-	-	-	-	-	-	-	-	-
	<u>229,192,274</u>									

Share capital	12,241,797
Reserves	91,888,710
Surplus on revaluation of assets	19,654,297
Unappropriated profit	96,282,169
Non-controlling interest	9,125,301
	<u>229,192,274</u>



# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 48.6 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Bank. It is the potential for unauthorised use, disruption, modification or destruction of information such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

UBL has a dedicated Information Security Division, functioning within Risk and Credit Policy Group which manages information security risks to protect the technology and information assets by preventing, detecting and responding to threats, both internal and external.

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing, and also supporting the other domains of information security i.e. security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation, and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance Unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible, and adaptable to the organisation's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories as well by deploying 24/7 Security Operation Center (SOC) at UBL. This unit deals with security issues. The unit continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholder for securing the bank's assets.

Application Security in Information Security (IS) manages IS Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing, ATM including review of security aspects of assets, enterprise architecture design controls of the Applications in accordance with applicable policies, standards & controls.

Further, The Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes, or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, Bank's main focus remains on the continuous improvement of UBL's security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

## 48.7 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Bank monitors key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing Regulatory frameworks. By utilising comprehensive risk management processes and sophisticated control systems, the Bank aims to minimise the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's Anti-Money Laundering, Combatting the Financing of Terrorism & Countering Proliferation Financing (AML / CFT / CPF) Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BOD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are as under:

1. Under FCC Process Workstream; the Bank uplifted the framework at Design level with key deliverables as:
  - FCC Strategy
  - Bank's FCC Risk Appetite Statement
  - Target Operating Model (TOM) across three lines of defense
  - FCC Policies & Standards

# Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

- Enterprise Wide FCC Risk Assessment Methodologies/Internal Risk Assessment Review (EWRA/IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc. focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.

- Management Information (MI) Suite.

2. The Bank rolled out comprehensive Role based FCC training modules and Staff capacity assessment carried out under FCC Transformation People Workstream.

3. On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring (TM) and payments screening systems. These systems were independently reviewed by a reputed international third party expert.

4. Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

## 48.8 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

### Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorised into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

### Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

### Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

### Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

## Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2023

### 49. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past eight 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.

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

**50.1** The Board of Directors, in its meeting held on February 21, 2024 has proposed a final cash dividend of Rs. 11.0 per share for the year 2023. This is in addition to Rs 33.0 already paid during the year bringing the total dividend for the year to Rs. 44.0 per share (2022: Rs. 22.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

### 51. GENERAL

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

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

### 52. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 21, 2024 by the Board of Directors of the Bank.

## Consolidated Statement of Financial Position in USD

As at December 31, 2023

	2023	2022
	----- (US Dollars in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	984,017	507,465
Balances with other banks	118,606	59,202
Lendings to financial institutions	139,488	304,557
Investments	15,737,387	5,147,719
Advances	3,093,872	3,889,229
Fixed assets	301,822	281,709
Intangible assets	9,056	8,934
Deferred tax assets	-	59,430
Other assets	564,664	308,696
	20,948,912	10,566,941
<b>LIABILITIES</b>		
Bills payable	77,111	117,187
Borrowings	10,018,736	2,008,915
Deposits and other accounts	9,347,582	7,230,556
Liabilities against assets subject to finance lease	28	40
Subordinated debt	35,479	35,479
Deferred tax liabilities	7,377	-
Other liabilities	448,365	361,623
	19,934,678	9,753,800
<b>NET ASSETS</b>	<u>1,014,234</u>	<u>813,141</u>
<b>REPRESENTED BY:</b>		
Share capital	43,432	43,432
Reserves	414,288	326,008
Surplus on revaluation of assets	158,149	69,731
Unappropriated profit	345,486	341,595
Total equity attributable to the equity holders of the Bank	<u>961,355</u>	<u>780,766</u>
Non-controlling interest	52,879	32,375
	<u>1,014,234</u>	<u>813,141</u>

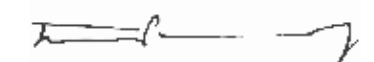
These figures have been converted at Rs. 281.8607 per US Dollar from the audited consolidated financial statements

  
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

## Consolidated Profit and Loss Account in USD

For the year ended December 31, 2023

	2023	2022
	----- (US Dollars in '000) -----	
Mark-up / return / interest earned	1,898,851	914,741
Mark-up / return / interest expensed	1,370,310	532,484
<b>Net mark-up / interest income</b>	<u>528,541</u>	<u>382,257</u>
<b>Non mark-up / interest income</b>		
Fee and commission income	70,074	61,177
Dividend income	5,728	5,452
Foreign exchange income	45,114	30,497
(Loss) / gain on derivatives	(232)	3,420
(Loss) / gain on securities - net	(41,086)	1,989
Other income	5,404	28,751
Total non mark-up / interest income	<u>85,002</u>	<u>131,286</u>
<b>Total income</b>	<u>613,543</u>	<u>513,543</u>
<b>Non mark-up / interest expenses</b>		
Operating expenses	248,682	201,028
Workers' Welfare Fund	7,659	4,799
Other charges	853	173
Total non mark-up / interest expenses	<u>257,194</u>	<u>206,000</u>
Share of loss of associates	(3,511)	(2,306)
<b>Profit before provisions</b>	<u>352,838</u>	<u>305,237</u>
(Reversals) / provisions and write offs - net	(39,499)	62,438
<b>Profit before taxation from continuing operations</b>	<u>392,337</u>	<u>242,799</u>
Taxation	191,987	129,052
<b>Profit after taxation from continuing operations</b>	<u>200,350</u>	<u>113,747</u>
<b>Discontinued operations</b>		
Profit from discontinued operations - net of tax	-	74
	<u>200,350</u>	<u>113,821</u>
<b>Attributable to:</b>		
Equity holders of the Bank		
from continuing operations	195,646	111,809
from discontinued operations	-	74
	<u>195,646</u>	<u>111,883</u>
Non-controlling interest	4,704	1,938
	<u>200,350</u>	<u>113,821</u>
	----- (US Dollars) -----	
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Bank</b>		
Basic and diluted	<u>0.16</u>	<u>0.09</u>
<b>Earnings per share for profit attributable to the equity holders of the Bank</b>		
Basic and diluted	<u>0.16</u>	<u>0.09</u>

These figures have been converted at Rs. 281.8607 per US Dollar from the audited consolidated financial statements

## Category of Shareholders

As on December 31, 2023

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	15	26,348,347.00	2.15
BANKS, DFI & NBFI	18	27,365,808.00	2.24
INSURANCE COMPANIES	20	40,169,995.00	3.28
MUTUAL FUNDS	53	15,244,308.00	1.25
GENERAL PUBLIC (LOCAL)	20,951	102,764,101.00	8.39
GENERAL PUBLIC (FOREIGN)	1,392	20,552,221.00	1.68
OTHERS	91	84,979,296.00	6.94
GOVERNMENT OF PAKISTAN	1	1,714.00	0.00
FOREIGN COMPANIES	61	709,915,891.00	57.99
GOVT. OWNED ENTITIES / BANKS	1	2,200,000.00	0.18
JOINT STOCK COMPANIES	139	192,897,038.00	15.76
CHARITABLE TRUSTS	16	1,740,497.00	0.14
MODARABAS	1	471.00	0.00
<b>Total</b>	<b>22,759</b>	<b>1,224,179,687.00</b>	<b>100.00</b>

## Details of Mutual Funds & Modarabas

As on December 31, 2023

MUTUAL FUNDS				
Folio No	Name	Code	Balance Held	Percentage
003277003785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	006	11648	0.0010
005371000028	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	006	1057234	0.0864
005488000025	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	006	91500	0.0075
005645000024	CDC - TRUSTEE HBL INVESTMENT FUND	006	243078	0.0199
005652000023	CDC - TRUSTEE JS LARGE CAP. FUND	006	63700	0.0052
005777000029	CDC - TRUSTEE HBL GROWTH FUND	006	514000	0.042
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	2619290	0.214
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	67200	0.0055
006213000025	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	006	138300	0.0113
006411000021	CDC - TRUSTEE AKD INDEX TRACKER FUND	006	146979	0.012
007252000020	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	006	20720	0.0017
007377000026	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	006	1252602	0.1023
009480000021	CDC - TRUSTEE NBP STOCK FUND	006	1556871	0.1272
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	44991	0.0037
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	158360	0.0129
010660000025	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	006	24000	0.002
010728000027	CDC - TRUSTEE HBL - STOCK FUND	006	60114	0.0049
011049000029	MC FSL - TRUSTEE JS GROWTH FUND	006	386168	0.0315
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	31106	0.0025
011262000023	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	006	110000	0.009
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	394798	0.0323
011924000022	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	006	191623	0.0157
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	2128734	0.1739
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	652996	0.0533
012310000025	CDC - TRUSTEE AL HABIB STOCK FUND	006	80000	0.0065
012336000023	CDC - TRUSTEE LAKSON EQUITY FUND	006	684980	0.056
012625000027	CDC - TRUSTEE NBP SARMAZA IZAFI FUND	006	43976	0.0036
013607000028	CDC - TRUSTEE HBL EQUITY FUND	006	114500	0.0094
013714000025	CDC - TRUSTEE HBL PF EQUITY SUB FUND	006	32100	0.0026
014134000025	CDC - TRUSTEE ATLAS INCOME FUND - MT	006	49500	0.004
014472000025	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	006	58733	0.0048
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	15000	0.0012
014860000027	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	006	344983	0.0282
014902000021	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	006	710960	0.0581
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	006	24800	0.002
016030000025	CDC - TRUSTEE AWT STOCK FUND	006	32900	0.0027
016188000028	CDC-TRUSTEE NITPF EQUITY SUB-FUND	006	41000	0.0033
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	10100	0.0008
016535000024	CDC - TRUSTEE LAKSON TACTICAL FUND	006	55107	0.0045
017277000026	CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	006	57000	0.0047
017442000025	CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	006	48159	0.0039
017483000021	CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	006	385334	0.0315
017541000022	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	006	19700	0.0016
017640000020	CDC - TRUSTEE ALLIED FINERGY FUND	006	100002	0.0082
018002000026	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	006	45655	0.0037
018010000025	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	006	24790	0.002
018051000021	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	006	23644	0.0019
018234000029	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	006	24978	0.002
018390000039	CDC - TRUSTEE HBL INCOME FUND - MT	006	1800	0.0001
018721000029	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	006	24894	0.002
018770000024	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	006	62609	0.0051
018911000026	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	006	107500	0.0088
019323000027	CDC - TRUSTEE JS GLOBAL BANKING SECTOR EXCHANGE TRADED FUND	006	53592	0.0044

MODARABA				
Folio No	Name	Code	Balance Held	Percentage
15653	B.R.R. GUARDIAN MODARABA	017	471	0.0000

## Pattern of Shareholding

As on December 31, 2023

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
4865	1	100	278,821	0.02
13413	101	500	5,785,994	0.47
1202	501	1000	1,020,615	0.08
1694	1001	5000	4,185,136	0.34
485	5001	10000	3,720,266	0.30
179	10001	15000	2,284,265	0.19
118	15001	20000	2,130,460	0.17
91	20001	25000	2,117,401	0.17
52	25001	30000	1,463,267	0.12
43	30001	35000	1,423,664	0.12
39	35001	40000	1,497,979	0.12
24	40001	45000	1,030,285	0.08
46	45001	50000	2,255,887	0.18
18	50001	55000	954,263	0.08
27	55001	60000	1,574,850	0.13
12	60001	65000	748,448	0.06
11	65001	70000	754,717	0.06
16	70001	75000	1,178,591	0.10
16	75001	80000	1,260,952	0.10
9	80001	85000	744,109	0.06
13	85001	90000	1,156,429	0.09
9	90001	95000	836,491	0.07
27	95001	100000	2,688,645	0.22
11	100001	105000	1,120,889	0.09
10	105001	110000	1,073,180	0.09
7	110001	115000	792,024	0.06
6	115001	120000	703,335	0.06
5	120001	125000	622,100	0.05
3	125001	130000	386,835	0.03
5	130001	135000	664,901	0.05
5	135001	140000	694,166	0.06
7	140001	145000	1,004,277	0.08
18	145001	150000	2,690,205	0.22
5	150001	155000	761,481	0.06
4	155001	160000	630,909	0.05
6	160001	165000	977,654	0.08
7	165001	170000	1,177,715	0.10
4	170001	175000	691,181	0.06
4	175001	180000	711,891	0.06
5	180001	185000	920,972	0.08
3	185001	190000	562,706	0.05
5	190001	195000	964,842	0.08
9	195001	200000	1,794,120	0.15

## Pattern of Shareholding

As on December 31, 2023

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
7	200001	205000	1,413,303	0.12
2	205001	210000	420,000	0.03
4	210001	215000	853,857	0.07
1	215001	220000	220,000	0.02
7	220001	225000	1,561,127	0.13
2	225001	230000	455,228	0.04
1	230001	235000	234,528	0.02
1	235001	240000	240,000	0.02
4	240001	245000	971,398	0.08
5	245001	250000	1,240,270	0.10
3	250001	255000	753,206	0.06
1	255001	260000	260,000	0.02
2	260001	265000	525,022	0.04
1	265001	270000	270,000	0.02
2	270001	275000	541,581	0.04
1	275001	280000	276,506	0.02
1	285001	290000	286,100	0.02
1	290001	295000	294,810	0.02
4	295001	300000	1,199,749	0.10
1	300001	305000	300,036	0.02
2	310001	315000	624,500	0.05
1	315001	320000	316,000	0.03
2	320001	325000	643,800	0.05
2	325001	330000	656,000	0.05
1	330001	335000	335,000	0.03
1	340001	345000	344,983	0.03
1	345001	350000	350,000	0.03
1	350001	355000	353,000	0.03
1	355001	360000	360,000	0.03
1	360001	365000	364,247	0.03
1	365001	370000	365,276	0.03
2	370001	375000	743,800	0.06
4	375001	380000	1,512,722	0.12
3	385001	390000	1,158,969	0.09
1	390001	395000	394,798	0.03
6	395001	400000	2,398,125	0.20
1	405001	410000	410,000	0.03
2	415001	420000	835,103	0.07
1	420001	425000	425,000	0.03
1	425001	430000	425,191	0.03
1	430001	435000	431,300	0.04
1	435001	440000	439,831	0.04
2	445001	450000	895,401	0.07

## Pattern of Shareholding

As on December 31, 2023

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
2	450001	455000	906,000	0.07
1	455001	460000	456,122	0.04
1	480001	485000	480,551	0.04
4	495001	500000	1,995,243	0.16
2	500001	505000	1,002,545	0.08
1	510001	515000	514,000	0.04
3	520001	525000	1,570,000	0.13
1	525001	530000	525,311	0.04
1	535001	540000	535,700	0.04
1	555001	560000	560,000	0.05
1	575001	580000	577,811	0.05
1	585001	590000	590,000	0.05
3	595001	600000	1,799,220	0.15
1	600001	605000	600,519	0.05
1	605001	610000	609,773	0.05
2	620001	625000	1,249,058	0.10
1	625001	630000	629,262	0.05
1	650001	655000	652,996	0.05
1	660001	665000	661,455	0.05
1	680001	685000	684,980	0.06
1	695001	700000	700,000	0.06
2	710001	715000	1,423,460	0.12
2	745001	750000	1,500,000	0.12
1	785001	790000	788,500	0.06
1	795001	800000	799,911	0.07
2	815001	820000	1,632,734	0.13
1	860001	865000	865,000	0.07
1	885001	890000	889,597	0.07
1	895001	900000	900,000	0.07
1	905001	910000	906,860	0.07
1	960001	965000	963,674	0.08
1	965001	970000	969,111	0.08
1	975001	980000	978,500	0.08
3	995001	1000000	3,000,000	0.25
1	1000001	1005000	1,000,800	0.08
2	1015001	1020000	2,037,916	0.17
2	1020001	1025000	2,042,578	0.17
1	1055001	1060000	1,057,234	0.09
1	1085001	1090000	1,085,900	0.09
1	1105001	1110000	1,105,571	0.09
1	1195001	1200000	1,197,246	0.10
1	1210001	1215000	1,212,343	0.10
1	1215001	1220000	1,218,059	0.10

## Pattern of Shareholding

As on December 31, 2023

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	1245001	1250000	1,250,000	0.10
1	1250001	1255000	1,252,602	0.10
1	1255001	1260000	1,255,646	0.10
1	1315001	1320000	1,315,870	0.11
1	1320001	1325000	1,321,235	0.11
1	1365001	1370000	1,368,943	0.11
1	1385001	1390000	1,387,023	0.11
1	1455001	1460000	1,456,682	0.12
1	1495001	1500000	1,500,000	0.12
2	1520001	1525000	3,048,024	0.25
1	1525001	1530000	1,530,000	0.13
1	1540001	1545000	1,542,646	0.13
2	1545001	1550000	3,100,000	0.25
1	1555001	1560000	1,556,871	0.13
1	1565001	1570000	1,566,225	0.13
1	1605001	1610000	1,607,000	0.13
1	1620001	1625000	1,620,304	0.13
1	1675001	1680000	1,678,054	0.14
1	1695001	1700000	1,698,771	0.14
1	1995001	2000000	2,000,000	0.16
1	2005001	2010000	2,008,019	0.16
1	2125001	2130000	2,128,734	0.17
1	2195001	2200000	2,200,000	0.18
1	2215001	2220000	2,220,000	0.18
1	2245001	2250000	2,250,000	0.18
1	2270001	2275000	2,275,000	0.19
1	2300001	2305000	2,304,596	0.19
1	2330001	2335000	2,333,125	0.19
1	2345001	2350000	2,348,870	0.19
1	2365001	2370000	2,368,900	0.19
1	2390001	2395000	2,394,492	0.20
1	2445001	2450000	2,448,940	0.20
1	2460001	2465000	2,461,200	0.20
1	2495001	2500000	2,500,000	0.20
1	2515001	2520000	2,516,031	0.21
1	2610001	2615000	2,610,321	0.21
1	2615001	2620000	2,619,290	0.21
1	2840001	2845000	2,843,560	0.23
1	2875001	2880000	2,876,413	0.24
1	2955001	2960000	2,956,245	0.24
1	3060001	3065000	3,062,500	0.25
1	3090001	3095000	3,092,564	0.25
1	3150001	3155000	3,150,001	0.26

## Pattern of Shareholding

As on December 31, 2023

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	3165001	3170000	3,167,500	0.26
1	3550001	3555000	3,551,861	0.29
1	3595001	3600000	3,600,000	0.29
1	3905001	3910000	3,905,018	0.32
1	4180001	4185000	4,180,361	0.34
1	4195001	4200000	4,197,795	0.34
1	4280001	4285000	4,284,561	0.35
1	5485001	5490000	5,489,858	0.45
1	6175001	6180000	6,175,348	0.50
1	6960001	6965000	6,964,845	0.57
1	7135001	7140000	7,135,718	0.58
1	8305001	8310000	8,307,864	0.68
1	8480001	8485000	8,483,371	0.69
1	9095001	9100000	9,095,218	0.74
1	10800001	10805000	10,801,300	0.88
1	11165001	11170000	11,170,000	0.91
1	12440001	12445000	12,442,568	1.02
1	13270001	13275000	13,272,611	1.08
1	13845001	13850000	13,849,705	1.13
1	17205001	17210000	17,208,420	1.41
1	20425001	20430000	20,429,000	1.67
1	24335001	24340000	24,336,594	1.99
1	31160001	31165000	31,163,426	2.55
1	38315001	38320000	38,315,486	3.13
1	97885001	97890000	97,885,442	8.00
1	631725001	631730000	631,728,895	51.60
	Total		1,224,179,687.00	100.00

**Shares Trading (Sale/ Purchase ) By Directors, Sponsors, Executives of UBL and their Spouses and Minor Children During the Period From 01 January 2023 to 31 December 2023**

Name	Sale / Purchase / Gift	No of Shares
Sir Mohammed Anwar Pervez OBE, HPk	Purchase	200,000
Lord Zameer M. Choudrey, CBE, SI Pk	Purchase	1,597,564
Lord Zameer M. Choudrey, CBE, SI Pk	Gift Out To Umair Zameer Choudrey	1,000,000
Lord Zameer M. Choudrey, CBE, SI Pk	Gift Out To Rakshanda Choudrey	1,000,000
Rizwan Pervez	Purchase	417,045
Haider Zameer Choudrey	Purchase	62,500
Umair Zameer Choudrey	Purchase	167,500
Umair Zameer Choudrey	Gift in by Zameer M. Choudrey	1,000,000
Rakshanda Choudrey Spouse of Lord Zameer M. Choudrey, CBE, SI Pk	Gift in by Zameer M. Choudrey	1,000,000
Bestway Cement Limited	Purchase	4,235,698
Muhammad Irfan Anwar Sheikh	Purchase	200,000
Tahira Sheikh Spouse of Muhammad	Purchase	16,000
Muhammad Ali	Purchase	50,000
Farooq Ahmed Khan	Purchase	1,325
Ahmer Shamim	Sale	2,124
Syed Abbas Zafar Kazmi	Sale	7,000
Jawaid Naseem	Sale	710
Ahsan Rafique Malik	Sale	4,911
Mustafa Zafar Chaudhary	Purchase	1,500
Muhammad Abdul Samad Naeem	Purchase	9,605
Shahzad Ahmed Qureshi	Purchase	898
Shahzad Ahmed Qureshi	Sale	1,796
Muhammad Ali	Sale	25,000
Mubasher S. Humayun	Purchase	130
Moazzam Haider	Sale	1,405
Irfan Farooq Memon	Sale	6,103
	<b>Total</b>	<b>11,008,814</b>

**Directors / Memberships in other Corporate Bodies**

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

Position as of 31 December 2023

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, Guernsey	Chairman
2	Bestway Group UK Limited, Guernsey	Chairman
3	Bestway Group Investment Limited, Guernsey	Chairman
4	Bestway Northern Limited, England & Wales	Director
5	Bestway Healthcare Holdings Limited, England & Wales	Director
6	Bestway Healthcare Finco Limited, England & Wales	Director
7	Bestway Panacea Holdings Limited, England & Wales	Director
8	Buybest Limited, England & Wales	Director
9	United Bank Limited, Pakistan	Chairman
10	Bestway Cement Limited, Pakistan	Chairman
11	Bestway Packaging Limited, Pakistan	Director
12	Bestway Consultancy Services Pvt. Limited, Pakistan	Director
13	Bestway Renewable Technologies Limited, Pakistan	Director
14	Bestway Foundation, UK	Chairman
15	Bestway Foundation, Pakistan	Patron-in-Chief

**Lord Zameer M. Choudrey, CBE, SI Pk**

Position as of 31 December 2023

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, Guernsey	Chief Executive
2	Bestway Group UK Limited, Guernsey	Chief Executive
3	Bestway UK Holdings Limited, Guernsey	Director
4	Bestway UK Finco Limited, Guernsey	Director
5	Bestway Group Investment Limited, Guernsey	Chief Executive
6	Bestway Wholesale Holdings Limited, England & Wales	Director
7	Bestway Wholesale Limited, England & Wales	Director
8	Bestway Northern Limited, UK	Director
9	Bestway Retail Limited, England & Wales	Director
10	MAP Trading Limited, England & Wales	Director
11	Batleys Properties Limited, England & Wales	Director
12	Palmbest Limited England & Wales	Director
13	Euroimpex Limited, England & Wales*	Director
14	Bestway Limited, England & Wales*	Director
15	Bestway Healthcare Holdings Limited, England & Wales	Director
16	Bestway Healthcare Finco Limited, England & Wales	Director
17	Bestway Panacea Holdings Limited, England & Wales	Director
18	Buybest Limited UK	Director
19	5 Lakes Investments Limited, Guernsey	Director
20	Bestway Cement Limited, Pakistan	Chief Executive
21	Bestway Packaging Limited, Pakistan	Chief Executive
22	Bestway Consultancy Services Pvt. Limited, Pakistan	Chief Executive

23	Bestway Renewable Technologies Limited, Pakistan	Chief Executive
24	United Bank Limited, Pakistan	Director
25	UBL Insurers Limited, Pakistan	Director
26	Institute of Chartered Accountants England & Wales, UK	Fellow
27	Bestway Foundation, UK	Trustee
28	Crimestoppers Trust, UK	Trustee
29	British Asian Trust UK Advisory Council, UK	Chairman
30	Conservative Friends of Pakistan, UK	Chairman
31	Bestway Foundation, Pakistan	Chairman

\* Dormant.

**Haider Zameer Choudrey**

Position as of 31 December 2023

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, Guernsey	Chief Financial Officer
2	Bestway International Holdings Limited, Guernsey	Director
3	Bestway Group UK Limited, Guernsey	Chief Financial Officer
4	Bestway UK Holdings Limited, Guernsey	Director
5	Bestway UK Finco Limited, Guernsey	Director
6	Bestway Group Investment Limited, Guernsey	Chief Financial Officer
7	Bestway Wholesale Holdings Limited, England & Wales	Director
8	Batleys Properties Limited, England & Wales	Director
9	Palmbest Limited, England & Wales	Director
10	Bestway Healthcare Holdings Limited, England & Wales	Director
11	Bestway Healthcare Finco Limited, England & Wales	Director
12	Bestway Panacea Holdings Limited, England & Wales	Director
13	5 lakes Investments Limited, Guernsey	Director
14	Bestway Cement Limited, Pakistan	Director
15	Bestway Packaging Limited, Pakistan	Director
16	Bestway Consultancy Services (Pvt.) Limited, Pakistan	Director
17	Bestway Renewable Technologies Limited, Pakistan	Director
18	United Bank Limited, Pakistan	Director
19	Institute of Chartered Accountants England & Wales, UK	Member
20	Bestway Foundation, UK	Trustee
21	Bestway Foundation, Pakistan	Trustee

**Rizwan Pervez**

Position as of 31 December 2023

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Northern Limited, UK	Director
2	Bestway Wholesale Limited, UK	Director
3	Bestway Wholesale Holdings Limited, UK	Director
4	Batleys Properties Limited, UK	Director
5	Palmbest Limited, UK	Director
6	Bestway Retail Limited, UK	Director
7	MAP Trading Limited, UK	Managing Director
8	UBL Insurers Limited, Pakistan	Director
9	RP Investments Limited, UK	Director
10	RP Property Trading Limited, UK	Director
11	Bestway UK Holdco Limited, UK	Director

12	Buybest Limited, UK	Partner
13	Bestway Foundation, UK	Trustee
14	Institute of Chartered Accountants of England & Wales	Member
15	Bestway Group Limited, Guernsey	Director
16	Bestway UK Holdings Limited, Guernsey	Director
17	Bestway UK Finco Limited, Guernsey	Director

\*Dormant

\*\*Under Liquidation.

**Shazia Syed**

Position as of 31 December 2023

Name of Company / Entity	Position held
Unilever, North Africa	General Manager

**Daniel M. Howlett**

Position as of 31 December 2023

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
University of Plymouth	Governor
BGF (UK) Limited	Consultant
Falcon Group	Director

**Muhammad Irfan A. Sheikh**

Position as of 31 December 2023

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Bestway Cement Limited	Director
Bestway Packaging Limited	Director
Bestway Consultancy Services (Private) Limited	Director
Bestway Renewable Technologies Limited	Director
MAP Rice Mills (Private) Limited	Director
United Bank Limited	Director
Bestway Foundation	Trustee

**Tariq Rashid**

Position as of 31 December 2023

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Bestway Cement Limited	Director

**Muhammad Jawaid Iqbal**

Position as of 31 December 2023

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Karachi Education Initiative	Director
Institute of Bankers Pakistan	Council Member
Pakistan Banks' Association	Member Executive Committee



# Notice of 65th Annual General Meeting of United Bank Limited

Notice is hereby given that the 65th Annual General Meeting (“AGM”) of the Shareholders of United Bank Limited (the “Bank” or “UBL”) will be held on Monday, 18 March 2024 at 09:30 a.m. at Islamabad Serena Hotel, Islamabad to transact the following businesses:

## Ordinary Business:

- To confirm the minutes of the 64th Annual General Meeting held on 29 March 2023 and Extraordinary General Meeting held on 22 June 2023, as adjourned till 17 July 2023 and then cancelled.
- To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended 31st December, 2023 together with the Directors’ Report and Auditors’ Reports thereon.
- To consider and, if thought fit, approve and declare final cash dividend, as recommended by the Board of Directors, at the rate of Rs.11/- per share i.e. 110%, in addition to 330% interim cash dividend already declared/paid for the year ended 31 December 2023.
- To consider and, if thought fit, appoint External Auditors to hold office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. It is notified that Board Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. EY Ford Rhodes Chartered Accountants, who being eligible, has offered themselves for reappointment.

## Special Business:

- To consider and, if thought fit, to pass Ordinary Resolutions, as proposed in the Statement of Material facts annexed to the Notice, with or without amendments, modifications and/or alterations to approve the sale of up to 55% shares of United National Bank Limited UK (held by United Bank Limited) to Bestway Group (“BG”).
- To consider and, if thought fit, approve revised “Directors Remuneration Policy”, for the Chairman and other Non-Executive Directors, including Independent Directors, as approved and recommended by the Board of Directors of the Bank and in this connection to pass the ordinary resolution as proposed in the statement of Material facts annexed to the Notice.
- To consider and, if thought fit, to pass Ordinary Resolutions, as proposed in the Statement of Material facts annexed to the Notice, with or without amendments, modifications and/or alterations, to circulate the annual balance sheet and profit and loss account, auditor's report and directors’ report, etc. (“annual audited financial statements”) to its members through QR enabled code and web link, as recommended by the Board of Directors of the Bank.
- To transact any other business with the permission of the Chairman.

By order of the Board  
Sd/-

Aqeel Ahmed Nasir  
Company Secretary &  
Chief Legal Counsel

Karachi, 26 February 2024

Attached to this Notice is a Statement of Material Facts covering the above mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017.

# Notice of 65th Annual General Meeting of United Bank Limited

## Notes:

- The Share Transfer Books of UBL shall remain closed from 11 March 2024 to 18 March 2024 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan., the Registrar and Share Transfer Agent of UBL, by the close of the business on 08 March 2024 will be treated in time for the purpose of the above entitlement.
- A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of UBL, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.
- Pursuant to the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (“SECP”).
- Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank’s Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

## 6. Deduction of Withholding Tax on the Amount of Dividend:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 (“Ordinance”), different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current withholding tax rates are as under:

- |   |        |
|---|--------|
| (a) For filers of income tax returns:     | 15.00% |
| (b) For non-filers of income tax returns: | 30.00% |

To enable UBL to make tax deduction on the amount of cash dividend @ 15.00% instead of 30.00%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue (“FBR”), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their cash dividend will be deducted @ 30.00%.

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to UBL or Bank’s Share Registrar and Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

As per FBR’s clarification letters C.No.1(29) WHT/2006 dated June 30, 2010 and C.No.1(43) DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Registrar and Share Transfer Agent, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on “Filer / Non-Filer” status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

# Notice of 65th Annual General Meeting of United Bank Limited

For any query/difficulty/information, the members may contact UBL's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

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

## 7. Participation of Shareholders through Online Facility:

To facilitate the shareholders, UBL will also be providing the online platform / facility to participate in the AGM through webinar/webex/zoom. The shareholders will be able to login and participate in the AGM proceedings through their smart phones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at 09:00 a.m. on 18 March 2024 enabling the participants to join the proceedings which will start at 9:30 a.m. sharp.

The shareholders interested in attending the AGM of UBL through online facility are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the following e-mail address:

**Email address:** [general.meeting@ubl.com.pk](mailto:general.meeting@ubl.com.pk)

The shareholders are requested to provide the information as per the below format. The related link to the webinar/webex/zoom will be sent on the provided email address accordingly:

S. No.	Name of the Shareholder	CNIC Number	Folio Number / CDC Account No.	Cell Number	Email address

The shareholders are also encouraged to send their comments and suggestions, if any, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

## 8. Consent for Video Link Facility:

Members can attend and participate in the AGM through video-link. UBL will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in UBL. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

UBL will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Video-Link Form	
I/We, _____ of _____, being a member of United Bank Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for video-link facility at _____	_____
	Signature of the Member

## 9. E-Voting:

The members of UBL are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of UBL will be allowed to exercise their right to vote through electronic voting facility and voting by post for the special business in its AGM to be held on 18 March 2024 at 9:30 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

# Notice of 65th Annual General Meeting of United Bank Limited

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the UBL's website on the following link.

<https://www.ubldigital.com/Investor-Relations/Stock-Information>

## Procedure for E – Voting:

- Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business of 08 March 2024.
- The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of THK Associates (Pvt) Limited (being the e-voting service provider).
- Identity of the Members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
- E-Voting lines will start from 13 March 2024, 09:00 a.m. and shall close on 17 March 2024 at 5:00 p.m. Members can cast their votes any time during the said timelines. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

## Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Bank's registered address, at 13th Floor, UBL Building, Jinnah Avenue, Blue Area, Islamabad, or email at [general.meeting@ubl.com.pk](mailto:general.meeting@ubl.com.pk) one day before the Annual General Meeting on 17 March 2024, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

## 10. Urgent Provision of Valid CNIC Copy (Mandatory)

In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members. Corporate entities are requested to provide NTN's. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.

You are therefore requested to submit a copy of your valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to UBL's Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC, please ignore this instruction.

Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to UBL's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

## 11. Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash Dividend Electronically into the Bank Accounts of the Shareholders (Mandatory Requirement)

In pursuance of Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.

Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank accounts of the registered shareholders. In order to enable us to follow the directives of the regulators in regard to payment of dividend only through electronic mode, you are requested to please provide/update your bank account details, if not already provided/updated, on the bank mandate form available on the below given link.

<https://www.ubldigital.com/Portals/0/InvestorRelation/Bank%20Mandate%20Form.pdf>

For any query/difficulty/information, the members may contact UBL's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

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

The shareholders who hold shares in CDC are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the CDC where member's CDC account is being dealt.

The shareholders who hold physical shares are also requested to submit IBAN (account number) the above mentioned Dividend Mandate Form, duly filled-in, to our Share Registrar namely THK Associates (Pvt) Limited in order to direct credit their dividends in their respective bank accounts.

# Notice of 65th Annual General Meeting of United Bank Limited

## 11. Unclaimed Dividend and Share Certificates:

The Shareholders, who by any reason, could not claim / collect their dividend or share certificates, are advised to contact to UBL's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, to collect/enquire about their unclaimed dividends or shares of the below given address. Details of the Unclaimed Shares and dividend is also placed on the following link.

<https://ubldigital.com/Investor-Relations/Stock-Information>

In this regard, the UBL has sent notices to the Shareholders at their registered addresses and also published in the newspapers having nationwide circulation requesting shareholders to submit their claims. In the absence of claims, UBL will comply with applicable regulatory instructions.

## 12. Zakat Declaration:

That pursuant to the Zakat and Ushr Ordinance, 1980 read with the Zakat (Collection and Refund) Rules, 1981, UBL is required to deduct zakat from dividend(s) and to deposit the same with the relevant Authority.

To avail an exemption from said deduction shareholder(s) are advised to provide a duly executed declaration form i.e. CZ-50, with respect to faith and fiqh, at least 30 days prior to the first day of Ramadhan.

UBL, in any case, bears no legal responsibility/obligation or any financial liability whatsoever in this regard.

## 13. Conversion of Physical Shares into Book Entry Form:

In accordance with Sub Section 2 of Section 72 of the Companies Act, 2017, Companies are required "to replace its physical shares with book entry form" in the manner specified by the Commission.

To enable compliance with the aforementioned requirement, we request the shareholders to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The shareholders may contact a Broker, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form. For further information or clarification, please feel free to contact THK Associates (PVT) Ltd. on Tel # 021-35310191-93 or email at [info@thk.com.pk](mailto:info@thk.com.pk)

## 14. Placement of Financial Statements on Website:

As required under Section 223(7) of the Companies Act 2017 and SECP SRO 634(I)/2014, Financial Statement of UBL for the year ended December 31, 2022 along with the Reports have been uploaded on the following link:

<https://ubldigital.com/Investor-Relations/Financial-Statements>

# Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, relating to the Special Business:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of United Bank Limited (the "Bank" or "UBL") to be held on 18 March, 2024.

Agenda Item 5: To consider and, if thought fit, to pass following Resolutions as Ordinary Resolutions, with or without amendments, modifications and/or alterations to approve the proposed sale of up to 55% shares of United National Bank Limited UK (held by UBL) to Bestway Group based on the terms and conditions stated below.

UBL owns 55% shareholding in United National Bank Limited UK ("UNBL UK"). The Bestway Group ("BG") is interested to purchase/acquire up to 55% shares of UNBL UK owned by UBL. BG has submitted on non-binding basis, the Indicative Offer ("the Offer") for the purchase of up to 55% of the shares held by UBL in UNBL UK. BG intends to acquire 50.1% shares upfront at a price of GBP 25.495 million with an option to purchase remaining 4.9% shares within 36 months of the initial acquisition of 50.1% on the same price, terms and conditions.

UBL's Board of Directors, in its meeting held on 11 September, 2023 approved this Indicative Offer. Five (5) Members of the Board of UBL, Sir Mohammed Anwar Pervez, OBE, H Pk, Lord Zameer M. Choudrey, CBE, SI Pk, The Honorable Haider Zameer Choudrey, Mr. Rizwan Pervez and Mr. Muhammad Irfan A. Sheikh, being the part of BG Group, deemed interested in the deal and did not participate in the proceedings. In this regard, a proper and comprehensive disclosure was made through Pakistan Stock Exchange ("PSX") on 12 September 2023. Offer letter / related documents are placed on the website of UBL at below appended link.

<https://www.ubldigital.com/Investor-Relations/Stock-Information>

If deemed fit, the following resolutions may be passed, as Ordinary Resolutions, with or without modifications.

- i. RESOLVED THAT the proposal and the Indicative Offer received from Bestway Group ("BG"), for acquisition of up to 55% shares of United National Bank Limited UK (held by United Bank Limited) out of which 50.1% shares to be acquired by BG upfront at a price of GBP 25.495 million with an option to purchase remaining 4.9% shares within 36 months of the initial acquisition of 50.1% on the same price, terms and conditions, be and is hereby approved, subject to all legal and regulatory approvals required in this regard, both in Pakistan and UK.
- ii. FURTHER RESOLVED THAT the President & CEO and the Company Secretary of United Bank Limited, be and are hereby authorized (singly or jointly) to take all the necessary steps in order to finalize negotiate and conclude the transaction for the acquisition of up to 55% shares of United National Bank Limited, UK by BG from United Bank Limited.

Agenda Item 6: To consider and, if thought fit, approve revised "Directors Remuneration Policy" for the Chairman and other Non-Executive Directors, including Independent Directors, as approved and recommended by the Board of Directors of the Bank and in this connection to pass the following resolution as ordinary resolutions.

The Board of Directors of UBL has approved and recommended the revised version of Directors Remuneration Policy in its meeting held on 29 March 2023. Revisions have been made in line with the market practice and applicable regulatory instructions. The revised policy is placed on the website of UBL at below appended link.

<https://www.ubldigital.com/Investor-Relations/Stock-Information>

If deemed fit, the following resolution may be passed, as ordinary resolution, with or without modifications.

**RESOLVED THAT** the revised "Directors Remuneration Policy" for the Chairman and other Non-Executive Directors, including Independent Directors, as approved and recommended by the Board of Directors of the Bank, in its meeting held on 29 March 2023, be and is hereby confirmed and approved on post facto basis.

**Agenda Item 7:** To consider and, if thought fit, to pass following Resolutions as Ordinary Resolutions, with or without amendments, modifications and/or alterations, to approve circulation of the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and web link, as recommended by the Board of Directors of the UBL.

SECP, vide its notification No. SRO 389(I)/2023 dated March 21, 2023, have allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and web link to its members, subject to approval of shareholders in the general meeting. This facility will help all members, wherever they are located, to get an access to the financial statements of the Bank. Secondly, it will also reduce unnecessary expenditure for making CDs etc. Besides, it was noted that most new computers do not have CD Rom as well, which was causing problems for many members.

Considering technological advancements and old technology becoming obsolete, the circulation of annual audited financial statements through CD/DVD/USB will be discontinued. However, the Bank will supply the hard copies of the annual audited financial statements to the shareholders on demand, free of cost, within one week of such demand.

If deemed fit, following resolutions may be passed, as Ordinary Resolutions, with or without modifications.

## Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, relating to the Special Business:

- i. RESOLVED THAT Management is authorized to circulate/send the annual audited financial statements of the UBL to the members/ other entitled persons, through QR enabled code and web link, subject to the requirements of Notification No. S.R.O. 389(1)12023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/ USB.
- ii. FURTHER RESOLVED THAT notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the web link address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.
- iii. FURTHER RESOLVED THAT the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the Bank, without receiving consents from the members.
- iv. FURTHER RESOLVED THAT the Bank shall provide hard copy of all the future annual audited financial statements to those members only who request in writing to receive hard copies.

### Disposal of A Subsidiary

Name of Subsidiary	United National Bank Limited UK (UNBL UK)
Cost and book value of investments in Subsidiary.	<p>Cost and book value of investment in Subsidiary in the Unconsolidated Financial Statements of United Bank Limited, Pakistan (UBL):</p> <p>UBL's total shareholding of UNBL UK: 55% at cost and book value of PKR 2,855.2 million.</p> <p>Shareholding of UNBL UK proposed for upfront sale: 50.1% at cost and book value of PKR 2,600.8 million.</p> <p>The acquirer shall have the option to purchase the remaining 4.9% shareholding within 36 months on the same terms and conditions.</p>
Total market value of subsidiary based on value of the shares of the subsidiary company:	<p>Non-listed subsidiary: Valuation for the entire subsidiary (100% shareholding) ranged between GBP 27.74 million to GBP 34.15 million.</p> <p>Valuation of shareholding proposed for sale (50.1%) ranged between GBP 13.90 million to GBP 17.11 million.</p> <p>Value determined by BDO Ebrahim &amp; Co. Chartered Accountants using the Market Multiples Approach through the Price to Book Value (P/BV) method for peer companies that are listed on stock exchanges in the United Kingdom (UK).</p>
a) In case of listed subsidiary company: quoted price of shares of subsidiary on day of decision of the board for disposal;	
b) In case of non-listed subsidiary: value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer.	
Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available;	<p>Net Asset Value of the subsidiary (100% shareholding including other shareholders of 45%) as per its Audited Financial Statements as at 31st December 2022: GBP 74.61 million.</p> <p>Net Asset Value of the subsidiary (100% shareholding including other shareholders of 45%) as per its Unaudited Interim Financial Statements as at 30th September 2023: GBP 83.95 million.</p>
Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization;	<p>Sale consideration on disposal of 50.1% shareholding in UNBL UK: GBP 25.495 million.</p> <p>Value determined by BDO Ebrahim &amp; Co. Chartered Accountants using the Market Multiples Approach through the Price to Book Value (P/BV) method for peer companies that are listed on stock exchanges in the United Kingdom (UK).</p> <p>The consideration will be utilized to grow business of UBL in Pakistan.</p>
Quantitative and qualitative benefits expected to accrue to the members.	<p>UNBL UK contributed an Earnings per share (EPS) of PKR 1.31 per share to UBL's Consolidated EPS of PKR 45.05 per share for the year ended 31st December 2023.</p> <p><b>Benefits on disposal of this investment:</b></p> <ul style="list-style-type: none"> <li>Capital Gain on disposal in unconsolidated financials of UBL: PKR 7.2 billion.</li> <li>The disposal of this investment would reduce the Consolidated Risk Weighted Assets of UBL by PKR 339.4 billion and increase the Consolidated Capital Adequacy Ratio of the Bank by over 200 basis points.</li> </ul> <p>The disposal would help UBL to grow its business in Pakistan which is more scalable and has higher returns.</p>

## FORM OF PROXY

### 65<sup>th</sup> Annual General Meeting of United Bank Limited

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of United Bank Limited ("UBL") and holder of \_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_ and / or CDC Participation I.D. No. \_\_\_\_\_ and Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 65<sup>th</sup> Annual General Meeting of UBL scheduled to be held on **Monday, 18 March 2024 at 09:30 a.m.** at Islamabad Serena Hotel, Islamabad and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

#### Witness 1:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No. or Passport No: \_\_\_\_\_

Address: \_\_\_\_\_

(Signature should agree with the specimen signature registered with the Registrar)

#### Witness 2:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No. or Passport No: \_\_\_\_\_

Address: \_\_\_\_\_

#### NOTE:

- A member entitled to attend and vote at a General Meeting is entitled to appoint a person as proxy to attend and vote instead of him/her.
- The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan), its common seal should be affixed on the instrument.
- The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar/ Share Transfer Agents, **M/s. THK Associates (Pvt.) Limited**, Plot no.32-C, Jami Commercial Street-2, D.H.A. Phase VII, Karachi not less than 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Registrar, all such instruments of proxy shall be rendered invalid.
- Applicable stamp duty shall be paid/affixed on the proxy form in accordance with the place of execution.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC / Passport No. shall be mentioned on the form.
- Attested copies of CNIC or the Passport of the beneficial owners of the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted along with proxy form to the company.

## پراکسی فارم

### یونائیٹڈ بینک لمیٹڈ کا 65 واں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ یونائیٹڈ بینک لمیٹڈ ("UBL") کے ممبر کی حیثیت سے \_\_\_\_\_ عمومی شیئرز رکھتا ہوں / رکھتی ہوں / رکھتے ہیں، جیسا کہ شیئرز رجسٹرڈ فولیو نمبر \_\_\_\_\_ اور / یا سی ڈی سی پارٹی سمپشن آئی ڈی نمبر \_\_\_\_\_ اور اکاؤنٹ نمبر \_\_\_\_\_ میں درج ہے، یہاں پر \_\_\_\_\_ سکنہ \_\_\_\_\_ کو اور ان کی عدم موجودگی میں اس جگہ پر \_\_\_\_\_ سکنہ \_\_\_\_\_ کو میرا ہمارا نمائندہ مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ پر ووٹ کا حق استعمال کر سکے اور میری / ہماری جگہ پر 18 مارچ 2024 بروز پیر صبح 09:30 بجے، اسلام آباد سرینا ہوٹل، اسلام آباد میں منعقد ہونے والے یو بی ایل کے 65 ویں سالانہ اجلاس عام یا اس کے ملتوی شدہ اجلاس میں شرکت کے مجاز ہوں گے۔

دستخط \_\_\_\_\_ ویں / روز \_\_\_\_\_ 2024 کے لیے گئے

گواہ: 1

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

گواہ: 2

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

نوٹ:

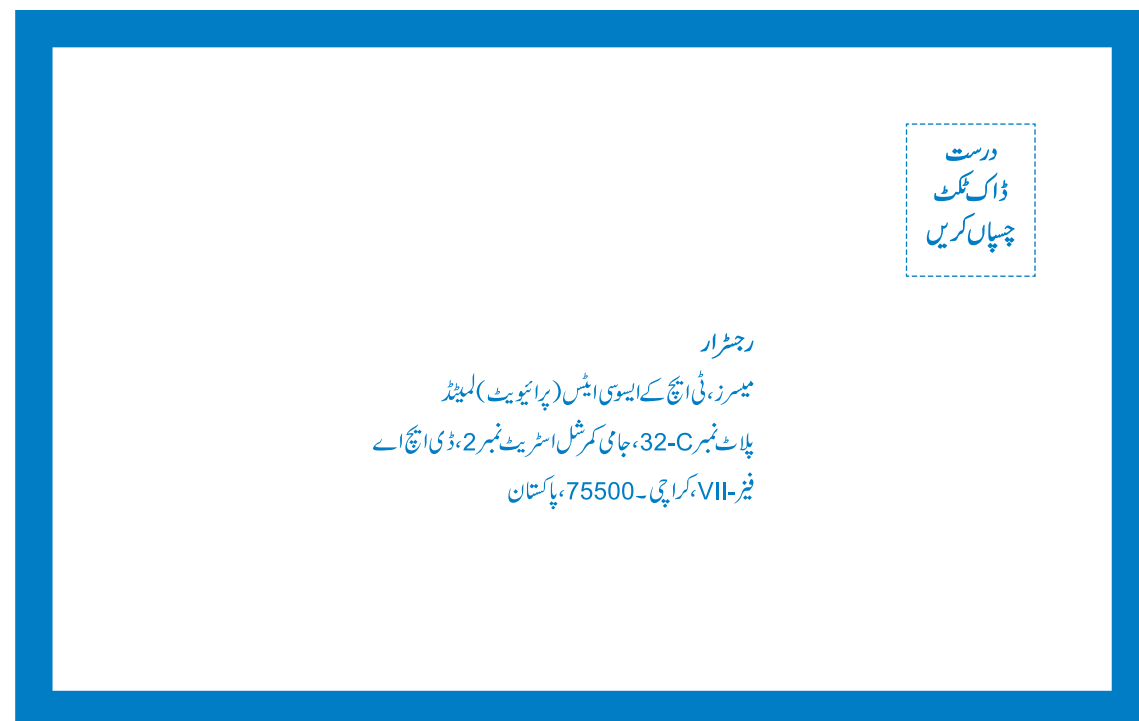
- 1- اجلاس عام میں شرکت اور ووٹ کا حق رکھنے والا ممبر اپنی جگہ کسی بھی شخص کو اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے / کر سکتی ہے۔
- 2- پراکسی کو مقرر کرنے کی دستاویز پر لازمی طور پر ممبر یا اس کے انارنی کے تحریری طور پر تصدیق شدہ دستخط ہوں۔ اگر ممبر کوئی کارپوریشن (حکومت پاکستان کے علاوہ دیگر) ہے تو اس کی عام مہر (common seal) بھی دستاویز پر چسپاں ہوگی۔
- 3- پراکسی کو مقرر کرنے والی دستاویز، پاور آف انارنی کے ساتھ، اگر کوئی ہو، جس کے تحت اس کی دستخط شدہ یا تصدیق شدہ کاپی ہمارے رجسٹرار / شیئرز انسٹرا انسٹریٹس، میسرز ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ نمبر 2، ڈی ایچ اے فیو II، کراچی، کو اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔
- 4- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور ایک سے زیادہ پراکسی کی دستاویزات رجسٹرار کو ارسال کرتا ہے تو ایسی تمام پراکسیز کی دستاویزات کو منسوخ قرار دیا جائے گا۔
- 5- پراکسی فارم کے جاری کیے جانے والی جگہ کے مطابق قابل اطلاق اسٹیپ ڈیوٹی ادا کی جائے گی۔
- 6- پراکسی فارم پر جن دو افراد کی گواہی ہونی ہے، ان کے نام، پتہ اور قومی شناختی کارڈ / پاسپورٹ نمبر بھی درج ہونے چاہئیں۔
- 7- پراکسی فارم کے ساتھ پراکسی مقرر کرنے والے فرد کا قومی شناختی کارڈ یا پاسپورٹ نمبر بھی درج ہونے چاہئیں۔
- 8- پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 9- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ مع نمونہ کے دستخط پراکسی فارم کے ساتھ کمپنی کے پاس جمع کرانے ہوں گے۔

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#### Registrar

M/s. THK Associates (Pvt.) Limited,  
Plot No. 32-C, Jami Commercial Street 2,  
DHA Phase VII, Karachi-75500,  
Pakistan.

**POSTAL BALLOT PAPER FOR VOTING THROUGH POST**



<p align="center"><b>United Bank Limited</b> Ballot paper for voting through post for the Special Business at the Annual General Meeting to be held on Monday, 18 March 2024 at 09:30 a.m. at Islamabad Serena Hotel, Islamabad. Website: <a href="http://www.ubldigital.com">www.ubldigital.com</a>.</p>		
Folio / CDS Account Number		
Name of Shareholder / Proxy Holder		
Registered Address		
Number of shares Held		
CNIC/Passport No. (in case of foreigner) (copy to be attached)		
Additional information and enclosures (in case of representative of corporate body, corporation, and federal Government)		
Name of Authorized Signatory		
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)		
Instructions For Poll		
1. Please indicate your vote by ticking (✓) the relevant box.		
2. In case if both the boxes are marked as (✓), you poll shall be treated as "Rejected".		
I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below:		
Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
<b>Agenda Item 5:</b>		
<p>i. RESOLVED THAT the proposal and the Indicative Offer received from Bestway Group ("BG"), for acquisition of up to 55% shares of United National Bank Limited UK (held by United Bank Limited) out of which 50.1% shares to be acquired by BG upfront at a price of GBP 25.495 million with an option to purchase remaining 4.9% shares within 36 months of the initial acquisition of 50.1% on the same price, terms and conditions, be and is hereby approved, subject to all legal and regulatory approvals required in this regard, both in Pakistan and UK.</p> <p>ii. FURTHER RESOLVED THAT the President &amp; CEO and the Company Secretary of United Bank Limited, Pakistan be and are hereby authorized (singly or jointly) to take all the necessary steps in order to finalize negotiate and conclude the transaction for the acquisition of up to 55% shares of United National Bank Limited, UK by Bestway Group from UBL.</p>		
<b>Agenda Item 6:</b>		
RESOLVED THAT the revised "Directors Remuneration Policy" for the Chairman and other Non-Executive Directors, including Independent Directors, as approved and recommended by the Board of Directors of the Bank, in its meeting held on 29 March 2023, be and is hereby confirmed and approved on post facto basis.		
<b>Agenda Item 7:</b>		
<p>i. RESOLVED THAT Management is authorized to circulate/send the annual audited financial statements of the UBL to the members/ other entitled persons, through QR enabled code and web link, subject to the requirements of Notification No. S.R.O. 389(1)12023 of Securities &amp; Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/ USB.</p> <p>ii. FURTHER RESOLVED THAT notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the web link address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.</p> <p>iii. FURTHER RESOLVED THAT the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the Bank, without receiving consents from the members.</p> <p>iv. FURTHER RESOLVED THAT the Bank shall provide hard copy of all the future annual audited financial statements to those members only who request in writing to receive hard copies.</p>		
<b>NOTES:</b>		
<p>1. Dully filled postal ballot paper should be sent to the Chairman of United Bank Limited registered office at 13th Floor, UBL Building, Jinnah Avenue, Blue Area, Islamabad or email at <a href="mailto:general.meeting@ubl.com.pk">general.meeting@ubl.com.pk</a></p> <p>2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.</p> <p>3. Ballot paper should reach the Chairman within business hours by or before <b>Friday, 15 March 2024</b>. Any postal ballot received after this date, will not be considered for voting.</p> <p>4. Signature on ballot paper should match with signature on CNIC/ Passport (in case of foreigner).</p> <p>5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.</p> <p>6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.</p> <p>7. Postal Ballot Paper form has also been placed on the website of the Bank at: <a href="https://www.ubldigital.com/Investor-Relations/Stock-Information">https://www.ubldigital.com/Investor-Relations/Stock-Information</a> Members may download the ballot paper from the website or use an original/photocopy published in newspapers.</p>		
<p align="center">_____ Shareholder / Proxy holder Signature/Authorized Signatory (In case of corporate entity, please affix company stamp)</p>		





where **you** come *first*

## UNITED BANK LIMITED

Corporate Affairs & Marketing Department  
12th Floor, UBL Head Office, I.I. Chundrigar Road, Karachi-74000, Pakistan.

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